

MATERIAL SUPPORTING THE AGENDA

Volume XXXIVa

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

October 9, 1986  
December 4, 1986

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

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

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

Yellow paper - emergency items distributed at the meeting.

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



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

Meeting No.: 822

Date: December 4, 1986

Location: San Antonio, Texas

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BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Place: Room 1.208, Nursing School Building  
The University of Texas Health Science Center  
at San Antonio  
7703 Floyd Curl Drive  
San Antonio, Texas

Host Institution: The University of Texas Health Science  
Center at San Antonio

Thursday, December 4, 1986

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

See Pages B of R 1 - 9,  
Items A - M

Friday, December 5, 1986

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

See Page B of R - 10,  
Items N - R

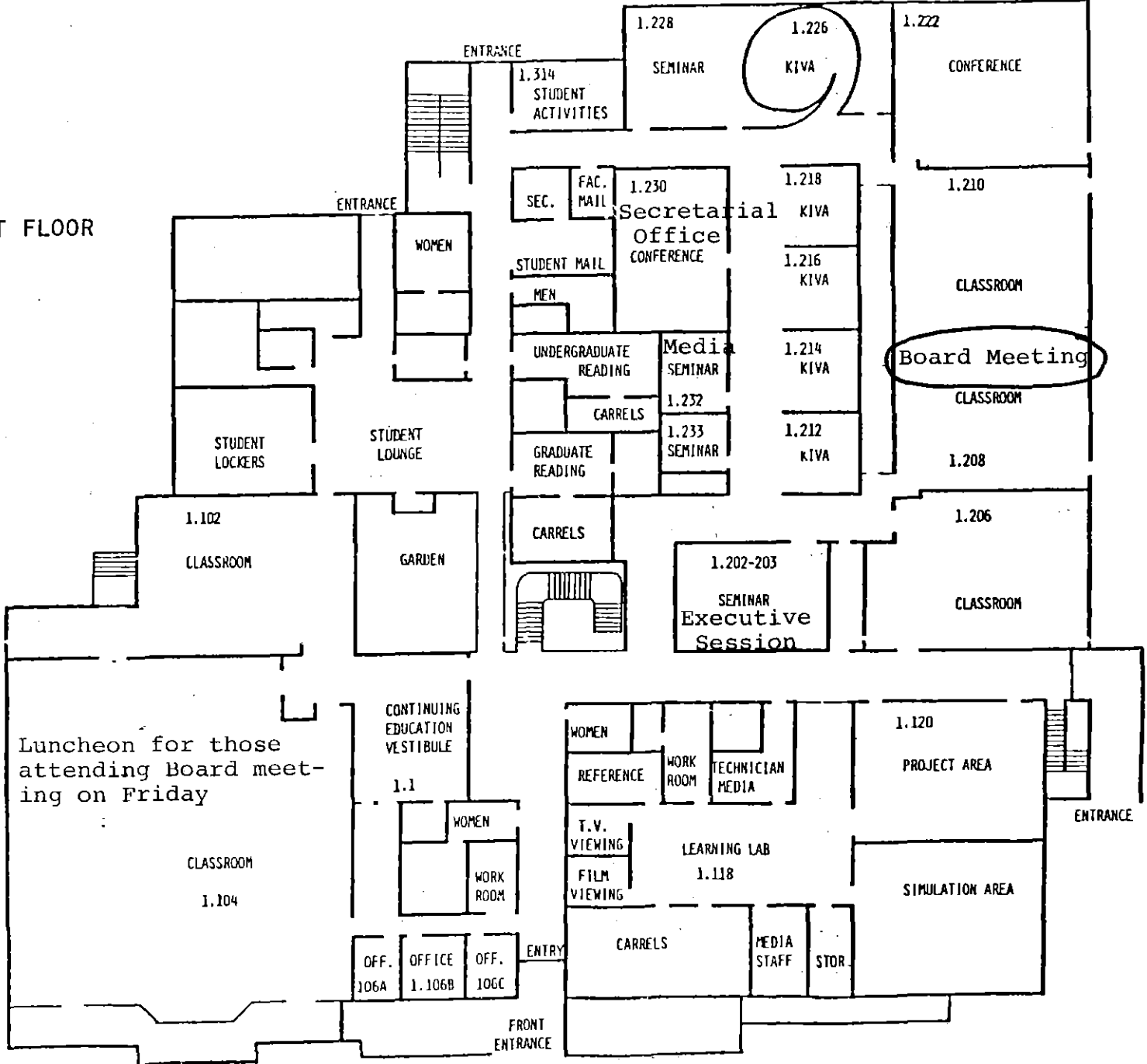
Telephone Numbers

President Howe	512, 691-6105
Room 1.230, Nursing School Building (for calls during the meeting)	512, 691-6445
Wyndham Hotel (9821 Colonnade)	512, 691-8888

The University of Texas Health Science Center  
at San Antonio

Nursing School Building

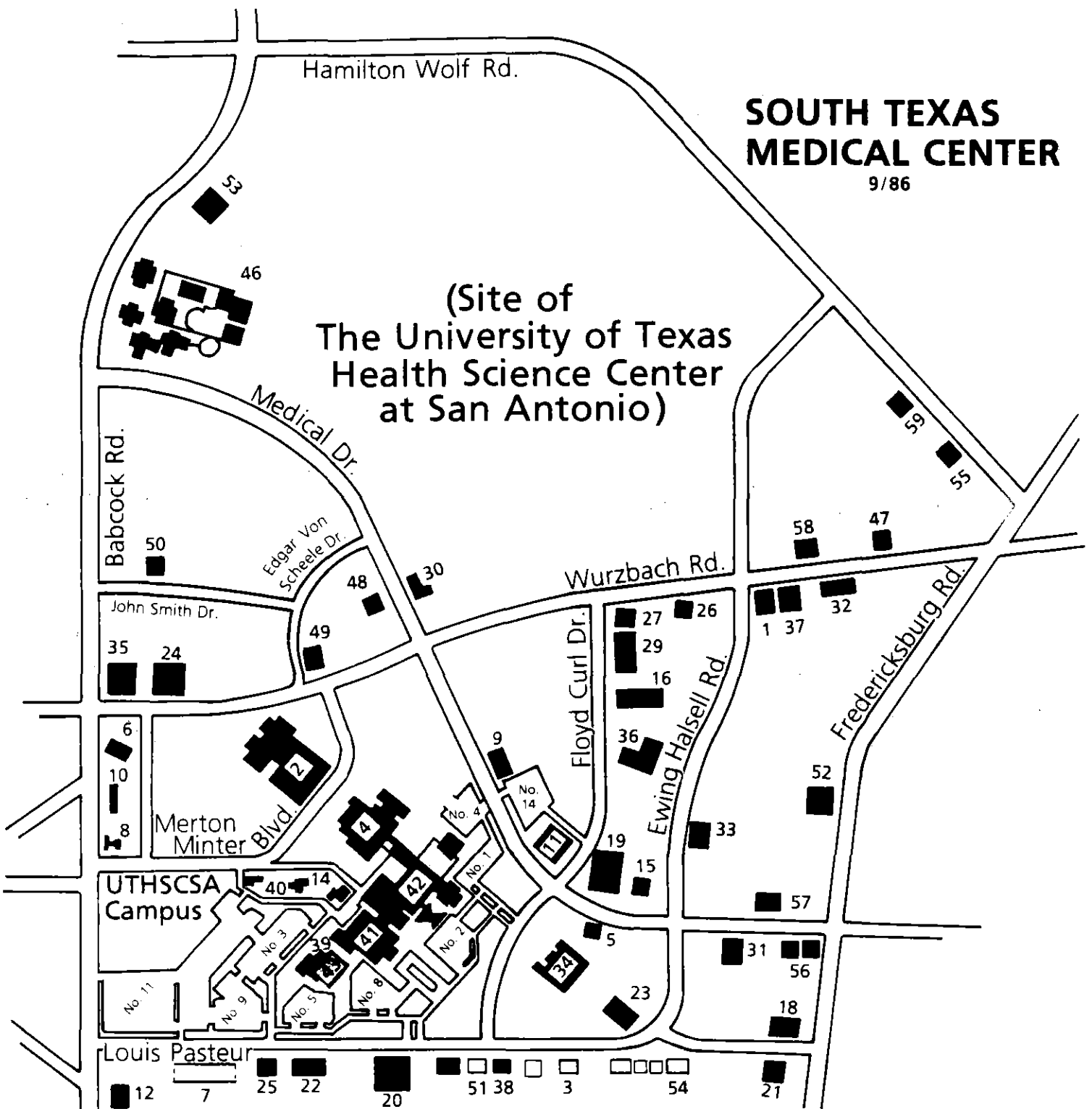
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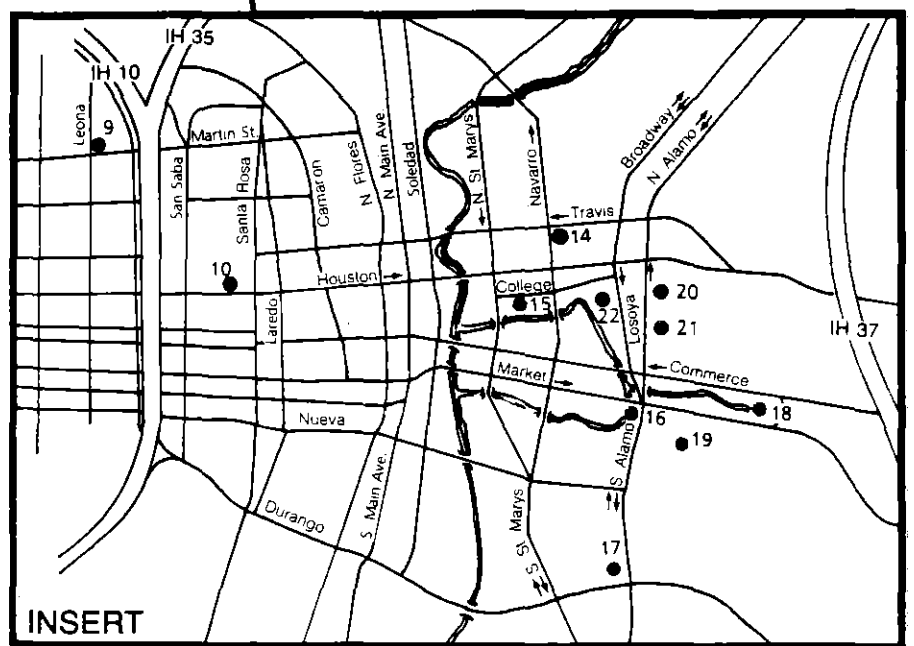
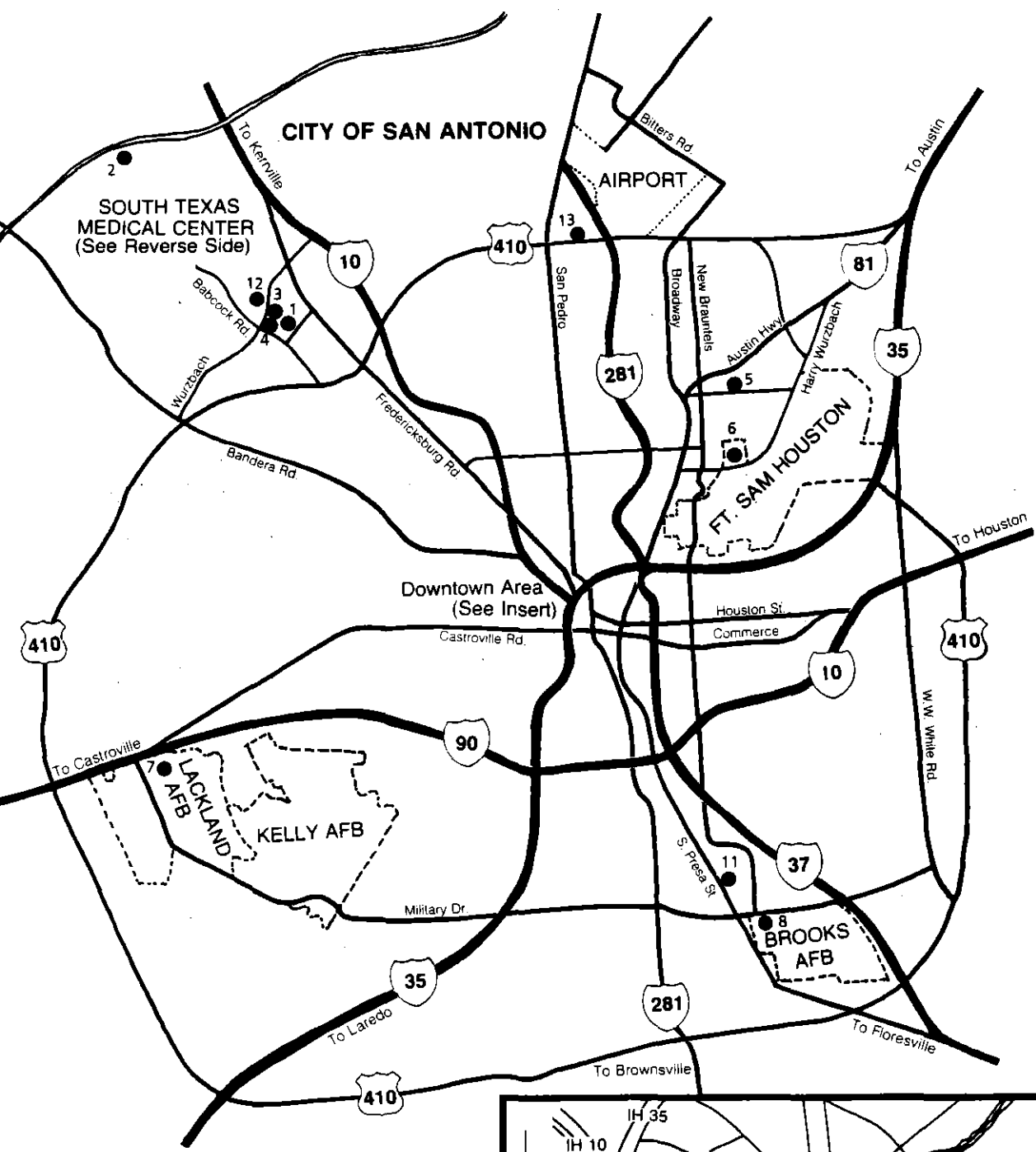
# SOUTH TEXAS MEDICAL CENTER

9/86

(Site of  
The University of Texas  
Health Science Center  
at San Antonio)



- |   |  |                                       |
|---|--|---------------------------------------|
| 1 American Cancer Society                               | 20 Oakdell Medical Professional Center       | 40 UTHSCSA Administration Building    |
| 2 Audie Murphy VA Hospital                              | 21 Oak Garden Professional Building          | 41 UTHSCSA Dental School              |
| 3 Bethesda Care Center                                  | 22 Oak Hills Manor Apts.                     | 42 UTHSCSA Medical School             |
| 4 Medical Center Hospital                               | 23 Oak Hills Medical & Professional Building | <b>43 UTHSCSA Nursing School</b>      |
| 5 Cancer Therapy & Research Center                      | 24 Radisson Hotel                            | Parking Lots 1 through 14             |
| 6 Children's Habilitation Center                        | 25 Oak Hills Nursing Home                    | 46 Villa Rosa Rehabilitation Pavilion |
| 7 Medical Center Point Retail                           | 26 Physician's Plaza - East                  | 47 American Heart Association         |
| 8 Community Guidance Center                             | 27 Physician's Plaza - West                  | 48 The Lodge Apartments               |
| 9 Diagnostic Center                                     | 29 Humana Hospital of San Antonio            | 49 Milam Tower                        |
| 10 Easter Seal Society                                  | 30 South Texas Medical Center - Post Office  | 50 Milam-Chardan Center               |
| 11 Ecumenical Center                                    | 31 South Texas Surgical & Medical Building   | 51 Medical Center Guest House         |
| 12 Four Season's Nursing Home                           | 32 Four Seasons Nursing Center               | 52 Humana Women's Hospital            |
| 14 Lone Star Energy Co.<br>(Heating & Cooling Facility) | 33 Southwest Ambulatory Surgical Center      | 53 Saint Rose Hospital                |
| 15 Medical Center Surgical Clinic                       | 34 Southwest Texas Methodist Hospital        | 54 Pill Box Pharmacy                  |
| 16 Medical Center Tower                                 | 35 Republic Medical Center Bank              | 55 Goodwill Rehabilitation            |
| 17 Medical Park Plaza                                   | 36 St. Luke's Lutheran Hospital              | 56 Oak Hills Center                   |
| 18 Medical Park Plaza II                                | 37 Texas Cradle Society                      | 57 Medical Park Plaza                 |
| 19 Methodist Hospital Plaza                             | 38 University Plaza                          | 58 American Red Cross                 |
|   | 39 University Police                         | 59 Health Careers High School         |



- 1. The University of Texas Health Science Center at San Antonio
- 2. The University of Texas at San Antonio
- 3. Medical Center Hospital
- 4. Audie Murphy Veterans Hospital
- 5. UTSA Lutzer Center
- 6. Brooke Army Medical Center (Ft. Sam Houston)
- 7. Wilford Hall USAF Medical Center
- 8. USAF School of Aerospace Medicine (Brooks AFB)
- \* 9. Brady/Green Community Health Center
- \*10. Santa Rosa Hospital
- 11. San Antonio State Hospital
- 12. The Inn at Oak Hills
- 13. La Mansion del Norte
- \*14. St. Anthony Hotel
- \*15. La Mansion del Rio
- \*16. Hilton Palacio del Rio
- \*17. Four Seasons Plaza Nacional
- \*18. Marriott Hotel
- \*19. Convention Center
- \*20. The Alamo
- \*21. Menger Hotel
- \*22. Hyatt Regency Hotel

\*Insert

Directions to Wyndham Hotel  
9821 Colonnade Street

From San Antonio International Airport

Out of airport, take Loop 410 W (to the right) to I 10 W  
Turn right off Loop 410 W to I 10 W  
Take Wurzbach exit off I 10 W.  
Cross Wurzbach. Wyndham Hotel is on the right-hand side of access road.

Directions to UT Health Science Center  
7703 Floyd Curl Drive

From Wyndham Hotel

Take access road west from Wyndham Hotel  
Turn left on Huebner Road.  
Turn left on Fredericksburg Road.  
Turn right on Medical Drive.  
Turn left on Floyd Curl.

# Meeting of the Board



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

Date and Time:     Thursday, December 4, 1986, from 1:00 p.m.  
                          Until Recess  
                          Friday, December 5, 1986, from 9:00 a.m.  
                          Until Adjournment

Place:            Room 1.208, Nursing School Building  
                          U. T. Health Science Center - San Antonio

- A.    CALL TO ORDER
- B.    WELCOME BY PRESIDENT HOWE
- C.    APPROVAL OF MINUTES OF REGULAR MEETING HELD  
       ON OCTOBER 9, 1986
- D.    INTRODUCTION OF COMPONENT GUESTS
  - 1.    U. T. Arlington - President Nedderman
  - 2.    U. T. Austin - President Cunningham
  - 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. Institute of Texan Cultures - San Antonio -  
       Interim Executive Director McGiffert
  - 9.    U. T. Health Science Center - Dallas -  
       President Wildenthal
  - 10.   U. T. Medical Branch - Galveston - President Levin
  - 11.   U. T. Health Science Center - Houston -  
       President Bulger
  - 12.   U. T. Health Science Center - San Antonio -  
       President Howe
  - 13.   U. T. Cancer Center - President LeMaistre
  - 14.   U. T. Health Center - Tyler - Director Hurst
  - 15.   Others

SUPPLEMENTAL ITEM

December 4, 1986

1. U. T. Board of Regents: Adoption of Resolution to Amend the \$109,000,000 Credit Agreement dated as of December 16, 1985, Among Board of Regents of The University of Texas System, MBank Dallas, National Association, and MBank Austin, National Association, as Agent.--

RECOMMENDATION

The Office of the Chancellor recommends that the U. T. Board of Regents approve the resolution amending the credit agreement and authorizing Executive Vice Chancellor Patrick to execute and deliver the amended and restated agreement in substantially the form and substance attached to the resolution.

The substantive changes from the original credit agreement are as follows:

1. Substitution of Morgan Guaranty Trust Company of New York, New York, for MBank Dallas, National Association, Dallas, Texas, as the credit bank,
2. Elimination of the role of agent (formerly performed by MBank Austin, National Association, Austin, Texas) and associated agent's fee,
3. Extension of the term loan conversion date and final maturity date by one year,
4. Increase in the commitment fee from 0.20% per annum to 0.25% per annum,
5. Conversion from a tax exempt equivalent interest rate to a taxable rate as follows:

	<u>Original</u>	<u>Amended</u>
Years 1-3	a) 90% of the 13 week U.S. T Bill Rate (discounted), for the first 90 dollar days b) 130% of the 13 week U.S. T Bill Rate (discounted) thereafter	Prime or Adjusted CD + 1/2%
Years 4-6	135% of the 13 week U.S. T Bill Rate (discounted)	Prime + 1/8% or Adjusted CD + 5/8%
Years 7-8	135% of the 13 week U.S. T Bill Rate (discounted)	Prime + 1/4% or Adjusted CD + 3/4%
Years 9-10	135% of the 13 week U.S. T Bill Rate (discounted)	Prime + 3/8% or Adjusted CD + 7/8%

(The conversion to a taxable rate is attributable to the Tax Reform Act of 1986, which eliminated the interest deduction for borrowings of banks to fund tax exempt obligations and imposed inordinately complex "no arbitrage" regulations on variable rate obligations.)

6. Elimination of the provision to compensate Holders in the event interest income on the Promissory Note is deemed to be taxable,
7. Insertion of standard provisions to reimburse the Bank for a) funding losses in the event the Board was to break a CD based advance, and b) reduced yields resulting from changes in applicable laws by a governmental authority, central bank or agency.

#### BACKGROUND INFORMATION

Concurrent with its approval of the Permanent University Fund Variable Rate Notes at its December, 1985 meeting, the U. T. Board approved the Credit Agreement with MBank Dallas. The purpose of the Agreement was to enable the U. T. Board to borrow funds on short notice with which to repay maturing Notes put to the U. T. Board in the event of a failure to remarket the Notes by Goldman Sachs & Co. ("Goldman"), New York, New York. The Notes were rated Aa based upon the credit strength of the PUF and VMIG-1 ("best quality") reflecting MBank Dallas P-1 short term credit rating.

On October 24, 1986, Moody's Investors Service informed the Office of Asset Management that it had downgraded its short term rating on MBank Dallas from P-1 to P-2. Correspondingly, it also had downgraded its rating on the Notes to Aa/VMIG-2. The downgrading immediately eliminated the 50% of the market constituting those institutional investors which by law or by policy were precluded from purchasing VMIG-2 rated paper. As a result, Goldman has been unable to remarket the Notes consistently, (only then at a premium of .25%) and has purchased all unremarketed Notes for its own portfolio.

In order to restore the VMIG-1 rating, the Office of Asset Management requested Morgan Guaranty Trust Company of New York, New York, New York ("Morgan") to substitute for MBank Dallas in providing the \$109,000,000 Credit commitment. Morgan, as a P-1 rated bank is the only U.S. bank retaining a Aaa long term credit rating. In addition, as managing underwriter for the Permanent University Fund Refunding Bonds, Morgan was familiar with the lien structure of the PUF and thus capable of finalizing an agreement by the December meeting of the U. T. Board. Moody's has confirmed that the substitution of Morgan for MBank Dallas would result in the reinstatement of the VMIG-1 rating.

RESOLUTION AMENDING RESOLUTION AUTHORIZING  
THE BOARD'S PERMANENT UNIVERSITY FUND VARIABLE RATE NOTES,  
SERIES A AND AUTHORIZING EXECUTION AND DELIVERY  
OF AN AMENDED AND RESTATED CREDIT AGREEMENT  
AND A PROMISSORY NOTE

WHEREAS, pursuant to a resolution, adopted December 5, 1985 (the "Original Resolution"), the Board has authorized the issuance of obligations pursuant to the provisions of Section 18 of Article VII of the Constitution of the State of Texas, Article 717q, V.A.T.C.S., as amended and Chapter 919, Acts of the 69th Legislature, Regular Session, 1985 (codified as Section 65.46, Texas Education Code), in an aggregate principal amount not to exceed One Hundred Nine Million Dollars (\$109,000,000) to provide interim financing to pay Project Costs for Eligible Projects (as such terms are defined in the Original Resolution), and has authorized such obligations to be evidenced by Notes (as defined in the Original Resolution), including Project Notes and a Promissory Note (as such terms are defined in said Original Resolution); and

WHEREAS, pursuant to the Credit Agreement (the "Original Credit Agreement") dated as of December 16, 1985, among the Board, MBank Dallas, National Association ("MBank Dallas") and MBank Austin, National Association ("MBank Austin"), MBank Dallas agreed to make certain loans to the Board in amounts up to, but not exceeding \$109,000,000, such loans to be made to enable the Board to refund Project Notes, including interest thereon; and

WHEREAS, MBank Dallas no longer enjoys a credit rating sufficiently high to support the remarketing of the Project Notes pursuant to their terms, making it necessary to replace MBank Dallas as the Credit Bank under Original Credit Agreement; and

WHEREAS, Morgan Guaranty Trust Company of New York ("Morgan") and the Board have agreed to amend and restate the Original Credit Agreement in the manner herein provided; and

WHEREAS, MBank Dallas and MBank Austin have agreed to resign and be discharged as Credit Bank and Agent respectively; and

WHEREAS, the obligations of the Board under the Original Credit Agreement were evidenced by a Promissory Note issued pursuant to the 1984 Constitutional Amendment, as defined in the Original Credit Agreement, and in order to evidence the obligations of the Board under the Original Credit Agreement as amended pursuant to the provisions of

this Resolution (the "Agreement") it is necessary to amend the provisions of the Promissory Note:

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

Section 1. Defined Terms. Unless otherwise defined herein, the terms used herein shall have the meaning given to such terms in the Original Resolution.

Section 2. Restated Agreement. The amendment and restatement of the Original Credit Agreement is hereby authorized and the Amended and Restated Credit Agreement (the "Restated Agreement") substantially in the form attached hereto is hereby approved, and shall be entered into with Morgan. The form of Revolving Note contained in the Agreement and designated "Board of Regents of The University of Texas System Credit Agreement Promissory Note" (the "Promissory Note") is also approved, including the interest rate to be determined as set forth therein and in the Restated Agreement. The Executive Vice Chancellor for Asset Management and the Executive Secretary of the Board are hereby authorized to execute and deliver the Restated Agreement and the Chairman of the Board and the Executive Secretary of the Board are hereby authorized and directed to execute and deliver the Promissory Note and any other documents called for thereunder and the Executive Secretary of the Board is authorized to place the Board seal on such instruments. It is further provided that Section 2.05 of the Original Resolution is hereby amended by this Section.

Section 3. Promissory Note. Under and pursuant to authority granted by the Original Resolution, this Resolution and the Restated Agreement, the Promissory Note is hereby authorized to refund outstanding Notes and interest thereon in accordance with the terms of the Original Resolution as amended by this Resolution, the Restated Agreement and the form of Promissory Note set forth in Exhibit A to the Restated Agreement. It is further provided that Section 2.06 of the Original Resolution is hereby amended by this Section.

Section 4. Additional Actions. The Chairman of the Board, the Executive Secretary of the Board, the Authorized Representatives and the other officers of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to execute, deliver and perform the Board's obligations under the Restated Agreement and Promissory Note and to consummate the issuance, sale, and delivery of Notes and otherwise to effectuate the purposes of this Resolution and the Original Resolution, as amended, the Restated

Agreement, the Remarketing Agreement, the Trust Agreement, and the Issuing and Paying Agent Agreement. In addition, the Chairman of the Board, General Counsel to the System, and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Resolution, any amendments to the Restated Agreement, and any technical amendments to this Resolution as may be required by Moody's or Standard & Poor's, as a condition to the granting of maintenance of a rating on the Project Notes.

Section 5. Supplemental Resolutions. Other than as permitted in Section 6.10 of the Original Resolution with respect to the issuance of additional obligations of the Board secured by the Interest of the University in the Available University Fund, the Board will not adopt any supplemental resolutions, pursuant to the Original Resolution or this Resolution or otherwise, without, to the extent required by the Restated Agreement, the consent of Morgan.

Section 6. Project Notes to Remain Tax Exempt. Section 6.06 of the Original Resolution is hereby amended by substituting the term "Project Notes" for the term "Notes" each time it appears.

Section 7. Original Resolution in Effect. Other than as provided by this Resolution, the provisions of the Original Resolution are not modified, amended or altered and shall remain in full force and effect and are hereby reaffirmed as of the date of adoption of this Resolution.

ADOPTED this December 4, 1986.

\_\_\_\_\_  
Chairman, Board of Regents

\_\_\_\_\_  
Executive Secretary,  
Board of Regents

(SEAL)

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\$109,000,000

AMENDED AND RESTATED  
CREDIT AGREEMENT

dated as of

December 5, 1986

between

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

and

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

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AMENDED AND RESTATED  
CREDIT AGREEMENT

This Credit Agreement is effective and dated as of December 5, 1986, between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Board"), AND MORGAN GUARANTY TRUST COMPANY OF NEW YORK.

W I T N E S S E T H:

WHEREAS, The University of Texas System (hereinafter sometimes referred to as the "System") is governed by the Board; and

WHEREAS, the Board has determined to issue obligations pursuant to the provisions of Section 18 of Article VII of the Constitution of the State of Texas, Article 717q, V.A.T.C.S., as amended and Chapter 919, Acts of the 69th Legislature, Regular Session, 1985 (codified as Section 65.46, Texas Education Code) to provide interim financing for Eligible Projects (hereinafter defined); and

WHEREAS, an amendment to Section 18 of Article VII of the Texas Constitution, adopted by vote of the people of Texas on November 6, 1984 (the "1984 Constitutional Amendment") authorizes the Board to issue bonds and notes not to exceed a total amount of twenty percent (20%) of the cost value of investments and other assets (exclusive of real estate) of the Permanent University Fund (hereinafter defined) at the time of issuance thereof, and to pledge all or any part of its two-thirds (2/3) interest in the "Available University Fund" (hereinafter defined) to secure the payment of the principal and interest of those bonds and notes, for the purpose of acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under the 1984 Constitutional Amendment or prior law, at or for System administration and certain component institutions of the System; and

WHEREAS, the Board has issued its Board of Regents of The University of Texas System Permanent University Fund Refunding Bonds, Series 1985 (the "Series 1985 Bonds"), pursuant to the 1984 Constitutional Amendment, being payable from and secured by a first lien on and pledge of the interest of the University (hereinafter defined) in the Available University Fund; and

WHEREAS, pursuant to its resolution, adopted December 5, 1985 (the "Original Resolution"), the Board has

authorized the issuance of obligations in an aggregate principal amount not to exceed One Hundred Nine Million Dollars (\$109,000,000) to provide interim financing to pay Project Costs for Eligible Projects (as such terms are hereinafter defined); and has authorized such obligations to be evidenced by Notes (hereinafter defined), and to refinance, renew, or refund Notes including interest thereon including Commercial Paper Notes, Variable Rate Notes, and a Promissory Note (as such terms are defined in said Original Resolution) in an aggregate principal amount not to exceed One Hundred Nine Million Dollars (\$109,000,000) at any one time outstanding; and

WHEREAS, pursuant to the Credit Agreement (the "Original Credit Agreement") dated as of December 16, 1985, among the Board, MBank Dallas, National Association ("MBank Dallas") and MBank Austin, National Association ("MBank Austin"), MBank Dallas agreed to make certain loans to the Board in amounts up to, but not exceeding, \$109,000,000, such loans to be made to enable the Board to Refund Project Notes, including interest thereon; and

WHEREAS, on the date hereof the Board has agreed to discharge MBank Dallas and MBank Austin from all obligations under the Original Credit Agreement; and

WHEREAS, the Board and the Bank desire to amend and restate the Original Credit Agreement in the manner herein provided;

NOW THEREFORE, the parties hereto agree as follows:

#### ARTICLE I

#### DEFINITIONS

Section 1.01. Definitions. The terms defined below have the following meanings when used herein unless the context shall indicate a contrary meaning:

"Acts" shall mean, collectively, Article 717q, V.A.T.C.S., as amended, and Chapter 919, Acts of the 69th Legislature, Regular Session, 1985 (codified as Section 65.46, Texas Education Code).

"Advance" shall mean a Prime Advance or a CD Advance and "Advances" shall mean Prime Advances or CD Advances or both.

"Adjusted CD Rate" shall mean Adjusted CD Rate as defined in Section 2.04(b).

"Assessment Rate" shall mean Assessment Rate as defined in Section 2.04(b).

"Agreement" shall mean this Amended and Restated Credit Agreement, as from time to time amended or supplemented.

"Authorized Representative" shall mean one or more of the following officers or employees of the System, to-wit: The Executive Vice Chancellor for Asset Management, the Vice Chancellor and General Counsel, the Director Asset Strategy and Planning, the Manager of Debt Administration, and the Manager Endowment Real Estate or such other officer or employee of the System authorized by the System to act as an Authorized Representative.

"Available Bank Loan Commitment" shall mean, with respect to Bank and at any date, the Bank Loan Commitment less the aggregate principal amount of Advances made by Bank to the Board.

"Available University Fund" shall mean, as provided in Article VII, Section 18 of the Texas Constitution, all of the dividends, interest, and other income from the Permanent University Fund (less administrative expenses), including the net income attributable to the surface of Permanent University Fund land.

"Bank" shall mean Morgan Guaranty Trust Company of New York or its herein permitted successors or assigns.

"Bank Loan Commitment" shall mean One Hundred Nine Million Dollars (\$109,000,000), being the maximum principal amount for which Bank is committed to make Advances, as such amount may be reduced pursuant to subsection 2.06 hereof.

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

"Bond Counsel" shall mean Messrs. McCall, Parkhurst & Horton, and Messrs. Vinson & Elkins.

"Business Day" shall mean any day (a) when banks are open for business in Dallas, Texas, and Austin, Texas and (b) when banks are not authorized to be closed in New York, New York.

"CD Advance" shall mean an Advance to be made as a CD Advance pursuant to the applicable Notice of Advance.

"CD Base Rate" shall mean CD Base Rate as defined in Section 2.04(b).

"CD Margin" shall mean CD Margin as defined in Section 2.04(b).

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and when reference is made to a

particular section thereof, the applicable Treasury Regulations from time to time promulgated or proposed thereunder.

"Commercial Paper Note" shall mean a Note issued pursuant to the provisions of the Resolution, having the terms and characteristics specified in Section 2.03 of the Original Resolution and in the form described in Section 2.07(a) of the Original Resolution.

"Commitment Reduction Date" shall mean the first day of each January, April, July and October of each year, commencing on the second such day after the Term Loan Conversion Date, to and including the Maturity Date.

"Constitutional Amendment" shall mean the 1984 Constitutional Amendment, and any amendment thereto hereafter approved by the voters of the State of Texas.

"Constitutional Amendment Bond Resolution" shall mean any resolution authorizing the issuance of the Constitutional Amendment Bonds.

"Constitutional Amendment Bonds" shall mean the Series 1985 Bonds and any additional bonds and notes, including refunding bonds and notes, issued on a parity with the Series 1985 Bonds pursuant to the Constitutional Amendment, but not including the Notes and any Short Term Obligations not issued on a parity with the Series 1985 Bonds.

"Dealer" or "Remarketing Agent" shall mean the dealer or remarketing agent selected from time to time by the Board to remarket the Project Notes in accordance with Section 5.04 of the Original Resolution. The initial Dealer shall be Goldman, Sachs & Co.

"Default" or "Event of Default" shall mean any of the events described in Section 8.01 hereof.

"Domestic Reserve Percentage" shall mean Domestic Reserve Percentage as defined in Section 2.04(b).

"Effective Date" shall mean the Effective Date as defined in Section 3.01.

"Eligible Project" shall mean the acquisition of land either with or without permanent improvements, the construction and equipping of buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, the acquisition of capital equipment and library books and library materials, and refunding bonds or notes issued under the Constitutional Amendment or prior law (law in effect prior to November 6, 1984). The term "Eligible Project" shall not include the

construction, equipping, repairing or rehabilitating of buildings or other permanent improvements that are to be used for student housing, intercollegiate athletics, or auxiliary enterprises.

"Fiscal Year" shall mean the twelve-month operational period of the Fund commencing on September 1 of each year and ending on the following August 31.

"Fixed CD Rate" shall mean Fixed CD Rate as defined in Section 2.04(b).

"Fund Priority Obligations" shall mean the Series 1985 Bonds and any other obligations issued by the Board pursuant to the Constitutional Amendment which are secured by and payable from a lien on and pledge of the Interest of the University in the Available University Fund prior in rank and dignity to the lien and pledge securing the payment of the Notes, including any Constitutional Amendment Bonds.

"Holder" shall mean Bank and any other holder of the Promissory Note or any entity to which the Bank or any such other holder sells a participation in the Promissory Note (whether or not the Board was given notice of such sale and whether or not the Holder has an interest in the Promissory Note at the time amounts are payable to such Holder thereunder and under this Agreement) and any affiliated group (within the meaning of Section 1504 of the Code or any successor section thereto) of which any Holder is a member.

"Interest of the University" and "Interest" in the Available University Fund shall mean, with respect to the Constitutional Amendment Bonds, the System's two-thirds interest in the Available University Fund.

"Interest Period" shall mean: (1) with respect to each CD Advance, the period commencing on the date of such Advance and ending 30, 60, 90 or 180 days thereafter, as the Authorized Representative may elect in the applicable Notice of Advance; provided that:

(a) any Interest Period which begins before the first Commitment Reduction Date and would otherwise end after the first Commitment Reduction Date shall end on the first Commitment Reduction Date; and

(b) if any Interest Period includes a date on which a payment of principal of the Advances is required to be made under Section 2.06 but does not end on such date, then (i) the principal amount (if any) of each CD Advance required to be repaid on such date shall have an Interest Period ending on such date and (ii) the remainder (if any) of each such CD Advance

shall have an Interest Period determined as set forth above; and

(2) with respect to each Prime Advance, the period commencing on the date of such Advance and ending 30 days thereafter; provided that:

(a) any Interest Period which begins before the first Commitment Reduction Date and would otherwise end after the first Commitment Reduciton Date shall end on the first Commitment Reduction Date; and

(b) if any Interest Period includes a date on which a payment of principal of the Advances is required to be made under Section 2.06 but does not end on such date, then (i) the principal amount (if any) of each Prime Advance required to be repaid on such date shall have an Interest Period ending on such date and (ii) the remainder (if any) of each such Prime Advance shall have an Interest Period determined as set forth above.

"Interest Recapture" shall mean as of any date the cumulative amount by which the amount of interest accrued and payable as of such date in respect of all Advances made and repaid or prepaid prior to such date is, as a result of the limitations contained herein on the rate or amount of interest which may be charged or collected hereunder, less than the cumulative amount thereof which would have otherwise accrued and been payable thereon at the rate determined under Section 2.04 (other than the provisions of subsection (d) thereof), but only to the extent that such deficiency has not been recovered by the Bank pursuant to clause (y) of Section 2.04(d)(ii).

"Issuing and Paying Agent", "Paying Agent" or "Registrar" shall mean such agent appointed pursuant to the Resolution, or any successor to such agent.

"Lending Office" shall mean, as to the Bank, its office located at its address set forth on the signature pages hereof or such other office as the Bank may hereafter designate as its Lending Office by notice to the Board.

"Maturity Date" shall mean the date seven years after the first Commitment Reduction Date.

"Maximum Interest Rate" shall mean the lesser of (a) the maximum nonusurious rate of interest permitted to be charged by applicable federal or Texas law (whichever shall permit the higher lawful rate) from time to time in effect and (b) the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers (currently



prescribed by Article 717k-2, V.A.T.C.S., as amended, or any successor provision).

"1984 Constitutional Amendment" shall mean the amendment to Section 18 of Article VII of the Constitution of the State of Texas approved by voters November 6, 1984.

"1985 Constitutional Amendment Bond Resolution" shall mean the resolution adopted by the Board on October 24, 1985, authorizing the issuance of the Series 1985 Bonds.

"Notice of Advance" shall mean a written borrowing request in substantially the form of Exhibit "B" attached hereto, with appropriate completions, executed by an Authorized Representative, which requests an Advance.

"Note" or "Notes" shall mean the evidences of indebtedness authorized to be issued and at any time outstanding pursuant to the Resolution and shall include Commercial Paper Notes, Variable Rate Notes, or the Promissory Note, as appropriate.

"Notice of Default" shall mean a notice of a Default or an Event of Default under this Agreement.

"Original Resolution" shall mean the Original Resolution as defined in the Preamble to this Agreement.

"Permanent University Fund", "Permanent Fund", and "Fund" used interchangeably herein shall mean the Permanent University Fund as created, established, implemented, and administered pursuant to Article VII, Sections 10, 11, 11a, 15 and 18 of the Texas Constitution, as currently or hereafter amended, and further implemented by the provisions of Chapter 66, Texas Education Code.

"Permanent University Fund Obligations" shall mean, collectively, all bonds or notes of the Board or the Board of Regents of The Texas A&M University System heretofore or hereafter issued and delivered pursuant to the provisions of the Constitutional Amendment, including without limitation the Promissory Note, payable from and secured by a lien on and pledge of income from the Permanent University Fund.

"Person" shall mean an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

"Prime Advance" shall mean an Advance to be made as a Prime Advance pursuant to the applicable Notice of Advance or Article IX.

"Prime Rate" shall mean the rate of interest publicly announced by Morgan Guaranty Trust Company of New York in New York City from time to time as its Prime Rate.

"Principal and Interest Requirements" shall mean, with respect to any Fiscal Year, the amounts of principal of and interest on Fund Priority Obligations, Notes and Short Term Obligations scheduled to be paid in such Fiscal Year from the Interest of The University in the Available University Fund. For purposes hereof, amortization of principal (a) with respect to Short Term Obligations shall be based on average annual amortization over the term of the obligation in question and (b) with respect to the Notes, shall be based upon the repayment of principal amounts required under the Promissory Note and Sections 2.01(d) and 2.06 of this Agreement, assuming for purposes of such calculation that the full amount of the Bank Loan Commitment has been or will be converted to the Term Loan on the Term Loan Conversion Date. If the rate or rates of interest to be borne by any Fund Priority Obligations, Notes, or Short Term Obligations is not fixed, but is variable or adjustable by any formula, agreement, or otherwise, and therefore cannot be calculated as actually being scheduled to be paid in a particular amount for any particular period, then for the purposes of the previous sentence such Fund Priority Obligations, Notes, or Short Term Obligations shall be deemed to bear interest at all times to maturity or due date at the annual rate equal to (A) with respect to Short Term Obligations and Fund Priority Obligations, the lesser of (i) the maximum rate then permitted by law, or (ii) the maximum rate specified therein to be borne by such Fund Priority Obligations or Short Term Obligations during the next Fiscal Year and (B) with respect to the Notes, the lesser of (i) the maximum rate then permitted by law, or (ii) 12%.

"Project Costs" shall mean all costs and expenses incurred in relation to Eligible Projects, including without limitation design, planning, engineering and legal costs, acquisition costs of land, interests in land, right-of-way and easements, construction costs, costs of machinery, equipment, and other capital assets incident and related to the operation, maintenance, and administration of an Eligible Project, and financing costs, including interest during construction and thereafter, underwriter's discount and/or fees, legal, financial, and other professional services, and reimbursement for such Project. Costs attributable to Eligible Projects incurred prior to the issuance of any Project Notes.

"Project Note" shall mean, as appropriate, a Note or all the Notes, other than the Promissory Note.

"Promissory Note" shall mean the refunding promissory bond issued pursuant to the provisions of the Resolution and

this Agreement in evidence of Advances made by the Bank under this Agreement to refund a Project Note or Project Notes, such refunding promissory bond to be in substantially the form of Exhibit "A" attached hereto, with appropriate completions, and any and all renewals, extensions or modifications thereof. The Promissory Note is the "Revolving Note" referred to in the Resolution.

"Repayment Advance" shall mean an Advance which, after application of the proceeds thereof, results in no net increase in the outstanding principal amount of Advances made by the Bank.

"Resolution" shall mean the Original Resolution of the Board, adopted on December 5, 1985, relating to the issuance of the Project Notes and the Supplemental Resolution adopted by the Board on December 4, 1986 authorizing this Agreement and the Promissory Note.

"Revolving Credit Period" shall mean the period from the Effective Date to but not including the Term Loan Conversion Date.

"Series 1985 Bonds" shall have the meaning set forth on page 1 of this Agreement.

"Short Term Obligations" shall mean bonds or other evidences of indebtedness hereafter issued and incurred by the Board (other than the Notes and this Agreement) payable from the same sources, or any portion of such sources, securing the payment of the Notes and equally and ratably secured by a parity lien on and pledge of such sources securing the Notes, or any portion thereof.

"Special System Account" shall mean The State Treasurer University of Texas Special System Account established by the Treasurer of the State of Texas pursuant to the Resolution.

"Supplemental Resolution" shall mean the Resolution of the Board adopted December 4, 1986 authorizing this Agreement and the Promissory Note.

"Term Loan" shall mean the Advances evidenced by the Promissory Note from, after, and including the Term Loan Conversion Date.

"Term Loan Conversion Date" shall mean January 1, 1990 or such later date, if any, as may be agreed to pursuant to Section 2.12(a) hereof.

"Variable Rate Note" shall mean a Note issued pursuant to the provisions of the Resolution, having the terms and characteristics specified in Section 2.04 and Articles III

and IV of the Original Resolution and in substantially the form described in Section 2.07(b) of the Original Resolution the interest rate on which is adjusted from time to time in accordance with Article III thereof.

Section 1.02. Incorporation of Certain Definitions by Reference. Any terms with an initial capital letter which are used herein and which are not otherwise defined herein shall have the meanings assigned to them in the Resolution as in effect on the Effective Date unless the context shall indicate a contrary meaning.

Section 1.03. Accounting Terms. All accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with Section 61.065 of the Texas Education Code.

## ARTICLE II

### REVOLVING CREDIT

Section 2.01. (a) Commitment to Lend. Bank agrees that it will, during the Revolving Credit Period, on the terms and conditions set forth in this Agreement, lend to the Board from time to time amounts up to, but not to exceed, an aggregate principal amount at any one time outstanding equal to the Bank Loan Commitment. Each Advance hereunder shall be made in such amount as may be requested by an Authorized Representative to refund amounts due under one or more Project Notes, including any amounts payable as a result of the exercise of any demand provision contained in the Project Notes. All Advances other than Repayment Advances made pursuant to this Section 2.01(a) shall initially be Prime Advances and Repayment Advances may be either Prime Advances or CD Advances. Within the foregoing limits, the Board may borrow under this Section 2.01(a), prepay under Section 2.07 and reborrow under this Section 2.01(a) at any time and from time to time during the Revolving Credit Period.

(b) After Revolving Credit Period. After the Revolving Credit Period the Bank agrees, on the terms and conditions set forth in this Agreement, to make a new Advance to the Board upon the repayment of an outstanding Advance pursuant to Section 2.01(d) or any optional prepayment of an outstanding Advance pursuant to Section 2.07; provided that the principal amount of the Bank's new Advance shall not exceed the principal amount of its outstanding Advance being repaid or prepaid; and provided further that the aggregate principal amount of the Bank's outstanding Advances shall at no time exceed the Bank Loan Commitment. Amounts required to be repaid pursuant to Section 2.06 shall not be

reborrowed. The Advances made pursuant to this Section 2.01(b) may be Prime Advances or CD Advances.

(c) Consolidation of Outstanding Advances. On the first Commitment Reduction Date the Bank's outstanding Advances shall be consolidated into a single Advance and thereafter there shall be no more than one Advance outstanding hereunder at any time. If any combination of CD Advances or Prime Advances are outstanding immediately prior to the first Commitment Reduction Date, the Board shall borrow new Advances of one type on such date to the extent required to refund its outstanding Advances of the other type.

(d) Maturity of Advances. Each Advance shall mature, and the principal amount thereof shall be due and payable, on the last day of the Interest Period applicable thereto.

Section 2.02. Method of Borrowing.

(a) Each Advance shall be made to the Board (or as directed by it) pursuant to its borrowing request made to the Bank as prescribed in this Section 2.02, which request shall be so made not later than 2:15 p.m. (local time in New York, New York) on the date of the proposed Advance, which date shall be a Business Day. A request for an Advance shall be made to the Bank by delivery or telecopy of a completed and signed Notice of Advance or by telephonic notice confirmed as soon as possible by delivery or telecopy of a completed and signed Notice of Advance, provided that the Advance shall not be conditioned upon the receipt of the confirming Notice of Advance.

(b) Each Notice of Advance, whether by telephone, telecopy or in writing, requesting an Advance shall specify therein:

(i) the date of such Advance, which shall be a Business Day,

(ii) the amount of such Advance,

(iii) whether such Advance is to be a CD Advance or a Prime Advance, and

(iv) in the case of a CD Advance, the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period.

(c) If the Bank makes a new Advance hereunder on a day on which the Board is to repay all or any part of an outstanding Advance from the Bank, the Bank shall apply the proceeds of its new Advance to make such repayment and only an amount equal to the difference (if any) between the amount being borrowed and the amount being repaid shall be

made available by the Bank as provided in subsection (d) of this Section, or remitted by the Board as provided in Section 2.08, as the case may be.

(d) Upon receipt by the Bank of the Notice of Advance, the Board's request for an Advance as therein set out shall not be revocable by the Board. At or prior to 3:00 p.m. (local time in New York, New York) on the date for which the Advance is requested, except as provided in subsection (c) above, and subject to satisfaction of the applicable conditions set forth in Section 3.02, Bank shall make available, in Federal or other immediately available funds, to the Paying Agent the funds necessary for such Advance, for the account of the holders of Project Notes, as directed by the Board in its Notice of Advance.

Section 2.03. Promissory Note. (a) The Advances of the Bank shall be evidenced by a single Promissory Note payable to the order of the Bank for the account of its Lending Office in a principal amount equal to the aggregate unpaid principal amount of the Bank's Advances. The Promissory Note shall bear interest and shall be due and payable on the dates, in the amounts and under the circumstances set forth herein with respect to the Advances and in the Promissory Note.

(b) The Bank shall record, and prior to any transfer of the Promissory Note shall endorse on the schedules forming a part thereof appropriate notations to evidence, the date, amount and maturity of each Advance made by it and the date and amount of each payment of principal made by the Board with respect thereto; provided that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the Board hereunder or under the Promissory Note. The Bank is hereby irrevocably authorized by the Board so to endorse the Promissory Note and to attach to and make a part of the Promissory Note a continuation of any such schedule as and when required.

Section 2.04. Interest Rates. (a) Each Prime Advance shall bear interest on the outstanding principal amount thereof, for each day from the date such Advance is made until it becomes due, at a rate per annum equal to (i) the Prime Rate for such day, if such day falls prior to the Term Loan Conversion Date; (ii) the sum of  $1/8$  of 1% plus the Prime Rate for such day, if such day falls on or after the Term Loan Conversion Date and prior to the third anniversary of the Term Loan Conversion Date; (iii) the sum of  $1/4$  of 1% plus the Prime Rate for such day, if such day falls on or after the third anniversary of the Term Loan Conversion Date and prior to the fifth anniversary of the Term Loan Conversion Date; and (iv) the sum of  $3/8$  of 1% plus the Prime Rate for such day if such day falls on or after the fifth anniversary of the Term Loan Conversion Date. Such

interest shall be payable for each Interest Period on the last day thereof.

(b) Each CD Advance shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the applicable Fixed CD Rate; provided that if any CD Advance or any portion thereof shall, as a result of clause 1 of the definition of Interest Period, have an Interest Period of less than 30 days, such portion shall bear interest during such Interest Period at the rate applicable to Prime Advances during such period. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than 90 days, at intervals of 90 days after the first day thereof.

The "Fixed CD Rate" applicable to any CD Advance for any Interest Period means a rate per annum equal to the sum of the CD Margin plus the applicable Adjusted CD Rate.

"CD Margin" means (i) 1/2 of 1% prior to the Term Loan Conversion Date; (ii) 5/8 of 1% on and after the Term Loan Conversion Date and prior to the third anniversary of the Term Loan Conversion Date; (iii) 3/4 of 1% on and after the third anniversary of the Term Loan Conversion Date and prior to the fifth anniversary of the Term Loan Conversion Date; and (iv) 7/8 of 1% on and after the fifth anniversary of the Term Loan Conversion Date.

The "Adjusted CD Rate" applicable to any Interest Period means a rate per annum determined pursuant to the following formula:

$$\begin{aligned} \text{ACDR} &= \left[ \frac{\text{CDBR}}{1.00 - \text{DRP}} \right]^* + \text{AR} \\ \text{ACDR} &= \text{Adjusted CD Rate} \\ \text{CDBR} &= \text{CD Base Rate} \\ \text{DRP} &= \text{Domestic Reserve Percentage} \\ \text{AR} &= \text{Assessment Rate} \end{aligned}$$

\* The amount in brackets being rounded upwards, if necessary, to the next higher 1/100 of 1%

The "CD Base Rate" applicable to any Interest Period is the rate of interest determined by the Bank to be the prevailing rate per annum bid at 10:00 A.M. (New York City time) (or as soon thereafter as practicable) on the first day of such Interest Period by two or more New York certificate of deposit dealers of recognized standing for the purchase at face value from Morgan Guaranty Trust Company of New York of its certificates of deposit in an amount comparable to the unpaid principal amount of the CD Advance of

the Bank to which such Interest Period applies and having a maturity comparable to such Interest Period.

"Domestic Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including without limitation any basic, supplemental or emergency reserves) for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of new non-personal time deposits in dollars in New York City having a maturity comparable to the related Interest Period and in an amount of \$100,000 or more. The Fixed CD Rate shall be adjusted automatically on and as of the effective date of any change in the Domestic Reserve Percentage.

"Assessment Rate" means for any Interest Period the net annual assessment rate (rounded, if necessary, to the nearest 1/100 of 1%) actually incurred by Morgan Guaranty Trust Company of New York to the Federal Deposit Insurance Corporation (or any successor) for such Corporation's (or such successor's) insuring time deposits at offices of Morgan Guaranty Trust Company of New York in the United States during the most recent period for which such rate has been determined prior to the commencement of such Interest Period.

(c) The Bank shall determine each interest rate applicable to the Advances hereunder. The Bank shall give prompt notice to the Board by telex or cable of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(d) Notwithstanding anything contained herein or in the Promissory Note to the contrary:

(i) if the rate or amount of interest applicable to an outstanding Advance evidenced by the Promissory Note, when calculated or determined under the provisions hereof, at any time would exceed the Maximum Interest Rate or would produce an amount which would be greater than the amount of interest determined at such rate, then the applicable rate and amount of interest payable in regard to such outstanding Advance shall be reduced to the Maximum Interest Rate and the amount determined at a rate per annum equal to the Maximum Interest Rate; and

(ii) (x) in the event that the amount of interest accrued in respect of any Advance as of any date, is as a result of the limitations contained herein on the rate or amount of interest which may accrue on such Advances under the Promissory Note, less than the



amount of interest which would have otherwise accrued on such Advance as of such date at the rate determined under this Section 2.04, (without regard to the provisions of this Subsection (d)) then the Promissory Note will continue to bear interest with respect to such Advance at the Maximum Interest Rate until such date (or the date such Advance is due and payable pursuant to Sections 2.01(d) and 2.06, if earlier) on which the cumulative amount of interest accrued on the Promissory Note with respect to such Advance equals the cumulative amount of interest which would have accrued thereon in accordance with this Section 2.04 (other than the provisions of this subsection (d)), at which date the rate of interest on the Promissory Note with respect to such Advance shall revert to the rates otherwise provided for herein; and (y) to the extent and for such periods (or, if earlier, the Maturity Date or the first date after the Term Loan Conversion Date shall occur on which no Advance is outstanding) as is necessary for the Bank to obtain the amount of Interest Recapture as to Advances previously made and repaid or prepaid, each subsequent Advance made prior to the full recovery of the amount of Interest Recapture shall itself bear interest at the Maximum Interest Rate until the Bank shall have recovered the full amount of Interest Recapture in respect of all prior Advances; and

(iii) in all events, all interest accruing on or becoming payable in respect of the Promissory Note or any Advance evidenced thereby, including not only amounts so denominated herein but also any other payment, consideration, value, benefit or other compensation for the use, forbearance or detention of money, shall never exceed an amount or produce a rate in excess of the maximum amount or rate that may lawfully be contracted for, charged, reserved, received or paid under applicable law in respect of the Promissory Note or any such Advance.

(e) Beginning five (5) days after the date any amount of principal or interest is due under the Promissory Note, any overdue principal of and, to the extent permitted by law, overdue interest on, (i) any Prime Advance shall bear interest, payable on demand, for each day the same is overdue until paid, at a rate per annum equal to the lesser of (x) the sum of 1% per annum plus the otherwise applicable rate for such day, or (y) the Maximum Interest Rate, or (ii) any CD Advance shall bear interest, payable on demand, for each day the same is overdue until paid at a rate per annum equal to the lesser of the (x) sum of 1% plus the higher of (a) the Fixed CD Rate for the current (or next preceding) Interest Period and (b) the rate applicable to Prime Advances for such day and (y) the Maximum Interest Rate.

(f) Computation of the commitment fee, which is provided for in Section 2.05 hereof, and, subject to the last sentence of this Section 2.04(f), of interest on Advances based on the Prime Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, applied to and payable for the actual number of days elapsed (including the first day but excluding the last day). Interest on Advances based on the Adjusted CD Rate shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed, calculated as to each Interest Period from and including the first day thereof but excluding the last day thereof. Any calculation made pursuant to this Section 2.04(f) (other than with respect the commitment fee which is provided for by Section 2.05) that would cause the interest paid, payable or accruing on the indebtedness of the Board under this Agreement and the Promissory Note to exceed the Maximum Interest Rate shall be adjusted so as to reduce the interest paid, payable and accruing hereunder to such Maximum Interest Rate, as more fully set out in this Agreement.

(g) Notwithstanding anything contained herein to the contrary, the interest rates applicable to Advances may be changed at any time upon the mutual written agreement of the Board and the Bank. If any such change in the interest rates applicable to Advances is so agreed to, this Agreement and the Promissory Note shall remain outstanding and continue in full force and effect, without modification other than as to the change in the interest rates applicable to Advances, and all Advances will continue to be made under the Promissory Note in accordance with this Agreement, modified only to reflect the agreement of the parties with respect to the changed interest rates applicable to Advances.

Section 2.05. Commitment Fees. The Board shall pay to the Bank, a commitment fee calculated (in the manner set out in Section 2.04(f) above) at the rate of 1/4 of 1% per annum on the Available Bank Loan Commitment for each day during the Revolving Credit Period. Such commitment fee shall accrue from and including the Effective Date to (but excluding) the Term Loan Conversion Date and shall be payable (i) on the first day of each January, April, July, and October during the term hereof and (ii) on the Term Loan Conversion Date. No commitment fee shall be payable or accrue in respect of Advances advanced and outstanding under the Bank Loan Commitment.

Section 2.06. Termination or Reduction of Commitment.  
(a) During the Revolving Credit Period, the Board may, upon at least three Business Days' notice to the Bank and any rating agency which has issued a rating of the Project Notes, terminate entirely at any time or reduce from time to time by an aggregate amount of \$1,000,000 or any integral

multiple thereof, the Bank Loan Commitment at the time; provided that the Board may not reduce the Bank Loan Commitment if such proposed reduction would cause the then Available Bank Loan Commitment to be less than the amount of Available Bank Loan Commitment required to be maintained by the Board under Section 6.04 of the Resolution.

(b) The Bank Loan Commitment shall terminate on the Maturity Date, and any Advances then outstanding (together with accrued interest thereon) shall be due and payable on such date.

(c) On any date on or after the Term Loan Conversion Date on which the Bank Loan Commitment shall be greater than the principal amount of the Advances outstanding on such date (after giving effect to any repayment, prepayment and borrowing on such date), the Bank Loan Commitment shall be automatically reduced to an amount equal to such outstanding principal amount.

(d) The Bank Loan Commitment shall be further reduced, on each Commitment Reduction Date, by an amount equal to one-twenty-eighth (1/28) of the Bank Loan Commitment in effect on the Term Loan Conversion Date (after giving effect to any reduction pursuant to subsection (c) on such date). No reduction of the Bank Loan Commitment pursuant to subsection (c) shall reduce the amount of any subsequent mandatory reduction of the Bank Loan Commitment pursuant to this subsection (d).

(e) On each Commitment Reduction Date, the Board shall repay such principal amount (together with accrued interest thereon) of outstanding Advances, if any, as may be necessary so that after such repayment, the unpaid principal amount of the Bank's Advances does not exceed the amount of the Bank Loan Commitment as then reduced.

Section 2.07. Optional Prepayments. (a) The Board may, upon at least two Business Days' notice to the Bank, prepay any Prime Advance in whole at any time, or from time to time in part in an amount equal to \$1,000,000 or any integral multiple thereof, by paying the principal amount to be prepaid together with accrued interest thereon to (but not including) the date of prepayment.

(b) The Board may not prepay all or any portion of the principal amount of any CD Advance prior to the maturity thereof.

(c) Upon receipt of a notice of prepayment by the Bank pursuant to this Section, such notice shall not be revocable by the Board.

Section 2.08. General Provisions as to Payment. The following general provisions shall apply to all payments under the Promissory Note:

(a) The Board shall make each payment of principal and interest on the Promissory Note not later than 12:00 noon (local time in New York, New York), on the day when due, in Federal or other funds immediately available at the office of the Bank referred to in Section 10.01.

(b) Whenever any payment of principal of and interest on the Promissory Note shall be due on any day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. If the date for any payment or prepayment of principal is extended by the preceding sentence, operation of law or otherwise, interest thereon shall be payable for the period of such extension at the rate applicable thereto under other provisions of this Agreement.

Section 2.09. Funding Losses. If the Board makes any payment of principal with respect to any CD Advance (pursuant to Articles VIII or IX or otherwise) on any day other than the last day of the Interest Period applicable thereto, or if the Board fails to borrow any CD Advance after notice has been given to the Bank in accordance with Section 2.02, the Board shall reimburse the Bank on demand for any resulting loss or expense incurred by it (or by any prospective participant in the related Advance), including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment, provided that the Bank shall have delivered to the Board a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

Section 2.10. Security For Promissory Note. The Promissory Note is the special obligation of the Board, payable solely from and secured by the funds pledged therefor pursuant to the Resolution, including specifically Section 2.12 thereof, and this Agreement, as authorized thereby. To provide ratable security for the payment of the principal of and interest on the Project Notes and the Promissory Note, as the same shall become due and payable, the Board has pledged, pursuant to the Resolution, and as to the Promissory Note does hereby grant to Bank a lien on and pledge of, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein and to the provisions of Section 6.03 hereof (allowing issuance of certain debt), all of the following: (i) the proceeds from (a) the sale of Fund Priority Obligations or Short Term Obligations or other

obligations of the Board under the Constitutional Amendment issued for such purpose, and (b) the sale of Project Notes issued pursuant to the Resolution for such purpose, (ii) the amounts held in the Series A Note Payment Fund and the Special System Account, provided, however, amounts in the Series A Note Payment Fund attributable to and derived from Advances under and pursuant to this Agreement are pledged to, and shall be used to pay, the principal of, premium, if any, and interest on the Project Notes, and (iii) the Interest of the University in the Available University Fund (all the items of property referred to in the immediately preceding clauses (i), (ii) and (iii), and all proceeds thereof, being hereinafter collectively referred to as the "Collateral"). Notwithstanding anything contained herein to the contrary, the security interest in and pledge of the Interest of the University in the Available University Fund is subordinate and inferior to the pledge thereof ("Fund Priority Lien") securing the payment of Fund Priority Obligations, and the principal of, and premium (if any) and interest on the Project Notes and Promissory Note shall be and the same are hereby equally and ratably secured solely by and payable from a security interest in, lien on, and pledge of the sources hereinabove identified in clauses (i), (ii) and (iii), subject and subordinate only to the Fund Priority Lien. The Promissory Note shall further be entitled to the benefits of Article VI hereof.

Section 2.11. Application of Prior Covenants - Available Revenues. In accordance with the provisions of the 1985 Constitutional Amendment Bond Resolution, the Notes represent obligations which are subordinate to the Fund Priority Obligations. As described in Section 9 of the 1985 Constitutional Amendment Bond Resolution, there heretofore has been established in the Treasury of the State of Texas a fund known as "Board of Regents of The University of Texas System Permanent University Fund Bonds Interest and Sinking Fund" (hereinafter called the "Interest and Sinking Fund"). The Fund Priority Obligations are payable from moneys required to be transferred to the Interest and Sinking Fund. After provision has been made for the payment of the principal of and interest on the Fund Priority Obligations, based upon the projection of moneys to be deposited into the Interest and Sinking Fund from the Available University Fund which demonstrates that the deposits to the Series A Note Payment Fund will not impair the obligation of the Board to pay the principal of and interest on the Fund Priority Obligations as the same mature and come due, the balance of the Interest of the University in the Available University Fund shall be made available to the Board to deposit into the Series A Note Payment Fund such amounts as necessary to pay the interest on and/or the principal of the Promissory Note to the extent not paid from the proceeds of Project Notes, Short Term Obligations, or Fund Priority Obligations, or other obligations of the Board issued pursuant to the

Constitutional Amendment. After provision has been made for the payment of the interest on and principal of the Promissory Note, the balance of the Interest of the University in the Available University Fund each year shall be made available to the Board in the manner provided by law and by regulations of the Board as it may lawfully direct.

To the end that money will be available in ample time to pay the principal of and interest on the Promissory Note as such principal and interest respectively come due, the Comptroller of The University of Texas System, or such officer as may hereafter be designated by the Board to perform the duties now vested in such officer shall perform such duties as are described in Section 2.13 of the Resolution.

Section 2.12. Extension or Modification of Agreement.  
This Agreement may be extended or modified in accordance with the following conditions and provisions:

(a) At any time not less than 60 days prior to the Term Loan Conversion Date, the Board may, by written notice to the Bank, request that the Term Loan Conversion Date be extended by one or more whole years after the then-existing Term Loan Conversion Date. Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed extension. Bank will use its best efforts to notify the Board of its decision within 30 days of receipt of such request, it being understood and agreed that the failure of Bank to notify the Board of any decision within such 30-day period shall be deemed to be a rejection and that Bank shall incur no liability or responsibility whatsoever by reason of its failure to notify the Board of the Bank's decision within such 30-day period.

(b) The Bank shall use its best efforts to give the Board 105 days notice of the Term Loan Conversion Date, provided, however, (i) that the Bank shall have no liability or responsibility whatsoever to the Board or any other Person (including, without limitation, the Issuing and Paying Agent, the Registrar or any Holder) by reason of its failure to give such notice or any delay in giving such notice; and (ii) that failure to give such notice shall not be construed as an acceptance by or agreement of the Bank to extend the Term Loan Conversion Date or otherwise entitle the Board to extend the Term Loan Conversion Date in the absence of an express written agreement of the Bank to so extend the Term Loan Conversion Date.

(c) If the Board shall desire to increase the authorized aggregate principal amount of Project Notes that may be outstanding during the term of this Agreement

("Additional Notes") and to provide for such Additional Notes to have the benefit of a revolving credit agreement to which one or more national banking associations or state-chartered banks would be party ("New Credit Agreement"), then the Board shall notify the Bank, in writing, of the amount, terms and conditions of such New Credit Agreement and of the Additional Notes.

Section 2.13. Notice of Paying Agent. The Resolution appoints Morgan Guaranty Trust Company of New York as the initial Paying Agent. The Board will give notice to the Bank of the appointment of any substitute Paying Agent, which notice shall specify the name and address of the Paying Agent.

Section 2.14. Failure of Bank to Advance. The failure of Bank to make any requested Advance required to be made under the Promissory Note shall not release Bank from its agreement to make such Advances, nor shall receipt and acceptance by the Board of any Advance or portion thereof from Bank be a release, discharge or waiver of any claim, demand or cause of action of, or for the benefit of, the Board arising out of or in connection with any such failure to advance funds.

Section 2.15. Compliance With Law. Notwithstanding any other term or provision of this Agreement or of the Promissory Note, the maximum amount of interest which may be payable by, charged to, or collected from the Board, or any other person either primarily or conditionally liable for the payment of the Promissory Note, shall be limited to, and shall in no event or under any circumstances exceed, the maximum amount of interest which could be lawfully charged under applicable law (including, to the extent applicable, the provisions of Article 717k-2, Vernon's Texas Civil Statutes, as in effect at the time and the provisions of any applicable amendment thereto or other successor or superseding provision of law) so that, notwithstanding any other term or provision of this Agreement or the Promissory Note, the aggregate of the interest on any Advance, including all fees and other amounts which constitute interest under applicable state law (and any applicable Federal statutes), shall never exceed the maximum amount of interest which under said laws could be lawfully charged on or in respect of such Advance. Accordingly, the Board and the Bank stipulate and agree that this Agreement and the Promissory Note shall not be construed to create a contract to pay interest for the use, forbearance or detention of money at a rate in excess of the Maximum Interest Rate or maximum amount permitted to be charged under applicable state law (and any applicable Federal statutes), and the Board shall never be liable for interest in excess of the maximum amount or Maximum Interest Rate that could be lawfully charged under such laws.

Specifically and without limiting the generality of the foregoing, it is further agreed among the Board and the Bank that the maximum amount of interest contracted for and payable on or under the Promissory Note, now or hereafter shall be calculated in order that strict compliance may be had with the applicable state laws (and any applicable Federal statutes), and such parties agree that:

(a) in the event of voluntary prepayment of any Advance or payment prior to the normal maturity date of any Advance, if the aggregate amount of any interest calculated thereunder or thereon, plus any other amounts which constitute interest on such Advance would, in the aggregate, if charged or paid (if calculated in accordance with provisions other than those set forth in this Section) exceed the maximum amount of interest which, under applicable state laws (and any applicable Federal statutes), may lawfully be charged or paid on or in respect of the Advance involved, then in such event the amount of such excess shall not be charged, payable or due (if not previously paid) or (if paid) shall be credited toward the payment of the principal of the Advance involved so as to reduce the amount thereof and if, and to the extent, the entire principal amount has been paid in full, refunded to the Board; and

(b) if under any circumstances the aggregate amounts paid on any Advance prior to or incident to final payment thereof include any amounts which under applicable state laws (and any applicable Federal statutes) would be deemed interest and which would exceed the maximum amount of interest which, under applicable state laws (and any applicable Federal statutes), could lawfully have been paid and collected on or in respect of such Advance, such payment and collection shall be deemed to have been the result of mathematical error on the part of all parties hereto, and the party receiving such excess payment shall promptly refund the amount of such excess (to the extent only of the excess of such interest payments above the maximum amount which could lawfully have been collected and retained under said state laws and any applicable Federal statutes) upon discovery of such error by the party receiving such payment or notice thereof from the party making such payment.

(c) The provisions of this Section 2.15 shall control over any other provisions of this Agreement, the Promissory Note, any other instrument or writing evidencing, respecting or affecting any Advance, and Bank further agrees that any limitations or restrictions imposed on it, or on payments which it may receive, by reason of this Section 2.15 shall apply and



be recognized in all circumstances and to all payments, regardless of the source or payor thereof.

(d) All commitment fees prescribed in Section 2.05 hereof shall constitute exclusively consideration for the Bank's agreement to have available funds in the amount committed by the Bank in respect of Advances and to make such Advances in the future as provided herein and shall not constitute or be treated as compensation for the use of, forbearance, or detention of money actually loaned and advanced hereunder.

### ARTICLE III

#### CONDITIONS

Section 3.01. Conditions to Closing. The Revolving Credit Period shall commence on the date (the "Effective Date") on which the conditions set out in subsections 3.01(a) and (b) shall have been satisfied.

(a) The Bank shall have received all of the following:

(i) a counterpart of this Agreement duly executed by the Board and Bank;

(ii) a duly executed Promissory Note, dated the Effective Date, complying with the provisions of Section 2.03 and substantially in the form set out in Exhibit "A" hereto;

(iii) a copy of the Resolution, including supplemental resolutions thereto which have been adopted as of the Effective Date approving and authorizing this Agreement and the Promissory Note, all certified by the Secretary or an Assistant Secretary of the Board as being in full force and effect;

(iv) a certificate of the Executive Vice Chancellor for Asset Management and Executive Secretary or an Assistant Secretary of the Board dated the Effective Date, substantially in the form of Exhibit "E" hereto;

(v) an opinion of the general counsel for the Board, dated the Effective Date, substantially in the form of Exhibit "C" hereto, with such changes, modifications, deletions or additions as may be acceptable to such counsel and counsel for the recipients thereof;

(vi) an opinion of Bond Counsel, dated the Effective Date, substantially in the form of Exhibit "D" hereto, with such changes, modifications, deletions or additions as may be acceptable to such counsel and counsel for the recipients thereof;

(vii) evidence satisfactory to the Bank that the Attorney General of the State of Texas shall have approved this Agreement and the Promissory Note, all as required by the Constitutional Amendment and the Acts;

(viii) the release and resignation of MBank Dallas and MBank Austin duly executed by MBank Dallas, MBank Austin and the Board.

(b) In addition, the Board shall have received all of the following, with a copy for Paying Agent:

(i) Counterparts of this Agreement, duly executed by the Board and Bank;

(ii) A certificate, dated the Effective Date, of an officer of Bank, authorized to execute and deliver such certificate, to the effect that each of the representations and warranties of Bank contained in this Agreement are true and correct on and as of the date of such certificate as though made on and as of such date and additionally to the effect that the Bank has received the instruments set forth in Section 3.01(a), that such instruments are in satisfactory form and that the conditions set forth in Section 3.01(a) have been satisfied;

(iii) An opinion of Davis Polk & Wardwell counsel to the Bank, dated the Effective Date and substantially in the form of Exhibit "F", with such changes, modifications, deletions or additions as may be acceptable to such counsel and counsel for the recipients thereof; and

(iv) An opinion of Texas counsel to the Bank, dated the Effective Date and substantially in the form of Exhibit "G", with such changes, modifications, deletions or additions as may be acceptable to such counsel and counsel for the recipients thereof.

Section 3.02. Conditions to Advances. The obligation of Bank to make any Advance, when so requested hereunder upon or after the Effective Date and during the Revolving Credit Period, is subject to receipt by the Bank of a Notice

of Advance as required by Section 2.02 and to the satisfaction of the following further conditions:

(a) At the time the Advance is made, the Board shall not have commenced a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, shall not have consented to any such relief or to the appointment of, or taking possession by, any such official in an involuntary case or other proceeding commenced against it, shall not have made a general assignment for the benefit of its creditors, shall not have declared a moratorium with respect to its debts, shall not have failed generally to pay its debts as they become due, and shall not have taken any action to authorize any of the foregoing;

(b) At the time the Advance is made, no involuntary case or other proceeding shall have been commenced against the Board seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official and no trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property shall have been appointed; and

(c) Immediately after such Advance is made the Board shall not have issued bonds and notes exceeding a total amount of twenty percent (20%) of the cost value of investments and other assets (exclusive of real estate) of the Permanent University Fund.

In addition, Bank shall have no obligation to make an Advance to the Board to pay the principal of or any interest on any Project Notes which were issued by the Board after receipt by the Paying Agent, the Dealer, and an Authorized Representative of a Notice of Default.

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES OF THE BOARD

Section 4.01. Organization and Powers. The Board (a) is duly established and validly existing under the laws of the State of Texas under and pursuant to the Constitution of the State of Texas and is an agency and political subdivision of the State of Texas, (b) has all corporate powers and

all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, (c) has full power and authority to operate the System and to acquire, construct, finance and operate the Eligible Projects, and (d) has full power and authority to adopt the Resolution, to execute, deliver and perform the Resolution and this Agreement, to borrow hereunder and to execute, deliver and perform the Promissory Note.

Section 4.02 Authorization; Contravention. The execution, delivery and performance by the Board of the Resolution, this Agreement and the Promissory Note and the making of the Advances under the Promissory Note have been duly authorized by all necessary action by the Board and do not contravene, or result in the violation of or constitute a default under, any provision of applicable law or regulation, the Acts, or any order, rule or regulation of any court, governmental agency or instrumentality or any agreement, resolution or instrument to which the Board is a party or by which it or any of its property is bound.

Section 4.03. Governmental Consent or Approval. No authorization, consent, approval, permit, license, or exemption of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality that has not been obtained or issued is or will be necessary for the valid adoption, execution, delivery or performance by the Board of the Resolution, this Agreement and the Promissory Note.

Section 4.04. Binding Effect. This Agreement, the Resolution and the Promissory Note constitute valid and binding obligations of the Board.

Section 4.05. Restrictions on Use of Proceeds. The proceeds of the Advances will be applied by the Board only to the refunding of the Project Notes. None of the funds borrowed by virtue of this Agreement will be used in any manner or for any purpose except in the manner and for the purposes authorized by Texas law and the Resolution adopted by the Board.

Section 4.06. Federal Reserve Regulations. No part of the proceeds of any Advance will be used for the purpose, whether immediate, incidental or ultimate, to purchase or carry any margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time) or to extend credit to others for the purpose of purchasing or carrying any margin stock or for any other purpose which would violate any of the regulations of said Board of Governors.

Section 4.07. Litigation. There is no action, suit or proceeding pending or, to the knowledge of the Board,

threatened against or affecting the Board, the System or relating to the Acts, or other applicable laws or regulations, or this Agreement in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of the Board to perform its obligations under this Agreement or the Promissory Note, or which in any manner questions the validity or enforceability of this Agreement, the Resolution or the Promissory Note or the granting, perfection, enforceability or priority of the lien on and pledge of the Collateral provided in Section 2.12, except any action, suit or proceeding which may be brought subsequent to the date hereof as to which Bank has received an opinion of counsel satisfactory to Bank, in form and substance satisfactory to Bank and its counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 4.08. No Event of Default Under the Resolution. No "Event of Default" specified in the Resolution and no event which, with the giving of notice or lapse of time or both would become such an event of default, has occurred and is continuing.

#### ARTICLE V

#### REPRESENTATIONS AND WARRANTIES OF THE BANK

Bank represents and warrants:

Section 5.01. Organization and Powers. Bank (a) is duly established and validly existing under the laws of the State of New York; and (b) has full power and authority to execute, deliver and perform this Agreement and to make Advances in accordance with its Bank Loan Commitment and this Agreement.

Section 5.02. Authorization; Contravention. The execution, delivery and performance by Bank of this Agreement and its Advances to be made hereunder have been duly authorized by all necessary action by Bank and do not contravene, or result in the violation of or constitute a default under, any provision of applicable law or regulation, its charter, or any order, rule or regulation of any court, governmental agency or instrumentality or any material agreement, resolution or instrument to which Bank is a party or by which it or any of its property is bound.

Section 5.03. Governmental Consent or Approval. No authorization, consent, approval, permit, license, or exemption of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality that has not been obtained or issued is

or will be necessary for the valid execution, delivery or performance by Bank of this Agreement.

Section 5.04. Bank Obligations Valid. Bank represents that this Agreement is a valid and binding agreement of it, assuming that this Agreement is a valid and binding agreement of the Board.

Section 5.05. Litigation. There is no action, suit or proceeding pending or, to the knowledge of the Bank, threatened against or affecting the Bank, in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of the Bank to perform its obligations under this Agreement, or which in any manner questions the validity of this Agreement or the Promissory Note.

## ARTICLE VI

### COVENANTS

The Board agrees that during the term of this Agreement and while any amount payable under the Promissory Note remains unpaid:

Section 6.01. Information. The Board will deliver to the Bank:

(a) as soon as reasonably available after the end of each Fiscal Year, and in any event within 120 days after the end of such Fiscal Year, a copy of the annual report of the Fund including a balance sheet of the Fund as of the end of such fiscal year and related statements of income and sources and uses of funds prepared in accordance with Section 61.065 of the Texas Education Code accompanied by a certificate of an Authorized Representative (i) to the effect that as of the date of such certificate no Default has occurred, (ii) or if such Default has occurred, specifying the nature of such Default, the period of its existence and the action which the Board is taking or proposes to take with respect thereto;

(b) as soon as available and in any event within 60 days after the end of each fiscal quarter, a copy of the most recent quarterly unaudited financial statements of the Fund;

(c) as soon as practicable but in any event within ten (10) Business Days after the issuance thereof, copies of any prospectus, official statement, offering circular, placement memorandum or similar or corresponding document, and any supplements thereto and

updates and amendments thereof, that the Board makes available in connection with the offering for sale of any securities of which it is the issuer, and, on request, copies of such other financial reports as the Board shall customarily and regularly provide to the public;

(d) forthwith upon the occurrence of any Default, a certificate of an Authorized Representative setting forth the details thereof and the action which the Board is taking or proposes to take with respect thereto;

(e) concurrently with the delivery of the reports set out in subsection (b) above, a report showing the aggregate amount of Project Notes issued at the end of the preceding quarter; and

(f) upon written request of the Bank, information relating to the Available University Fund or any other financial information reasonably requested.

Section 6.02. Access to Records. The Board will furnish to the Bank such information regarding the financial condition, results of operations or business of the Board, the Available University Fund and the Fund as the Bank may reasonably request and will permit any officers, employees or agents of the Bank to visit and inspect any of the properties of the Board and to discuss matters reasonably pertinent to an evaluation of the credit of the Available University Fund and the Fund, all at such reasonable times as the Bank may reasonably request. Further, the Bank, at its request, will be kept informed of regular and special meetings of the Board, and a representative of the Bank may attend any such meeting subject to provisions of Texas law authorizing executive sessions of the Board. All information received by or provided to the Bank pursuant to this Agreement, unless otherwise made public by the Board, will be held as confidential information by the Bank.

Section 6.03. Proceeds of Project Notes; Limitation on Certain Debt.

(a) The proceeds of the Project Notes will be used by the Board solely for the purpose of paying or prepaying, as the case may be, in whole or in part, other Project Notes, the Promissory Note or Project Costs of Eligible Projects or, to the extent not so used, for temporary investment while in the Series A Note Payment Fund or Special System Account.

(b) The Board shall, however, have the right to issue Fund Priority Obligations or Short Term Obligations pursuant to Section 6.10 of the Resolution.

Section 6.04. No Amendment of Certain Contracts or Resolutions. The Board will not consent to any amendment to or modification or waiver of any of the provisions of the Resolution which would be materially adverse to Bank's interests. The Board will give the Bank notice as promptly as practicable (but in no event less than 10 Business Days) of any proposed amendments to or modifications or waivers of any provisions of the Resolution and of any meeting of the Board at which any of the foregoing will be discussed or considered.

Section 6.05. Sales of Fund Priority Obligations or Short Term Obligations. The Board shall use its best efforts and reasonable diligence to offer and sell Fund Priority Obligations or Short Term Obligations or to obtain a New Credit Agreement, in an amount sufficient to pay when due any outstanding principal amount of the Promissory Note not to be paid from the proceeds of a Repayment Advance and all other amounts due to the Bank hereunder in respect thereof not to be paid from other funds available to the Board. The Board covenants that Advances maturing under the Promissory Note and not paid from the proceeds of a Repayment Advance shall be retired in full, or pro rata if not in full, with proceeds of Fund Priority Obligations or Short Term Obligations sold, issued or created by the Board prior to any other payment or use of the proceeds of such Fund Priority Obligations or Short Term Obligations.

Section 6.06. Other Covenants. The Board shall fully and faithfully perform each of the covenants required of it pursuant to the provisions of the Resolution and the resolutions of the Board authorizing the Fund Priority Obligations.

Section 6.07. Taxes and Liabilities. The Board will pay all its indebtedness and obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default.

Section 6.08. Supplemental Resolutions and Further Assurances. The Board will not adopt any supplemental resolutions, pursuant to the Resolution or otherwise, which would adversely affect the ability of the Board to make payments on the Promissory Note when due; provided that nothing herein shall prevent the Board from issuing additional Short Term Obligations and Fund Priority Obligations as provided in this Agreement and Section 6.10 of the Resolution. The Board will at any and all times, insofar as it may be authorized so to do by law, pass, make, do, execute, acknowledge and deliver all and every such



further resolutions, acts, deeds, conveyances, assignments, recordings, filings, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, revenues and other funds and Collateral hereby pledged or assigned to the payment of the Promissory Note, or intended so to be, of which the Board may become bound to pledge or assign.

Section 6.09. Additional Borrowings. The Board may issue Fund Priority Obligations or Short Term Obligations in such amounts and on such terms as the Board shall determine, subject only to the covenants contained herein.

Section 6.10. Efforts to Pay. In the event that the Promissory Note is not paid at maturity, the Board shall as quickly as possible take all actions reasonably necessary to allow payment from any available funds.

Section 6.11. Federal Tax Status of Interest on the Promissory Note. It is the intention of the parties that the Promissory Note not be an obligation described in Section 103(a) of the Code and that the interest payable with respect thereto not be excludable from the gross income of the Bank. Accordingly, in furtherance thereof, the Board represents that it has not taken, and covenants not to take the actions, including the filing of any information returns required by the Code, which would be required to cause any interest on the Promissory Note to be excludable from gross income of the Bank.

## ARTICLE VII

### ADDITIONAL PARITY OBLIGATIONS

Section 7.01. Additional Short Term Obligations. The Board reserves the right and shall have full power at any time and from time to time, to authorize, issue, and deliver additional Short Term Obligations, (including the credit agreements relating thereto) in as many separate installments or series as deemed advisable by the Board but only for the purposes and to the extent provided in the Amendment to Section 18, Article VII, of the Texas Constitution, adopted by vote of the people of Texas on November 6, 1984, or in any Amendment hereafter made to said Section 18, Article VII, of the Texas Constitution, or for refunding purposes as provided by law. Such additional Short Term Obligations, when issued, (including the credit agreements relating thereto) and the interest thereon, shall be equally and ratably secured by and payable from a lien on and pledge of the Interest of The University of Texas System in the Available University Fund, in the same manner and to the same extent as are the Notes, and the Notes and the additional Short Term Obligations (including the credit

agreements relating thereto), when issued, and the interest thereon, shall be on a parity and in all respects of equal dignity. It is further covenanted that no installment or series of additional Short Term Obligations shall be issued and delivered unless the Executive Vice Chancellor for Asset Management of The University of Texas System, or some other officer of The University of Texas System designated by the Board executes:

(a) a certificate to the effect that for the Fiscal Year immediately preceding the date of said certificate the amount of the Interest of The University of Texas System in the Available University Fund was at least 1-1/2 times the average annual Principal and Interest Requirements of the installment or series of additional Short Term Obligations then proposed to be issued and all then outstanding Fund Priority Obligations, Notes, and Short Term Obligations which will be outstanding after the issuance and delivery of said proposed installment or series; and

(b) a certificate to the effect that the total principal amount of (i) Fund Priority Obligations, Notes, and Short Term Obligations, and (ii) all other obligations of the Board which are secured by and payable from a lien on and pledge of the Interest of The University of Texas System in the Available University Fund, that will be outstanding after the issuance and delivery of the installment or series of additional Short Term Obligations then proposed to be issued will not exceed 20% of the cost value of investments and other assets of the Permanent University Fund (exclusive of real estate) at the time the proposed series or installment of additional Short Term Obligations is issued.

#### ARTICLE VIII

##### EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Board shall fail to pay any principal due under the Promissory Note;

(b) the Board shall fail to pay any interest on the Promissory Note or any commitment fee within 5 Business Days of the due date thereof;

(c) any representation, warranty, certification or statement made by the Board in this Agreement or in any certificate, financial statement or other document

delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made, and Bank shall have given the Board 5 days' written notice thereof;

(d) breach by the Board of any covenant or agreement or condition contained in Section 6.03 through 6.10, inclusive; or a breach by the Board of any other covenant or agreement or condition (other than those referred to or contained in clauses (a), (b), (c) above) contained in this Agreement or the Promissory Note and the continuation thereof for more than 60 days after written notice thereof has been given to the Board by the Bank without cure or correction to the satisfaction of the Bank;

(e) if default, other than a default described in (k) below, shall be made by the Board in the performance or observance of any covenant, agreement or condition on its part in the Resolution or in the Project Notes contained, and such default shall continue for a period of 60 days after written notice thereof to the Board by the Bank or the holders of not less than 10% in aggregate principal amount of the Project Notes then outstanding; or if the holder of any Fund Priority Obligations or, Short Term Obligations or other obligations of the Board secured by the Interest in the Available University Fund exercises its rights as a result of an event of default under the constituent instruments under which such obligations were issued or incurred to declare the principal thereof (and interest accrued thereon) to be payable prior to the maturity thereof; notwithstanding anything contained herein to the contrary, the parties hereto acknowledge that, as of the date of this Agreement, the Board has not agreed to, and there are not outstanding, any constituent instruments under which Fund Priority Obligations or Short Term Obligations or other obligations of the Board secured by the Interest in the Available University Fund were issued which grant to any holder of any Fund Priority Obligations or Short Term Obligations or other obligations of the Board secured by the Interest in the Available University Fund any rights to declare the principal of such Fund Priority Obligations or Short Term Obligations or other obligations of the Board secured by the Interest in the Available University Fund (or interest accrued thereon) to be payable prior to the stated maturity thereof, and the Board does not presently intend to adopt any resolution granting or creating any such rights; or

(f) the Board shall commence a voluntary case or other proceeding seeking (i) liquidation, reorganization, or other relief with respect to itself or its

debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or (ii) the appointment of a receiver, liquidator, custodian, or other similar official with respect to the Board or any substantial part of its property, or shall consent to or acquiesce in any such relief or the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it; or

(g) a receiver, liquidator, custodian or other official, appointed in an involuntary case or proceeding commenced against the Board, appointed without consent or acquiescence of the Board, takes charge of a substantial part of its property and such action as to its property is not promptly stayed, discharged or vacated; or

(h) the Board shall make a general assignment for the benefit of creditors, or declare a moratorium with respect to its debts, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(i) an involuntary case or other proceeding shall be commenced against the Board seeking (i) liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or (ii) the appointment of a custodian, receiver or trustee or similar official of the System, or any substantial part thereof, and such proceeding or case shall not be dismissed or stayed within 90 days after the filing thereof or an order of relief shall be entered against the Board under the Federal Bankruptcy Laws as now or hereafter in effect; or

(j) any material provision of this Agreement shall at any time for any reason cease to be valid and binding on the Board, or shall be declared by any court having jurisdiction over the Board to be null and void or the validity or enforceability thereof shall be contested by the Board and the Bank shall have given 5 days' written notice thereof to the Board; or

(k) if the Board shall default under the Resolution or the Project Notes and such default extends beyond any period of grace provided with respect thereto and relates to the obligation to pay any principal interest or other payments due under the Resolution or the Project Notes;

then, and in any such event, the Bank by notice to the Board, may terminate the Bank Loan Commitment, if any (except as provided below), and the Bank Loan Commitment

shall thereupon terminate to the extent hereinafter permitted. The occurrence of any one or more Events of Default shall not terminate the Bank Loan Commitment and shall not terminate or affect the obligations of Bank to make Advances under this Agreement, subject to the conditions set out in Section 3.02, to the extent but only to the extent necessary for the Board to make Repayment Advances and to make required payments of principal and interest on Project Notes that were issued and sold prior to the time a Notice of Default was received by the Paying Agent, the Dealer, and an Authorized Representative. If there is any termination or reduction of the Bank Loan Commitment, the Board will promptly notify any rating agency which has issued a rating of the Project Notes of such termination or reduction.

Failure to take action in regard to one or more Events of Default shall not constitute a waiver of the right to take action in the future in regard to such or subsequent Events of Default.

Section 8.02. Suits at Law or in Equity and Mandamus. In case one or more Events of Default shall occur, then and in every such case the Holder of the Promissory Note shall be entitled to proceed to protect and enforce such Holder's rights by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in this Agreement, or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the Holders by this Agreement or the Promissory Note or by law. The provisions of this Agreement shall be a contract with each and every Holder and the duties of the Board shall be enforceable by any Holder by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Section 8.03. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by any Holder.

ARTICLE IX

CHANGE IN CIRCUMSTANCES

Section 9.01. Basis for Determining Interest Rate Inadequate or Unfair. If on or prior to the first day of any Interest Period:

(a) the Bank determines that deposits in dollars (in the applicable amount) are not being offered to the Bank in the relevant market for such Interest Period, or

(b) the Adjusted CD Rate will not adequately and fairly reflect the cost to the Bank of funding its CD Advances for such Interest Period,

the Bank shall forthwith give notice thereof to the Board whereupon until the Bank notifies the Board that the circumstances giving rise to such suspension no longer exist, the obligations of the Bank to make CD Advances shall be suspended. Unless the Board notifies the Bank at least two Business Days before the date of any CD Advance for which a Notice of Advance has previously been given that it elects not to borrow on such date, such Advance shall instead be made as a Prime Advance.

Section 9.02. Increased Cost and Reduced Return. (a) If after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) shall subject the Bank (or its Lending Office) to any tax, duty or other charge with respect to its CD Advances, the Promissory Note or its obligation to make CD Advances, or shall change the basis of taxation of payments to the Bank (or its Lending Office) of the principal of or interest on its CD Advances or any other amounts due under this Agreement in respect of its CD Advances or its obligation to make CD Advances (except for changes in the rate of tax on the overall net income of the Bank or its Lending Office imposed by the jurisdiction in which the Bank's principal executive office or Lending Office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement

(including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any CD Advance any such requirement included in an applicable Domestic Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, the Bank (or its Lending Office) or shall impose on the Bank (or its Lending Office) or on the United States market for certificates of deposit any other condition affecting its CD Advances, the Promissory Note or its obligation to make CD Advances;

and the result of any of the foregoing is to increase the cost to the Bank (or its Lending Office) of making or maintaining any CD Advance, or to reduce the amount of any sum received or receivable by the Bank (or its Lending Office) under this Agreement or under the Promissory Note with respect thereto, by an amount deemed by the Bank to be material, then, within 15 days after demand by the Bank, the Board shall pay to the Bank such additional amount or amounts as will compensate the Bank for such increased cost or reduction.

(b) If after the date hereof, the Bank shall have determined that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank (or its Lending Office) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Bank's capital as a consequence of its obligations hereunder to a level below that which the Bank could have achieved but for such adoption, change or compliance (taking into consideration the Bank's policies with respect to capital adequacy) by an amount deemed by the Bank to be material, then from time to time, within 15 days after demand by the Bank, the Board shall pay to the Bank such additional amount or amounts as will compensate the Bank for such reduction.

(c) The Bank will promptly notify the Board of any event of which it has knowledge, occurring after the date hereof, which will entitle the Bank to compensation pursuant to this Section and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of the Bank, be otherwise disadvantageous to the Bank. A certificate of the Bank claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, the Bank may use any reasonable averaging and attribution methods.

## ARTICLE X

### MISCELLANEOUS

Section 10.01. Notices and Accounts. Except as otherwise provided herein, all notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telex or similar writing) and shall be given to such party at its address set forth on the signature pages hereof or such other address or telex number as such party may hereafter specify for the purpose of giving notice. Each such notice, request or other communication shall be effective (i) if given by telex, when such telex is transmitted to the telex number hereafter specified by any party for the purpose of giving notice and the appropriate answerback is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (iii) if given by any other means, when delivered at the address specified in this Section; provided that notices to the Bank under Article II hereof shall not be effective until received.

Section 10.02. No Waivers. No failure or delay by the Bank in exercising any right, power or privilege hereunder or under the Promissory Note or otherwise shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 10.03. Costs, Expenses and Taxes. The Board shall pay (i) all reasonable out-of-pocket expenses of the Bank (including fees and disbursements of counsel to the Bank) in connection with the preparation of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default or alleged Default by the Board hereunder, and (ii) if an Event of Default occurs, all out-of-pocket expenses incurred by the Bank, in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom. In addition, the Board shall pay any and all stamp taxes and other taxes and fees payable or determined to be payable in connection with the execution and delivery of this Agreement and the Promissory Note.

Section 10.04. Amendments or Modification. Any provision of this Agreement or the Promissory Note may be amended or modified if, but only if, such amendment or modification is in writing and is signed by the Board and Bank.

Section 10.05. Severability. Any provision of this Agreement which is prohibited, unenforceable or not



authorized shall be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof.

Section 10.06. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 10.07. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Complete sets of counterparts shall be lodged with the Board and the Bank.

Section 10.08. Texas Law; Venue. This Agreement shall be deemed to be a contract made under and shall be construed in accordance with and governed by the laws of the State of Texas. The venue for any legal action to enforce or interpret this Agreement shall be in Travis County, Texas.

Section 10.09. Successors and Assigns; Participations. This Agreement may not be assigned by Bank, other than by operation of law to a successor or merged institution, unless with the consent of the Board, provided that this shall not restrict Bank in the sale of participations. The Board recognizes that Bank contemplates entering into participation agreements with certain other participants whereby the several participants will participate with Bank in the Promissory Note and in a portion of each Advance made by Bank under the Promissory Note. Accordingly, the Board confirms that all of its representations, warranties, covenants, certifications and obligations under this Agreement and the Promissory Note, as well as all rights under the lien and pledge securing the payment of the Promissory Note and granted to Bank pursuant to the Resolution and Section 2.10 of this Agreement, are for the benefit of the participants as well as for the benefit of Bank. No assignee, participant or other transferee of the Bank's rights shall be entitled to receive any greater payment under Section 9.02 than the Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Board's prior written consent or by reason of the provisions of Section 9.02 requiring the Bank to designate a different Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

Address:

201 West Seventh Street  
Austin, Texas 78701

BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM

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

Its: \_\_\_\_\_

Address/Lending Office:

MORGAN GUARANTY TRUST COMPANY OF  
NEW YORK

23 Wall Street  
New York, NY 10015  
Telex No. 420230

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

EXHIBIT A

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM  
CREDIT AGREEMENT PROMISSORY NOTE

Austin, Texas  
December 5, 1986

For value received, THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, an agency and political subdivision of the State of Texas organized and existing under and by virtue of the laws of the State of Texas (the "Borrower"), promises to pay, solely from the special funds hereafter referred to, to the order of MORGAN GUARANTY TRUST COMPANY OF NEW YORK (the "Bank"), for the account of its Lending Office, the aggregate unpaid principal amount of each Advance made by the Bank to the Borrower pursuant to the Amended and Restated Credit Agreement referred to below on the last day of the Interest Period relating to such Advance. The Borrower promises to pay interest on the unpaid principal amount of each such Advance on the dates and at the rate or rates provided for in the Amended and Restated Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the office of the bank at 23 Wall Street, New York, New York.

All Advances made by the Bank, the respective maturities thereof and all repayments of the principal thereof shall be recorded by the Bank and, prior to any transfer hereof, endorsed by the Bank on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Amended and Restated Credit Agreement.

This note is the Promissory Note referred to in the Amended and Restated Credit Agreement dated as of December 5, 1986 between the Borrower and the Bank (as the same may be amended from time to time, the "Amended and Restated Credit Agreement"). Terms defined in the Amended and Restated Credit Agreement are used herein with the same meanings. Reference is made to the Amended and Restated Credit Agreement for provisions for the prepayment hereof.

If the holder enforces this Promissory Note upon default, the Borrower shall reimburse the holder for reasonable costs and expenses incurred by the holder in

collection, including attorney's fees and expenses as set out in Section 10.03 of the Amended and Restated Credit Agreement. This Promissory Note shall be construed under and governed by the laws of the State of Texas but Chapter 15, Texas Credit Code (Art. 5069-15.01, V.A.T.C.S.) shall not apply.

This Promissory Note, including the interest herein, is payable solely from and secured by a lien upon and pledge of certain revenues and certain other valuable funds and moneys of the Borrower, all as set forth in the Amended and Restated Credit Agreement and the Resolution; and this Promissory Note does not constitute a general obligation or indebtedness of the Borrower within the meaning of any constitutional, charter or statutory limitations or provisions (and the holder hereof shall never have the right to require or compel the levy of ad valorem taxes for the payment of the principal of and interest on this Promissory Note). Reference is made to the Amended and Restated Credit Agreement and such Resolution for the provisions relating to the security of this Promissory Note and the duties and obligations of the Borrower.

Made and executed at Austin, Texas, on the day and year first above written.

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

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

Attest:

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

Promissory Note (cont'd)

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Prime or CD Advance	Amount of Advance	Amount of Principal Repaid	Maturity Date	Notation Made by

EXHIBIT B

NOTICE OF ADVANCE

TO: Morgan Guaranty Trust Company  
of New York ("Bank")

FROM: Board of Regents of the University  
of Texas System ("Board")

The Board, acting herein by the undersigned Authorized Representative, pursuant to Section 2.02 and related provisions of the Amended and Restated Credit Agreement dated as of December 5, 1986 between the Board and the Bank (the "Agreement"), issues this notice for an Advance to be made under the Agreement as follows:

1. Date Advance is to be made (which shall be a Business Day):

\_\_\_\_\_;

2. Amount of Advance:

\_\_\_\_\_;

3. If the Advance is a Repayment Advance, (the type of Advance, Prime or CD):

\_\_\_\_\_;

4. If the Advance is a CD Advance, duration of the Interest Period for the Advance:

\_\_\_\_\_;

5. If the Advance is not a Repayment Advance, the Maturity Date (which shall be the date referred to in item 1 above) and Face Amounts of Project Notes to be refunded:

\_\_\_\_\_;

6. If the Advance is not a Repayment Advance, the amount of interest on Project Notes to be refunded:

\_\_\_\_\_.

The Advance, to the extent provided in Section 2.02 of the Agreement, shall be available for the account of holders of the Project Notes at Morgan Guaranty Trust Company of New York, the Paying Agent.

In connection with this Notice of Advance, the Board certifies to the Bank that at the date of this Notice of Advance and on the date of the Advance, the conditions specified in Section 3.02 of the Agreement have been satisfied. Capitalized terms herein are used with the meaning given in the Agreement.

Date of this Notice  
of Advance: \_\_\_\_\_

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

BY: \_\_\_\_\_  
Authorized Representative



EXHIBIT C

[Letterhead of James L. Crowson,  
Vice Chancellor and General Counsel]

\_\_\_\_\_, 1986

Morgan Guaranty Trust Company  
of New York  
New York, New York  
(the "Bank")

Gentlemen:

I am general counsel to the Board of Regents of The University of Texas System (the "Board") and I have acted in such capacity in connection with the Amended and Restated Credit Agreement (the "Agreement") between the Bank and the Board dated December 5, 1986, the issuance of a promissory note of the Board ("Promissory Note") under the Agreement in an aggregate principal amount of up to \$109,000,000 and the Resolution adopted by the Board on December 5, 1985 and the supplemental resolution thereto adopted December 4, 1986 providing for the execution and delivery of the Agreement and issuance of the Promissory Note (together the "Resolution"). This opinion is provided to the Bank pursuant to Section 3.01(a)(v) of the Agreement. Terms defined herein shall have the meanings ascribed to them in the Agreement.

In connection with my opinion, I have examined the following:

1. A certified copy of the Resolution, which Resolution authorizes, among other things, the following:
  - a. execution and delivery of the Original Credit Agreement, the Agreement, and the Promissory Note;
  - b. execution and delivery of the Remarketing Agreement, as defined in the Resolution;
  - c. execution and delivery of the Issuing and Paying Agent Agreement, as defined in the Resolution; and

- d. execution and delivery of the Project Notes;
2. An executed counterpart of the Agreement;
3. An executed counterpart of the Remarketing Agreement;
4. An executed counterpart of the Issuing and Paying Agent Agreement;
5. The executed Promissory Note;
6. Article 717q, Vernon's Annotated Texas Civil Statutes, as amended, and Chapter 919, Acts of the 69th Legislature, Regular Session, 1985 (codified as Section 65.46, Texas Education Code) V.A.T.C.S., as amended (collectively, the "Acts"), the Constitutional Amendment and such other provisions of the Constitution and laws of the State of Texas and the United States of America as I believe necessary to enable me to render the opinions herein contained; and
7. Such other agreements, documents, certificates, opinions, letters, and other papers, including all documents delivered or distributed on the Closing Date (as defined in the Original Credit Agreement) and on the Effective Date (as defined in the Agreement) pursuant to Section 3.01 of each of the Original Credit Agreement and the Agreement, as I have deemed necessary or appropriate in rendering the opinions set forth below.

In my examination, I have assumed the authenticity of all documents and agreements submitted to me as originals, conformity to the originals of all documents and agreements submitted to me as certified or photostatic copies and the authenticity of the originals of such latter documents and agreements. I have also assumed that the Agreement constitutes the valid and binding agreement of the Bank, enforceable in accordance with its terms against the Bank.

Based upon the foregoing, and subject to the qualifications described below, I am of the opinion, under applicable laws of the United States of America and the State of Texas in force and effect on the date hereof, that:

1. The Board is a duly organized and validly existing agency and political subdivision of the State of Texas with full power and authority to own and operate its System as currently operated and to issue the Project Notes, to pay the costs in connection with the System, and to enter into and perform under the Agreement and to issue the Project Notes and the

Promissory Note in connection therewith. The Board has full legal right, power and authority (a) to enter into the Agreement, the Remarketing Agreement and the Issuing and Paying Agent Agreement; (b) to adopt the Resolution; (c) to sell, issue and deliver the Project Notes; (d) to execute and deliver the Promissory Note and to borrow, repay and reborrow under the Promissory Note, and (e) to carry out and consummate the transactions contemplated by the Resolution, the Agreement, the Promissory Note, the Remarketing Agreement and the Issuing and Paying Agent Agreement; and the Board has complied, at the Effective Date with applicable law, including the terms of the Acts and the Constitutional Amendment, and with the obligations on its part contained in the Resolution, the Project Notes, the Agreement, the Promissory Note, the Remarketing Agreement and the Issuing and Paying Agent Agreement.

2. By official action of the Board, the Board has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance by the Board of the obligations on its part contained in, the Project Notes, the Resolution, the Agreement, the Promissory Note and the consummation by it of all other transactions contemplated by such instruments and has all necessary power and authority to conduct its business as presently conducted and to perform its obligations under the Agreement, the Promissory Note and the Project Notes.

3. Each of the Resolution, the Agreement, the Promissory Note and the Project Notes has been executed and delivered by duly authorized officers of the Board. The Resolution, the Agreement, the Project Notes and (to the extent of the amounts advanced or paid to the Board thereunder) the Promissory Note each constitute valid and binding obligations of the Board enforceable against the Board in accordance with their respective terms (limited in the case of the Promissory Note to the amounts advanced thereunder or otherwise payable in accordance with the terms thereof), except as such enforcement is limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter in effect relating to or affecting generally the enforcement of creditors' rights and remedies.

4. No authorization, consent or approval of any governmental authority, agency or bureau not already obtained is required in connection with (i) the valid execution and delivery of the Resolution, the Project Notes, the Agreement, the Promissory Note, the Remarketing Agreement, or the Issuing and Paying Agent Agreement by the Board; (ii) the performance by the

Board of its obligations under such documents or (iii) the borrowing, repayment, and reborrowing under the Promissory Note by the Board in accordance with the terms of the Agreement and the Promissory Note.

5. The Board is not in breach of or in default under any applicable constitutional provision, law or administrative regulation, or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Board is a party or to which the Board, or any of its property or assets is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default by the Board under any such instrument; the execution and delivery by the Board of the Project Notes, the Agreement, the Promissory Note, the Remarketing Agreement and the Issuing and Paying Agent Agreement, the adoption of the Resolution and compliance by the Board with the provisions of the Resolution, the Project Notes, the Agreement, the Promissory Note, the Remarketing Agreement and the Issuing and Paying Agent Agreement, and the borrowing of Advances pursuant to the terms of the Promissory Note and the Agreement do not and will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Board is a party or to which the Board or any of its properties or assets is otherwise subject.

6. There is no action, suit, investigation, inquiry or proceeding (whether or not purportedly on behalf of the Board) pending, or to the best of my knowledge, threatened or could be reasonably asserted against the Board or any of its assets in any court, governmental agency, public board or body or before any arbitrator or before or by any governmental body, (i) affecting the corporate existence of the Board or the titles of the officers of the Board to their respective offices, or (ii) affecting or seeking to prohibit, restrain, or enjoin the sale, issuance or delivery of the Project Notes or the Promissory Note, or (iii) in any way contesting or affecting the validity or enforceability of the Project Notes, the Resolution, the Agreement, the Promissory Note, the Remarketing Agreement or the Issuing and Paying Agent Agreement, or (iv) contesting the tax-exempt status of the interest on the Project Notes or (v) contesting any authority or proceedings for the issuance, sale or delivery of the Project Notes or Promissory Note, the adoption of the Resolution, or the execution and delivery of the

Agreement, the Project Notes, the Promissory Note, the Remarketing Agreement, or the Issuing and Paying Agent Agreement, or the performance of the Board's obligations thereunder, or (vi) contesting the powers of the Board or questioning or affecting the ability of the Board to operate and maintain the Fund, or (vii) which involves the possibility of any ruling, order, judgment or uninsured liability which may result in any material adverse change in the business, properties or assets or the condition, financial or otherwise, of the Fund, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Project Notes, the Resolution, the Agreement, the Promissory Note, the Remarketing Agreement, or the Issuing and Paying Agent Agreement; the current routine litigation of the Board relating to the Fund does not entail any potential recovery or liability for material amount which is not otherwise covered by the Board's insurance policies.

7. The Resolution and the Agreement duly and effectively grant a lien on and pledge of, as security for the Promissory Note, ratably with the Project Notes issued for such purpose, (i) the proceeds from (a) the sale of Fund Priority Obligations and Short Term Obligations and other obligations of the Board under the Constitutional Amendment issued for such purpose, and (b) the sale of Project Notes issued pursuant to the Resolution of such purposes, and (ii) the amounts from time to time on deposit in the Series A Note Payment Fund (as defined in the Resolution) and the Special System Account, provided that amounts on deposit in the Series A Note Payment Fund derived from and attributable to Advances under the Agreement are pledged to, and shall be used to pay, amounts payable in respect of the Project Notes, and (iii) the Interest of the University in the Available University Fund, said pledge of the Interest of the University in the Available University Fund being subordinate only to the pledge thereof for payment of Fund Priority Obligations, and except as so provided the lien of such security interest and pledge is valid and binding in accordance with its terms without further action on the part of the Board and without any filing or recording with regard therein except in the records of the Board.

Yours very truly,

James L. Crowson  
Vice Chancellor and  
General Counsel

EXHIBIT D

MCCALL, PARKHURST & HORTON

VINSON & ELKINS

\_\_\_\_\_, 1986

Morgan Guaranty Trust Company  
of New York  
New York, New York  
(the "Bank")

Gentlemen:

We have acted as co-bond counsel to the Board of Regents of The University of Texas System (the "Board") in connection with the issuance of a promissory note of the Board (the "Promissory Note") in an aggregate principal amount of up to \$109,000,000 under the Amended and Restated Credit Agreement dated December 5, 1986 (the "Agreement") between the Bank and the Board and in connection with the Resolution adopted by the Board on December 5, 1985 and the supplemental resolution thereto adopted December 4, 1986 providing for the execution and delivery of the Agreement and issuance of the Promissory Note (together, the "Resolution"). This opinion is provided to the Bank pursuant to Section 3.01(a)(vi) of the Agreement. Terms defined in the Agreement and not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

In connection with our opinion, we have examined the following:

(1) Certified copies of the Resolution which authorizes, among other things, the following:

(a) execution and delivery of the Original Credit Agreement, the Agreement and the Promissory Note;

(b) execution and delivery of the Remarketing Agreement, as defined in the Resolution;

(c) execution and delivery of the Issuing and Paying Agent Agreement, as defined in the Resolution; and

(d) execution and delivery of the Project Notes;

(2) an executed counterpart of the Agreement;

(3) an executed counterpart of the Remarketing Agreement;

(4) an executed counterpart of the Issuing and Paying Agent Agreement;

(5) the executed Promissory Note;

(6) Article 717q, Vernon's Annotated Texas Civil Statutes, as amended, Chapter 919, Acts of the 69th Legislature, Regular Session, 1985 (codified as Section 65.46, Texas Education Code) (collectively, the "Acts"), the Constitutional Amendment and such other provisions of the Constitution and laws of the State of Texas and the United States of America as we believe necessary to enable us to render the opinions herein contained;

(7) an opinion of James L. Crowson, Esq., general counsel to the Board, of even date herewith provided to you under Section 3.01(a)(v) of the Agreement; and

(8) such other agreements, documents, certificates, opinions, letters, and other papers, including all documents delivered or distributed on the Closing Date (as defined in the Original Credit Agreement) and on the Effective Date (as defined in the Agreement) pursuant to Section 3.01 of each of the Original Credit Agreement and the Agreement, as we have deemed necessary or appropriate in rendering the opinion set forth below.

In our examination, we have assumed the authenticity of all documents, agreements and certificates submitted to us as originals, conformity to the originals of all documents, agreements and certificates submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents, agreements and certificates. We have also assumed, as to the Agreement, that such constitutes the valid and binding agreement of the Bank, enforceable in accordance with its terms as to the Bank.

Based upon the foregoing, and subject to the qualifications set out below, we are of the opinion, under applicable laws of the United States of America and the State of Texas in force and effect on the date hereof, that:

1. The Board is a governmental agency and political subdivision of the State of Texas and has the requisite power and authority under Texas law to issue the Promissory Note and to enter into and perform under the Agreement, and to borrow, repay and reborrow under the Promissory Note in accordance therewith and in accordance with the Agreement.

2. The Board has duly adopted the Resolution and has duly authorized and approved the execution and delivery of, and the performance by the Board of the obligations on its part contained in, the Promissory Note, the Resolution, the Project Notes, the Agreement, and the consummation by it of all other transactions contemplated by such instruments.

3. The Agreement and the Promissory Note have been executed and delivered by duly authorized officers of the Board. The Agreement and the Promissory Note each constitute a valid and binding obligation of the Board, enforceable against the Board in accordance with its respective terms (such obligations being limited in the case of the Promissory Note to the amounts advanced and outstanding thereunder or otherwise payable in accordance with the terms thereof).

4. No authorization, consent, approval, permit, license or exemption of, or filing or registration with, any governmental department, commission, board, instrumentality, authority, agency or bureau not already obtained is required for the valid execution and delivery of the Resolution, the Agreement or the Promissory Note by the Board or in connection with the performance by the Board of its payment obligations under such documents.

5. The execution and delivery by the Board of the Project Notes, the Agreement, the Promissory Note, the Remarketing Agreement and the Issuing and Paying Agent Agreement and the adoption of the Resolution and compliance by the Board with the provisions of the Resolution, the Project Notes, the Agreement, the Promissory Note, the Remarketing Agreement and the Issuing and Paying Agent Agreement do not and will not conflict with or constitute a breach of or default under any constitutional provision, law, or administrative regulation.

6. The Promissory Note, ratably with the Project Notes, is solely payable from and, pursuant to the Resolution and the Agreement, is duly and effectively secured by the grant of a first lien on and pledge of (except to the extent provided in (iii) below) (i) the proceeds from (a) the sale of Fund Priority Obligations and Short Term Obligations and other obligations of the Board under the Constitutional Amendment issued for such purpose, and (b) the sale of Project Notes issued for such purpose, (ii) the amounts from time to time on deposit in the Series A Note Payment Fund (as defined in the Resolution) and Special System Account, provided that amounts on deposit in the Series A Note Payment Fund derived from and attributable to Advances under



the Agreement are pledged to, and shall be used to pay, amounts payable in respect of Project Notes, and (iii) the Interest of the University in the Available University Fund, said pledge of the Interest of the University in the Available University Fund being subordinate only to the pledge thereof for payment of Fund Priority Obligations, and except as so provided the lien of such security interest and pledge is valid and binding in accordance with its terms without further action on the part of the Board and without any filing or recording with regard thereto except in the records of the Board. In accordance with Section 6.10 of the Resolution, as limited by Sections 6.03 and 6.05 of the Agreement, the Resolution reserves the right and permits the issuance of (a) Fund Priority Obligations and additional Short Term Obligations and (b) obligations which are junior and subordinate to the lien and pledge securing the Project Notes and the Promissory Note while the Project Notes and the Promissory Note are outstanding, without any limitations as to principal amount but subject to any terms, conditions and limitations as may be applicable thereto.

8. The Promissory Note constitutes a "refunding bond" within the meaning of Sections 18 (b) and (g) of Article 7 of the Constitution of the State of Texas.

Our opinions in paragraphs 3 and 6 above as to enforcement are qualified and limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter in effect relating to or affecting generally the enforcement of creditors' rights and remedies and by the limitations on creditors' remedies contained in the Acts, and such opinions as to enforcement are subject to general principles of equity which may permit the exercise of judicial discretion, to the reasonable exercise in the future by the State of Texas and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America. Our opinions in paragraph 6 do not extend to the status of title of the Board or the Fund to properties pledged and encumbered.

Very truly yours,

McCALL, PARKHURST & HORTON

VINSON & ELKINS

EXHIBIT E

GENERAL CERTIFICATE

THE STATE OF TEXAS	§
	§
THE UNIVERSITY OF TEXAS SYSTEM	§

We, the undersigned, Executive Vice Chancellor for Asset Management and Executive Secretary of the Board of Regents (the "Board") of The University of Texas System (the "System"), hereby certify as follows:

1. That capitalized terms used in this Certificate have the same meanings given to such terms in the Amended and Restated Credit Agreement dated as of December 5, 1986 (the "Agreement") between the Board of Regents of The University of Texas System (the "Board") and Morgan Guaranty Trust Company of New York (the "Bank").

2. Attached hereto as Exhibit A is a true and correct copy of the Resolution duly adopted by the Board on December 5, 1985, and attached hereto as Exhibit B is a true and correct copy of the Resolution duly adopted by the Board on December 4, 1986, duly amending the Board's Resolution of December 5, 1985.

3. That on December 5, 1985, and at all times since such date, the following named persons have duly constituted the Board and officers of the System:

<u>Name</u>	<u>Office</u>
Jess Hay	Chairman
Robert B. Baldwin, III	Vice Chairman
Shannon H. Ratliff	Vice Chairman
Jack S. Blanton	Vice Chairman
Jancy Slaughter Briscoe	Member
(Mrs. Dolph)	
Beryl Buckley Milburn	Member
(Mrs. Malcolm)	
Tom B. Rhodes	Member
Bill Roden	Member
Mario Yzaguirre	Member

4. That on December 5, 1985, and at all times since such date, the following named persons have held and now hold the respective positions with the System shown opposite their names and the signature appearing above the names of each person set forth below is such person's genuine signature and that each of such persons is an Authorized Representative under the Resolution:

<u>Michael E. Patrick</u>	Executive Vice Chancellor for Asset Management
<u>James L. Crowson</u>	Vice Chancellor and General Counsel
<u>Brenda F. Meglasson</u>	Director of Asset Strategy and Planning
<u>Thomas G. Ricks</u>	Manager of Debt Administration
<u>James S. Wilson</u>	Manager of Endowment Real Estate

5. That other than in connection with the authorization of the Agreement and the Promissory Note, none of the proceedings or authorizations heretofore taken or given for the adoption of the Resolution, the execution and delivery of the Agreement, the Issuing and Paying Agent Agreement, the Remarketing Agreement and the Trust Agreement (collectively the "Note Agreements") or the issuance of the Project Notes or the Promissory Note have been repealed, revoked, amended or rescinded.

6. That to the best of our knowledge, no litigation, administrative action or proceeding of any nature is pending or threatened:

- (i) contesting the corporate existence of the Board, or the authority of the officers of the Board to adopt, issue, execute, sign and deliver the Project Notes, the Agreement, the Resolution, the Promissory Note, the Issuing and Paying Agent Agreement, the Remarketing Agreement or the Trust Agreement, or to perform any actions required to be performed under any of such instruments; or
- (ii) to restrain or enjoin the issuance or delivery of any of the Project Notes or the Promissory Note or the execution, delivery, or performance of the Resolution or the Note Agreements or the collection of revenues and amounts pledged under the Resolution and the Agreement with respect to the Project Notes and the Promissory Note; or
- (iii) in any way contesting the validity of the Resolution, or the validity or enforceability or the execution and delivery of the Project Notes, the Agreement, the Promissory Note, the Issuing and Paying Agent Agreement, the

Remarketing Agreement or the Trust Agreement, or the authority of the Board to issue the Project Notes or the Promissory Note or to enter into the Agreement, the Issuing and Paying Agent Agreement, the Remarketing Agreement or the Trust Agreement; or

- (iv) in any way contesting the powers of the Board in connection with any action contemplated in the Resolution, the Agreement, the Issuing and Paying Agent Agreement, the Remarketing Agreement or the Trust Agreement, nor the titles of the current officers to their respective offices.

7. That this certificate is made for the benefit of the Bank, the Attorney General of the State of Texas and all other persons interested in the Project Notes authorized to be issued pursuant to the Resolution;

8. That the Series 1985 Bonds are the only outstanding Permanent University Fund Obligations of the Board, other than the Project Notes and the Promissory Note;

9. That the cost value of the investments and other assets of the Permanent University Fund (exclusive of real estate), is in excess of \$2,631,393,694 and the total principal amount of Permanent University Fund Obligations of the Board that are outstanding (assuming outstanding Advances under the Promissory Note of \$109,000,000) do not exceed 20 percent of the cost value of the investments and other assets of the Permanent University Fund (exclusive of real estate) as of the date of this Certificate;

10. That neither the Board nor the System is in default with respect to any Permanent University Fund Obligations, or with respect to any resolutions authorizing same, or any covenants relating thereto; apart from the Resolutions authorizing their issuance, there are no agreements under which Permanent University Fund Obligations of the Board have been issued;

11. That the following table shows the estimated and anticipated Interest of the System in the Available University Fund during the years 1987 through 1991 (which amount is not anticipated to decrease in any year thereafter through 2015), which will be deposited to the credit of The University of Texas System Available University Fund in the State Treasury and be available for and pledged, to the extent required, to pay the annual debt service requirements on the Permanent University Fund Obligations of the Board:

<u>Fiscal Year</u> <u>Ending August 31</u>	<u>Estimated and Anticipated Interest</u> <u>of The University of Texas System</u> <u>in the Available University Fund</u>
1987	\$139,570,000
1988	140,898,000
1989	142,618,000
1990	145,391,000
1991	156,215,000

12. That the following table shows the total dividends, interest, and other income from the Permanent University Fund (including nondivisible income but excluding nondivisible expenses and less administrative expenses) for the years indicated and the respective Interests in such income for each year actually distributed to the System and The Texas A&M University System, respectively:

<u>Fiscal Year</u> <u>Ending</u> <u>August 31</u>	<u>Total</u>	<u>Interest of</u> <u>The University</u> <u>of Texas System</u>	<u>Interest of The</u> <u>Texas A&amp;M Uni-</u> <u>versity System</u>
1982	\$151,651,000	\$103,954,000	\$47,697,000
1983	164,665,000	112,503,000	52,162,000
1984	179,069,000	121,923,000	57,146,000
1985	194,562,000	131,920,000	62,642,000
1986*	214,811,000	144,911,000	69,900,000

\*unaudited figures

13. That (i) each of the representations and warranties of the Board contained in Article IV of the Agreement is true and correct on and as of the date hereof as though made on and as of this date (ii) on such date no "Event of Default" (within the meaning of the Agreement) and no event or condition which with the giving of notice or the lapse of time, or both would constitute an Event of Default has occurred and is continuing and (iii) on the date hereof the Agreement satisfies the provisions contained in paragraph (a) of Section 6.04 of the Resolution.

14. That Jess Hay is the duly appointed Chairman of the Board and the signature appearing below is his genuine signature.

\_\_\_\_\_  
Jess Hay

WITNESS OUR HAND AND THE SEAL OF THE SYSTEM this \_\_\_\_\_  
day of December, 1986.

\_\_\_\_\_  
Executive Vice Chancellor for  
Asset Management

\_\_\_\_\_  
Executive Secretary, Board of  
Regents

(SEAL OF THE UNIVERSITY  
OF TEXAS SYSTEM)

The signatures of the officers subscribed above and in paragraph 14, are hereby certified to be true and genuine.

\_\_\_\_\_  
(Bank)

By \_\_\_\_\_  
Authorized Officer

(BANK SEAL)

EXHIBIT "F"

December \_\_, 1986

Board of Regents of The University  
of Texas System  
Attorney General of the State of Texas  
Standard & Poor's Corporation  
Moody's Investors Service Inc.

Dear Sirs:

We have acted as counsel to Morgan Guaranty Trust Company of New York, a New York trust company (the "Bank"), in connection with the Amended and Restated Credit Agreement dated as of December 5, 1986 (the "Agreement") between the Board of Regents of The University of Texas System (the "Board") and the Bank. Terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as we have deemed necessary or advisable for purposes of this opinion and have, with your approval and without limiting the generality of the foregoing, assumed the correctness in all material respects of the representations and warranties made in the Agreement by the Board.

Upon the basis of the foregoing, we are of the opinion that:

1. The Bank has the power and authority to execute, deliver and perform its obligations under the Agreement.
2. The Agreement has been duly executed and delivered by the Bank pursuant to due authorization.

3. Assuming the due authorization, execution and delivery of the Agreement by the Board, the Agreement constitutes a valid and binding agreement of the Bank enforceable against the Bank in accordance with its terms, except as (x) the enforceability thereof against the Bank may be limited by insolvency, reorganization, liquidation, moratorium or other similar laws affecting the enforcement of creditors' rights generally as such laws would apply in the event of the insolvency, reorganization or liquidation of, or other similar occurrence with respect to, the Bank or in the event of any moratorium or similar occurrence affecting the Bank and (y) the availability of equitable remedies (including without limitation the remedy of specific performance) may be limited by equitable principles of general applicability.

The opinion set forth in paragraph 3 above as to the validity, binding effect and enforceability of the Agreement, the governing law of which is expressly stated to be the law of the State of Texas, is subject to the Agreement being valid, binding and enforceable in accordance with its terms under the laws of the State of Texas, as to which, with your approval, we have made no investigation and therefore express no opinion.

We are members of the Bar of the State of New York and, with your approval, the opinion contained herein is limited to the law of the State of New York and the Federal law of the United States of America.

The foregoing opinion is for your benefit only and no other party may rely on such opinion.

Very truly yours,



EXHIBIT G

\_\_\_\_\_, 1986

Attorney General of the State of Texas  
Attention: Public Finance Division  
Capital Station  
Austin, Texas 78711

Board of Regents of The University  
of Texas System  
201 West 7th Street  
Austin, Texas 78701

Standard & Poor's Corporation  
25 Broadway  
New York, New York 10004

Moody's Investor Service  
99 Church Street  
New York, New York 10007

Dear Sirs:

We have acted as special Texas counsel to Morgan Guaranty Trust Company of New York ("Morgan Guaranty") in connection with the Amended and Restated Credit Agreement dated as of December 5, 1986 (the "Agreement") between the Board of Regents of The University of Texas System (the "Board") and Morgan Guaranty. Terms defined in the Agreement and not otherwise defined herein shall have the meaning given to them in the Agreement.

We have examined copies of the Agreement, the Original Resolution adopted by the Board on December 5, 1985 and the Resolution adopted by the Board on December 4, 1986 and have assumed the correctness in all material respects of the warranties made in the Agreement by the Board.

Based on the foregoing, we are of the opinion that, assuming the due authorization, execution and delivery of the Agreement by the Board and Morgan Guaranty, the Agreement constitutes a valid and binding agreement of Morgan Guaranty enforceable against Morgan Guaranty in accordance with its terms, except as (x) the enforceability thereof may be limited by insolvency, reorganization,

liquidation, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (y) the availability of equitable remedies (including without limitation the remedy of specific performance) may be limited by equitable principles of general applicability.

We are members of the Bar of the State of Texas and, with your approval, the opinion contained herein is limited to the laws of the State of Texas and the Federal law of the United States of America.

This opinion is for your benefit only and no other party may rely on such opinion.

Very truly yours,

E. SPECIAL ITEMS

1. U. T. Board of Regents: Approval of Amendments to the \$109,000,000 Credit Agreement Dated as of December 16, 1985, Among Board of Regents of The University of Texas System, MBank Dallas, National Association, and MBank Austin, National Association, as Agent.--

It is anticipated that supplemental materials detailing the background and recommendations related to this item will be mailed to the U. T. Board of Regents prior to the December 1986 meeting and that Executive Vice Chancellor Patrick will make any necessary presentations at the meeting.

2. U. T. Board of Regents: Resolution Authorizing Execution of a First Supplemental Escrow Agreement Amending the Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986 Escrow Agreement Between the Board of Regents of The University of Texas System and MBank Austin, National Association, Austin, Texas.--

RECOMMENDATION

The Office of the Chancellor recommends that the U. T. Board of Regents approve a Resolution to amend the Escrow Agreement between the U. T. Board of Regents and MBank Austin, National Association, Austin, Texas, related to The University of Texas System General Revenue Refunding Bonds, Series 1986:

- a. deleting language in Article IV, Section 4.03, which permits the Board to amend any part of Article IV in conjunction with an escrow fund restructuring, and
- b. authorizing Executive Vice Chancellor Patrick to execute a First Supplemental Escrow Agreement in substantially the form and substance attached to the Resolution (Pages B of R 4 - 6).

The specific language to be deleted is contained in lines 10 and 11 of Section 4.03 and reads as follows: "and, if desirable, may amend the provisions of Article IV hereof as a part of such restructuring of the Escrow Fund."

BACKGROUND INFORMATION

Article IV, Section 4.03, allows the U. T. Board of Regents to restructure the escrow fund (provided that it provides an escrow verification report and a legal opinion) and to amend Article IV only in the event of an escrow fund restructuring. Moody's Investors Service, in reviewing its A1 rating on the bonds, has requested deletion of the amendment language because

its broad scope would allow the Board to eliminate the requirement to provide a verification report and legal opinion. Bond counsel and the managing underwriter for the bonds have stated that deletion of the language would result in no loss of restructuring flexibility to the Board and that amendment of the other sections in Article IV would not be expected as a part of restructuring.

RESOLUTION  
AUTHORIZING THE EXECUTION OF A FIRST SUPPLEMENTAL  
ESCROW AGREEMENT AMENDING THAT CERTAIN  
ESCROW AGREEMENT DATED AS OF JULY 15, 1986  
RELATING TO THE REFUNDING OF CERTAIN OBLIGATIONS  
OF THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

WHEREAS, it is necessary and advisable that the Board of Regents of The University of Texas System (the "Issuer") enter into the first supplemental escrow agreement hereinafter authorized with MBank Austin, National Association, Austin, Texas for the purpose of amending that certain Escrow Agreement dated as of July 15, 1986 (the "Escrow Agreement") relating to the refunding of certain obligations of the Issuer, through the issuance of the Issuer's General Revenue Refunding Bonds, Series 1986.

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

Section 1. That the Executive Vice Chancellor for Asset Management of The University of Texas System is authorized and directed, for and on behalf of the Issuer, to sign, seal, and otherwise execute and deliver a first supplemental escrow agreement in substantially the form and substance attached to this Resolution and made a part hereof for all purposes.

Section 2. That, upon its execution and delivery by the parties thereto, said first supplemental escrow agreement shall constitute a binding and enforceable agreement of the Issuer in accordance with its terms and provisions.

Section 3. That the Escrow Agreement, as amended and supplemented by said first supplemental escrow agreement, is ratified and approved hereby and shall remain in full force and effect, as so amended.

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FIRST SUPPLEMENTAL

ESCROW AGREEMENT

THIS FIRST SUPPLEMENTAL ESCROW AGREEMENT, dated as of December 1, 1986 (herein called the "First Supplemental Agreement") is entered into by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (herein called the "Issuer") and MBANK AUSTIN, NATIONAL ASSOCIATION, Austin, Texas, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent").

W I T N E S S E T H :

WHEREAS, by resolution of the Issuer dated August 14, 1986 (the "Bond Resolution") the Issuer has heretofore authorized and has entered into an escrow agreement with the Escrow Agent dated as of July 15, 1986 (the "Original Agreement" and, together with any amendments or supplements thereto, including this First Supplemental Agreement, the "Agreement"), for the purpose of providing for the safekeeping, investment, administration and disposition of a deposit made by the Issuer with the Escrow Agent as a firm banking and financial arrangement for the discharge and final payment of certain obligations of the Issuer (the "Refunded Obligations," as defined in the Original Agreement);

WHEREAS, the Issuer desires to amend the Original Agreement in order to obtain a credit rating from Moody's Investors Service on the Refunded Obligations;

WHEREAS, the Escrow Agent is a party to this First Supplemental Agreement to acknowledge its acceptance of the terms and provisions hereof and its approval of the amendments of the Original Agreement made hereby;

NOW THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained and other good and valuable consideration, the sufficiency of which are acknowledged hereby, the Issuer and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

Section 1. Definitions. The terms "First Supplemental Agreement," "Issuer," "Escrow Agent," "Original Agreement" and "Agreement," when they are used in this First Supplemental Agreement, shall have the meanings assigned to them in the preamble to this First Supplemental Agreement. All other capitalized terms used herein, unless otherwise expressly defined herein or unless the context clearly indicates otherwise, shall have the meanings assigned to them in Article I of the Original Agreement.

Section 2. Amendment of Original Agreement. The first sentence of the first paragraph of Section 4.03 of the Original Agreement is amended hereby to read as follows:

At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Obligations or direct obligations of, or obligations the principal of and interest on which is unconditionally guaranteed by, the United States of America, which do not permit the redemption thereof at the option of the obligor.

Section 3. Ratification of Agreement. The Original Agreement, as amended by this First Supplemental Agreement, is hereby ratified and approved and shall remain in full force and effect.

Section 4. Effective Date. This First Supplemental Agreement shall be effective upon its due authorization and execution by the parties hereto.

EXECUTED as of the date first written above.

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By \_\_\_\_\_  
M.E. Patrick  
Executive Vice Chancellor  
for Asset Management

MBANK AUSTIN, NATIONAL ASSOCIATION  
AUSTIN, TEXAS

By \_\_\_\_\_  
Peterson Foster  
Executive Vice President  
and Executive Trust Officer

ATTEST:

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

(CORPORATE SEAL)

3. U. T. System: Request for Permission for Individual to Serve on the Interstate Oil Compact Commission [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 to the appointment of Mr. James L. Crowson, Vice Chancellor and General Counsel, to the Interstate Oil Compact Commission.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this office by Mr. Crowson is of benefit to the State of Texas, and (2) there is no conflict between Mr. Crowson's position in U. T. System Administration and his appointment to this Commission.

#### BACKGROUND INFORMATION

The Interstate Oil Compact Commission is a voluntary organization representing thirty-six oil and gas producing states relating to the promotion and encouragement of the conservation of oil and gas. The Commission's members serve without remuneration for a term to continue at the pleasure of the Governor.

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



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

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

Executive Committee: Chairman Hay  
Vice-Chairman Baldwin, Vice-Chairman Ratliff  
MSA Page Ex.C - 1

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

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

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

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

Land and Investment Committee: Chairman Milburn  
Vice-Chairman Blanton, Regent Baldwin, Regent Roden  
MSA Page L&I - 1

G. RECONVENE

H. ITEM FOR THE RECORD

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

At the August 1986 U. T. Board of Regents' meeting, Mr. T. Drew Cauthorn, San Antonio, Texas, and Mrs. Macey Hodges Reasoner, Houston, Texas, were approved for membership on the U. T. Austin College of Liberal Arts Foundation Advisory Council for terms to expire August 31, 1988. Their acceptances of membership are herewith reported for the record.

I. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

J. REPORT OF SPECIAL COMMITTEES

K. OTHER MATTERS

U. T. System: Report on Status of Women in Administrative Positions

L. SCHEDULED MEETINGS AND EVENTS

Board of Regents' Meetings

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

Holidays

November 27, 1986 (Thanksgiving Day)  
November 28, 1986 (Thanksgiving Holiday)  
December 22, 1986 (Christmas Holiday)\*  
December 23, 1986 (Christmas Holiday)\*  
December 24, 1986 (Christmas Holiday)  
December 25, 1986 (Christmas Day)  
December 26, 1986 (Christmas Holiday)  
December 29, 1986 (Christmas Holiday)\*  
December 30, 1986 (Christmas Holiday)\*  
December 31, 1986 (Christmas Holiday)\*  
January 1, 1987 (New Year's Day)  
January 2, 1987 (New Year's Holiday)\*  
July 3, 1987 (Independence Day Holiday - afternoon)\*

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

M. RECESS TO EXECUTIVE SESSION

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

If time permits, the Board will recess on Thursday afternoon to convene in Executive Session and continue that Executive Session beginning at 9:00 a.m. on Friday until the completion of business -- See Page B of R - 10, Item P.

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

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

Date: December 5, 1986

Time: 9:00 a.m.

Place: Room 1.208, Nursing School Building  
U. T. Health Science Center - San Antonio

A.-M. (Pages B of R 1 - 9)

N. CONVENE OR RECONVENE IN EXECUTIVE SESSION

O. RECONVENE IN OPEN SESSION

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

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

a. U. T. Health Science Center - Dallas:  
Proposed Settlement of Medical Malpractice Litigation

b. U. T. Medical Branch - Galveston: Proposed Settlement of Medical Malpractice Litigation

c. U. T. Medical Branch - Galveston: 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)

U. T. San Antonio: Consideration of the Development and Negotiated Sale of Real Property in Bexar County, Texas

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

U. T. System: Consideration of Matters Relating to the Appointment of a Person with Special Responsibilities for Clinical and Research Consultation to the Executive Vice Chancellor for Health Affairs

Q. OTHER BUSINESS

R. ADJOURNMENT

# 1987

January							July							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	
				1	2	3				1	2	3	4	
4	5	6	7	8	9	10	5	6	7	8	9	10	11	
11	12	13	14	15	16	17	12	13	14	15	16	17	18	
18	19	20	21	22	23	24	19	20	21	22	23	24	25	
25	26	27	28	29	30	31	26	27	28	29	30	31		
February							August							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	
1	2	3	4	5	6	7							1	
8	9	10	11	12	13	14	2	3	4	5	6	7	8	
15	16	17	18	19	20	21	9	10	11	12	13	14	15	
22	23	24	25	26	27	28	16	17	18	19	20	21	22	
							23	24	25	26	27	28	29	
March							30	31	September					
S	M	T	W	T	F	S	S	M	T	W	T	F	S	
1	2	3	4	5	6	7				1	2	3	4	5
8	9	10	11	12	13	14	6	7	8	9	10	11	12	
15	16	17	18	19	20	21	13	14	15	16	17	18	19	
22	23	24	25	26	27	28	20	21	22	23	24	25	26	
29	30	31					27	28	29	30				
April							October							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	
				1	2	3	4					1	2	3
5	6	7	8	9	10	11	4	5	6	7	8	9	10	
12	13	14	15	16	17	18	11	12	13	14	15	16	17	
19	20	21	22	23	24	25	18	19	20	21	22	23	24	
26	27	28	29	30			25	26	27	28	29	30	31	
May							November							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	
1	2	3	4	5	6	7	1	2	3	4	5	6	7	
8	9	10	11	12	13	14	8	9	10	11	12	13	14	
15	16	17	18	19	20	21	15	16	17	18	19	20	21	
22	23	24	25	26	27	28	22	23	24	25	26	27	28	
29	30						29	30						
June							December							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	
	1	2	3	4	5	6				1	2	3	4	5
7	8	9	10	11	12	13	6	7	8	9	10	11	12	
14	15	16	17	18	19	20	13	14	15	16	17	18	19	
21	22	23	24	25	26	27	20	21	22	23	24	25	26	
28	29	30					27	28	29	30	31			

# Executive Committee

EXECUTIVE COMMITTEE  
COMMITTEE CHAIRMAN HAY

Date: December 4, 1986  
Time: Following the 1:00 p.m. Session of the Board of Regents  
Place: Room 1.208, Nursing School Building  
U. T. Health Science Center - San Antonio

	<u>Page</u> <u>Ex.C</u>
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2. U. T. System: Recommendation for Award of Blanket Systemwide Fire and Extended Coverage Insurance on Certain Buildings and Contents as Required by Applicable Bond Issues for the Period from September 24, 1986 Through September 24, 1989 (Exec. Com. Letter 87-2)	43
3. U. T. Arlington - E. H. Hereford University Center - Addition and Remodeling (Project No. 301-552): Recommended Award of Bowling Equipment Contract to AMF Bowling Products, Westbury, Long Island, New York (Exec. Com. Letter 87-3)	46
4. U. T. Austin - Balcones Research Center - Nuclear Engineering Teaching Laboratory (Project No. 102-568): Recommended Award of Construction Contract to CIT Construction Incorporated of Texas, Stafford, Texas, and Approval of Plaque Inscription (Exec. Com. Letter 87-5)	48
5. U. T. Cancer Center - Modification and Renovation of M. D. Anderson Hospital - Phase I (Project No. 703-602): Recommended Award of Construction Contract to Linbeck Construction Corporation, Houston, Texas (Exec. Com. Letter 87-5)	50

1. U. T. System: Recommendation to Approve the 1986-87 Revised Educational and General Operating Budgets (Exec. Com. Letter 87-4).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of the Office of the Chancellor and the chief administrative officers of the component institutions of the U. T. System that the 1986-87 Revised Educational and General Operating Budgets be approved as set forth on Pages Ex.C 3 - 42.

#### BACKGROUND INFORMATION

The revised Educational and General Operating Budgets for 1986-87 for each institution reflect the actions of the U. T. Board of Regents taken at the October 9, 1986 meeting. The transfers in or out among the U. T. System component institutions are shown on the resource pages line 1b for each institution. The salary reductions are shown on lines 1d and 1g. The tuition shortfall recovery is added back on line 1h. The budgeted expenditures show for each institution by element of cost the reductions, primarily salary cuts, necessary to adjust the budgets because of the reduced resources available.

THE UNIVERSITY OF TEXAS AT ARLINGTON  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	Percent
<b>METHOD OF FINANCING:</b>					
1a	SENATE BILL 1	\$ 47,562,015	\$ 42,466,669	\$ (5,095,346)	-10.7%
1b	SYSTEM TRANSFER		3,900,000	3,900,000	100.0%
1c	GENERAL REVENUE	\$ 47,562,015	\$ 46,366,669	\$ (1,195,346)	-2.5%
1d	ESTIMATED 2.25% SALARY INCREASE	1,689,732	824,663	(865,069)	-51.2%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM	199,194 R	210,419 R	11,225	5.6%
1f	SPECIAL ITEMS U.B. FROM 1985-86	554,707 R	563,930 R	9,223	1.7%
1g	.006 x GENERAL REVENUE SALARIES		(221,968)	(221,968)	100.0%
1h	TUITION SHORTFALL RECOVERY				
1i	1986 SAVINGS REAPPROPRIATED TO 1987		932,281	932,281	100.0%
1j	SUBTOTAL - GENERAL REVENUE	\$ 50,005,648	\$ 48,675,994	\$ (1,329,654)	-2.7%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION	\$ 12,898,510	\$ 12,898,510	\$ 0	0.0%
2b	LESS: TUITION REVENUE BONDS	1,462,500	1,462,500	0	0.0%
2c	SKILES ACT	210,832	210,832	0	0.0%
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS	1,540,672	1,540,672	0	0.0%
2e	NET TUITION	\$ 9,684,506	\$ 9,684,506	\$ 0	0.0%
2f	STUDENT FEES	\$ 88,600	\$ 88,600	\$ 0	0.0%
2g	OVERHEAD ON SPONSORED PROJECTS	375,000	375,000	0	0.0%
2h	EXTENSION AND PUBLIC SERVICE	1,171,141	1,171,141	0	0.0%
2i	INTEREST ON TIME DEPOSITS	375,000	275,000	(100,000)	-26.7%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION	176,566	176,566	0	0.0%
2k	OTHER INCOME	10,000	10,000	0	0.0%
2l	INCOME FROM PATIENTS				
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 11,880,813	\$ 11,780,813	\$ (100,000)	-0.8%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES				
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES	\$ 630,057	\$ 630,057	\$ 0	0.0%
3d	EDUCATIONAL AND GENERAL CAPITAL PROJECTS REAPPROPRIATED	550,000 R	550,000 R	0	0.0%
3e	TRANSFERS FROM OTHER FUND GROUPS				
4	SUBTOTAL - OTHER SOURCES	\$ 1,180,057	\$ 1,180,057	\$ 0	0.0%
5	TOTAL RESOURCES	\$ 63,066,518	\$ 61,636,864	\$ (1,429,654)	-2.3%

R - Reappropriated from 1985-86



THE UNIVERSITY OF TEXAS AT ARLINGTON  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION AND STUDENT SERVICES	\$ 3,849,418	\$ 3,736,299	\$ (113,119)	-2.9%
7	GENERAL INSTITUTIONAL EXPENSE	844,840	827,481	(17,359)	-2.1%
8	STAFF BENEFITS	3,409,269	3,564,099	154,830	4.5%
	a. Old Age and Survivors Insurance	1,169,345	1,205,820	36,475	3.1%
	b. Staff Group Insurance Premiums	1,883,083	1,994,374	111,291	5.9%
	c. Longevity Pay	169,650	169,650	0	0.0%
	d. Worker's Compensation Insurance	165,000	165,000	0	0.0%
	e. Unemployment Compensation Insurance	22,191	29,255	7,064	31.8%
9	RESIDENT INSTRUCTION	39,029,250	37,298,965	(1,730,285)	-4.4%
	a. Faculty Salaries	30,522,490	29,499,294	(1,023,196)	-3.4%
	b. Departmental Operating Expense	7,104,985	6,434,565	(670,420)	-9.4%
	c. Instructional Administration	1,225,209	1,190,043	(35,166)	-2.9%
	d. Organized Activities	176,566	175,063	(1,503)	-0.9%
10	LIBRARY	3,407,338	3,260,109	(147,229)	-4.3%
11	ORGANIZED RESEARCH	194,236	194,236	0	0.0%
12	EXTENSION AND PUBLIC SERVICE	1,198,846	1,192,578	(6,268)	-0.5%
13	PHYSICAL PLANT OPERATION AND MAINTENANCE	11,830,707	10,603,435	(1,227,272)	-10.4%
	a. Plant Support Services	1,150,875	1,057,624	(93,251)	-8.1%
	b. Campus Security	854,696	727,144	(127,552)	-14.9%
	c. Building Maintenance	1,578,719	1,446,314	(132,405)	-8.4%
	d. Custodial Services	1,431,746	1,296,248	(135,498)	-9.5%
	e. Grounds Maintenance	468,302	455,724	(12,578)	-2.7%
	f. Utilities	6,346,369	5,620,381	(725,988)	-11.4%
14	SPECIAL ITEMS	1,995,704	1,187,176	(808,528)	-40.5%
	Statutory Units:				
	a. Institute of Urban Studies	337,230	329,630	(7,600)	-2.3%
	Student Aid:				
	b. Scholarships	17,669	17,669	0	0.0%
	Other Items:				
	c. Rural Hospital Outreach Program	67,773	65,528	(2,245)	-3.3%
	d. Robotics Engineering Research Program	554,707 R	563,930 R	9,223	1.7%
	e. Texas Advanced Technology Research Program	199,194 R	240,419 R	41,225	20.7%
	f. Institutional Programs	819,131		(819,131)	-100.0%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS AT ARLINGTON  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
15	SUBTOTAL - OPERATING BUDGET	\$ 65,759,608	\$ 61,864,378	\$ (3,895,230)	-5.9%
16	EDUCATIONAL AND GENERAL CAPITAL PROJECTS	\$ 550,000 R	\$ 550,000 R	\$ 0	0.0%
17	GRAND TOTAL	\$ 66,309,608	\$ 62,414,378	\$ (3,895,230)	-5.9%
18	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (3,243,090)	\$ (777,514)		
19	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	3,243,090	777,514		
20	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS AT AUSTIN  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	Percent
<b>METHOD OF FINANCING:</b>					
1a	SENATE BILL 1	\$162,292,186	\$144,904,968	\$(17,387,218)	-10.7%
1b	SYSTEM TRANSFER		(7,950,000)	(7,950,000)	100.0%
1c	GENERAL REVENUE	\$162,292,186	\$136,954,968	\$(25,337,218)	-15.6%
1d	ESTIMATED 2.25% SALARY INCREASE	5,423,144	2,804,701	(2,618,443)	-48.3%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM	6,327,000 R	6,327,000 R	0	0.0%
1f	ESTIMATED ALLOCATION FROM COORDINATING CONTINGENCY FUND	400,000		(400,000)	-100.0%
1g	SPECIAL ITEMS U.B. FROM 1985-86	1,792,000 R	1,792,000 R	0	0.0%
1h	.006 x GENERAL REVENUE SALARIES		(730,825)	(730,825)	100.0%
1i	TUITION SHORTFALL RECOVERY		4,286,533	4,286,533	100.0%
1j	1986 SAVINGS REAPPROPRIATED TO 1987		12,228,795	12,228,795	100.0%
1k	SUBTOTAL - GENERAL REVENUE	\$176,234,330	\$163,663,172	\$(12,571,158)	-7.1%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION	\$ 30,700,000	\$ 29,357,000	\$ (1,343,000)	-4.4%
2b	LESS: TUITION REVENUE BONDS	3,202,500	3,202,500	0	0.0%
2c	SKILES ACT	481,000	480,000	(1,000)	-0.2%
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS	3,370,000	3,097,500	(272,500)	-8.1%
2e	NET TUITION	\$ 23,646,500	\$ 22,577,000	\$ (1,069,500)	-4.5%
2f	STUDENT FEES	\$ 854,000	\$ 832,000	\$ (22,000)	-2.6%
2g	OVERHEAD ON SPONSORED PROJECTS	16,500,000	15,500,000	(1,000,000)	-6.1%
2h	EXTENSION AND PUBLIC SERVICE				
2i	INTEREST ON TIME DEPOSITS	2,000,000	2,200,000	200,000	10.0%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION				
2k	OTHER INCOME	289,000	234,000	(55,000)	-19.0%
2l	INCOME FROM PATIENTS				
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 43,289,500	\$ 41,343,000	\$ (1,946,500)	-4.5%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES				
3b	AVAILABLE UNIVERSITY FUND	\$ 67,265,000	\$ 67,265,000	\$ 0	0.0%
3c	PUF BONDS SOURCES	2,113,000	2,113,000	0	0.0%
3d	EDUCATIONAL AND GENERAL CAPITAL PROJECTS REAPPROPRIATED	625,000 R	625,000 R	0	0.0%
3e	TRANSFERS FROM OTHER FUND GROUPS				
3f	RAILROAD COMMISSION - TPRC	115,068	115,068	0	0.0%
3g	SYSTEM ADMINISTRATION		1,400,000	1,400,000	100.0%
4	SUBTOTAL - OTHER SOURCES	\$ 70,118,068	\$ 71,518,068	\$ 1,400,000	2.0%
5	TOTAL RESOURCES	\$289,641,898	\$276,524,240	\$(13,117,658)	-4.5%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS AT AUSTIN  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION AND STUDENT SERVICES	\$ 14,892,262	\$ 14,285,201	\$ (607,061)	-4.1%
7	GENERAL INSTITUTIONAL EXPENSE	3,697,542	3,370,705	(326,837)	-8.8%
8	STAFF BENEFITS	16,737,673	16,737,673	0	0.0%
a.	Old Age and Survivors Insurance	3,703,980	3,703,980	0	0.0%
b.	Staff Group Insurance Premiums	10,395,158	10,395,158	0	0.0%
c.	Longevity Pay	1,254,535	1,254,535	0	0.0%
d.	Worker's Compensation Insurance	671,000	671,000	0	0.0%
e.	Unemployment Compensation Insurance	63,000	63,000	0	0.0%
f.	Accrued Sick Leave Benefits	650,000	650,000	0	0.0%
9	RESIDENT INSTRUCTION	133,754,918	129,416,045	(4,338,873)	-3.2%
a.	Faculty Salaries	96,063,084	93,629,851	(2,433,233)	-2.5%
b.	Departmental Operating Expense	30,525,080	28,881,601	(1,643,479)	-5.4%
c.	Instructional Administration	7,166,754	6,904,593	(262,161)	-3.7%
10	LIBRARY	13,784,439	12,858,869	(925,570)	-6.7%
11	ORGANIZED RESEARCH	9,718,256	8,955,336	(762,920)	-7.9%
12	EXTENSION AND PUBLIC SERVICE	309,976	101,629	(208,347)	-67.2%
13	PHYSICAL PLANT OPERATION AND MAINTENANCE	54,782,615	53,377,183	(1,405,432)	-2.6%
a.	Plant Support Services	3,715,592	3,485,730	(229,862)	-6.2%
b.	Campus Security	2,380,399	2,231,280	(149,119)	-6.3%
c.	Building Maintenance	8,690,023	8,210,316	(479,707)	-5.5%
d.	Custodial Services	7,230,795	6,777,211	(453,584)	-6.3%
e.	Grounds Maintenance	1,435,069	1,341,909	(93,160)	-6.5%
f.	Utilities	31,330,737	31,330,737	0	0.0%
14	SPECIAL ITEMS	41,577,074	39,870,034	(1,707,040)	-4.1%
a.	Student Financial Support:				
1.	Scholarships - Culturally and Economically Disadvantaged Students, including Minority Opportunity Scholarships	4,191,000	4,191,000	0	0.0%
2.	Merit Scholarship Program	1,200,000	1,200,000	0	0.0%
3.	Tuition and Fees Scholarships	116,525	116,525	0	0.0%
4.	Lyndon Baines Johnson School of Public Affairs Fellowships	185,000	185,000	0	0.0%
5.	Graduate Fellowships and Scholarships	1,775,000	1,775,000	0	0.0%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS AT AUSTIN  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
14	SPECIAL ITEMS (Continued)				
b.	Off-Campus and Statutory Units:				
1.	Marine Science Institute - Port Aransas	\$ 1,215,807	\$ 1,194,977	\$ (20,830)	-1.7%
2.	Institute for Geophysics	1,859,972	1,824,301	(35,671)	-1.9%
3.	Bureau of Economic Geology	1,028,215	1,004,137	(24,078)	-2.3%
4.	Bureau of Business Research	344,701	336,686	(8,015)	-2.3%
5.	McDonald Observatory	1,919,270	1,906,093	(13,177)	-0.7%
a.	Radio Astronomy Project	161,991	158,668	(3,323)	-2.1%
b.	W. L. Moody, Jr. Visitors Center	45,853	44,711	(1,142)	-2.5%
6.	Texas Memorial Museum	410,284	399,145	(11,139)	-2.7%
7.	Winedale Historical Center	60,240	58,877	(1,363)	-2.3%
c.	Other Items:				
1.	Lyndon Baines Johnson School of Public Affairs	966,454	939,522	(26,932)	-2.8%
2.	Center for Energy Studies	488,492	479,243	(9,249)	-1.9%
3.	Bureau of Engineering Research	125,588	122,171	(3,417)	-2.7%
4.	Center for Research in Water Resources	185,869	181,317	(4,552)	-2.4%
5.	Ctr. for Transportation Research	47,242	46,177	(1,065)	-2.3%
6.	Center for African and Afro- American Studies	19,000	19,000	0	0.0%
7.	Center for Mexican American Studies	19,000	19,000	0	0.0%
8.	Center for Studies in Texas History	196,727	191,751	(4,976)	-2.5%
9.	University of Texas Press	475,536	461,854	(13,682)	-2.9%
10.	Journals				
11.	Science and Engineering Development Program	1,667,000 R	1,667,000 R	0	0.0%
12.	LBJ School Executive Development Program	125,000 R	125,000 R	0	0.0%
13.	Academic Positions-Matching Grants	3,000,000	3,000,000	0	0.0%
14.	Humanities Research Center Acquisitions	1,000,000	1,000,000	0	0.0%
15.	Special Equipment and Operations	6,000,000	6,000,000	0	0.0%
16.	Engineering - Special Equipment	2,500,000	2,500,000	0	0.0%
17.	Natural Sciences - Special Equipment	2,500,000	2,500,000	0	0.0%
18.	Computer Equipment Acquisition	1,500,000	1,000,000	(500,000)	-33.3%
19.	Repair Projects	2,000,000	1,000,000	(1,000,000)	-50.0%
20.	Special Graduate Fellowships	750,000	750,000	0	0.0%
21.	Special Research Support	1,000,000	1,000,000	0	0.0%
22.	Student Financial Aid Contingency Fund	500,000	500,000	0	0.0%
23.	UT System Center for High Performance Computing	1,997,308	1,972,879	(24,429)	-1.2%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS AT AUSTIN  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
15	Texas Advanced Technology Research Program	\$ 6,327,000 R	\$ 6,327,000 R	\$ 0	0.0%
16	SUBTOTAL - OPERATING BUDGET	\$295,581,755	\$285,299,675	\$(10,282,080)	-3.5%
17	EDUCATIONAL AND GENERAL CAPITAL PROJECTS	\$ 625,000 R	\$ 625,000 R	\$ 0	0.0%
18	GRAND TOTAL	\$296,206,755	\$285,924,675	\$(10,282,080)	-3.5%
19	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (6,564,857)	\$ (9,400,435)		
20	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	6,564,857	9,400,435		
21	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS AT DALLAS  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
METHOD OF FINANCING:					
1a	SENATE BILL 1	\$ 22,955,455	\$ 20,521,409	\$ (2,434,046)	-10.6%
1b	SYSTEM TRANSFER		1,100,000	1,100,000	100.0%
1c	GENERAL REVENUE	\$ 22,955,455	\$ 21,621,409	\$ (1,334,046)	-5.8%
1d	ESTIMATED 2.25% SALARY INCREASE	761,806	407,520	(354,286)	-46.5%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM	100,000 R	106,576 R	6,576	6.6%
1f	SPECIAL ITEMS U.B. FROM 1985-86	115,000 R	126,659 R	11,659	10.1%
1g	.006 x GENERAL REVENUE SALARIES		(106,188)	(106,188)	100.0%
1h	TUITION SHORTFALL RECOVERY		732,886	732,886	100.0%
1i	1986 SAVINGS REAPPROPRIATED TO 1987		798,959	798,959	100.0%
1j	SUBTOTAL - GENERAL REVENUE	\$ 23,932,261	\$ 23,687,821	\$ (244,440)	-1.0%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION	\$ 3,290,977	\$ 3,290,977	\$ 0	0.0%
2b	LESS: TUITION REVENUE BONDS	495,000	495,000	0	0.0%
2c	SKILES ACT	48,000	48,000	0	0.0%
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS	373,673	373,673	0	0.0%
2e	NET TUITION	\$ 2,374,304	\$ 2,374,304	\$ 0	0.0%
2f	STUDENT FEES	\$ 34,000	\$ 34,000	\$ 0	0.0%
2g	OVERHEAD ON SPONSORED PROJECTS	1,425,000	1,425,000	0	0.0%
2h	EXTENSION AND PUBLIC SERVICE				
2i	INTEREST ON TIME DEPOSITS	72,000	72,000	0	0.0%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION	1,734,987	1,734,987	0	0.0%
2k	OTHER INCOME	28,000	18,000	(10,000)	-35.7%
2l	INCOME FROM PATIENTS				
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 5,668,291	\$ 5,658,291	\$ (10,000)	-0.2%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES				
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES - LIBRARY	\$ 239,000	\$ 239,000	\$ 0	0.0%
3d	EDUCATIONAL AND GENERAL CAPITAL PROJECTS REAPPROPRIATED	108,703 R	102,003 R	(6,700)	-6.2%
3e	TRANSFERS FROM OTHER FUND GROUPS				
4	SUBTOTAL - OTHER SOURCES	\$ 347,703	\$ 341,003	\$ (6,700)	-1.9%
5	TOTAL RESOURCES	\$ 29,948,255	\$ 29,687,115	\$ (261,140)	-0.9%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS AT DALLAS  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
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BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION AND STUDENT SERVICES	\$ 1,987,205	\$ 1,962,443	\$ (24,762)	-1.2%
7	GENERAL INSTITUTIONAL EXPENSE	210,249	222,573	12,324	5.9%
8	STAFF BENEFITS	1,578,999	1,578,999	0	0.0%
	a. Old Age and Survivors Insurance	398,586	398,586	0	0.0%
	b. Staff Group Insurance Premiums	1,024,957	1,024,957	0	0.0%
	c. Longevity Pay	66,576	66,576	0	0.0%
	d. Worker's Compensation Insurance	66,000	66,000	0	0.0%
	e. Unemployment Compensation Insurance	5,880	5,880	0	0.0%
	f. Accrued Vacation and Sick Leave	17,000	17,000	0	0.0%
9	RESIDENT INSTRUCTION	18,173,263	18,114,628	(58,635)	-0.3%
	a. Faculty Salaries	13,179,277	13,179,277	0	0.0%
	b. Departmental Operating Expense	2,904,472	2,859,815	(44,657)	-1.5%
	c. Instructional Administration	541,819	527,841	(13,978)	-2.6%
	d. Organized Activities	1,547,695	1,547,695	0	0.0%
10	LIBRARY	1,229,084	1,204,961	(24,123)	-2.0%
11	ORGANIZED RESEARCH	271,271	264,644	(6,627)	-2.4%
12	PHYSICAL PLANT OPERATION AND MAINTENANCE	6,075,943	6,007,920	(68,023)	-1.1%
	a. Plant Support Services	371,242	361,414	(9,828)	-2.6%
	b. Campus Security	295,233	287,057	(8,176)	-2.8%
	c. Building Maintenance	770,964	752,212	(18,752)	-2.4%
	d. Custodial Services	724,025	708,265	(15,760)	-2.2%
	e. Grounds Maintenance	464,258	453,405	(10,853)	-2.3%
	f. Utilities	3,450,221	3,445,567	(4,654)	-0.1%
13	SPECIAL ITEMS	1,264,764	1,444,510	179,746	14.2%
	a. Tuition Scholarships	10,000	10,000	0	0.0%
	b. Science Development Program	100,000 R	100,000 R	0	0.0%
	c. Scientific Computing Resources	15,000 R	26,659 R	11,659	77.7%
	d. Institutional Programs	639,764	801,275	161,511	25.2%
	e. University of Texas Regional Computer Center	400,000	400,000	0	0.0%
	f. Texas Advanced Technology Research Program	100,000 R	106,576 R	6,576	6.6%
14	SUBTOTAL - OPERATING BUDGET	\$ 30,790,778	\$ 30,800,678	\$ 9,900	0.0%
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R - Reappropriated from 1985-86



THE UNIVERSITY OF TEXAS AT DALLAS  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or Amount	(Decrease) Percent
15	EDUCATIONAL AND GENERAL CAPITAL PROJECTS	\$ 108,703 R	\$ 102,003 R	\$ (6,700)	-6.2%
16	GRAND TOTAL	\$ 30,899,481	\$ 30,902,681	\$ 3,200	0.0%
17	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (951,226)	\$ (1,215,566)		
18	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	951,226	1,215,566		
19	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS AT EL PASO  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
METHOD OF FINANCING:					
1a	SENATE BILL 1	\$ 25,129,397	\$ 22,449,865	\$ (2,679,532)	-10.7%
1b	SYSTEM TRANSFER		1,000,000	1,000,000	100.0%
1c	GENERAL REVENUE	\$ 25,129,397	\$ 23,449,865	\$ (1,679,532)	-6.7%
1d	ESTIMATED 2.25% SALARY INCREASE	876,872	440,677	(436,195)	-49.7%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM	104,000 R	104,000 R	0	0.0%
1f	SPECIAL ITEMS U.B. FROM 1985-86		(114,828)	(114,828)	100.0%
1g	.006 x GENERAL REVENUE SALARIES		1,030,259	1,030,259	100.0%
1h	TUITION SHORTFALL RECOVERY		433,673	433,673	100.0%
1i	1986 SAVINGS REAPPROPRIATED TO 1987				
1j	SUBTOTAL - GENERAL REVENUE	\$ 26,110,269	\$ 25,343,646	\$ (766,623)	-2.9%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION	\$ 10,100,526	\$ 10,100,526	\$ 0	0.0%
2b	LESS: TUITION REVENUE BONDS	937,500	937,500	0	0.0%
2c	SKILES ACT	145,990	145,990	0	0.0%
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS	1,034,000	1,034,000	0	0.0%
2e	NET TUITION	\$ 7,983,036	\$ 7,983,036	\$ 0	0.0%
2f	STUDENT FEES	\$ 286,000	\$ 286,000	\$ 0	0.0%
2g	OVERHEAD ON SPONSORED PROJECTS	365,000	365,000	0	0.0%
2h	EXTENSION AND PUBLIC SERVICE	208,785	208,785	0	0.0%
2i	INTEREST ON TIME DEPOSITS	415,000	415,000	0	0.0%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION				
2k	OTHER INCOME	121,550	121,550	0	0.0%
2l	INCOME FROM PATIENTS				
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 9,379,371	\$ 9,379,371	\$ 0	0.0%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES				
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES - LIBRARY	\$ 399,428	\$ 399,428	\$ 0	0.0%
3d	EDUCATIONAL AND GENERAL CAPITAL PROJECTS REAPPROPRIATED	939,322 R	939,322 R	0	0.0%
3e	TRANSFERS FROM OTHER FUND GROUPS				
3f	COMBINED FEE REVENUE FUNDS	1,169,690	199,882	(969,808)	-82.9%
4	SUBTOTAL - OTHER SOURCES	\$ 2,508,440	\$ 1,538,632	\$ (969,808)	-38.7%
5	TOTAL RESOURCES	\$ 37,998,080	\$ 36,261,649	\$ (1,736,431)	-4.6%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS AT EL PASO  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION AND STUDENT SERVICES	\$ 2,712,808	\$ 2,649,594	\$ (63,214)	-2.3%
7	GENERAL INSTITUTIONAL EXPENSE	464,106	452,772	(11,334)	-2.4%
8	STAFF BENEFITS	2,485,694	2,485,694	0	0.0%
a.	Old Age and Survivors Insurance	800,000	800,000	0	0.0%
b.	Staff Group Insurance Premiums	1,426,694	1,426,694	0	0.0%
c.	Longevity Pay	160,000	160,000	0	0.0%
d.	Worker's Compensation Insurance	95,000	95,000	0	0.0%
e.	Unemployment Compensation Insurance	4,000	4,000	0	0.0%
9	RESIDENT INSTRUCTION	20,861,817	20,490,652	(371,165)	-1.8%
a.	Faculty Salaries	16,785,654	16,478,557	(307,097)	-1.8%
b.	Departmental Operating Expense	3,135,254	3,095,828	(39,426)	-1.3%
c.	Instructional Administration	940,909	916,267	(24,642)	-2.6%
10	LIBRARY	1,997,141	1,964,158	(32,983)	-1.7%
11	ORGANIZED RESEARCH	100,939	100,092	(847)	-0.8%
12	EXTENSION AND PUBLIC SERVICE	212,730	209,423	(3,307)	-1.6%
13	PHYSICAL PLANT OPERATION AND MAINTENANCE	8,923,943	8,819,743	(104,200)	-1.2%
a.	Plant Support Services	823,142	802,617	(20,525)	-2.5%
b.	Campus Security	611,479	594,316	(17,163)	-2.8%
c.	Building Maintenance	1,205,784	1,182,908	(22,876)	-1.9%
d.	Custodial Services	1,258,504	1,225,844	(32,660)	-2.6%
e.	Grounds Maintenance	384,869	376,419	(8,450)	-2.2%
f.	Utilities	4,640,165	4,637,639	(2,526)	-0.1%
14	SPECIAL ITEMS	749,904	741,268	(8,636)	-1.2%
a.	Scholarships				
	(1) Scholarships	50,733	50,733	0	0.0%
	(2) Scholarships to Juarez High School Graduates	5,000	5,000	0	0.0%
b.	Peer Counseling Program	225,035	221,623	(3,412)	-1.5%
c.	Border Development				
	(1) Inter-American and Border Studies Institute	94,714	93,121	(1,593)	-1.7%
	(2) Office of Technical Development	100,000	100,000	0	0.0%
d.	El Paso Centennial Museum	73,432	71,467	(1,965)	-2.7%
e.	Rural Nursing Health Care Services	96,990	95,324	(1,666)	-1.7%
f.	Texas Advanced Technology Research Program	104,000 R	104,000 R	0	0.0%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS AT EL PASO  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
15	SUBTOTAL - OPERATING BUDGET	\$ 38,509,082	\$ 37,913,396	\$ (595,686)	-1.55%
16	EDUCATIONAL AND GENERAL CAPITAL PROJECTS	\$ 939,322 R	\$ 939,322 R	\$ 0	0.00%
17	GRAND TOTAL	\$ 39,448,404	\$ 38,852,718	\$ (595,686)	-1.51%
18	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (1,450,324)	\$ (2,591,069)		
19	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	1,450,324	2,591,069		
20	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
METHOD OF FINANCING:					
1a	SENATE BILL 1	\$ 6,557,290	\$ 5,865,197	\$ (692,093)	-10.6%
1b	SYSTEM TRANSFER		250,000	250,000	100.0%
1c	GENERAL REVENUE	\$ 6,557,290	\$ 6,115,197	\$ (442,093)	-6.7%
1d	ESTIMATED 2.25% SALARY INCREASE	173,322	87,447	(85,875)	-49.5%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM				
1f	SPECIAL ITEMS U.B. FROM 1985-86				
1g	.006 x GENERAL REVENUE SALARIES		(22,786)	(22,786)	100.0%
1h	TUITION SHORTFALL RECOVERY		185,106	185,106	100.0%
1i	1986 SAVINGS REAPPROPRIATED TO 1987		298,656	298,656	100.0%
1j	SUBTOTAL - GENERAL REVENUE	\$ 6,730,612	\$ 6,663,620	\$ (66,992)	-1.0%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION	\$ 698,429	\$ 628,429	\$ (70,000)	-10.0%
2b	LESS: TUITION REVENUE BONDS	105,000	105,000	0	0.0%
2c	SKILES ACT				
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS	95,000	95,000	0	0.0%
2e	NET TUITION	\$ 498,429	\$ 428,429	\$ (70,000)	-14.0%
2f	STUDENT FEES	\$ 20,000	\$ 20,000	\$ 0	0.0%
2g	OVERHEAD ON SPONSORED PROJECTS				
2h	EXTENSION AND PUBLIC SERVICE				
2i	INTEREST ON TIME DEPOSITS	55,000	35,000	(20,000)	-36.4%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION				
2k	OTHER INCOME				
2l	INCOME FROM PATIENTS				
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 573,429	\$ 483,429	\$ (90,000)	-15.7%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES				
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES - LIBRARY	\$ 98,833	\$ 98,833	\$ 0	0.0%
3d	EDUCATIONAL AND GENERAL CAPITAL PROJECTS REAPPROPRIATED				
3e	TRANSFERS FROM OTHER FUND GROUPS				
4	SUBTOTAL - OTHER SOURCES	\$ 98,833	\$ 98,833	\$ 0	0.0%
5	TOTAL RESOURCES	\$ 7,402,874	\$ 7,245,882	\$ (156,992)	-2.1%

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
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BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION AND STUDENT SERVICES	\$ 590,084	\$ 576,002	\$ (14,082)	-2.4%
7	GENERAL INSTITUTIONAL EXPENSE	173,356	170,182	(3,174)	-1.8%
8	STAFF BENEFITS	220,678	220,678	0	0.0%
	a. Old Age and Survivors Insurance	11,490	11,490	0	0.0%
	b. Staff Group Insurance Premiums	179,296	179,296	0	0.0%
	c. Longevity Pay	13,892	13,892	0	0.0%
	d. Worker's Compensation Insurance	16,000	16,000	0	0.0%
9	RESIDENT INSTRUCTION	3,088,504	3,009,552	(78,952)	-2.6%
	a. Faculty Salaries	2,451,751	2,385,693	(66,058)	-2.7%
	b. Departmental Operating Expense	423,623	416,611	(7,012)	-1.7%
	c. Instructional Administration	213,130	207,248	(5,882)	-2.8%
10	LIBRARY	504,557	499,517	(5,040)	-1.0%
11	ORGANIZED RESEARCH	9,021	9,021	0	0.0%
12	PHYSICAL PLANT OPERATION AND MAINTENANCE	3,115,477	2,889,979	(225,498)	-7.2%
	a. Plant Support Services	124,576	121,666	(2,910)	-2.3%
	b. Campus Security	136,175	132,587	(3,588)	-2.6%
	c. Building Maintenance	199,739	195,449	(4,290)	-2.1%
	d. Custodial Services	225,244	219,886	(5,358)	-2.4%
	e. Grounds Maintenance	278,637	272,991	(5,646)	-2.0%
	f. Utilities	2,151,106	1,947,400	(203,706)	-9.5%
13	SPECIAL ITEMS	10,000	10,000	0	0.0%
	a. Tuition Scholarships	10,000	10,000	0	0.0%
	b. Institutional Programs				
14	SUBTOTAL - OPERATING BUDGET	\$ 7,711,677	\$ 7,384,931	\$ (326,746)	-4.2%
-----					
15	EDUCATIONAL AND GENERAL CAPITAL PROJECTS				
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16	GRAND TOTAL	\$ 7,711,677	\$ 7,384,931		
-----					
17	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (308,803)	\$ (139,049)		
18	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	308,803	139,049		
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19	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		
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THE UNIVERSITY OF TEXAS AT SAN ANTONIO  
INCLUDING THE INSTITUTE OF TEXAN CULTURES  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
METHOD OF FINANCING:					
1a	SENATE BILL 1	\$ 22,473,871	\$ 20,079,735	\$ (2,394,136)	-10.7%
1b	SYSTEM TRANSFER		1,200,000	1,200,000	100.0%
1c	GENERAL REVENUE	\$ 22,473,871	\$ 21,279,735	\$ (1,194,136)	-5.3%
1d	ESTIMATED 2.25% SALARY INCREASE	765,385	378,803	(386,582)	-50.5%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM				
1f	SPECIAL ITEMS U.B. FROM 1985-86				
1g	.006 x GENERAL REVENUE SALARIES		(98,705)	(98,705)	100.0%
1h	TUITION SHORTFALL RECOVERY		459,466	459,466	100.0%
1i	1986 SAVINGS REAPPROPRIATED TO 1987		1,143,602	1,143,602	100.0%
1j	SUBTOTAL - GENERAL REVENUE	\$ 23,239,256	\$ 23,162,901	\$ (76,355)	-0.3%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION	\$ 5,471,685	\$ 5,289,171	\$ (182,514)	-3.3%
2b	LESS: TUITION REVENUE BONDS	540,000	540,000	0	0.0%
2c	SKILES ACT	109,846	151,289	41,443	37.7%
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS	730,681	719,745	(10,936)	-1.5%
2e	NET TUITION	\$ 4,091,158	\$ 3,878,137	\$ (213,021)	-5.2%
2f	STUDENT FEES	\$ 120,525	\$ 120,525	\$ 0	0.0%
2g	OVERHEAD ON SPONSORED PROJECTS	300,000	330,000	30,000	10.0%
2h	EXTENSION AND PUBLIC SERVICE				
2i	INTEREST ON TIME DEPOSITS	195,000	150,000	(45,000)	-23.1%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION				
2k	OTHER INCOME	359,662	359,662	0	0.0%
2l	INCOME FROM PATIENTS				
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 5,066,345	\$ 4,838,324	\$ (228,021)	-4.5%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES				
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES - LIBRARY	\$ 287,159	\$ 287,159	\$ 0	0.0%
3d	EDUCATIONAL AND GENERAL CAPITAL PROJECTS REAPPROPRIATED	98,483 R	98,483 R	0	0.0%
3e	TRANSFERS FROM OTHER FUND GROUPS				
4	SUBTOTAL - OTHER SOURCES	\$ 385,642	\$ 385,642	\$ 0	0.0%
5	TOTAL RESOURCES	\$ 28,691,243	\$ 28,386,867	\$ (304,376)	-1.1%

R-Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS AT SAN ANTONIO  
INCLUDING THE INSTITUTE OF TEXAN CULTURES  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION AND STUDENT SERVICES	\$ 1,987,898	\$ 1,905,425	\$ (82,473)	-4.1%
7	GENERAL INSTITUTIONAL EXPENSE	250,502	233,953	(16,549)	-6.6%
8	STAFF BENEFITS	1,043,100	1,254,100	211,000	20.2%
	a. Old Age and Survivors Insurance	239,000	450,000	211,000	88.3%
	b. Staff Group Insurance Premiums	750,000	750,000	0	0.0%
	c. Longevity Pay				
	d. Worker's Compensation Insurance	54,000	54,000	0	0.0%
	e. Unemployment Compensation Insurance	100	100	0	0.0%
9	RESIDENT INSTRUCTION	14,584,724	14,338,014	(246,710)	-1.7%
	a. Faculty Salaries	11,974,290	11,784,022	(190,268)	-1.6%
	b. Departmental Operating Expense	2,127,392	2,088,388	(39,004)	-1.8%
	c. Instructional Administration	483,042	465,604	(17,438)	-3.6%
10	LIBRARY	1,729,116	1,704,599	(24,517)	-1.4%
11	ORGANIZED RESEARCH	97,709	97,327	(382)	-0.4%
12	PHYSICAL PLANT OPERATION AND MAINTENANCE	7,284,485	7,127,626	(156,859)	-2.2%
	a. Plant Support Services	443,169	428,049	(15,120)	-3.4%
	b. Campus Security	447,161	443,492	(3,669)	-0.8%
	c. Building Maintenance	896,708	876,823	(19,885)	-2.2%
	d. Custodial Services	698,899	691,617	(7,282)	-1.0%
	e. Grounds Maintenance	394,986	388,145	(6,841)	-1.7%
	f. Utilities	4,403,562	4,299,500	(104,062)	-2.4%
13	SPECIAL ITEMS	2,798,879	2,756,064	(42,815)	-1.5%
	a. Scholarships	14,405	14,405	0	0.0%
	b. Institute of Texan Cultures	2,234,388	2,191,573	(42,815)	-1.9%
	c. Institutional Programs	550,086	550,086	0	0.0%
14	SUBTOTAL - OPERATING BUDGET	\$ 29,776,413	\$ 29,417,108	\$ (359,305)	-1.2%
15	EDUCATIONAL AND GENERAL CAPITAL PROJECTS	\$ 98,483	R \$ 98,483	R \$ 0	0.0%
16	GRAND TOTAL	\$ 29,874,896	\$ 29,515,591	\$ (359,305)	-1.2%

R - Reappropriated from 1985-86



THE UNIVERSITY OF TEXAS AT SAN ANTONIO  
 INCLUDING THE INSTITUTE OF TEXAN CULTURES  
 SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
 Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or Amount	(Decrease) Percent
17	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (1,183,653)	\$ (1,128,724)		
18	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	1,183,653	1,128,724		
19	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		

THE UNIVERSITY OF TEXAS AT TYLER  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
METHOD OF FINANCING:					
1a	SENATE BILL 1	\$ 7,602,732	\$ 6,797,891	\$ (804,841)	-10.6%
1b	SYSTEM TRANSFER		500,000	500,000	100.0%
1c	GENERAL REVENUE	\$ 7,602,732	\$ 7,297,891	\$ (304,841)	-4.0%
1d	ESTIMATED 2.25% SALARY INCREASE	308,596	138,447	(170,149)	-55.1%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM				
1f	SPECIAL ITEMS U.B. FROM 1985-86				
1g	.006 x GENERAL REVENUE SALARIES		(36,076)	(36,076)	100.0%
1h	TUITION SHORTFALL RECOVERY		80,000	80,000	100.0%
1i	1986 SAVINGS REAPPROPRIATED TO 1987		82,800	82,800	100.0%
1j	SUBTOTAL - GENERAL REVENUE	\$ 7,911,328	\$ 7,563,062	\$ (348,266)	-4.4%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION	\$ 1,504,415	\$ 1,462,528	\$ (41,887)	-2.8%
2b	LESS: TUITION REVENUE BONDS				
2c	SKILES ACT		54,300	54,300	100.0%
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS	199,914	199,478	(436)	-0.2%
2e	NET TUITION	\$ 1,304,501	\$ 1,208,750	\$ (95,751)	-7.3%
2f	STUDENT FEES	\$ 19,760	\$ 18,000	\$ (1,760)	-8.9%
2g	OVERHEAD ON SPONSORED PROJECTS	4,306	0	(4,306)	-100.0%
2h	EXTENSION AND PUBLIC SERVICE				
2i	INTEREST ON TIME DEPOSITS	55,000	50,000	(5,000)	-9.1%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION		69,598	69,598	100.0%
2k	OTHER INCOME	93,014	10,033	(82,981)	-89.2%
2l	INCOME FROM PATIENTS				
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 1,476,581	\$ 1,356,381	\$ (120,200)	-8.1%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES				
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES - LIBRARY	\$ 135,450	\$ 135,450	\$ 0	0.0%
3d	EDUCATIONAL AND GENERAL CAPITAL PROJECTS REAPPROPRIATED				
3e	TRANSFERS FROM OTHER FUND GROUPS				
3f	GENERAL USE FEE	156,400	205,567	49,167	31.4%
4	SUBTOTAL - OTHER SOURCES	\$ 291,850	\$ 341,017	\$ 49,167	16.8%
5	TOTAL RESOURCES	\$ 9,679,759	\$ 9,260,460	\$ (419,299)	-4.3%

THE UNIVERSITY OF TEXAS AT TYLER  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
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BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION AND STUDENT SERVICES	\$ 768,472	\$ 746,999	\$ (21,473)	-2.8%
7	GENERAL INSTITUTIONAL EXPENSE	161,454	157,898	(3,556)	-2.2%
8	STAFF BENEFITS	446,682	437,748	(8,934)	-2.0%
a.	Old Age and Survivors Insurance	129,683	120,749	(8,934)	-6.9%
b.	Staff Group Insurance Premiums	273,330	273,330	0	0.0%
c.	Longevity Pay	20,995	20,995	0	0.0%
d.	Worker's Compensation Insurance	22,674	22,674	0	0.0%
9	RESIDENT INSTRUCTION	6,142,611	5,828,239	(314,372)	-5.1%
a.	Faculty Salaries	5,089,162	4,796,700	(292,462)	-5.7%
b.	Departmental Operating Expense	744,412	730,394	(14,018)	-1.9%
c.	Instructional Administration	237,429	231,547	(5,882)	-2.5%
d.	Organized Activities	71,608	69,598	(2,010)	-2.8%
10	LIBRARY	733,148	703,087	(30,061)	-4.1%
11	ORGANIZED RESEARCH	21,560	21,560	0	0.0%
12	EXTENSION AND PUBLIC SERVICE				
13	PHYSICAL PLANT OPERATION AND MAINTENANCE	1,667,403	1,580,155	(87,248)	-5.2%
a.	Plant Support Services	146,942	143,165	(3,777)	-2.6%
b.	Campus Security	135,295	131,676	(3,619)	-2.7%
c.	Building Maintenance	330,116	323,024	(7,092)	-2.1%
d.	Custodial Services	213,862	208,182	(5,680)	-2.7%
e.	Grounds Maintenance	166,997	162,029	(4,968)	-3.0%
f.	Utilities	674,191	612,079	(62,112)	-9.2%
14	SPECIAL ITEMS	10,000	10,000	0	0.0%
a.	Scholarships	10,000	10,000	0	0.0%
15	SUBTOTAL - OPERATING BUDGET	\$ 9,951,330	\$ 9,485,686	\$ (465,644)	-4.7%
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16	E&G CAPITAL PROJECTS				
17	GRAND TOTAL	\$ 9,951,330	\$ 9,485,686		
-----					
18	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (271,571)	\$ (225,226)		
19	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	271,571	225,226		
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20	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		
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THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT DALLAS  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
<b>METHOD OF FINANCING:</b>					
1a	SENATE BILL 1	\$ 54,402,947	\$ 48,743,824	\$ (5,659,123)	-10.4%
1b	SYSTEM TRANSFER		4,350,000	4,350,000	100.0%
1c	GENERAL REVENUE	\$ 54,402,947	\$ 53,093,824	\$ (1,309,123)	-2.4%
1d	ESTIMATED 2.25% SALARY INCREASE	1,876,956	886,596	(990,360)	-52.8%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM				
1f	SPECIAL ITEMS U.B. FROM 1985-86	200,000 R	200,000 R	0	0.0%
1g	.006 x GENERAL REVENUE SALARIES		(231,022)	(231,022)	100.0%
1h	TUITION SHORTFALL RECOVERY				
1i	1986 SAVINGS REAPPROPRIATED TO 1987		1,188,495	1,188,495	100.0%
1j	SUBTOTAL - GENERAL REVENUE	\$ 56,479,903	\$ 55,137,893	\$ (1,342,010)	-2.4%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION	\$ 2,429,984	\$ 2,429,984	\$ 0	0.0%
2b	LESS: TUITION REVENUE BONDS	135,000	135,000	0	0.0%
2c	SKILES ACT				
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS	378,658	378,658	0	0.0%
2e	NET TUITION	\$ 1,916,326	\$ 1,916,326	\$ 0	0.0%
2f	STUDENT FEES	\$ 34,241	\$ 34,241	\$ 0	0.0%
2g	OVERHEAD ON SPONSORED PROJECTS	10,200,000	10,200,000	0	0.0%
2h	EXTENSION AND PUBLIC SERVICE				
2i	INTEREST ON TIME DEPOSITS	750,000	750,000	0	0.0%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION				
2k	OTHER INCOME	27,160	27,160	0	0.0%
2l	INCOME FROM PATIENTS				
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 12,927,727	\$ 12,927,727	\$ 0	0.0%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES	\$ 0	\$ 0	\$ 0	100.0%
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES - LIBRARY	320,923	320,923	0	0.0%
3d	E&G CAPITAL PROJECTS REAPPROPRIATED	6,688,605 R	6,688,605 R	0	0.0%
3e	TRANSFERS FROM OTHER FUND GROUPS				
4	SUBTOTAL - OTHER SOURCES	\$ 7,009,528	\$ 7,009,528	\$ 0	0.0%
5	TOTAL RESOURCES	\$ 76,417,158	\$ 75,075,148	\$ (1,342,010)	-1.8%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT DALLAS  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION	\$ 6,610,410	\$ 6,302,457	\$ (307,953)	-4.7%
7	GENERAL INSTITUTIONAL EXPENSE	1,692,380	1,616,922	(75,458)	-4.5%
8	STAFF BENEFITS	2,911,800	2,854,224	(57,576)	-2.0%
a.	Old Age and Survivors Insurance	895,400	877,695	(17,705)	-2.0%
b.	Staff Group Insurance Premiums	1,638,100	1,605,708	(32,392)	-2.0%
c.	Longevity Pay	209,400	205,260	(4,140)	-2.0%
d.	Worker's Compensation Insurance	157,500	154,386	(3,114)	-2.0%
e.	Unemployment Compensation Insurance	11,400	11,175	(225)	-2.0%
9	LIBRARY	1,632,372	1,565,189	(67,183)	-4.1%
10	ORGANIZED RESEARCH	244,110	235,791	(8,319)	-3.4%
11	CONTINUING EDUCATION	136,842	130,218	(6,624)	-4.8%
12	PHYSICAL PLANT OPERATION	17,357,731	16,685,122	(672,609)	-3.9%
a.	Purchased Utilities	7,142,367	7,142,367	0	0.0%
b.	All Other Physical Plant Operation	10,215,364	9,542,755	(672,609)	-6.6%
13	DALLAS MEDICAL SCHOOL	32,046,307	31,416,013	(630,294)	-2.0%
a.	Faculty Salaries	24,463,297	23,490,926	(972,371)	-4.0%
b.	Departmental Operating Expense	6,999,475	7,358,934	359,459	5.1%
c.	Instructional Administration	583,535	566,153	(17,382)	-3.0%
14	DALLAS GRADUATE SCHOOL OF BIOMEDICAL SCIENCES	2,448,072	2,458,234	10,162	0.4%
a.	Faculty Salaries	1,608,849	1,556,700	(52,149)	-3.2%
b.	Departmental Operating Expense	548,126	618,574	70,448	12.9%
c.	Instructional Administration	291,097	282,960	(8,137)	-2.8%
15	DALLAS ALLIED HEALTH SCIENCES SCHOOL	2,822,240	2,689,209	(133,031)	-4.7%
a.	Faculty Salaries	1,816,999	1,730,770	(86,229)	-4.7%
b.	Departmental Operating Expense	732,317	698,555	(33,762)	-4.6%
c.	Instructional Administration	272,924	259,884	(13,040)	-4.8%
16	ORGANIZED ACTIVITIES	2,248,583	2,145,245	(103,338)	-4.6%

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT DALLAS  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
17	SPECIAL ITEMS	\$ 2,657,706	\$ 3,067,739	\$ 410,033	15.4%
a.	Scholarships	17,000	17,000	0	0.0%
b.	Regional Burn Center	227,442	216,535	(10,907)	-4.8%
c.	Kidney and Pancreatic Transplantation Unit	411,573	391,317	(20,256)	-4.9%
d.	Program for the Treatment of Heart Disease and Stroke	780,808	753,987	(26,821)	-3.4%
e.	Nuclear Magnetic Imaging	200,000 R	184,140 R	(15,860)	-7.9%
f.	Minor Repairs, Remodeling	473,108	956,985	483,877	102.3%
g.	Institutional Equipment	547,775	547,775	0	0.0%
18	SUBTOTAL - OPERATING BUDGET	\$ 72,808,553	\$ 71,166,363	\$ (1,642,190)	-2.3%
19	EDUCATIONAL AND GENERAL CAPITAL PROJECTS	\$ 6,688,605 R	\$ 9,886,017 R	\$ 3,197,412	47.8%
20	GRAND TOTAL	\$ 79,497,158	\$ 81,052,380	\$ 1,555,222	2.0%
21	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (3,080,000)	\$ (5,977,232)		
22	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	3,080,000	5,977,232		
23	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON  
 SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
 Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
METHOD OF FINANCING:					
1a	SENATE BILL 1	\$170,527,170	\$153,025,871	\$(17,501,299)	-10.3%
1b	SYSTEM TRANSFER		(10,280,000)	(10,280,000)	100.0%
1c	GENERAL REVENUE	\$170,527,170	\$142,745,871	\$(27,781,299)	-16.3%
1d	ESTIMATED 2.25% SALARY INCREASE	6,673,367	2,345,848	(4,327,519)	-2.5%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM				
1f	SPECIAL ITEMS U.B. FROM 1985-86				
1g	.006 x GENERAL REVENUE SALARIES		(611,261)	(611,261)	100.0%
1h	TUITION SHORTFALL RECOVERY				
1i	1986 SAVINGS REAPPROPRIATED TO 1987		7,269,669	7,269,669	100.0%
1j	SUBTOTAL - GENERAL REVENUE	\$177,200,537	\$151,750,127	\$(25,450,410)	-14.4%
2	ESTIMATED E&G INCOME	\$ 2,600,000	\$ 2,600,000	\$ 0	0.0%
2a	GROSS TUITION				
2b	LESS: TUITION REVENUE BONDS	172,500	172,500	0	0.0%
2c	SKILES ACT				
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS	357,651	357,651	0	0.0%
2e	NET TUITION	\$ 2,069,849	\$ 2,069,849	\$ 0	0.0%
2f	STUDENT FEES	\$ 48,000	\$ 48,000	\$ 0	0.0%
2g	OVERHEAD ON SPONSORED PROJECTS	2,225,000	3,200,000	975,000	43.8%
2h	EXTENSION AND PUBLIC SERVICE				
2i	INTEREST ON TIME DEPOSITS	1,900,000	3,000,000	1,100,000	57.9%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION				
2k	OTHER INCOME	220,000	295,000	75,000	34.1%
2l	INCOME FROM PATIENTS	63,500,000	71,387,151	7,887,151	12.4%
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 69,962,849	\$ 80,000,000	\$ 10,037,151	14.3%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES	\$	\$ 6,000,000	\$ 6,000,000	100.0%
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES - LIBRARY	370,350	370,350	0	0.0%
3d	E&G CAPITAL PROJECTS REAPPROPRIATED	25,179,159 R	23,179,159 R	(2,000,000)	-7.9%
3e	TRANSFERS FROM OTHER FUND GROUPS				
4	SUBTOTAL - OTHER SOURCES	\$ 25,549,509	\$ 29,549,509	\$ 4,000,000	15.7%
5	TOTAL RESOURCES	\$272,712,895	\$261,299,636	\$(11,413,259)	-4.2%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
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BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION AND STUDENT SERVICES	\$ 12,253,454	\$ 12,023,339	\$ (230,115)	-1.9%
7	GENERAL INSTITUTIONAL EXPENSE	3,036,947	2,969,940	(67,007)	-2.2%
8	STAFF BENEFITS	14,206,000	14,206,000	0	0.0%
a.	Old Age and Survivors Insurance	4,136,000	4,136,000	0	0.0%
b.	Staff Group Insurance Premiums	7,200,000	7,200,000	0	0.0%
c.	Longevity Pay	1,350,000	1,350,000	0	0.0%
d.	Worker's Compensation Insurance	460,000	460,000	0	0.0%
e.	Unemployment Compensation Insurance	110,000	110,000	0	0.0%
f.	Vacation (Lump Sum)	950,000	950,000	0	0.0%
9	LIBRARY	2,115,427	2,080,426	(35,001)	-1.7%
10	ORGANIZED RESEARCH	216,920	211,034	(5,886)	-2.7%
11	CONTINUING EDUCATION	125,174	121,622	(3,552)	-2.8%
12	PHYSICAL PLANT OPERATIONS	23,140,367	22,970,326	(170,041)	-0.7%
a.	Purchased Utilities	5,800,000	5,800,000	0	0.0%
b.	All Other Physical Plant Operations	17,340,367	17,170,326	(170,041)	-1.0%
13	GALVESTON MEDICAL SCHOOL	33,514,335	32,590,693	(923,642)	-2.8%
a.	Faculty Salaries	23,607,077	22,919,492	(687,585)	-2.9%
b.	Departmental Operating Expense	8,761,995	8,557,632	(204,363)	-2.3%
c.	Instructional Administration	1,145,263	1,113,569	(31,694)	-2.8%
14	GALVESTON GRADUATE SCHOOL OF BIOMEDICAL SCIENCES	1,734,188	1,686,846	(47,342)	-2.7%
a.	Faculty Salaries	781,077	758,327	(22,750)	-2.9%
b.	Departmental Operating Expense	820,369	799,078	(21,291)	-2.6%
c.	Instructional Administration	132,742	129,441	(3,301)	-2.5%
15	GALVESTON ALLIED HEALTH SCIENCES SCHOOL	3,306,312	3,219,674	(86,638)	-2.6%
a.	Faculty Salaries	2,210,410	2,146,030	(64,380)	-2.9%
b.	Departmental Operating Expense	647,579	635,849	(11,730)	-1.8%
c.	Instructional Administration	448,323	437,795	(10,528)	-2.3%
16	GALVESTON NURSING SCHOOL	2,233,840	2,174,345	(59,495)	-2.7%
a.	Faculty Salaries	1,579,835	1,533,820	(46,015)	-2.9%
b.	Departmental Operating Expense	284,678	279,485	(5,193)	-1.8%
c.	Instructional Administration	369,327	361,040	(8,287)	-2.2%



THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
17	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION	\$ 1,167,321	\$ 1,134,151	\$ (33,170)	-2.8%
18	SPECIAL ITEMS	7,798,104	6,183,946	(1,614,158)	-20.7%
	a. Scholarships and Fellowships	25,200	25,200	0	0.0%
	b. Marine Biomedical Institute	2,628,821	2,573,980	(54,841)	-2.1%
	c. Chronic Home Dialysis Center	2,240,241	2,226,882	(13,359)	-0.6%
	d. Educational Cancer Center	289,367	281,906	(7,461)	-2.6%
	e. Interferon Research Program	1,091,285	1,075,978	(15,307)	-1.4%
	f. Institutional Programs	1,523,190	0	(1,523,190)	-100.0%
19	PATIENT SUPPORT	157,379,217	152,495,301	(4,883,916)	-3.1%
	a. Medical Branch Hospitals, including John Sealy Hospital, Child Health Care Hospital, Moody State School for Cerebral Palsied Children, Jennie Sealy Hospital, R. Waverley Smith Pavilion and Mary Moody Northern Psychiatric Pavilion	136,773,596	134,240,823	(2,532,773)	-1.9%
	b. Hospital Equipment	4,000,000	2,000,000	(2,000,000)	-50.0%
	c. Texas Department of Corrections Hospital Operations and Living Quarters	16,605,621	16,254,478	(351,143)	-2.1%
20	SUBTOTAL - OPERATING BUDGET	\$262,227,606	\$254,067,643	\$ (8,159,963)	-3.1%
21	EDUCATIONAL AND GENERAL CAPITAL PROJECTS	\$ 25,179,159 R	\$ 23,179,159 R	\$ (2,000,000)	-7.9%
22	GRAND TOTAL	\$287,406,765	\$277,246,802	\$ (10,159,963)	-3.5%
23	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$(14,693,870)	\$(15,947,166)		
24	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	14,693,870	15,947,166		
25	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
METHOD OF FINANCING:					
1a	SENATE BILL 1	\$ 80,557,016	\$ 72,031,462	\$ (8,525,554)	-10.6%
1b	SYSTEM TRANSFER		6,357,000	6,357,000	100.0%
1c	GENERAL REVENUE	\$ 80,557,016	\$ 78,388,462	\$ (2,168,554)	-2.7%
1d	ESTIMATED 2.25% SALARY INCREASE	2,683,146	1,363,721	(1,319,425)	-49.2%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM				
1f	SPECIAL ITEMS U.B. FROM 1985-86	24,400 R	24,400 R	0	0.0%
1g	.006 x GENERAL REVENUE SALARIES		(355,347)	(355,347)	100.0%
1h	TUITION SHORTFALL RECOVERY				
1i	1986 SAVINGS REAPPROPRIATED TO 1987		2,525,796	2,525,796	100.0%
1j	SUBTOTAL - GENERAL REVENUE	\$ 83,264,562	\$ 81,947,032	\$ (1,317,530)	-1.6%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION	\$ 3,916,059	\$ 3,916,059	\$ 0	0.0%
2b	LESS: TUITION REVENUE BONDS	262,500	262,500	0	0.0%
2c	SKILES ACT				
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS	532,681	532,681	0	0.0%
2e	NET TUITION	\$ 3,120,878	\$ 3,120,878	\$ 0	0.0%
2f	STUDENT FEES	\$ 96,000	\$ 96,000	0	0.0%
2g	OVERHEAD ON SPONSORED PROJECTS	6,155,000	6,155,000	0	0.0%
2h	EXTENSION AND PUBLIC SERVICE	118,529	118,529	0	0.0%
2i	INTEREST ON TIME DEPOSITS	300,000	300,000	0	0.0%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION				
2k	OTHER INCOME	250,000	250,000	0	0.0%
2l	INCOME FROM PATIENTS	1,327,792	1,327,792	0	0.0%
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 11,368,199	\$ 11,368,199	\$ 0	0.0%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES				
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES - LIBRARY	\$ 382,761	\$ 382,761	\$ 0	0.0%
3d	E&G CAPITAL PROJECTS REAPPROPRIATED	462,651 R	462,651 R	0	0.0%
3e	TRANSFERS FROM OTHER FUND GROUPS				
3f	MHMR-HARRIS CO. PSYCHIATRIC CTR.	14,590,000 R	13,090,000 R	(1,500,000)	-10.3%
3g	MHMR-UT MENTAL SCIENCES INSTITUTE	895,000 R	895,000 R	0	0.0%
3h	GOVERNOR'S CONTINGENCY FUND-UTMSI	1,250,000 R	1,250,000 R	0	0.0%
3i	HARRIS COUNTY CONTRACT-HCPC	3,536,858	3,536,858	0	0.0%
4	SUBTOTAL - OTHER SOURCES	\$ 21,117,270	\$ 19,617,270	\$ (1,500,000)	-7.1%
5	TOTAL RESOURCES	\$115,750,031	\$112,932,501	\$ (2,817,530)	-2.4%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION AND STUDENT SERVICES	\$ 7,697,118	\$ 7,556,531	\$ (140,587)	-1.8%
7	GENERAL INSTITUTIONAL EXPENSE	2,025,225	2,074,078	48,853	2.4%
8	STAFF BENEFITS	2,646,250	2,646,250	0	0.0%
	a. Old Age and Survivors Insurance	596,250	596,250	0	0.0%
	b. Staff Group Insurance Premiums	1,700,000	1,700,000	0	0.0%
	c. Longevity Pay	180,000	180,000	0	0.0%
	d. Worker's Compensation Insurance	160,000	160,000	0	0.0%
	e. Unemployment Compensation Insurance	10,000	10,000	0	0.0%
9	LIBRARY	1,913,805	1,813,649	(100,156)	-5.2%
10	ORGANIZED RESEARCH	229,603	572,280	342,677	149.2%
11	CONTINUING EDUCATION	118,529	115,495	(3,034)	-2.6%
12	PHYSICAL PLANT OPERATION AND MAINTENANCE	16,870,126	15,758,884	(1,111,242)	-6.6%
	a. Purchased Utilities	11,075,710	10,075,710	(1,000,000)	-9.0%
	b. All Other Physical Plant Operations	5,794,416	5,683,174	(111,242)	-1.9%
13	HOUSTON MEDICAL SCHOOL:	32,240,180	31,235,447	(1,004,733)	-3.1%
	a. Faculty Salaries	22,474,244	21,674,043	(800,201)	-3.6%
	b. Departmental Operating Expense	8,821,615	8,642,445	(179,170)	-2.0%
	c. Instructional Administration	944,321	918,959	(25,362)	-2.7%
14	HOUSTON DENTAL BRANCH:	12,415,883	12,133,135	(282,748)	-2.3%
	a. Faculty Salaries	8,783,355	8,566,189	(217,166)	-2.5%
	b. Departmental Operating Expense	3,010,647	2,957,105	(53,542)	-1.8%
	c. Instructional Administration	621,881	609,841	(12,040)	-1.9%
15	HOUSTON GRADUATE SCHOOL OF BIOMEDICAL SCIENCES:	2,200,470	2,234,637	34,167	1.6%
	a. Faculty Salaries	1,160,459	1,196,991	36,532	3.1%
	b. Departmental Operating Expense	737,266	721,035	(16,231)	-2.2%
	c. Instructional Administration	302,745	316,611	13,866	4.6%
16	HOUSTON ALLIED HEALTH SCIENCES SCHOOL:	2,250,370	2,204,692	(45,678)	-2.0%
	a. Faculty Salaries	1,450,041	1,420,075	(29,966)	-2.1%
	b. Departmental Operating Expense	441,058	434,446	(6,612)	-1.5%
	c. Instructional Administration	359,271	350,171	(9,100)	-2.5%

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
17	PUBLIC HEALTH SCHOOL:	\$ 6,107,263	\$ 5,958,465	\$ (148,798)	-2.4%
a.	Faculty Salaries	4,316,350	4,200,491	(115,859)	-2.7%
b.	Departmental Operating Expense	1,210,860	1,190,393	(20,467)	-1.7%
c.	Instructional Administration	580,053	567,581	(12,472)	-2.2%
18	SCHOOL OF NURSING:	2,862,126	2,787,376	(74,750)	-2.6%
a.	Faculty Salaries	2,189,982	2,005,270	(184,712)	-8.4%
b.	Departmental Operating Expense	210,269	341,047	130,778	62.2%
c.	Instructional Administration	461,875	441,059	(20,816)	-4.5%
19	SPEECH AND HEARING INSTITUTE:	564,890	552,092	(12,798)	-2.3%
a.	Faculty Salaries	287,325	279,113	(8,212)	-2.9%
b.	Departmental Operating Expense	110,013	109,070	(943)	-0.9%
c.	Instructional Administration	167,552	163,909	(3,643)	-2.2%
20	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION	3,434,214	3,332,356	(101,858)	-3.0%
21	SPECIAL ITEMS:	4,262,910	3,199,907	(1,063,003)	-24.9%
a.	Scholarships and Fellowships	44,900	44,900	0	0.0%
b.	Dental Science Institute	751,258	734,085	(17,173)	-2.3%
c.	Clinic Operation	1,747,674	1,717,565	(30,109)	-1.7%
d.	Service Delivery in the Border/ Valley Region	564,287	557,557	(6,730)	-1.2%
e.	Diagnostic Research Center	24,400	145,800 R	121,400	497.5%
f.	Institutional Programs	1,130,391	0		
22	PATIENT SUPPORT	22,327,456	22,374,760	47,304	0.2%
a.	UT Mental Sciences Institute	4,206,598 R	4,132,069 R	(74,529)	-1.8%
b.	Harris County Psychiatric Center	18,120,858 R	18,242,691 R	121,833	0.7%
23	SUBTOTAL - OPERATING BUDGET	\$120,166,418	\$116,550,034	\$ (3,616,384)	-3.0%
24	EDUCATIONAL AND GENERAL CAPITAL PROJECTS	\$ 462,651 R	\$ 6,723,615 R	\$ 6,260,964	1353.3%
25	GRAND TOTAL	\$120,629,069	\$123,273,649	\$ 2,644,580	2.2%
26	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (4,879,038)	\$(10,341,148)		
27	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	4,879,038	10,341,148		
28	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
METHOD OF FINANCING:					
1a	SENATE BILL 1	\$ 67,577,455	\$ 60,441,340	\$ (7,136,115)	-10.6%
1b	SYSTEM TRANSFER		5,583,000	5,583,000	100.0%
1c	GENERAL REVENUE	\$ 67,577,455	\$ 66,024,340	\$ (1,553,115)	-2.3%
1d	ESTIMATED 2.25% SALARY INCREASE	2,334,859	1,222,844	(1,112,015)	-47.6%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM				
1f	SPECIAL ITEMS U.B. FROM 1985-86				
1g	.006 x GENERAL REVENUE SALARIES		(318,638)	(318,638)	100.0%
1h	TUITION SHORTFALL RECOVERY				
1i	1986 SAVINGS REAPPROPRIATED TO 1987		3,210,168	3,210,168	100.0%
1j	SUBTOTAL - GENERAL REVENUE	\$ 69,912,314	\$ 70,138,714	\$ 226,400	0.3%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION	\$ 3,115,506	\$ 3,115,506	\$ 0	0.0%
2b	LESS: TUITION REVENUE BONDS	187,500	187,500	0	0.0%
2c	SKILES ACT				
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS	458,386	458,386	0	0.0%
2e	NET TUITION	\$ 2,469,620	\$ 2,469,620	\$ 0	0.0%
2f	STUDENT FEES	\$ 30,000	\$ 30,000	\$ 0	0.0%
2g	OVERHEAD ON SPONSORED PROJECTS	5,400,000	5,400,000	0	0.0%
2h	EXTENSION AND PUBLIC SERVICE				
2i	INTEREST ON TIME DEPOSITS	600,000	600,000	0	0.0%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION				
2k	OTHER INCOME	50,000	50,000	0	0.0%
2l	INCOME FROM PATIENTS	775,000	775,000	0	0.0%
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 9,324,620	\$ 9,324,620	\$ 0	0.0%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES	\$	\$	\$ 0	100.0%
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES - LIBRARY	339,000	339,000	0	0.0%
3d	E&G CAPITAL PROJECTS REAPPROPRIATED	1,731,025 R	1,731,025 R	0	0.0%
3e	TRANSFERS FROM OTHER FUND GROUPS				
4	SUBTOTAL - OTHER SOURCES	\$ 2,070,025	\$ 2,070,025	\$ 0	0.0%
5	TOTAL RESOURCES	\$ 81,306,959	\$ 81,533,359	\$ 226,400	0.3%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
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BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION	\$ 5,034,937	\$ 4,923,976	\$ (110,961)	-2.2%
7	GENERAL INSTITUTIONAL EXPENSE	2,094,891	2,055,616	(39,275)	-1.9%
8	STAFF BENEFITS	3,217,274	3,217,274	0	0.0%
	a. Old Age and Survivors Insurance	450,274	450,274	0	0.0%
	b. Staff Group Insurance Premiums	2,055,000	2,055,000	0	0.0%
	c. Longevity Pay	210,000	210,000	0	0.0%
	d. Worker's Compensation Insurance	195,000	195,000	0	0.0%
	e. Unemployment Compensation Insurance	7,000	7,000	0	0.0%
	f. Lump Sum Vacation Payments	300,000	300,000		
9	LIBRARY	1,741,708	1,712,020	(29,688)	-1.7%
10	ORGANIZED RESEARCH	295,069	595,069	300,000	101.7%
11	CONTINUING EDUCATION	130,969	127,350	(3,619)	-2.8%
12	PHYSICAL PLANT OPERATION	11,875,456	12,131,331	255,875	2.2%
	a. Purchased Utilities	4,758,078	5,158,078	400,000	8.4%
	b. All Other Physical Plant Operation	7,117,378	6,973,253	(144,125)	-2.0%
13	MEDICAL SCHOOL	31,046,604	30,208,764	(837,840)	-2.7%
	a. Faculty Salaries	22,988,287	22,318,725	(669,562)	-2.9%
	b. Departmental Operating Expense	7,562,699	7,406,733	(155,966)	-2.1%
	c. Instructional Administration	495,618	483,306	(12,312)	-2.5%
14	DENTAL SCHOOL	16,101,600	15,674,265	(427,335)	-2.7%
	a. Faculty Salaries	11,471,443	11,137,323	(334,120)	-2.9%
	b. Departmental Operating Expense	4,008,801	3,930,778	(78,023)	-1.9%
	c. Instructional Administration	621,356	606,164	(15,192)	-2.4%
15	GRADUATE SCHOOL OF BIOMEDICAL SCIENCES	1,359,893	1,323,948	(35,945)	-2.6%
	a. Faculty Salaries	826,072	802,012	(24,060)	-2.9%
	b. Departmental Operating Expense	214,641	210,899	(3,742)	-1.7%
	c. Instructional Administration	319,180	311,037	(8,143)	-2.6%
16	SCHOOL OF ALLIED HEALTH SCIENCES	2,021,673	1,973,445	(48,228)	-2.4%
	a. Faculty Salaries	1,258,487	1,221,832	(36,655)	-2.9%
	b. Departmental Operating Expense	526,462	519,664	(6,798)	-1.3%
	c. Instructional Administration	236,724	231,949	(4,775)	-2.0%

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or Amount	(Decrease) Percent
17	NURSING SCHOOL	\$ 2,877,365	\$ 2,800,533	\$ (76,832)	-2.7%
a.	Faculty Salaries	2,130,113	2,068,071	(62,042)	-2.9%
b.	Departmental Operating Expense	457,857	450,593	(7,264)	-1.6%
c.	Instructional Administration	289,395	281,869	(7,526)	-2.6%
18	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION	3,617,812	3,523,583	(94,229)	-2.6%
19	SPECIAL ITEMS	3,328,308	4,236,207	907,899	27.3%
a.	Scholarships	32,800	32,800	0	0.0%
b.	Family Practice Residency Training	591,084	582,740	(8,344)	-1.4%
c.	Podiatry Residency Training Program	186,024	183,767	(2,257)	-1.2%
d.	Teaching and Laboratory Equipment	70,717	1,033,721	963,004	1361.8%
e.	Outpatient Clinic Operation	2,447,683	2,403,179	(44,504)	-1.8%
20	SUBTOTAL - OPERATING BUDGET	\$ 84,743,559	\$ 84,503,381	\$ (240,178)	-0.3%
21	EDUCATIONAL AND GENERAL CAPITAL PROJECTS	\$ 1,731,025 R	\$ 1,731,025 R	\$ 0	0.0%
22	GRAND TOTAL	\$ 86,474,584	\$ 86,234,406	\$ (240,178)	-0.3%
23	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (5,167,625)	\$ (4,701,047)		
24	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	5,167,625	4,701,047		
25	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS SYSTEM CANCER CENTER  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
METHOD OF FINANCING:					
1a	SENATE BILL 1	\$100,893,646	\$ 90,445,973	\$(10,447,673)	-10.4%
1b	SYSTEM TRANSFER		(21,056,000)	(21,056,000)	100.0%
1c	GENERAL REVENUE	\$100,893,646	\$ 69,389,973	\$(31,503,673)	-31.2%
1d	ESTIMATED 2.25% SALARY INCREASE	2,656,205	1,377,777	(1,278,428)	-48.1%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM				
1f	SPECIAL ITEMS U.B. FROM 1985-86				
1g	.006 x GENERAL REVENUE SALARIES		(359,009)	(359,009)	100.0%
1h	TUITION SHORTFALL RECOVERY				
1i	1986 SAVINGS REAPPROPRIATED TO 1987		12,400,000	12,400,000	100.0%
1j	SUBTOTAL - GENERAL REVENUE	\$103,549,851	\$ 82,808,741	\$(20,741,110)	-20.0%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION				
2b	LESS: TUITION REVENUE BONDS				
2c	SKILES ACT				
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS				
2e	NET TUITION				
2f	STUDENT FEES				
2g	OVERHEAD ON SPONSORED PROJECTS	\$ 2,500,000	\$ 3,500,000	\$ 1,000,000	40.0%
2h	EXTENSION AND PUBLIC SERVICE				
2i	INTEREST ON TIME DEPOSITS	1,900,000	2,500,000	600,000	31.6%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION				
2k	OTHER INCOME	200,000	200,000	0	0.0%
2l	INCOME FROM PATIENTS	100,400,000	106,800,000	6,400,000	6.4%
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$105,000,000	\$113,000,000	\$ 8,000,000	7.6%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES	\$ 4,500,000	\$ 13,500,000	\$ 9,000,000	200.0%
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES - LIBRARY	147,646	147,646	0	0.0%
3d	E&G CAPITAL PROJECTS REAPPROPRIATED	41,778,053 R	41,778,053 R	0	0.0%
3e	TRANSFERS FROM OTHER FUND GROUPS				
4	SUBTOTAL - OTHER SOURCES	\$ 46,425,699	\$ 55,425,699	\$ 9,000,000	19.4%
5	TOTAL RESOURCES	\$254,975,550	\$251,234,440	\$ (3,741,110)	-1.5%

R - Reappropriated from 1985-86



THE UNIVERSITY OF TEXAS SYSTEM CANCER CENTER  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or Amount	(Decrease) Percent
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BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION	\$ 8,334,446	\$ 8,028,444	\$ (306,002)	-3.7%
7	STAFF BENEFITS	13,006,018	13,006,018	0	0.0%
a.	Old Age and Survivors Insurance	6,401,018	6,401,018	0	0.0%
b.	Staff Group Insurance Premiums	4,600,000	4,600,000	0	0.0%
c.	Longevity Pay	750,000	750,000	0	0.0%
d.	Worker's Compensation Insurance	420,000	420,000	0	0.0%
e.	Unemployment Compensation Insurance	35,000	35,000	0	0.0%
g.	Lump Sum Vacation Pay	800,000	800,000	0	0.0%
8	LIBRARY	851,108	842,430	(8,678)	-1.0%
9	PHYSICAL PLANT OPERATION AND MAINTENANCE	29,526,353	28,864,048	(662,305)	-2.2%
a.	Utilities	9,981,977	9,981,977	0	0.0%
b.	All Other Physical Plant Operation	19,544,376	18,882,071	(662,305)	-3.4%
10	SPECIAL ITEMS	9,297,388	9,123,729	(173,659)	-1.9%
a.	Rehabilitation Center	2,328,869	2,271,546	(57,323)	-2.5%
b.	Science Park	3,031,182	2,868,386	(162,796)	-5.4%
c.	Cancer Prevention	505,028	551,488	46,460	9.2%
d.	Institutional Program	3,432,309	3,432,309	0	0.0%
11	PATIENT SUPPORT	160,121,113	156,374,127	(3,746,986)	-2.3%
a.	The Tumor Institute	39,335,087	38,550,278	(784,809)	-2.0%
	(1) Medical Staff	16,272,074	15,760,948	(511,126)	-3.1%
	(2) Research	16,293,919	16,127,959	(165,960)	-1.0%
	(3) Education	6,769,094	6,661,371	(107,723)	-1.6%
b.	Patient Care Activities	112,608,848	109,874,157	(2,734,691)	-2.4%
c.	General Services	8,177,178	7,949,692	(227,486)	-2.8%
12	SUBTOTAL - OPERATING BUDGET	\$221,136,426	\$216,238,796	\$ (4,897,630)	-2.2%
13	EDUCATIONAL AND GENERAL CAPITAL PROJECTS	\$ 41,778,053	R \$ 41,778,053	R \$ 0	0.0%
14	GRAND TOTAL	\$262,914,479	\$258,016,849	\$ (4,897,630)	-1.9%
15	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (7,938,929)	\$ (6,782,409)		
16	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	7,938,929	6,782,409		
18	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		
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R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or Amount	(Decrease) Percent
METHOD OF FINANCING:					
1a	HOUSE BILL 1	\$ 14,142,018	\$ 12,634,955	\$ (1,507,063)	-10.7%
1b	SYSTEM TRANSFER		46,000	46,000	100.0%
1c	GENERAL REVENUE	\$ 14,142,018	\$ 12,680,955	\$ (1,461,063)	-10.3%
1d	ESTIMATED 2.25% SALARY INCREASE	485,000	227,779	(257,221)	-53.0%
1e	TEXAS ADVANCED TECHNOLOGY RESEARCH PROGRAM				
1f	SPECIAL ITEMS U.B. FROM 1985-86				
1g	.006 x GENERAL REVENUE SALARIES		(59,353)	(59,353)	100.0%
1h	TUITION SHORTFALL RECOVERY				
1i	1986 SAVINGS REAPPROPRIATED TO 1987		1,020,106	1,020,106	100.0%
1j	SUBTOTAL - GENERAL REVENUE	\$ 14,627,018	\$ 13,869,487	\$ (757,531)	-5.2%
2	ESTIMATED E&G INCOME				
2a	GROSS TUITION				
2b	LESS: TUITION REVENUE BONDS				
2c	SKILES ACT				
2d	TEXAS PUBLIC EDUCATION GRANTS PROGRAMS				
2e	NET TUITION				
2f	STUDENT FEES				
2g	OVERHEAD ON SPONSORED PROJECTS	\$ 100,000	\$ 100,000	\$ 0	0.0%
2h	EXTENSION AND PUBLIC SERVICE				
2i	INTEREST ON TIME DEPOSITS	400,000	150,000	(250,000)	-62.5%
2j	ORGANIZED ACTIVITIES RELATED TO INSTRUCTION				
2k	OTHER INCOME	1,500,000	1,750,000	250,000	16.7%
2l	INCOME FROM PATIENTS	14,117,225	14,117,225	0	0.0%
2m	SUBTOTAL - ESTIMATED E&G INCOME	\$ 16,117,225	\$ 16,117,225	\$ 0	0.0%
3	OTHER SOURCES				
3a	S.B. 1 APPROPRIATED BALANCES				
3b	AVAILABLE UNIVERSITY FUND				
3c	PUF BONDS SOURCES - LIBRARY	\$ 31,000	\$ 31,000	\$ 0	0.0%
3d	E&G CAPITAL PROJECTS REAPPROPRIATED	2,925,020 R	2,344,672 R	(580,348)	-19.8%
3e	TRANSFERS FROM OTHER FUND GROUPS				
4	SUBTOTAL - OTHER SOURCES	\$ 2,956,020	\$ 2,375,672	\$ (580,348)	-19.6%
5	TOTAL RESOURCES	\$ 33,700,263	\$ 32,362,384	\$ (1,337,879)	-4.0%

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or Amount	(Decrease) Percent
-----					
BUDGETED EXPENDITURES:					
6	GENERAL ADMINISTRATION	\$ 1,249,083	\$ 1,219,268	\$ (29,815)	-2.4%
7	GENERAL INSTITUTIONAL EXPENSE	576,768	565,152	(11,616)	-2.0%
8	STAFF BENEFITS	1,930,705	1,930,705	0	0.0%
a.	Old Age and Survivors Insurance	825,605	825,605	0	0.0%
b.	Staff Group Insurance Premiums	775,000	775,000	0	0.0%
c.	Longevity Pay	195,000	195,000	0	0.0%
d.	Worker's Compensation Insurance	50,000	50,000	0	0.0%
e.	Unemployment Compensation Insurance	100	100	0	0.0%
f.	Accrued Vacation	85,000	85,000	0	0.0%
9	LIBRARY	215,214	212,148	(3,066)	-1.4%
10	PHYSICAL PLANT OPERATION & MAINTENANCE	2,418,423	2,474,805	56,382	2.3%
a.	Utilities	879,354	970,980	91,626	10.4%
b.	All Other Physical Plant Operation	1,539,069	1,503,825	(35,244)	-2.3%
11	SPECIAL ITEMS				
a.	Education	771,658	758,894	(12,764)	-1.7%
12	PATIENT SUPPORT	26,632,492	25,979,692	(652,800)	-2.5%
a.	Hospital	23,160,909	22,631,999	(528,910)	-2.3%
	(1) Patient Care Services	19,231,598	18,849,935	(381,663)	-2.0%
	(2) General Services	3,929,311	3,782,064	(147,247)	-3.7%
b.	Research	2,279,964	2,156,074	(123,890)	-5.4%
c.	Institutional Programs	1,191,619	1,191,619	0	0.0%
13	SUBTOTAL - OPERATING BUDGET	\$ 33,794,343	\$ 33,140,664	\$ (653,679)	-1.9%
14	EDUCATIONAL AND GENERAL CAPITAL PROJECTS	\$ 2,925,020	R \$ 2,344,672	R \$ (580,348)	-19.8%
15	GRAND TOTAL	\$ 36,719,363	\$ 35,485,336	\$ (1,234,027)	-3.4%
16	EXCESS OF ESTIMATED INCOME OVER BUDGET	\$ (3,019,100)	\$ (3,122,952)		
17	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	3,019,100	3,122,952		
18	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 0	\$ 0		

R - Reappropriated from 1985-86

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or (Decrease) Amount	(Decrease) Percent
METHOD OF FINANCING:					
1.	Legislative Appropriation from General Revenue Fund	\$ 753,726	\$ 674,584	\$ (79,142)	-10.5%
2.	Estimated 2.25% Salary Increase	20,600	12,972	(7,628)	-37.0%
3.	.006 x Gen. Rev. Salaries		(3,380)	(3,380)	100.0%
4.	1986 Savings Reappropriated to 1987		26,150	26,150	100.0%
5.	Transfer from the Available University Fund	5,217,114	5,155,077	(62,037)	-1.2%
6.	TOTAL METHOD OF FINANCING	\$ 5,991,440	\$ 5,865,403	\$ (126,037)	-2.1%
BUDGETED EXPENDITURES					
7.	OFFICE OF THE BOARD OF REGENTS	\$ 386,832	\$ 379,192	\$ (7,640)	-2.0%
SYSTEM OFFICES					
8.	Office of the Chancellor Chancellor	915,997	890,865	(25,132)	-2.7%
9.	Executive Vice Chancellor for Academic Affairs	420,620	408,681	(11,939)	-2.8%
10.	Executive Vice Chancellor for Health Affairs	502,472	488,133	(14,339)	-2.9%
11.	Office of Finance and Administration	654,773	637,155	(17,618)	-2.7%
12.	Office of the Director for Special Services	286,180	277,828	(8,352)	-2.9%
13.	U.T. System Offices - Operating Expenses	450,000	450,000	0	0.0%
14.	Office of the Comptroller	829,031	808,939	(20,092)	-2.4%
15.	System Personnel Office	322,295	314,832	(7,463)	-2.3%
16.	U. T. System Police	573,240	559,778	(13,462)	-2.3%
17.	Staff Benefits	600,000	600,000	0	0.0%
18.	Unallocated Account	50,000	50,000	0	0.0%
19.	TOTAL BUDGET	\$ 5,991,440	\$ 5,865,403	\$ (126,037)	-2.1%

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or Amount	(Decrease) Percent
DIVISIBLE WITH TEXAS A&M UNIVERSITY:					
Income					
1.	Investment Income	\$209,000,000	\$209,000,000	\$ 0	0.0%
2.	Grazing Lease Rental	1,900,000	1,900,000	0	0.0%
3.	Interest on Daily Balances	800,000	800,000	0	0.0%
4.	Surface Easements	1,300,000	1,300,000	0	0.0%
5.	Mineral Lease Assignment Fee	50,000	50,000	0	0.0%
6.	Exploration Permits	35,000	35,000	0	0.0%
7.	Other Income - West Texas Lands	500,000	500,000	0	0.0%
8.	Transfer to Non-Divisible - (Fifty Leagues)	(113,000)	(113,000)	0	0.0%
9.	Total Gross Divisible Income	\$213,472,000	\$213,472,000	\$ 0	0.0%
Expenses to be Deducted					
10.	Office of Asset Management	\$ 591,284	\$ 578,120	\$ (13,164)	-2.2%
11.	Office of Investments and Trusts	3,858,777	3,819,597	(39,180)	-1.0%
12.	Board for Lease of University Lands	12,525	12,225	(300)	-2.4%
13.	University Lands Accounting Office	1,160,756	1,137,216	(23,540)	-2.0%
14.	Auditing University Lands	138,272	134,696	(3,576)	-2.6%
15.	Geological and Fluid Behavior Characterization of Oil Reservoirs on University Lands	500,000	500,000	0	0.0%
16.	University Lands - Oil, Gas and Mineral Interests	629,817	616,926	(12,891)	-2.0%
17.	University Lands - Surface Interests - Administration	208,812	202,768	(6,044)	-2.9%
18.	University Lands - Surface Interests - Oil Field Supervision	304,300	299,600	(4,700)	-1.5%
19.	University Lands - Surface Interests - Leasing and Agricultural Projects	271,300	266,600	(4,700)	-1.7%
20.	Conservation and Land Utilization Projects	1,450,624	1,441,600	(9,024)	-0.6%
21.	Office of General Counsel (1/5)	309,551	302,115	(7,436)	-2.4%
22.	Staff Benefits	800,000	800,000	0	0.0%
23.	Unallocated Operating Account	50,000	50,000	0	0.0%
24.	Total Divisible Expenses	\$ 10,286,018	\$ 10,161,463	\$ (124,555)	-1.2%
25.	Net Divisible Income	\$203,185,982	\$203,310,537	\$ 124,555	0.1%
26.	Less: A&M Share (1/3)	67,728,661	67,770,179	41,518	0.1%
	Praire View A&M Allocation	6,000,000	6,000,000	0	0.0%
27.	Net University Share	\$129,457,321	\$129,540,358	\$ 83,037	0.1%

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or Amount	(Decrease) Percent
NON-DIVISIBLE:					
	Income				
28.	Interest on Daily Balances	\$ 4,000,000	\$ 4,000,000	\$ 0	0.0%
29.	Transfer from Divisible - (Fifty Leagues)	113,000	113,000	0	0.0%
30.	Total Gross Non-Divisible Income	\$ 4,113,000	\$ 4,113,000	\$ 0	0.0%
	Expenses to be Deducted				
31.	Office of General Counsel (4/5)	\$ 1,238,205	\$ 1,208,460	\$ (29,745)	-2.4%
32.	Total Non-Divisible Expenses	\$ 1,238,205	\$ 1,208,460	\$ (29,745)	-2.4%
33.	Net Non-Divisible Income	\$ 2,874,795	\$ 2,904,540	\$ 29,745	1.0%
34.	Total Estimated Net Income, University Share	\$132,332,116	\$132,444,898	\$ 112,782	0.1%
	Deduct Debt Service:				
35.	Permanent University Fund Bonds	\$ 41,252,000	\$ 41,252,000	\$ 0	0.0%
36.	Permanent University Fund Variable Rate Notes	5,000,000	5,000,000	0	0.0%
37.	U.T. Austin Building Revenue Bonds	3,832,565	3,832,565	0	0.0%
38.	Subtotal, Debt Service	\$ 50,084,565	\$ 50,084,565	\$ 0	0.0%
39.	ESTIMATED NET INCOME AVAILABLE FOR OTHER PURPOSES	\$ 82,247,551	\$ 82,360,333	\$ 112,782	0.1%
TRANSFERS TO:					
	System Administration				
40.	Operating Budget	\$ 5,217,114	\$ 5,155,077		
41.	Bauer House	136,312	135,472		
42.	System Airplane Operation	249,488	247,052		
43.	Subtotal	\$ 5,602,914	\$ 5,537,601		

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
SUMMARY - EDUCATIONAL AND GENERAL BUDGET  
Comparison of Original 1986-87 with Revised 1986-87

Line No.	Item	Original Budget 1986-87	Revised Budget 1986-87	Increase or Amount	(Decrease) Percent
44.	The University of Texas at Austin	\$ 67,265,000	\$ 67,265,000		
45.	Allocation for Operations and Capital Improvements	9,500,000	9,500,000		
46.	EXCESS OF CURRENT INCOME OVER OPERATIONS	\$ (120,363)	\$ 57,732		
47.	ESTIMATED UNAPPROPRIATED BALANCE, SEPTEMBER 1	200,000	200,000		
48.	ESTIMATED UNAPPROPRIATED BALANCE, AUGUST 31	\$ 79,637	\$ 257,732		

2. U. T. System: Recommendation for Award of Blanket Systemwide Fire and Extended Coverage Insurance on Certain Buildings and Contents as Required by Applicable Bond Issues for the Period from September 24, 1986 Through September 24, 1989 (Exec. Com. Letter 87-2).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of the Office of the Chancellor that Arkwright-Boston Insurance Company, Waltham, Massachusetts, be awarded the blanket U. T. System Fire and Extended Coverage Insurance Policy on certain buildings and contents as required by applicable bond issues and in accordance with the following terms and provisions:

- a. The policy period is September 24, 1986 to September 24, 1989, with an annual rate of .0424 per \$100 of buildings and content valuation for the policy period
- b. The premium for the three-year policy is \$1,049,511 based on 90% coinsurance of actual cash value of covered buildings and contents (\$824,864,363)
- c. The actual cash value of buildings and contents are insured with a \$100,000 deductible per loss occurrence
- d. The coinsurance clause and pro rata distribution clause are not applicable if actual cash values are updated on an annual basis.

#### BACKGROUND INFORMATION

U. T. System Administration requested on July 28, 1986, and received on September 8, 1986, proposals for a blanket Systemwide fire and extended coverage insurance policy on certain buildings and contents of the U. T. System as required by various bond issues.

The successful proposal was submitted by the Arkwright-Boston Insurance Company. A tabulation of all proposals received is set out on Page Ex.C - 45.

Beginning in September 1971, the U. T. System has had Systemwide fire and extended coverage insurance on buildings and contents required by applicable bond issues. Award of contracts for this insurance has been made on the basis of competitive bidding for a three-year policy with a \$100,000 deductible on any loss. The U. T. Board of Regents has previously authorized the funding of the \$100,000 loss provision. The 1983-86 policy was with the Hartford Accident and Indemnity Company, Hartford, Connecticut.

The quoted three-year premium of \$1,049,511 for the new policy represents a substantial increase over the previous three-year premium of \$292,125. This increase is reflective of current conditions in the insurance market. However, even though the award recommendation is for three years, the policy may be cancelled at the end of the anniversary year if conditions indicate a more favorable market. Premium on this policy is



prorated among applicable institutions according to the value of the property insured. This premium is paid from general revenue.

Alternative quotes to the present policy form were taken, but no significant price or policy condition improvements were noted.

THE UNIVERSITY OF TEXAS SYSTEM  
 PROPOSALS FOR BLANKET SYSTEMWIDE FIRE AND EXTENDED COVERAGE INSURANCE POLICY  
 POLICY PERIOD - SEPTEMBER 24, 1986 THROUGH SEPTEMBER 24, 1989  
 PROPOSALS RECEIVED BY 4:00 P.M., SEPTEMBER 8, 1986

---

<u>Agent</u>	<u>Name of Insurance Company</u>	<u>Total Premium</u>
Alexander & Alexander 2901 Bee Caves Road Austin, Texas 78746	Aetna Casualty & Surety Company 151 Farmington Avenue Hartford, Connecticut 06152	\$1,069,024
Company Representative 2202 Timberloch Place, Suite 130 The Woodlands, Texas 77380	Arkwright-Boston Insurance Company 225 Wyman Street Waltham, Massachusetts 02154	\$1,049,511
Jimmie Connolly Company 2101 South IH35, Suite 210 Austin, Texas 78741	Insurance Company of North America (INA) of Texas 1600 Arch Street Philadelphia, Pennsylvania 19103	\$ 564,264*
Consolidated Insurance Agency 700 Scarbrough Building Austin, Texas 78701	Aetna Casualty & Surety Company 151 Farmington Avenue Hartford, Connecticut 06152	\$1,069,024
Corroon & Black, Inc. P. O. Box 70089 Houston, Texas 77270	Aetna Casualty & Surety Company 151 Farmington Avenue Hartford, Connecticut 06152	\$1,069,023
John L. Wortham & Son P. O. Box 1388 Houston, Texas 77251	Aetna Casualty & Surety Company 151 Farmington Avenue Hartford, Connecticut 06152	\$1,069,023

\* Premium bid on one-year basis only.

3. U. T. Arlington - E. H. Hereford University Center - Addition and Remodeling (Project No. 301-552): Recommended Award of Bowling Equipment Contract to AMF Bowling Products, Westbury, Long Island, New York (Exec. Com. Letter 87-3).--

#### RECOMMENDATION

The Executive Committee concurs in the recommendation of President Nedderman and the Office of the Chancellor that the U. T. Board of Regents award a contract to purchase and install bowling equipment in the E. H. Hereford University Center - Addition and Remodeling construction project at U. T. Arlington to the lowest responsible bidder, AMF Bowling Products, Westbury, Long Island, New York, for the Base Bid and Alternate No. 3 in the amount of \$344,867.

#### BACKGROUND INFORMATION

In accordance with the authorization of the U. T. Board of Regents on June 13, 1985, bids to purchase and install bowling equipment in the E. H. Hereford University Center - Addition and Remodeling project were received on September 3, 1986, as shown on Page Ex.C - 47.

On December 5, 1985, the U. T. Board of Regents approved the award of a general construction contract for the E. H. Hereford University Center - Addition and Remodeling. At that time it was reported that a separate bid for purchase and installation of bowling equipment would be advertised at a later date.

A contract to purchase and install the bowling equipment can be awarded to AMF Bowling Products, Westbury, Long Island, New York, within the authorized total project budget.

BOWLING ALLEY EQUIPMENT  
 E. H. HEREFORD UNIVERSITY CENTER-ADDITION AND REMODELING  
 THE UNIVERSITY OF TEXAS AT ARLINGTON  
 Bids Received September 3, 1986, at  
 The University of Texas at Arlington, Arlington, Texas

<u>CONTRACTOR</u>	<u>AMF Bowling Products Westbury, L.I., New York</u>	<u>Brunswick Bowling &amp; Billiards Corporation, Skokie, Illinois</u>
BASE BID	\$332,085	\$358,870
Alt. No. 1 - Synthetic Lane Surface	No Bid	No Bid
Alt. No. 2 - Install Reconditioned Pin Setters	- 24,600	- 32,170
Alt. No. 3 - Accessory Equipment	<u>12,782</u>	<u>10,872</u>
TOTAL - Base Bid and Alternate No. 3	\$344,867	\$369,742

4. U. T. Austin - Balcones Research Center - Nuclear Engineering Teaching Laboratory (Project No. 102-568): Recommended Award of Construction Contract to CIT Construction Incorporated of Texas, Stafford, Texas, and Approval of Plaque Inscription (Exec. Com. Letter 87-5).--

#### RECOMMENDATION

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

- a. Award a construction contract for the Nuclear Engineering Teaching Laboratory at the Balcones Research Center of U. T. Austin to the lowest responsible bidder, CIT Construction Incorporated of Texas, Stafford, Texas, for the Base Bid in the amount of \$2,999,000

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

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

#### NUCLEAR ENGINEERING TEACHING LABORATORY 1986

#### BOARD OF REGENTS

Jess Hay, Chairman  
Robert B. Baldwin III, Vice-Chairman  
Shannon H. Ratliff, Vice-Chairman  
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University of Texas System  
William H. Cunningham  
President, The University  
of Texas at Austin

EBASCO  
Project Engineer  
Wilson, Stoeltje, Martin  
Consulting Architect  
CIT Construction Incorporated  
of Texas  
Contractor

#### BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in April 1986, bids for the Nuclear Engineering Teaching Laboratory at the Balcones Research Center of U. T. Austin were received and opened on October 21, 1986, as shown on Page Ex.C - 49.

<u>Bidder</u>	<u>Base Bid</u>
CIT Construction Incorporated of Texas, Stafford, Texas	\$2,999,000
O'Neal Construction, Inc. Austin, Texas	3,069,000
Akin/Korte Construction Company, Inc. Austin, Texas	3,130,000
Clark Constructors, Inc. Austin, Texas	3,174,000
Warrior Builders, Inc. Houston, Texas	3,199,000
Cahaba Construction Company Houston, Texas	3,200,000
J. C. Evans General Contracting, Inc. Austin, Texas	3,418,000
Faulkner Construction Company, Austin, Texas	3,577,000

The contract award to CIT Construction Incorporated of Texas in the amount of the Base Bid of \$2,999,000 can be made within the authorized total project cost of \$5,860,700.

The total project cost of the Nuclear Engineering Teaching Laboratory is composed of the following cost elements:

Construction Cost	\$2,999,000
Purchase and Installation of Equipment	1,762,295
Fees and Administrative Expenses	533,145
Future Work (Decommissioning of existing facility in Taylor Hall)	408,140
Air Balancing	57,000
Miscellaneous Expenses	30,000
Project Contingency	<u>71,120</u>
Total Project Cost	\$5,860,700

Funds for this project have been appropriated from Permanent University Fund Bond Proceeds (\$5,385,700) and U. T. Austin Major Repair, Remodeling and Equipment Unallocated Funds (\$475,000). This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985.

5. U. T. Cancer Center - Modification and Renovation of M. D. Anderson Hospital - Phase I (Project No. 703-602): Recommended Award of Construction Contract to Linbeck Construction Corporation, Houston, Texas (Exec. Com. Letter 87-5).--

RECOMMENDATION

The Executive Committee concurs with the recommendation of President LeMaistre and the Office of the Chancellor that the U. T. Board of Regents award a construction contract for Phase I of the Modification and Renovation of M. D. Anderson Hospital at the U. T. Cancer Center to the lowest responsible bidder, Linbeck Construction Corporation, Houston, Texas, for the Base Bid and Alternate No. 1 in the amount of \$1,336,050.

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in December 1985, bids for Phase I of the Modification and Renovation of M. D. Anderson Hospital at the U. T. Cancer Center were received and opened on October 15, 1986, as set forth on Pages Ex.C 50 - 51.

<u>Bidder</u>	<u>Base Bid</u>	<u>Alt. No. 1 Breakthrough Corridors</u>
Linbeck Construction Corporation Houston, Texas	\$1,135,428	\$200,622
Lebco Constructors, Inc. Houston, Texas	1,175,004	189,000
Turner & Associates Construction, Inc. Spring, Texas	1,205,000	225,000
CIT Construction Inc. of Texas, Stafford, Texas	1,209,000	224,000
Warrior Builders, Inc. Houston, Texas	1,214,000	224,000
Wilmac Constructors, Inc. Houston, Texas	1,257,000	189,000
Hubor Construction Company Houston, Texas	1,205,363	247,399
W. J. Hessert Construction Co., Inc., Houston, Texas	1,232,000	239,000
May Construction Company, Bellaire, Texas	1,270,000	221,000
Valcon II, Inc. Houston, Texas	1,294,000	230,000
W. S. Bellows Construction Corporation, Houston, Texas	1,277,000	249,000

<u>Bidder</u>	<u>Base Bid</u>	<u>Alt. No. 1 Breakthrough Corridors</u>
IBS Contractors, Inc. Houston, Texas	\$1,349,000	\$246,000
Brae Burn Construction Company, Houston, Texas	1,335,000	261,000
Baxter Construction Co., Inc. Houston, Texas	1,371,000	255,000
Building Estimating and Construction Enterprises, Inc., Houston, Texas	1,423,000	254,000
Pyramid Constructors, Inc. Houston, Texas	1,540,000	221,000

The contract award to Linbeck Construction Corporation in the amount of \$1,336,050 can be made within the Phase I project cost of \$1,658,700. A balance of \$3,341,300 remains in the previously authorized total project cost of \$5,000,000 and will be reserved for future phases of this modification and renovation work. Recommendations for contract awards on additional phases within the authorized total project cost will be submitted for U. T. Board of Regents' consideration when bids have been received.

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

Construction Cost Phase I	\$1,336,050
Fees and Administration	223,700
Future Work (Phase I Air Balancing and Asbestos Removal)	55,000
Miscellaneous Expenses	20,950
Project Contingency	<u>23,000</u>
Total Project Cost Phase I	\$1,658,700
Available for Future Phases	<u>3,341,300</u>
Authorized Total Project Cost	\$5,000,000

Funds for this project have already been appropriated from Plant Funds Unexpended Balances. This project was approved by the Coordinating Board, Texas College and University System in January 1986.



# Finance and Audit Com.

FINANCE AND AUDIT COMMITTEE  
COMMITTEE CHAIRMAN YZAGUIRRE

Date: December 4, 1986  
Time: Following the meeting of the Executive Committee  
Place: Room 1.208, Nursing School Building  
U. T. Health Science Center - San Antonio

	<u>Page</u> <u>F&amp;A</u>
1. U. T. System: <u>Docket No. 31 of the Office of the Chancellor</u>	2
2. U. T. Board of Regents: Proposed Amendments to Regents' <u>Rules and Regulations</u> , Part Two, Chapter III, Section 2, Subsection 2.1 (Deposits with Institutional Business Office)	2
3. U. T. Board of Regents: Proposed Amendments to Regents' <u>Rules and Regulations</u> , Part Two, Chapter IV, Section 6 (Space Leases)	3

1. U. T. System: Docket No. 31 of the Office of the Chancellor.--

#### RECOMMENDATION

It is recommended that Docket No. 31 of the Office of the Chancellor be approved.

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

2. U. T. Board of Regents: Proposed Amendments to Regents' Rules and Regulations, Part Two, Chapter III, Section 2, Subsection 2.1 (Deposits with Institutional Business Office).--

#### RECOMMENDATION

The Office of the Chancellor recommends that the Regents' Rules and Regulations, Part Two, Chapter III, Section 2, Subsection 2.1 (Deposits with Institutional Business Office) be amended to read as follows:

- 2.1 Money received by all departments from all sources shall be deposited, using an official form, in the institutional business office, unless depositing directly to a special bank account has been specifically authorized by the System Comptroller. The deposits shall be daily if the receipts are \$200 [\$50] or more, and weekly even if the accumulation is less than \$200 [\$50]. Except for mail deposits authorized under Subdivisions [~~Subsections~~] 2.11 and 2.12, the deposit shall be made in person by a departmental representative to whom an official receipt is issued.
  - 2.11 Mail deposits by on-campus departments are authorized if the amount of each deposit is less than \$100 and does not contain cash (currency).
  - 2.12 Mail deposits by off-campus activities are authorized if such deposit does not contain cash (currency).

#### BACKGROUND INFORMATION

Part Two, Chapter III, Subsection 2.1 of Section 2 of the Regents' Rules and Regulations requires departments receiving money to deposit those receipts daily with the institutional business office if receipts are \$50 or more, and weekly even if accumulation is less than \$50. These dollar limitations have been in effect for many years.

It is recommended that these limits be increased from \$50 to \$200 to recognize the effects of inflation and the difficulty in making deposits from remote locations. The petty cash funds are audited regularly and increasing the limit would not cause excessive exposure to theft or loss. The only requirement in State law, Section 51.003, Texas Education Code, is that funds be deposited in the depository bank or banks within seven days from the date of collection. Thus, the dollar limitation requirement on daily deposits recommended for amendment is a University policy.

3. U. T. Board of Regents: Proposed Amendments to Regents' Rules and Regulations, Part Two, Chapter IV, Section 6 (Space Leases).--

#### RECOMMENDATION

The Office of the Chancellor recommends that the Regents' Rules and Regulations, Part Two, Chapter IV, Section 6, concerning space leases, be amended as set forth below in Congressional style:

Sec. 6. Space Leases.

- 6.1 Space leases involving buildings [and] paid from all fund sources [~~State-appropriations~~] must, by law, be approved by the State Purchasing and General Services Commission and may not extend beyond a ten-year period.
- 6.2 Proposals to the State Purchasing and General Services Commission for space leases require the advance approval of the Executive Director for Finance and Administration. The proposal must show type of space and purpose of its use, approximate number of square feet, location, whether janitor service and/or utilities will be furnished by the lessor, period of lease, and any other requirements set out by the Executive Director for Finance and Administration or the State Purchasing and General Services Commission [~~Lease-contracts-drawn-in-accordance with-such-approval-shall-be-executed-by-the Executive-Director-for-Finance-and-Administration, or-his-delegate, and-submitted-for-ratification by-the-Board-through-the-institutional-docket~~].
- 6.3 A proposal shall be approved and the lease completed prior to occupancy of any space for office, storage, or other purposes. Lease documents are to be submitted to the Board through the institutional docket procedures [~~The-proposal-must-show-type-of-space-and purpose-of-its-use, approximate-number-of square-feet, location, whether-janitor-service and/or-utilities-will-be-furnished-by-the-lessor, period-of-lease, and-any-other-requirements~~].

## BACKGROUND INFORMATION

The proposed amendments to the Regents' Rules and Regulations are necessary to conform with Article 601b, Section 6.01, Vernon's Texas Civil Statutes, which requires that State agencies desiring to lease space to carry on their functions must submit written requests to the State Purchasing and General Services Commission. Since the statute contains no exceptions to this requirement according to the funding source from which a space lease might be paid, this amendment provides for approval by the Commission of all space leases by the U. T. System, regardless of the funding source.

The State Purchasing and General Services Commission presently has no authority to delegate its statutory duties concerning leasing of space for State agencies; however, legislation may be proposed in the 70th Legislature to enable the Commission to do so.

Academic Affairs Com.

ACADEMIC AFFAIRS COMMITTEE  
COMMITTEE CHAIRMAN BALDWIN

Date: December 4, 1986  
Time: Following the meeting of the Finance and Audit Committee  
Place: Room 1.208, Nursing School Building  
U. T. Health Science Center - San Antonio

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1. U. T. System: Permanent University Fund (PUF) Bond Proceeds Capital Improvement Program - Proposed Allocation of PUF Bond Proceeds to U. T. San Antonio for Computing Equipment.--

#### RECOMMENDATION

The Office of the Chancellor concurs in President Wagener's request for an appropriation of \$545,000 from the repair and equipment reserves of the Permanent University Fund (PUF) Bond Proceeds Capital Improvement Program and the reallocation of \$395,000 in PUF Bond Proceeds previously appropriated for a microwave link to upgrade the existing mainframe computer at U. T. San Antonio.

Increased mainframe computer capacity is necessary immediately to accommodate replacement of the existing library automation systems at U. T. San Antonio. An estimated savings of \$210,000 will accrue by accomplishing the computer upgrade simultaneous with the library automation change, also enabling the institution to respond more rapidly than anticipated to other academic and administrative computer needs.

#### BACKGROUND INFORMATION

Of \$40 million from Permanent University Fund (PUF) Bond Proceeds allocated for equipment and repair/renovation in FY 1986 and FY 1987 in the six-year Capital Improvement Program approved by the U. T. Board of Regents in October 1985, \$1,335,000 remains in reserve for needs unanticipated at the time the program was approved. No allocations have yet been appropriated from this reserve.

U. T. San Antonio has need for increased computing capacity in both the academic and administrative areas. The most cost effective solution to these needs is to replace the existing administrative computer with a higher capacity mainframe and to use the existing administrative computer to increase computing capacity for academic programs.

The institution had anticipated including this request as a top priority item in the next iteration of the Capital Improvement Program request (FY 1988/1989). However, the immediate need to replace the existing library automation system advances the timetable for this proposed acquisition. Additionally, by staging both the library automation and mainframe acquisition simultaneously, a cost savings of over \$210,000 in capital costs coupled with significant operational cost savings can be effected.

The current U. T. San Antonio library automation system was installed soon after the institution was created in 1969. That system is quite dated, is incompatible with library automation systems planned or installed at other U. T. components, is in risk of serious failure without a backup system and is virtually unrepairable. A replacement system, to be funded with \$300,000 from the PUF Bond Proceeds library automation fund and that is comparable to the systems being installed at other U. T. component institutions, is planned for installation in early 1987. However, unless the computer upgrade is accomplished at the same time, the purchase of a stand alone computer for library automation will be required at the additional cost of over \$200,000.

The total cost of the requested new computer acquisition is \$940,000. However, the institution considers this need to be of such an emergency nature that they are requesting reallocation of \$395,000 previously allocated by the U. T. Board of Regents for a microwave link purchase, thereby requiring an additional allocation of only \$545,000. The microwave link will be resubmitted for consideration in future allocations from PUF Bond Proceeds for capital improvement projects.

The estimated capacity upgrade project costs are as follows:

IBM 4381-P14	\$570,000
Disk subsystem upgrade	315,000
Terminal installation and other facility changes	<u>55,000</u>
	\$940,000

2. U. T. Arlington: Proposed Geriatric Clinic Services Agreement with Collin County, Texas.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Nedderman that the U. T. Board of Regents approve the proposed Geriatric Clinic Services Agreement with Collin County, Texas, as set out on Pages AAC 5 - 15, whereby the U. T. Arlington School of Nursing will provide limited nursing services in Collin County Health Department facilities to eligible geriatric patients with cost reimbursement according to a prescribed schedule from Medicare or Collin County.

#### BACKGROUND INFORMATION

Collin County, Texas, desires to provide certain nursing services to its citizens as part of its indigent care plan. U. T. Arlington's School of Nursing has negotiated with the Collin County Commissioners' Court to provide various nursing services to indigent, geriatric patients of the County. The School of Nursing will be paid according to a set schedule of fees for services. The term of the contract is for one year and Collin County has agreed to pay U. T. Arlington fees of \$10 per quarter hour per patient visit for nurses' professional services, as well as \$40 per physical examination, \$2 per blood pressure check, and \$40 per hour for counseling and education services. Laboratory charges will be reimbursed separately according to average Medicare payment for such services.

Specific training benefits will accrue to the U. T. Arlington School of Nursing under terms of this agreement without additional institutional expenses being incurred. The Office of General Counsel has reviewed this proposed agreement and concurs in its approval.

GERIATRIC CLINIC SERVICES AGREEMENT

This Agreement is entered into on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, by and between Collin County, Texas, a political subdivision of the State of Texas ("County"), and The Board of Regents of The University of Texas System on behalf of The University of Texas at Arlington (the "School").

RECITALS.

1. The County desires to provide certain of the residents of Collin County with Geriatric Clinic Services.
2. Collin County, Texas, has formed Collin County Health Care Foundation in order to assist it in providing health care services to its Eligible Residents by investing proceeds from the sale of Collin Memorial Hospital and paying for the costs of such health care.
3. The School is willing to provide Geriatric Clinic Services upon the terms and subject to the conditions set forth herein.

Therefore, the parties agree as follows:

Section 1 -- Definitions.

- 1.01 Geriatric Clinic Services. The term "Geriatric Clinic Services" shall mean the following nursing services within the legal scope of nursing provided to Geriatric Persons
- (a) physical examinations,
  - (b) management of episodic health problems;
  - (c) referrals to appropriate health care resources for diagnostic and prescriptive services;
  - (d) health and lifestyle management education aimed at health promotion and prevention of health problems; and
  - (e) with the approval of the Collin County Health Department Director, group classes in the areas of (i) prevention of avoidable illness, disability and premature death, and (ii) risk reduction focusing on smoking cessation, hypertension control, weight and stress management, and physical fitness.

- 1.02        Geriatric Person. The term "Geriatric Person" shall mean any person defined by the County as an Eligible Resident and a Geriatric Person.
- 1.03        Eligible Resident. The term "Eligible Resident" shall mean any person who (a) has been classified by the County as an indigent, and (b) is a resident of Collin County. This definition is adopted solely for the purpose of providing Geriatric Clinic Services under this Agreement and does not constitute a definition of an Eligible Resident or Pauper for any other purpose.
- 1.04        Eligibility Document. The term "Eligibility Document" shall mean the identification card, certificate, or other document issued by the County to an Eligible Resident as evidence of that person's eligibility for Geriatric Clinic Services under the terms of this Agreement.
- 1.05        Working Day. The term "Working Day" shall mean a normal working day, i.e., Monday through Friday of each calendar week, exclusive of federal, state and county holidays.
- 1.06        County Auditor. The term "County Auditor" means the Collin County auditor, the person performing the duties of the County Auditor as provided in articles 1645, et seq., Tex. Rev. Civ. Stat. Ann.
- 1.07        Plan Administrator. The term "Plan Administrator" means the person employed by the Board of Trustees of the Collin County Health Care Foundation (the "Foundation") to administer the program to pay for Health Care Services provided by Collin County.

**Section 2 -- Term.**

- 2.01        Term. The term of this Agreement shall commence on the 1st day of November, 1986, and shall continue in full force and effect for a period of one (1) year. This Agreement shall be automatically renewed annually for an additional one (1) year term without the necessity of any action by the parties. Either party may elect not to renew this Agreement by giving written notice at least ninety (90) days prior to the end of the original term or any renewed term.

2.02 Termination. Either party may terminate this Agreement by giving one hundred eighty (180) days written notice to the other party.

**Section 3 -- By Whom Services to be Provided.**

The Geriatric Services to be provided under this Agreement shall be provided by the School's graduate geriatric nurse practitioner faculty or by the supplemental staff. All persons providing services under this Agreement shall be Registered Nurses licensed by the State of Texas.

**Section 4 -- Services.**

4.01 Services to be Provided. The School agrees that it shall provide Geriatric Clinic Services to Geriatric Persons who have been certified by the County as eligible for such services.

4.02 How Services to be Provided. The services to be provided under this Agreement shall be provided on an appointment basis at the Collin County Health Department examination rooms as routinely maintained by the County. The School's clinic at the Collin County Health Department shall be open during normal working hours (at least 8:00 a.m. to 5:00 p.m.) and devoted exclusively to providing services under this Agreement at least two working days during each month.

4.03 Procedure for Providing Service. The County will make a determination of the eligibility of prospective patients to receive Geriatric Clinic Services under this Agreement. The County will specifically authorize the School in writing to provide Geriatric Clinic Services to an Eligible Resident by providing the School with an appointment list of Geriatric Persons showing the name of the person and the appointed time for providing services to that person. Prior to providing services under this Agreement, the School shall require the prospective patient to present a valid Eligibility Document issued to the prospective patient by the County. The School shall use its best efforts, such as by requesting an additional source of identification, to verify that the person presenting an Eligibility Document and who appears at an appointed time for services is the person listed on the document.

4.04 Services Outside the Scope of Nursing. If a Geriatric Person requires services outside of the scope of nursing (such as prescriptive services), the School shall refer such person to the Collin County Health Department physician designated by the County.

4.05 Changes in Location. The School agrees that the services to be provided under this Agreement shall be provided by the School at its clinic located at the Collin County Health Department. The School agrees that the location of the clinic will not be changed without the prior written consent of the County. County will give School thirty (30) days notice prior to County's changing the clinic location.

Section 5 -- Compensation.

5.01 Geriatric Services Payment Standard. With the exception of the services for which a specific charge is set forth herein, the County agrees to pay the School for Geriatric Services provided under this Agreement at a rate of \$10.00 per quarter hour of a nurse's time expended in providing services; provided however, that the total amount charged by the School for nursing services per patient visit shall be at least \$10.00 but shall not exceed \$40.

5.02 Payment Standard for Specific Services.

(a) Charges for specific services shall be as follows:

Physical examination	--	\$40.00
Blood pressure check	--	\$ 2.00
Counseling/Education	--	\$40/hour

(b) Laboratory charges covered by Medicare, if any, shall be billed by the School directly to Medicare. If the Geriatric Person is not eligible for Medicare, the County agrees to reimburse the School for laboratory charges at the same rate as the average Medicaid payment for such services. If the laboratory test performed is not listed in the Medicaid program, the County agrees to reimburse the School for the amount billed by the provider if the provider certifies in writing that the amount billed is consistent

with the amount the provider charges all other patients for that test.

- (c) The County agrees to reimburse the School for laboratory charges of the type not covered by Medicare at the same rate as the average Medicaid payment for such services. If the laboratory test performed is not listed in the Medicaid program, the County agrees to reimburse the School for the amount billed by the provider if the provider certifies in writing that the amount billed is consistent with the amount the provider charges all other patients for that test.

5.03 Home Visits. The School may provide services of the type covered by this Agreement at the Geriatric Person's home. However, any such services in the home shall be provided at the School's sole expense.

5.04 Limitations on Liability.

- (a) The County's liability for payments for Geriatric Clinic Services provided under this Agreement is subject to the limitation that County liability for services may not exceed payment for a total of 30 days (cumulative) in the county fiscal year for hospital and/or skilled nursing facility care, or a combination of both, or a maximum payment of \$30,000 during a county fiscal year for all mandatory services provided by all providers to an Geriatric Person, whichever comes first.
- (b) In computing the amounts the School will charge the County for Geriatric Clinic Services provided under this Agreement, the School may not include the following:
  - (1) any amount for Geriatric Clinic Services provided to a person who receives or is entitled to receive, assistance for Geriatric Clinic Services from a third party insurer or under a governmental program;
  - (2) any amount for services provided to a person who is not an Geriatric Person or for services not covered by this Agreement;

- (3) any amount with respect to which the procedures set out in Section 4 of the Agreement are not followed;
- (4) any amount for services provided in a period during which the person's Eligibility Document indicates that the person is ineligible for Geriatric Clinic Services;
- (5) any amount for services provided after the County has notified the School by telephone or in writing that such person's Eligibility Document is no longer valid. A telephone notification that a person's Eligibility Document is no longer valid shall be confirmed in writing by the County within five (5) Working Days of the telephone notification. If a prospective patient presents an Eligibility Document which the School has been notified by the County is invalid, the School shall request the holder of the Eligibility Document to surrender it and shall send any such surrendered documents to the County.

**Section 6 -- Billing.**

6.01 Presentation of Charge Slips. The School shall use charge slip forms provided to it by the County to record the services provided under this Agreement. Charge slips will be itemized to identify the name of the patient to whom services were provided, the type of service provided, the date or dates when service was provided, the amount of time spent by a School nurse in providing the service, and shall contain such other information as the County may from time to time request. At the end of each working day on which a clinic is held under section 4 of this Agreement, the School shall transfer to the Plan Administrator charge slips for all services provided pursuant to this Agreement on that day. The County shall not be responsible for payment of charge slips presented more than ninety (90) days after the date of service.

6.02 Approval of Charge Slips. After review, the Plan Administrator shall submit his recommendations on the charge slips to the County Auditor for audit, approval and presentation



to the Collin County Commissioners Court. The charge slips will be presented at the next regularly scheduled meeting of the Commissioners Court after submission of the charge slips by the County Auditor, but shall not be submitted to the Commissioners Court more often than once per month. Charge slips submitted shall be approved by the County Auditor and the Commissioners Court prior to payment. In the event that any charge slips submitted by the School should contain charges which the County believes may not be eligible for reimbursement, the County shall pay the portion of the charge slips which is not disputed. Payment of the approved portion of the charge slips shall be made within five (5) Working Days of the Commissioners Court meeting at which payment is approved.

6.03 Disputed Charge Slips. If the County determines, in good faith, that a patient for whom the School has charged the County was not an Geriatric Person pursuant to this Agreement or that services billed are not covered by this Agreement, the County Judge shall notify the School of this determination within thirty (30) days of the presentation of the charge slips.

Within twenty (20) days after the end of each calendar quarter, a representative designated by the School and the Plan Administrator shall meet to negotiate the amounts in dispute. Amounts agreed upon shall be presented and paid as provided for in this Section. The parties shall be free to pursue any appropriate remedy with respect to amounts still in dispute thirty (30) days after the second meeting between the the School's representative and the Plan Administrator.

6.04 Disallowance of Charges. Except as provided in Sections 5 and 6, and except in cases of fraud, misrepresentation or clerical error, the County shall have the right to disallow payments to the School only if the patient for whom the School submits a charge slip is not a Geriatric Person as that term is defined in this Agreement or if the services provided are not covered by this Agreement.

6.05 Refunds. If any person to whom services have been provided under this Agreement is later determined to be eligible for

participation in the Medicaid or Medicare programs or for coverage by any other third-party payor, amounts received by the School from the County for services provided to that person since the date that the person is eligible for Medicaid, Medicare or third-party coverage shall be credited to the County. The Commissioners Court shall deduct such amounts previously paid to the School from subsequent charge slip billings. County shall not pay the final charge slip billing under this Agreement until all credit adjustments have been made.

**Section 7 -- Availability of Records.**

7.01 Review by County. The School agrees to maintain and make available for inspection by the County upon request, consistent with personal privacy and subject to the limitation of state law, any and all records necessary to document the School's provision of services to Geriatric Persons under this Agreement. The County and the School agree to maintain the confidentiality of household information.

7.02 Review by State or Federal Agencies. The records described in Section 7.01 above shall be maintained at the Collin County Health Department and shall be available for inspection by the School and the County. Any records regarding provision of services shall be made available by the School for inspection and audit by the Texas Department of Human Resources in that Department's determination of the County's eligibility for financial assistance under the Indigent Health Care and Treatment Act and to the extent required by state or federal law imposed on the School, the Foundation, or Collin County.

**Section 8 -- Insurance.**

The parties agree that the School shall be an independent contractor and not an employee of the County under this Agreement. The School shall require all nurses employed by the School to provide services under this Agreement to maintain and show evidence of holding adequate professional liability insurance.

**Section 9 -- Nondiscrimination Policy.**

The School agrees to make Geriatric Clinic Services available to persons eligible to receive such services under this Agreement without discrimination on the grounds of race, color, national origin, or creed.

**Section 10 -- Legal Action by the School.**

This Agreement shall not restrict in any way the School's right to pursue any recourse it may have, including, but not limited to, legal action against any persons who are not Geriatric Persons for amounts owed to the School as the result of Geriatric Clinic Services provided by the School.

**Section 11 -- Amendment.**

This Agreement shall not be amended or modified other than in a written agreement signed by all parties hereto or by their authorized representatives.

**Section 12 -- Controlling Law.**

This Agreement shall be deemed to be made under, governed by, and construed in accordance with, the laws of the State of Texas.

**Section 13 -- Notices.**

All written communications provided for hereunder shall be deemed to be given when delivered in person or deposited in the United States Mail, First Class, Registered or Certified, Return Receipt Requested, with proper postage prepaid addressed as follows:

- (a) If to the School, address to:

Board of Regents  
The University of Texas System  
201 W. 7th Street  
Austin, Texas 78701  
ATTN: Arthur H. Dilly, Executive Secretary

Office of the President  
The University of Texas at Arlington  
P.O. Box 19125  
Arlington, Texas 76019  
ATTN: Dr. Wendell H. Nedderman, President

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

(b) If to the County, address to:

County Judge  
Collin County Courthouse  
210 S. McDonald  
McKinney, Texas 75609

with a copy to:

Plan Administrator  
Collin County Health Care Foundation  
Collin County Courthouse  
210 S. McDonald  
McKinney, Texas 75609

(c) If to the Foundation, address to:

Plan Administrator  
Collin County Health Care Foundation  
Collin County Courthouse  
210 S. McDonald  
McKinney, Texas 75609

with a copy to:

County Judge  
Collin County Courthouse  
210 S. McDonald  
McKinney, Texas 75609

or to such other address as may from time to time be specified in a notice given as provided in this Section 14.

**Section 14 -- Captions.**

The headings to the various sections of this Agreement have been inserted for convenient reference only and shall not modify, define, limit or expand the express provisions of this Agreement.

**Section 15 -- Counterparts.**

This Agreement may be executed in counterparts, each of which, when taken separately, shall be deemed to be an original.

**Section 16 -- Assignability.**

Neither this Agreement nor any duties or obligations hereunder shall be assignable by the School or by the County without the prior written consent of the other party.

**Section 17 -- Obligations of Condition.**

All obligations of each party under this Agreement are conditions to further performance of the other party's continued performance of its obligations under the Agreement.

**Section 18 -- Exclusive Right to Enforce this Agreement.**

The County and the School have the exclusive right to bring suit to enforce this Agreement and no other party may bring suit, as a third party beneficiary or otherwise, to enforce this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

SCHOOL

APPROVED AS TO FORM:

The Board of Regents of The University of Texas System on behalf of The University of Texas at Arlington

BY:

Office of General Counsel  
University of Texas System

BY:

Dr. James P. Duncan  
Executive Vice Chancellor  
for Academic Affairs  
University of Texas System

RECOMMENDED FOR APPROVAL

BY:

Dr. Wendell H. Nedderman  
President  
The University of Texas  
at Arlington

COUNTY

APPROVED AS TO FORM:

Collin County, Texas

BY:

Title:

Certificate

I, Arthur H. Dilly, Executive Secretary to the Board of Regents of The University of Texas System, do hereby certify that the foregoing Agreement was approved by the Board of Regents at its meeting of December \_\_\_\_\_, 1986, and that the persons executing the Agreement on behalf of the Board have been authorized by the Board to do so.

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

3. 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 Cunningham's recommendation to approve the following appointments to endowed academic positions in U. T. Austin's College of Engineering effective as indicated:

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Fred W. Glover, John King Professorial Chair of Management Science and Information Systems, University of Colorado	Third Cockrell Family Regents Chair in Engineering, established February 1985; initial holder; effective January 16, 1987
Dr. Ferdinand Freudenstein, Stevens Professor of Mechanical Engineering, Columbia University	Judson S. Swearingen Regents Chair in Engineering, established February 1985; initial holder; for the period March 1-15, 1987 only
Dr. Robert J. Blackwell, Senior Research Scientist, Exxon Production Research, retired	Frank W. Jessen Professorship in Petroleum Engineering, established April 1981; effective January 16, 1987; for the Spring 1987 Semester only

BACKGROUND INFORMATION

Dr. Glover's appointment as Professor at U. T. Austin has been approved for the Spring Semester effective January 16, 1987. Dr. Glover is internationally recognized for his scholarly and professional contributions to the study of discrete systems. Awards he has received include the International Management Science Achievement Award, Institute of Management Sciences College of Practice; the National Award for the Best Application of Decision Science Theory, Institute of Decision and Information Sciences; and the National Decision Science Instructional Award, American Institute of Decision Science and Alpha Iota Delta. Dr. Glover has authored or coauthored more than 160 refereed research articles in major journals, has served as a consultant for more than seventy government agencies and industrial firms, and has served on the editorial boards of several scholarly journals. He is a frequent speaker at international and national professional meetings and is an Institute of Constructive Capitalism Senior Research Fellow at U. T. Austin.

Dr. Freudenstein's appointment as Visiting Professor at U. T. Austin has been approved for the period of March 1 - 15, 1987. Dr. Freudenstein is nationally recognized for his contributions to the study of mechanical systems and robotics. He has been a faculty member at Columbia University since 1954 and is a member of the National Academy of Engineering, the American Society of Mechanical Engineers, and the New York Academy of Sciences. Dr. Freudenstein has authored or coauthored more than 100 scholarly articles and is a member of the Honorary Editorial Board of the Journal of Mechanisms and Machine Theory. He is frequently

invited to present lectures at universities and research institutes throughout the United States and has provided consulting services to such companies as Bell Telephone, General Motors, Gulf & Western, and IBM.

Dr. Blackwell's appointment as Visiting Professor at U. T. Austin has been approved for the Spring Semester 1987 effective January 16, 1987. Dr. Blackwell is internationally recognized for his expertise in the areas of petrophysics, enhanced oil recovery, and reservoir engineering. He was a Senior Research Scientist at Exxon Production Research from 1954 to 1986 where he held the highest scientific position in the company until his retirement earlier this year. Dr. Blackwell has registered seven patents and is the author or coauthor of numerous scholarly articles. He is a member of the American Institute of Physics and the Society of Petroleum Engineers (SPE) and was named a "Pioneer of Enhanced Oil Recovery" by the SPE in 1986. Dr. Blackwell frequently is a technological consultant to professional societies, government agencies, and international study groups and is an excellent teacher. He currently serves on the U. T. Austin Department of Chemistry Visiting Committee.

4. U. T. Austin: Request for Exception to Part One, Chapter III, Section 31, Subsection 31.1 of the Regents' Rules and Regulations (Retirement and Modified Service).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's request for an exception to Part One, Chapter III, Section 31, Subsection 31.1 of the Regents' Rules and Regulations relating to retirement and modified service to permit the full-time employment beyond the mandatory retirement age of Dr. William W. Cooper, Acting Chairman of the Department of General Business at U. T. Austin, for the 1986-87 Spring Semester only.

#### BACKGROUND INFORMATION

Dr. William W. Cooper, who is 73, was appointed on a half-time basis (modified service) as Acting Chairman of the Department of General Business for the 1986-87 academic year only while a search for a new Chairman was extended. During the Spring Semester 1987, the institution proposes to increase his responsibilities to include teaching at least one course in the Graduate School of Business, resulting in a change from half-time to full-time employment. The current Regents' Rules and Regulations prohibit full-time service beyond the year in which the individual reaches age 70.

Dr. Cooper, Professor of General Business, Accounting, and Management and the Nadya Kozmetsky Scott Centennial Fellow, joined the U. T. Austin Graduate School of Business in 1980. Prior to 1980, Dr. Cooper had served with distinction as a faculty member and administrator at Carnegie-Mellon University and Harvard University.

5. U. T. Austin: Recommendation to Name Room in the Pharmacy Building (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to name Room 5.112H in the Pharmacy Building at U. T. Austin the Generations Club Conference Room. This recommendation is in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

#### BACKGROUND INFORMATION

At its December 1985 meeting, the U. T. Board of Regents approved the naming of facilities other than buildings as part of a special private fund development campaign for the College of Pharmacy, in accordance with Part One, Chapter VII, Section 2, Subsection 2.44 of the Regents' Rules and Regulations.

The Generations Club in the College of Pharmacy has been a generous benefactor and friend to the Pharmaceutical Foundation Advisory Council. This club identifies and recognizes parental generation pharmacists who are alumni of U. T. Austin's College of Pharmacy.

6. U. T. Austin: Recommendation to Name Room in Waggener Hall in the College of Liberal Arts (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to name the Department of Philosophy Conference Room 316A in Waggener Hall at U. T. Austin the David L. Miller Conference Room. This recommendation is in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

#### BACKGROUND INFORMATION

Professor Emeritus David L. Miller, deceased, was a faculty member in the Department of Philosophy from 1934 until his retirement in 1978. During his distinguished career at U. T. Austin, Dr. Miller authored several books and numerous articles and supervised many graduate students. He served as President of the Southwestern Philosophical Society and was awarded the Alexander von Humbolt Award of the German Federal Republic in 1969. The naming of this room is to recognize his significant service to U. T. Austin.



7. U. T. Austin: College of Fine Arts Foundation Advisory Council - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED).--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Cunningham for approval of the nomination of Mrs. Tom B. Rhodes, civic leader, Dallas, Texas, to the U. T. Austin College of Fine Arts Foundation Advisory Council for a two-year term expiring in 1988.

BACKGROUND INFORMATION

The above nomination is to an unfilled vacancy on the Advisory Council.

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

8. U. T. Austin: Proposed Memorandum of Understanding with the City of Austin and the Board of Regents of The Texas A&M University System.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Cunningham that the U. T. Board of Regents approve the Memorandum of Understanding among the City of Austin, The University of Texas at Austin, and the Board of Regents of The Texas A&M University System set out on Pages AAC 20 - 29. This agreement outlines conditions for cooperation among these entities for research in environmental engineering and science and establishes a Center for Environmental Research in facilities to be constructed by the City of Austin.

BACKGROUND INFORMATION

The City of Austin is developing new facilities at the City's Hornsby Bend Facility in Travis County, Texas, and has invited The University of Texas at Austin and a unit of The Texas A&M University System to assist the City to cooperatively develop research in environmental engineering and science. The City will provide, at no charge to the universities, space in the new facilities for a Center for Environmental Research wherein will be housed various laboratory facilities. The universities will apply, either jointly or separately, for grant or contract funds for municipal environmental research programs. Any grant or other funds will remain under the control of the respective universities. All parties will have representation on the Center's Management Committee. A Technical Advisory Committee will advise on research needs and priorities.

The Office of General Counsel has reviewed and concurs in approval of this proposed agreement.

MEMORANDUM OF UNDERSTANDING

BETWEEN THE CITY OF AUSTIN,  
THE UNIVERSITY OF TEXAS SYSTEM,  
AND THE TEXAS A&M UNIVERSITY SYSTEM  
ESTABLISHING  
THE CENTER FOR ENVIRONMENTAL RESEARCH

On this \_\_\_\_\_ day of \_\_\_\_\_, 1986, the City Council of the City of Austin, Texas, (hereinafter sometimes referred to as the City of Austin) the Board of Regents of The University of Texas System, and the Board of Regents of The Texas A&M University System (hereinafter sometimes referred to as "the higher education parties") hereby reduce to writing their mutual understanding concerning future cooperative research endeavors in environmental engineering and science, and herein agree to jointly establish a Center for Environmental Research.

RECITALS

WHEREAS, the Austin City Council, the Board of Regents of The University of Texas System, and the Board of Regents of The Texas A&M University System, each recognize the existence of a gap in current environmental management technology, and limits in current opportunities for applied research in environmental engineering and sciences; and

WHEREAS, the Austin City Council, the Board of Regents of The University of Texas System, and the Board of Regents of The Texas A&M University System, desire to establish a Center for Environmental Research at Austin, Texas; and

WHEREAS, the Austin City Council, the Board of Regents of The University of Texas System, and the Board of Regents of The Texas A&M University System, desire to establish a Management Committee to oversee the administrative needs of the Center for Environmental Research; and

WHEREAS, the Austin City Council, the Board of Regents of The University of Texas System, and the Board of Regents of The Texas A&M University System desire to form a Technical Advisory Committee to provide guidance and insight concerning research needs and recommended programs for the Center for Environmental Research; Now, Therefore,

BE IT UNDERSTOOD BY THE CITY COUNCIL OF AUSTIN, TEXAS, THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, AND THE BOARD OF REGENTS OF THE TEXAS A&M UNIVERSITY SYSTEM, AS FOLLOWS:

Section I. Name

The name of this organization shall be The Center for Environmental Research ("the Center").

Section II. Location

The Center shall be located at the City of Austin Hornsby Bend Facility in Travis County, Texas.

Section III. Management Committee

The Management Committee shall consist of two (2) representatives each from the City of Austin, The University of Texas at Austin and the The Texas Engineering Experiment Station. The Management Committee shall develop rules, bylaws, and procedures for the Center and shall meet at least twice per year. The Management Committee shall elect a chairperson at the first meeting in each calendar year. Regular meetings of the Management Committee shall be called by the Chairperson or by a majority (four [4]) of the members. The Committee shall make recommendations with respect to such other matters as the Director may request. Special meetings of the Management Committee may be requested by the Director and may be called only with the concurrence of four (4) committee members. A quorum of the Management Committee shall consist of at least four (4) members with both higher education parties and the City represented.

Bylaws and rules developed and approved by the Management Committee shall be consistent with all applicable ordinances, laws, and rules which govern the affairs of the City of Austin, The University of Texas System, and the The Texas A&M University System. All contracts and obligations to conduct research at the Center, oral or written, must be approved by the Management Committee.

#### Section IV. Center Director

The Director shall be a City of Austin employee, appointed by the City Manager of Austin, Texas, after consultation with the Management Committee. The Director shall coordinate all activities of the Center with the operation of other City of Austin facilities, and shall implement the policies established for the Center by the Management Committee.

The Center Director shall provide to the Management Committee an annual report which summarizes the activities of the Center and identifies research needs and priorities. This report shall be based, in part, on the assessment of and recommendations for the Center, as determined by the Technical Advisory Committee.

#### Section V. Technical Advisory Committee

A Technical Advisory Committee shall be appointed. The Technical Advisory Committee shall:

1. Identify research needs and recommend priorities.
2. Assist the Management Committee in developing research opportunities.
3. Provide advice and consultation to the Management Committee regarding research activities.
4. Review the research accomplishments of the Center on an annual basis.

The members of the Technical Advisory Committee shall be appointed for a period of one year for a normal period of service of three (3) years. It is the intent of the Management Committee that approximately one-third (1/3) of the membership of the Technical Advisory Committee shall be replaced each year.

The Technical Advisory Committee shall consist of representatives as follows:

1. One (1) person designated by The University of Texas System.
2. One (1) person designated by The Texas A&M University System.
3. One (1) person designated by the Texas Department of Health.
4. One (1) person designated by the Texas Water Commission.
5. Three (3) persons designated by the City Council of Austin, Texas.
6. Three (3) persons designated as representatives of the private sector by the Management Committee.
7. Five (5) persons designated as municipal representatives by the Management Committee.

The Technical Advisory Committee shall be chaired by the representative from the Texas Water Commission, and co-chaired by a representative from one of the municipalities elected by the Technical Advisory Committee.

The Technical Advisory Committee shall meet at least once per year.

Section VI. Responsibilities of the City of Austin

The City of Austin shall make land available at the Hornsby Bend Facility for the use of the Center. The City shall provide office and laboratory space at Hornsby Bend at no cost to the higher education parties to meet the needs of the Center to the extent that those needs may be addressed in building already planned by the City.

Section VII. Responsibilities of the Higher Education Parties

The higher education parties shall be responsible for soliciting support for and conducting municipal environmental research programs. The higher education parties may either jointly or separately apply for grants and other funds to support municipal environmental research projects. Any grants or other funds received shall remain under the control of the higher education party or parties. Research efforts sponsored or funded by the City of Austin shall be managed and controlled according to all applicable rules, procedures, and ordinances of the City of Austin, Texas.

Neither The University of Texas System nor The Texas A&M University System shall, by entering into this Memorandum of Understanding, assume or become liable for any of the obligations, liabilities or debts of the City of Austin.

This Memorandum of Understanding is not intended by the parties to be any kind of lease or other rental by The University of Texas System or The Texas A&M University System of space owned by the City of Austin.

Section VIII. Expenses

The Austin City Council, the Board of Regents of The University of Texas System, and the Board of Regents of The Texas A&M University System, shall each cover its own expenses in regards to the Center for Environmental Research.

The higher education parties shall expend funds only in full conformance with all rules and regulations which govern the conduct of their business affairs. Indirect costs earned on research grants and contracts awarded to the higher education parties shall remain with the awardee.

Section IX. Affiliations and Future Programs

This Memorandum of Understanding does not bar nor prohibit any party or parties from entering into future written affiliations or agreements for their mutual benefit.

Section X. Limitation of Memorandum of Understanding

This Memorandum of Understanding serves as a written statement of understandings previously arrived at and does not bind the parties beyond the terms and conditions outlined herein. Any subsequent agreements shall be reduced to writing and may be executed by appropriate officials of the parties, and may or may not incorporate the terms of this Memorandum of Understanding.



This Memorandum of Understanding shall be effective from the date signed by all parties and shall continue upon the mutual consent and agreement of each of the three (3) parties. This Memorandum is duly executed in triplicate originals by the signatures of the authorized representatives of the three (3) participating parties.

APPROVED AS TO FORM:

CITY OF AUSTIN, TEXAS

BY: \_\_\_\_\_  
Assistant City Attorney

BY: \_\_\_\_\_  
Frank C. Cooksey  
Mayor

APPROVED AS TO FORM:

THE TEXAS A&M UNIVERSITY  
SYSTEM

BY: \_\_\_\_\_  
James B. Bond  
Deputy Chancellor for Legal  
and External Affairs

BY: \_\_\_\_\_  
Perry L. Adkisson  
Chancellor

BY: \_\_\_\_\_  
Herbert H. Richardson  
Director  
Texas Engineering Experiment  
Station

THE BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM  
ON BEHALF OF THE UNIVERSITY  
OF TEXAS AT AUSTIN

APPROVED AS TO FORM:

BY: \_\_\_\_\_  
Office of General Counsel  
University of Texas System

BY: \_\_\_\_\_  
Dr. James P. Duncan  
Executive Vice Chancellor  
for Academic Affairs  
University of Texas System

RECOMMENDED FOR APPROVAL

BY: \_\_\_\_\_  
Dr. William H. Cunningham  
President  
University of Texas at  
Austin

CERTIFICATE OF APPROVAL BY THE  
CITY OF AUSTIN

I hereby certify that the foregoing Memorandum of Understanding was approved by the City Council of the City of Austin on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, and that the person whose signature appears above is authorized to execute such agreement on behalf of the City Council.

\_\_\_\_\_  
James E. Aldridge  
City Clerk

CERTIFICATE OF APPROVAL BY THE  
TEXAS A&M UNIVERSITY SYSTEM

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

\_\_\_\_\_  
Executive Secretary  
The Board of Regents of The  
Texas A&M University System

CERTIFICATE OF APPROVAL BY THE  
UNIVERSITY OF TEXAS SYSTEM

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

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

9. U. T. Dallas: Request for Approval of a Second-Year Leave of Absence for the 1987 Calendar Year (Subsection 16.3, Section 16, Chapter III, Part One of the Regents' Rules and Regulations).--

RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's request for approval to grant a second-year leave of absence, without pay, to Dr. Margaret F. Barton, Assistant Professor in the School of Social Sciences at U. T. Dallas, for the 1987 calendar year.

BACKGROUND INFORMATION

Dr. Barton has been on leave since January 1986 conducting full-time research related to the Political Economy Program at U. T. Dallas. She has asked to remain in London to attend the Sloan Programme at the London Graduate School of Business Studies and to complete work she has undertaken. Dr. Barton's educational and research activities will enhance her subsequent contributions on return to the School of Social Sciences and justifies the granting of a second leave of absence in accordance with Subsection 16.3, Section 16, Chapter III, Part One of the Regents' Rules and Regulations.

10. U. T. Dallas: Recommendation to Name a Room in the Founders Building (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's recommendation to name the library conference room of the Center for Space Sciences in the Founders Building at U. T. Dallas the David W. Canham, Jr. Library and Conference Room, in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

BACKGROUND INFORMATION

Mr. David W. Canham, Jr., deceased, served U. T. Dallas and its predecessor, the Southwest Center for Advanced Studies, from 1964 through 1977 as Executive Officer of the Earth and Planetary Sciences Laboratory and later as the Director of Sponsored Projects. He was a retired Navy Commander whose active duty assignments included command of a task force established to build and operate air facilities in Antarctica to support activities associated with the International Geophysical Year.

Memorial gifts totalling more than \$2,500 have been received to be used to improve the existing facilities and collection.

11. U. T. El Paso: Proposed Appointment to the Richard M. Dudley and Frances M. Dudley Memorial Professorship Effective January 16, 1987.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation that Dr. William C. Herndon, Dean of the College of Science and Professor of Chemistry, be appointed as initial holder of the Richard M. Dudley and Frances M. Dudley Memorial Professorship at U. T. El Paso effective January 16, 1987, for a five-year renewable term.

#### BACKGROUND INFORMATION

Dr. Herndon earned a B.S. in Chemistry and Mathematics in 1954 from Texas Western College, now U. T. El Paso. He has held an appointment of Professor of Chemistry at U. T. El Paso since 1972 and formerly held faculty appointments at the University of Mississippi, Florida Atlantic University, Texas Technological University, and Columbia University. Dr. Herndon is active in professional and technical societies including the National Science Foundation and has served on the editorial boards of several scholarly journals.

The Richard M. Dudley and Frances M. Dudley Memorial Professorship was established by the U. T. Board of Regents in December 1985, with a bequest from the Estate of Marion J. Purdy. Distributions received to date total \$96,645.47 and accrued interest has increased the principal balance to \$103,158.33, sufficient to fully fund and activate the Professorship. An additional final distribution is due from the Estate at a future date.

12. U. T. El Paso: Recommendation for Approval to Increase the Student Services Fee (Compulsory) Effective with the Spring Semester 1987 (Catalog Change).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation that the U. T. Board of Regents approve an increase in the Student Services Fee (Compulsory) at U. T. El Paso from \$6.50 per semester credit hour, with a maximum of \$78 for any one semester, to \$7.50 per semester credit hour, with a maximum of \$90 for any one semester, to be effective with the Spring Semester 1987.

#### BACKGROUND INFORMATION

The fee increase proposed has been unanimously endorsed by a student services fee advisory committee at U. T. El Paso composed of students, faculty, and staff. The increase in the fee has been recommended in order to maintain the Union operation at an appropriate level and to assure adequate funding for other student service programs.

If this recommendation is approved, the Minute order will reflect that the next catalog published will conform to this action.

13. U. T. El Paso: Recommendation to Rename Room in the Union Building (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to rename the Union Suite in the Union Building at U. T. El Paso the Templeton Suite. This recommendation is in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

#### BACKGROUND INFORMATION

Dr. A. B. Templeton served as President of U. T. El Paso from 1972 to 1980. Each of the former presidents of U. T. El Paso has been honored by the naming of a meeting room in the Union Building in recognition of their contributions to the growth of the institution. To continue this tradition, the Union student leadership has recommended this room naming to honor Dr. Templeton.

14. U. T. El Paso: Proposed Memorandum of Agreement with The University of Nairobi, Kenya.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation that the U. T. Board of Regents approve the Memorandum of Agreement set out on Pages AAC 33 - 35 between U. T. El Paso and The University of Nairobi in Kenya. This requested approval is with the understanding that any and all specific agreements arising from this general agreement are to be submitted for prior administrative review and approval by the Executive Vice Chancellor for Academic Affairs and/or the U. T. Board of Regents as required by the Regents' Rules and Regulations.

#### BACKGROUND INFORMATION

This agreement is designed to provide academic and research cooperation between U. T. El Paso and The University of Nairobi in the field of geophysics.

The Office of General Counsel has reviewed and concurs in approval of this proposed agreement.

## MEMORANDUM OF AGREEMENT

This General Agreement of Academic and Scientific cooperation made the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by the Board of Regents of The University of Texas System on behalf of The University of Texas at El Paso and The University of Nairobi.

### WITNESSETH:

WHEREAS, The University of Texas at El Paso declares that it is a component institution of The University of Texas System, governed by the laws and constitution of the State of Texas, whose objectives include education, research, and service; and

WHEREAS, The University of Texas at El Paso intends to establish cooperative action and complementary academic action in the field of Geophysics with The University of Nairobi under the terms and conditions established in the clauses of the Agreement; and

WHEREAS, The University of Nairobi declares that it is a legally constituted organization of the country of Kenya whose objectives include education, research, and service; and

WHEREAS, The University of Nairobi is interested in cooperation with The University of Texas at El Paso through research projects and student support under the terms and conditions established within the clauses of this Agreement; and

WHEREAS, both institutions declare that on this date, they have decided to formalize their agreement toward scientific and academic cooperation and therefore set down the following clauses for that purpose,

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

#### Section 1. Future Specific Agreements

Pursuant to this general Agreement, the parties agree that they will establish future specific agreements of collaboration among one or several of their units, and if approved by both institutions, and the Board of Regents of The University of Texas System, they may be designated as specific agreements of collaboration.

#### Section 2. Contents of Specific Agreements

Specific future agreements will describe the activities to be developed in detail. They will explain the financial responsibility of each institution, work schedules, participating personnel, required budgets as well as all documents and data necessary to precisely determine the reasons, goals and extent of each agreement.

#### Section 3. Personnel Matters

The parties agree that the management and attachment of personnel of each institution who may be assigned to complete tasks in relationship with any of the Specific Agreements for Collaboration described in Section 1 will not be the object of any change in status, be it academic, work related or of any kind, due to that person's endeavor to complete his or her assigned task.

Section 4. Employment Matters

Both parties specifically accept that in the case of students who are undertaking thesis work, in no case acquire hiring or work related responsibilities at the end of the student's term of study.

Section 5. Intellectual Property

With respect to copyrights and industrial property derived from research completed under this Agreement, both parties agree that each specific agreement will determine property rights in regards to the same.

Section 6. Use of Facilities

Both parties accept, through this Agreement, that the students, researchers or pupils who wish to make use of libraries, computers, scientific equipment may do so, if and when they observe the rules which govern each of these, by merely identifying themselves with a valid identification card.

Section 7. University of Texas at El Paso Coordination

The University of Texas at El Paso assigns the Office of Research to coordinate the actions derived from the present Agreement.

Section 8. University of Nairobi Coordination

The University of Nairobi assigns Dr. J. P. Patel to coordinate the actions derived from this Agreement.

Section 9. Modification of General Agreement

This Agreement may be modified by the parties' mutual written consent and at the request of either of them.

Section 10. Effective Date

This Agreement will become effective on the date of signing by both parties and will remain in effect for one year from that date and thereafter shall continue in effect from year to year unless and until one of the parties notifies the other of its intention to terminate in writing six month's advance notice.



EXECUTION

Executed on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
in duplicate originals.

ATTEST:

THE UNIVERSITY OF NAIROBI

\_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM ON  
BEHALF OF THE UNIVERSITY OF  
TEXAS AT EL PASO

By \_\_\_\_\_

Dr. James P. Duncan  
Executive Vice Chancellor  
for Academic Affairs

RECOMMENDED FOR APPROVAL:

\_\_\_\_\_  
Dr. Haskell Monroe  
President

FORM APPROVED:

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

CERTIFICATE OF APPROVAL

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

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

15. U. T. San Antonio: Development Board - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED).--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Wagener for approval of the nomination of The Honorable Dolph Briscoe, former Governor of Texas and rancher, Uvalde, Texas, to the U. T. San Antonio Development Board for a one-year term expiring in 1987.

BACKGROUND INFORMATION

The above nomination is to an unfilled vacancy on the Development Board.

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

16. U. T. San Antonio: Request for Approval to Enter Into a Cooperative Agreement with Texas A&M University to Offer a Doctoral Program in Educational Administration in the San Antonio Area.--

RECOMMENDATION

The Office of the Chancellor concurs with President Wagener's request that the U. T. Board of Regents approve a plan whereby a Texas A&M University doctoral degree in Educational Administration would be offered in cooperation with U. T. San Antonio to students in the San Antonio area.

Proposed is a twelve-year plan calling for a gradual transfer of responsibility for the degree program from Texas A&M University to U. T. San Antonio, subject to Coordinating Board approval. For the first six years of the arrangement, final decisions on admissions, advancement to candidacy, and awarding of degrees would remain with Texas A&M University. At the end of this six years, the program would be reviewed by the Coordinating Board, Texas A&M University, and U. T. San Antonio and future status determined based on review findings. If findings support continuation, the program would be gradually transferred to U. T. San Antonio over the next six years.

BACKGROUND INFORMATION

San Antonio alone among the State's three major metropolitan areas is not served by a doctoral program in professional education. With the passage of H.B. 72, the State of Texas launched a significant effort to reform elementary and secondary education in the State. Successful implementation of these efforts will require that school administrators receive the highest quality professional preparation including the

opportunity for work at the doctoral level. It is anticipated that the majority of doctoral candidates in the proposed cooperative program would be current administrators from one of the 77 public school districts in the San Antonio region.

Under this proposed arrangement, designated credits earned at U. T. San Antonio and taught by U. T. San Antonio faculty will be accepted by Texas A&M University toward completion of the doctoral degree. In addition, Texas A&M University will offer selected doctoral courses in San Antonio. U. T. San Antonio faculty will further support the program through supervision of dissertation research. Students participating in the program must meet appropriate admissions requirements at both institutions. This proposal makes use of existing resources through cooperation with Texas A&M University and is consistent with U. T. San Antonio's long-range academic plan. Similar arrangements are not possible at this time in cooperation with other U. T. System component institutions.

No additional faculty, support personnel, or facilities are required to initiate this proposed cooperative program and U. T. San Antonio library resources are already adequate to support the program.

If this concept for a joint doctoral degree program is endorsed by the U. T. Board of Regents, Texas A&M University will solicit final approval by The Texas A&M University System Board of Regents and request authority from the Coordinating Board to offer the doctoral program in Educational Administration in San Antonio.

# Health Affairs Committee

HEALTH AFFAIRS COMMITTEE  
COMMITTEE CHAIRMAN BRISCOE

Date: December 4, 1986  
Time: Following the meeting of the Academic Affairs Committee  
Place: Room 1.208, Nursing School Building  
U. T. Health Science Center - San Antonio

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2. U. T. Medical Branch - Galveston: Recom- mendation to Approve Naming a Laboratory in the U. T. Marine Biomedical Institute the Harold M. Pinsker Behavioral Neuro- science Laboratory (Regents' <u>Rules and</u> <u>Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings)	15
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10. U. T. Health Center - Tyler: Proposed  
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1. U. T. Health Science Center - Dallas: Proposed Agreement with Robert G. Freeman, M.D., P.A., for Sublease and Transfer of the Freeman Medical Laboratory, Addison, Texas, and Proposed Establishment of the Division of Dermatopathology within the Department of Pathology.--

#### RECOMMENDATION

The Office of the Chancellor concurs in the recommendation of President Wildenthal that the U. T. Board of Regents approve the Agreement for Sublease and Transfer of the Freeman Medical Laboratory, Addison, Texas, as set out on Pages HAC 5 - 14; authorize the Executive Vice Chancellor for Health Affairs to execute the necessary instruments on behalf of the U. T. Board of Regents; establish the Division of Dermatopathology within the Department of Pathology at the U. T. Health Science Center - Dallas; and appoint Robert G. Freeman, M.D., as a full-time Professor of Pathology with tenure at the U. T. Health Science Center - Dallas.

#### BACKGROUND INFORMATION

Robert G. Freeman, M.D., is a distinguished physician specializing in the field of dermatopathology. Currently, Dr. Freeman holds a part-time appointment as a Clinical Professor of Pathology at the U. T. Health Science Center - Dallas. He established and is owner, through his professional association, of the Freeman Medical Laboratory, Addison, Texas, a dermatopathology laboratory. In 1985, the Freeman Medical Laboratory processed and diagnosed over 45,000 skin tissue specimens from patients throughout the United States and, for 15 years, Dr. Freeman has maintained specimens, medical diagnoses, and computerized and cross-indexed records. Dr. Freeman now wishes to transfer his laboratory to the U. T. Health Science Center - Dallas. The U. T. Health Science Center - Dallas administration evaluated the Freeman Medical Laboratory for its potential contribution to education, research, and patient service and has found that the Laboratory would contribute to these areas.

President Wildenthal and Dr. Vernie A. Stenbridge, Chairman, Department of Pathology at U. T. Health Science Center - Dallas, wish to appoint Dr. Freeman as a full-time Professor, with tenure, and Dr. Freeman will also assist with the continuing operation of the Freeman Medical Laboratory.

The proposed sublease allows for the continuation of the existing lease for the Freeman Medical Laboratory until space becomes available in the Charles C. Sprague Clinical Science Building located on the campus of the U. T. Health Science Center - Dallas. In summary, the sublease requires Dr. Freeman to continue to be ultimately responsible for the performance of the lease through the remainder of its term, approximately two more years. The U. T. Board of Regents is not to be held liable for taxes, shall not indemnify nor hold Lessor or Sublessor harmless except to the extent allowed by law, and shall not pay attorney's fees in the event of default as provided for in the lease. The sublease calls for the same rent as Dr. Freeman is currently paying, approximately \$1/square foot of space.

The other terms of the agreement provide for the U. T. Board of Regents to buy the assets and supplies of the medical laboratory for the total appraised value noted in the agreement. Dr. Freeman will grant the U. T. Board of Regents a royalty-free, nonexclusive, and irrevocable license to use the operating and/or station software used in the business. Dr. Freeman's employees will be transferred to the rolls of U. T. Health Science Center - Dallas. Dr. Freeman will donate his 15-year collection of medical specimens and computer cross-indexed medical diagnoses records to U. T. Health Science Center - Dallas.

The U. T. Board of Regents shall not be liable for any obligations or damages that may have occurred prior to the actual transfer of management at the effective date of the agreement. U. T. Health Science Center - Dallas will continue the business of the Freeman Medical Laboratory after the effective date and any consequent revenues, including physician fees, will inure to its benefit.



Agreement for Sublease and Transfer of the  
Freeman Medical Laboratory and the  
Establishment of the Division of Dermatopathology  
Within the Department of Pathology at the  
Southwestern Medical School of  
The University of Texas Health Science Center at Dallas

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Parties to Agreement

THIS AGREEMENT, dated December \_\_\_\_\_, 1986, is made and entered into by and between Robert G. Freeman, M.D., P.A., ("Dr. Freeman") of Dallas, Texas, and the Board of Regents of The University of Texas System ("U. T. Board of Regents") on behalf of The University of Texas Health Science Center at Dallas ("UTHSCD").

Recitals

WHEREAS, Dr. Freeman, M.D. is a distinguished medical doctor specializing in the field of dermatopathology, and

WHEREAS, Dr. Freeman presently holds a part-time faculty appointment as a Clinical Professor of Pathology at the Southwestern Medical School of UTHSCD, and

WHEREAS, Dr. Freeman has established and is the owner, through his professional association, of a dermatopathology laboratory ("Freeman Medical Laboratory") located in Addison, Texas, and

WHEREAS, at the Freeman Medical Laboratory, Dr. Freeman and his staff processed and diagnosed over 45,000 skin tissue specimens in 1985 alone, from patients in Dallas, in Texas, and from across the country, and

WHEREAS, Dr. Freeman has maintained specimens, medical diagnoses, and computerized and cross-indexed records for the last 15 years of his practice, and

WHEREAS, Dr. Freeman desires to transfer his ongoing laboratory business to UTHSCD, and

WHEREAS, the Department of Pathology of Southwestern Medical School and UTHSCD have evaluated the Freeman Medical Laboratory and its potential contribution to education, research, and patient service, and desires to accept the terms of the transfer, and

WHEREAS, the Department Chairman and the President desire to continue the work of the Freeman Medical Laboratory as a division of the Department of Pathology, and to have Dr. Freeman appointed as a full-time Professor of Pathology with tenure as a faculty member of Southwestern Medical School,

NOW, THEREFORE, ROBERT G. FREEMAN, M.D., P.A. AND THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM ON BEHALF OF THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT DALLAS AGREE AS FOLLOWS:

1. Robert G. Freeman, M.D., P.A. is the business and professional name of the private medical practice of Dr. Robert G. Freeman. Because of the nature of the business, it is and will be desirable after this transfer is accomplished for UTHSCD to continue to use a name similar to the above names in order to maintain business and professional continuity. From and after the Effective Date of this Agreement, Dr. Freeman and the U.T. Board of Regents, on behalf of UTHSCD, agree to use the following official name for the business of the Division of Dermatopathology as it relates to the Freeman Medical Laboratory: "Freeman & Associates, Division of Dermatopathology, Department of Pathology, Southwestern Medical School, The University of Texas Health Science Center at Dallas." Any variation of the official name may be used so long as mutually agreeable between the parties or their authorized representatives.

2. The land, buildings, improvements, and fixtures comprising the Freeman Medical Laboratory shall be subleased from Dr. Freeman to the U.T. Board of Regents in accordance with terms, conditions, and covenants mutually agreed upon by their authorized representatives in a form substantially equivalent to that set out at Exhibit A. The term of the Sublease shall begin on the Effective Date of this Agreement and shall continue thereafter from year to year, month to month, and day to day, so long as the primary lease is in existence or until UTHSCD provides other space for the Freeman Medical Laboratory.

3. The management and consequent control of the Freeman Medical Laboratory shall remain the responsibility of Dr. Freeman prior to the Closing Date; shall become the responsibility of Dr. Freeman and the Board of Regents of The University of Texas System after the Closing Date but prior to the Effective Date; and shall be the responsibility of the Board of Regents of The University of Texas System on and after 12:01 a.m. of the Effective Date of this Agreement. Between the Closing Date and the Effective Date, the management and consequent control of the Freeman Medical Laboratory shall be the individual responsibility of Dr. Freeman and Vernie A. Stembridge, M.D., Chairman, Department of Pathology, acting on behalf of the U.T. Board of Regents. Upon the Effective Date, the responsibility of the U.T. Board of Regents for Freeman Medical Laboratory shall be delegated to the President of UTHSCD. The Closing Date shall be \_\_\_\_\_ . The Effective Date shall be that

date immediately following the giving of notice that executions of this Agreement and the Sublease are completed or upon the date specified in the notice of complete execution.

4. Dr. Freeman affirms the following to the U. T. Board of Regents as matters of fact and as inducements to enter into this Agreement: (1) Robert G. Freeman, M.D., P.A., now holds and will continue to hold the lease to the leased premises for the term of the lease. A copy of the lease is available for inspection at the Office of the Chancellor. (2) Robert G. Freeman, M.D., P.A., now occupies and will continue to occupy the leased premises until the Effective Date of this Agreement, at which time the leased premises will be surrendered to U. T. Board of Regents under the terms of the sublease. (3) The Freeman Medical Laboratory has an ongoing business that, in addition to Dr. Freeman, employs several employees who have expressed their willingness to transfer employment to UTHSCD. (4) The Freeman Medical Laboratory utilizes major equipment, supplies, medical specimens, and the medical diagnostic records, in the operation of the business of the Freeman Medical Laboratory. An inventory of these items has been made available to authorized representatives of UTHSCD for verification and evaluation. (5) An essential and necessary element of the operation of the business of the Freeman Medical Laboratory is the intellectual property expressed in the computer program owned by Robert G. Freeman, M. D., P. A. (6) The financial status of the business will be fairly represented by the financial statement of Robert G. Freeman, M.D., P.A. Dr. Freeman will present the financial statement at the Closing. (7) Any grievances, complaints, or lawsuits known or anticipated are or will be listed by Dr. Freeman at Closing.

5. Dr. Freeman hereby offers: (1) to sublease the leased premises to the U. T. Board of Regents for the total amount indicated in the Sublease, subject to the terms, conditions, and covenants of the sublease; (2) to sell the U.T. Board of Regents the major equipment and supplies for the ongoing dermatopathology business of Robert G. Freeman, M.D., P.A., for the total amount of \$101,203; (3) to cause any maintenance agreements, and any service agreements to continue in force; (4) to transfer employment of the personnel who have agreed to be reemployed by UTHSCD; (5) to donate to UTHSCD any and all medical specimens and records of medical specimens and medical diagnoses, together with any and all computerized and cross-indexed records related thereto, provided Dr. Freeman shall have access to same at all reasonable times after the Effective Date of this Agreement; (6) to grant, at no cost to U. T. Board of Regents, a royalty-free, nonexclusive, and irrevocable license to use the operating and/or

station software; (7) to continue the business of Robert G. Freeman, M.D., P.A., as the business of UTHSCD until the dissolution of the professional association.

6. U. T. Board of Regents accepts the offer of Dr. Freeman and hereby agrees: (1) to establish the Division of Dermatopathology within the Department of Pathology at Southwestern Medical School; and (2) to appoint Robert G. Freeman, M.D., as a full-time Professor of Pathology with tenure and as a faculty member of UTHSCD.

7. Dr. Freeman represents to the U. T. Board of Regents and covenants that he shall remain in any and all things responsible for any actions or omissions regarding any of the employees of the Freeman Medical Laboratory, individually or as a group, that may have occurred prior to the Effective Date of this Agreement. Dr. Freeman represents and covenants that he will make his best and good faith effort to settle any and all accounts or disputes with any or all employees prior to the Effective Date of this Agreement and that he will cooperate fully with U. T. Board of Regents concerning any matters that may arise after the Effective Date of this Agreement concerning personnel. Dr. Freeman understands and agrees that U. T. Board of Regents shall not be liable for any obligations or damages that may have occurred prior to the Effective Date of this Agreement with respect to personnel. Any other liabilities and obligations incurred prior to Effective Date shall remain the responsibility of Robert G. Freeman, M.D., P.A.

8. Dr. Freeman represents and covenants that the major equipment is in good and workable condition but offers no warranty with respect to its fitness for use or merchantability.

9. Upon the proposal of the Chairman of the Department of Pathology and upon the recommendation of the President of UTHSCD, concurred in by the Executive Vice Chancellor of The University of Texas System, the U.T. Board of Regents hereby approves the establishment of the Division of Dermatopathology within the Department of Pathology of the Southwestern Medical School at UTHSCD.

10. Upon the proposal of the Chairman of the Department of Pathology and upon the recommendation of the President of UTHSCD, concurred in by the Executive Vice Chancellor of The University of Texas System, the U.T. Board of Regents hereby appoints Robert G. Freeman, M.D., as a full-time Professor of Pathology with tenure and faculty member of UTHSCD in the Southwestern Medical School.

11. Any and all representations, warranties, agreements, and obligations of either party contained herein shall survive the Closing and remain in full force and effect. This Agreement constitutes the complete and final agreement of the parties and reduces to writing all previously discussed oral agreements. This Agreement supersedes any and all previous writings and renders them null and void. This Agreement shall be liberally construed to give effect to the intentions of the parties, consistent with the provisions of the laws of the State of Texas. If any term, provision, condition, or covenant of this Agreement or the application thereof to either party or to any circumstance shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement, or the application of such term, provision, condition, or covenant to persons or circumstances other than those to whom or to which the Agreement is held invalid or unenforceable, shall not be affected thereby. Otherwise, each term, provision, condition or covenant shall be considered and held valid and enforceable to the fullest extent permitted by law. This Agreement may be amended, only when by written instrument executed by authorized representatives of the parties.

12. Any notice, communication, request, reply, or advice provided for in this Agreement or permitted to be given, made, or accepted by the parties shall be in writing, and may, unless otherwise in this Agreement 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 by prepaid telegram. Notice deposited in the mail in the manner indicated shall be effective from and after the expiration of five working days from when it is so deposited. For purposes of notice, the names and address of persons authorized by the parties to accept notice shall, until changed as hereinafter provided, be as follows:

If to Robert G. Freeman, M.D., P.A., addressed to:

Robert G. Freeman, M.D., P.A.  
Freeman & Associates  
4560 Beltway Drive, Suite 106  
Dallas, Texas 75234

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to U.T. Board of Regents, addressed to:

The Board of Regents  
The University of Texas System  
201 West Seventh Street  
Austin, Texas 78701  
Attention: Arthur H. Dilly, Executive Secretary

With copies to:

Office of the Chancellor  
The University of Texas System  
601 Colorado Street  
Austin, Texas 78701  
Attention: Dr. Charles B. Mullins  
Executive Vice Chancellor for Health Affairs

Office of the President  
The University of Texas Health Science  
Center at Dallas  
5323 Harry Hines Boulevard  
Dallas, Texas 75235  
Attention: Dr. Kern Wildenthal, President

Office of General Counsel  
The University of Texas System  
201 West Seventh Street  
Austin, Texas 78701  
Attention: John L. Darrouzet, Attorney

The parties hereto, and their respective heirs, successors, assigns, or authorized representatives, shall have the right from time to time and at any time to change their respective addresses giving 15 days written notice in advance.

Execution

EXECUTED as of the day and year first above written, in duplicate originals.

Robert G. Freeman, M.D., P.A.

  
\_\_\_\_\_  
Robert G. Freeman, M.D.


The Board of Regents of The University of Texas System on behalf of The University of Texas Health Science Center at Dallas

By: \_\_\_\_\_  
Charles B. Mullins, M.D.  
Executive Vice Chancellor  
for Health Affairs

Form approved:

Recommended for approval by:

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

  
\_\_\_\_\_  
Kern Wildenthal, M.D., Ph.D., President  
The University of Texas Health  
Science Center at Dallas

Certificate

I, Arthur H. Dilly, Executive Secretary to the Board of Regents of The University of Texas System, do hereby certify that the foregoing Agreement was approved by the Board of Regents at its meeting of December \_\_\_\_\_, 1986, and that the persons executing the Agreement on behalf of the Board have been authorized by the Board to do so.

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

EXHIBIT A

SUBLEASE AGREEMENT

OFFICE BUILDING

Article One  
Parties

This Sublease Agreement, dated for reference purposes only, \_\_\_\_\_, 19\_\_\_\_, is made by and between Robert G. Freeman, M.D., P.A., hereinafter referred to as "Sublessor" and the Board of Regents of The University of Texas System, hereinafter referred to as "Sublessee." Reference is hereby made to a Lease, hereinafter referred to as "Primary Lease," dated December 9, 1982, between Beltway Showroom Venture and Robert G. Freeman, M.D., P.A. <sup>W. O. Rothwell</sup> ~~Woodcock Management Company~~ *RGF* has succeeded to the interest of Beltway Showroom Venture and is referred to below as "Lessor."

Article Two  
Premises

Sublessor hereby leases to Sublessee and Sublessee hereby leases from Sublessor that certain office space, hereinafter referred to as "Premises," located in the Beltway Showroom, situated as a part of Beltway Office Park, an addition to the City of Addison, Texas, according to the map thereof recorded in Volume 73128, Page 0613, of the Plat Records of Dallas County, Texas, which premises are more particularly described as 4560 Beltline Road, #416, Dallas, Texas, 75234.

For purposes of this Sublease, the Premises have an area of approximately 4689 square feet.

Said Sublease is subject to the terms, covenants, and conditions set forth in the Primary Lease and the Sublessee covenants as a material part of the consideration for this Sublease to keep and perform each and all of said terms, covenants, and conditions of the Primary Lease to be kept and performed by the Tenant thereunder and this Sublease is made upon the condition of said performance. Sublessor hereby guarantees performance by Sublessee. Notwithstanding anything to the contrary, Sublessee shall not be liable for taxes, shall not indemnify nor hold Lessor or Sublessor harmless except to the extent allowed by law, and shall not pay attorney's fees. Sublessor agrees to remain responsible for these items to the extent the Lease provides. The Sublessor hereby grants to the Sublessee all of its rights, title and interest in the Primary Lease as a material part of the consideration of this Sublease.



Article Three  
Terms

The term of this Sublease shall commence with the Sublessee's payment to the Sublessor of the first month's rent or prorated portion thereof if on a date other than the first of the month. The term of this Sublease shall end concurrently with the expiration of or sooner termination the Primary Lease.

Article Four  
Rent

Sublessee agrees to pay to Sublessor as rental, without prior notice or demand, for the Premises the sum of three thousand fifty eight & 30 cents Dollars (\$ 3,058.30 ) on or before the first day of each calendar month of the term hereof. Sublessor shall pay all of such sum together with additional amounts which may be due the Landlord under the Primary Lease within two (2) business days after signed by Sublessee.

Article Five  
Possession

Sublessee shall have right of possession to the Premises upon execution of this Sublease and payment of the first month's rent or prorated portion thereof.

Article Six  
Quiet Enjoyment

Sublessor warrants that it has full right to execute and perform this Sublease and to grant the estate demised and the Sublessee, upon payment of required rents, and performing the terms, conditions, covenants, and agreements contained in this Sublease, shall peaceable and quietly have, hold, and enjoy the Premises during the full term of this Sublease without interruption by the Sublessor or any assignee, mortgagee, or other person, firm or corporation claiming under, by or through any of them.

Article Seven  
Alterations

Sublessee shall have the right, at its sole cost and expense, to make alterations to and decorate the Premises.

Article Eight  
Entire Agreement and Limitation of Warranties

It is expressly agreed by Sublessor and Sublessee as a mutual consideration for the execution of this Sublease, that this Sublease, with the specific references to written extrinsic

documents, is the entire agreement of the parties; that there are, and were, no verbal representations, warranties, understandings, stipulations, agreements, or promises pertaining to this Sublease or the expressly written extrinsic documents not incorporated in writing in the Sublease. Sublessor and Sublessee expressly agree that there are and shall be no implied warranties or merchantability, fitness or of any other kind arising out of this Sublease. It is likewise agreed that this Sublease may not be altered, waived, amended or extended except by an instrument in writing signed by both Sublessor and Sublessee.

IN WITNESS WHEREOF, the parties hereto have executed this Sublease at Dallas, Texas as of the day and year first written above.

SUBLESSOR:

Robert G Freeman MD, PA  
By: Robert G Freeman

SUBLESSEE:

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

The undersigned is the Landlord in the Primary Lease described in the foregoing Sublease and hereby consents to the sublease of the Premises to the above described Sublessee, waiving none of its rights ~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ ~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ under the "Primary Lease" and without releasing Sublessor from his obligations thereunder.

LESSOR:

Montfort Management, Inc.  
Agent for the Owner  
By: Doreen Westling, Agent

2. U. T. Medical Branch - Galveston: Recommendation to Approve Naming a Laboratory in the U. T. Marine Biomedical Institute the Harold M. Pinsker Behavioral Neuroscience Laboratory (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Levin to approve the naming of a laboratory in the U. T. Marine Biomedical Institute - Galveston as the Harold M. Pinsker Behavioral Neuroscience Laboratory. This recommendation is in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

#### BACKGROUND INFORMATION

David and Claire Silver, Brooklyn, New York, contributed \$5,000 to the U. T. Marine Biomedical Institute - Galveston for support of research in behavioral neurosciences as a memoriam for Dr. Harold M. Pinsker. Dr. Pinsker, who died in July 1986, was a highly productive and accomplished scientist at the U. T. Marine Biomedical Institute - Galveston. He was a valued member of the faculty and respected throughout his profession for his innovative research in the neurosciences.

3. U. T. Medical Branch - Galveston: Proposed Affiliation Agreement with Lamar University, Beaumont, Texas.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Levin that approval be given to the affiliation agreement set out on Pages HAC 16 - 22 between the U. T. Medical Branch - Galveston and Lamar University, Beaumont, Texas.

#### BACKGROUND INFORMATION

The affiliation agreement will provide educational opportunities for speech and hearing therapy students of Lamar University at the U. T. Medical Branch - Galveston.

This agreement has been reviewed and approved by the Office of General Counsel.

HEALTH CARE  
EDUCATIONAL EXPERIENCE PROGRAM  
AFFILIATION AGREEMENT

THIS AGREEMENT made the 29th day of July, 1986,  
by and between THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON ("UTMB"),  
a component institution of The University of Texas System and LAMAR  
UNIVERSITY ("UNIVERSITY"), an institution of higher learning having its  
principal office at Beaumont, Texas.

WITNESSETH:

WHEREAS, UTMB now operates hospital facilities located at 301  
University Boulevard in the City of Galveston, 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; 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 UTMB; and,

WHEREAS, UTMB 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 UTMB, 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 a part of an academic  
health care program, through utilization of appropriate facilities and  
personnel of UTMB: and,

WHEREAS, in order to accomplish such objectives, UNIVERSITY and UTMB intend to establish and implement from time to time, one or more educational experience programs which will involve the students and personnel of UNIVERSITY and the facilities and personnel of UTMB;

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, UNIVERSITY and UTMB agree that any program agreed to by and between UTMB and UNIVERSITY during the term of this Agreement, for purposes of achieving the above described objectives of said parties (hereinafter called "Educational Experience Program" or "Program"), shall be covered by and subject to the following terms and conditions:

1. The Program shall not be effective until all agreements between the parties with respect to Program have been reduced to writing ("Program Agreement"), executed by the duly authorized representatives of UTMB and UNIVERSITY, and approved in writing by the Office of the Chancellor of The University of Texas System.

2. The Program may be cancelled by either party by giving a one hundred eighty (180) day prior 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 Program Agreement and the text of this Agreement, this Agreement shall govern.

4. After Program Agreement becomes effective, no amendments thereto shall be valid unless in writing and executed by the duly authorized representatives of UTMB and UNIVERSITY and approved by the Office of the Chancellor of The University of Texas System.

5. Except for certain acts to be performed by UNIVERSITY pursuant to express provisions of this Agreement, UTMB hereby agrees to furnish the premises, personnel, services, and all other things necessary for the Educational Experience Program, as specified in the Program Agreement, and in connection with such program, further agrees:

(a) To comply with all Federal, State, and Municipal laws, ordinances, rules, and regulations applicable to performance by UTMB of its obligations under this Agreement, and all applicable accreditation requirements, 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 curriculum to inspect such facilities, services, and other things provided by UTMB pursuant to this Agreement as are necessary for accreditation evaluation.

(c) To appoint a person to serve for UTMB 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, UTMB 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 UTMB to be Liaison, and within ten (10) days after receipt of same, UNIVERSITY shall notify UTMB of UNIVERSITY approval or disapproval of such person. In the event the Liaison becomes unacceptable to UNIVERSITY after appointment, and UNIVERSITY so notifies UTMB in writing, UTMB will appoint another person to serve as Liaison in accordance with the procedure stated in the first sentence of this subparagraph (c).

6. UNIVERSITY hereby agrees:

(a) To furnish UTMB with the names of the students assigned by UNIVERSITY to participate in the Program.

(b) To assign for participation in the Program only those students (1) who have satisfactorily completed those portions of its curriculum which, according to Program Agreement, are prerequisite to such participation, all as determined by UNIVERSITY in its sole discretion (2) who have entered into written agreement with UNIVERSITY and UTMB 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 UTMB, and (3) no student may participate in a Program pursuant to this Agreement, until he/she has provided evidence of insurance coverage with conditions and rates of coverage acceptable to The University of Texas Medical Branch at Galveston.

(c) To designate a member of the UNIVERSITY faculty to coordinate with UTMB through its Liaison the learning assignment to be assumed by each student participating in the Program, and to furnish to UTMB 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, and approved by the Board of Regents of The University of Texas System.

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, UTMB), 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 hold UTMB, its agents, employees, and students harmless from liability resulting from UNIVERSITY'S acts or omissions or the acts or omissions of its agents, employees or students within the terms of this Agreement.

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 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.

12. This Agreement shall not become effective unless and until approved by the Board of Regents of The University of Texas System. 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 UTMB and UNIVERSITY, 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 the 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 the Program at the end of the term of this Agreement have completed their respective courses of study under the Program; whichever event last occurs.



AFFILIATION AGREEMENT BETWEEN THE UNIVERSITY OF TEXAS MEDICAL BRANCH  
AT GALVESTON AND LAMAR UNIVERSITY

EXECUTED by UNIVERSITY and UTMB on the day and year first above  
written, in duplicate copies, each of which shall be deemed an original.

ATTEST:

LAMAR UNIVERSITY

By: 

Title: Executive Vice President

CONTENT APPROVED:

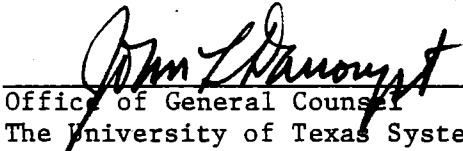


William C. Levin, M.D.

President

The University of Texas Medical  
Branch at Galveston

FORM APPROVED:



Office of General Counsel  
The University of Texas System

Board of Regents of The University  
of Texas System

By: 

Charles B. Mullins, M.D.

Title: Executive Vice Chancellor  
for Health Affairs

CERTIFICATE OF APPROVAL

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

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


TO BE USED TO VERIFY SIGNATURE OF OFFICER WHEN NOT CHAIRMAN OF THE BOARD

ATTACHMENT A

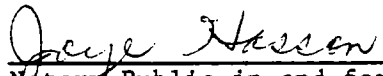
State of Texas  
County of Jefferson

This is to certify that William C. Nylin  
(name of person signing Affiliation Agreement)  
is duly authorized to execute the attached Affiliation Agreement on  
behalf of Lamar University  
(entity)

Date: 7/29/86

  
(name of person executing affidavit)  
W.C. Nylin Executive Vice President  
(title)

BEFORE ME the undersigned authority appeared a person known by me to be  
William C. Nylin and upon oath did swear that the above  
statement is true and correct.

  
Notary Public in and for  
(Not Applicable) County, Texas  
Date: 7/29/86

6167. Regent Maes moved approval of the resolution granting signature authority to Dr. William C. Nylin, Vice President of Finance and Computer Services at Lamar University-Beaumont. Regent Rogers seconded the motion which passed. Resolution attached.

4. U. T. Health Science Center - Houston: Proposed Appointment to The Denton A. Cooley, M.D., Professorship in Surgery Effective December 4, 1986.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Bulger to appoint Frank G. Moody, M.D., as initial holder of The Denton A. Cooley, M.D., Professorship in Surgery at the U. T. Health Science Center - Houston effective December 4, 1986. This appointment is contingent upon establishment of the Professorship as proposed in Item 32, Page L&I - 34.

#### BACKGROUND INFORMATION

Frank G. Moody, M.D., received his medical degree from Cornell University Medical College, New York, New York, in 1963. Dr. Moody serves as Professor and Chairman, Department of Surgery at the U. T. Health Science Center - Houston, and as Surgeon-in-Chief, Hermann Hospital, Houston, Texas. He has received numerous grants and has published extensively. Dr. Moody, an outstanding faculty member and respected surgeon, is exceptionally well qualified to hold this appointment.

5. U. T. Health Science Center - Houston: Proposed Appointment to the Dr. Thomas D. Cronin Chair in Plastic Surgery Effective December 4, 1986.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Bulger to appoint Donald H. Parks, M.D., as initial holder of the Dr. Thomas D. Cronin Chair in Plastic Surgery at the U. T. Health Science Center - Houston effective December 4, 1986.

#### BACKGROUND INFORMATION

Donald H. Parks, M.D., received his medical degree from the University of Western Ontario, London, Ontario, Canada, in 1970. He was a faculty member at the U. T. Medical Branch - Galveston from 1975 to 1982 when he joined the faculty of the U. T. Health Science Center - Houston. Dr. Parks is Director, Division of Plastic and Reconstructive Surgery at the U. T. Health Science Center - Houston, and Director, Hermann Hospital Institute for Thermal Injuries, Houston, Texas. He is a Fellow of the American College of Surgeons and a Diplomate of the American Board of Plastic Surgeons. He has published extensively in his area of expertise, the management of burn patients and reconstructive surgery. It is most appropriate that Dr. Parks, a truly distinguished surgeon and physician, hold this appointment.

The Board of Trustees of the John S. Dunn Research Foundation, which provided the funds to establish the Dr. Thomas D. Cronin Chair in Plastic Surgery, endorsed Dr. Parks' nomination at its October 1986 meeting.

The Dr. Thomas D. Cronin Chair in Plastic Surgery was established by the U. T. Board of Regents in October 1986.

6. U. T. Health Science Center - Houston: Proposed Agreement of Preliminary Understanding with Baylor College of Medicine, Houston, Texas.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Bulger that the U. T. Board of Regents: (a) approve a proposed Agreement of Preliminary Understanding with Baylor College of Medicine, Houston, Texas, in a form substantially equivalent to the one set forth on Pages HAC 26 - 40, including a separate agreement with respect thereto as set forth on Pages HAC 41 - 46, (b) authorize the Chairman of the U. T. Board of Regents to execute the agreements on behalf of the Board; and (c) authorize the Executive Vice Chancellor for Health Affairs, in consultation with President Bulger, to appoint on behalf of the Board, members to the Steering Committee as provided for in the Agreement.

#### BACKGROUND INFORMATION

In January 1986, President Bulger and Dr. William T. Butler, President of Baylor College of Medicine, announced that U. T. Health Science Center - Houston and Baylor College of Medicine were proceeding to develop plans for both medical schools to provide medical services for the Harris County Hospital District's health care facilities. Currently, Baylor College of Medicine contracts to provide such services.

The District's facilities presently include the existing Ben Taub Hospital, the Jefferson Davis Hospital, and the Quentin Mease Community Hospital, as well as neighborhood clinics. The District has indicated its own plans to replace the Ben Taub and Jefferson Davis Hospitals. The replacement for Ben Taub would be located in the Texas Medical Center. The replacement for Jefferson Davis would be in northeast Houston.

The proposed Agreement of Preliminary Understanding between the two medical schools essentially sets the stage for a series of agreements that would implement the overall concept. The separate agreement specifies certain conditions that require fulfillment prior to any final implementation. The proposed Agreement of Preliminary Understanding would have the U. T. Board of Regents and Baylor College of Medicine agree, in summary, as follows. Several practicing physicians would establish a Texas nonprofit corporation, named initially "Affiliated Medical Services" (AMS) for the purpose of providing, coordinating, and subcontracting for the provision of health care services to all patients of the District at the two new hospitals, at the Quentin Mease Hospital, and at the neighborhood clinics. Faculty, residents, fellows, and

other health care professionals affiliated with Baylor College of Medicine and U. T. Health Science Center - Houston would become collectively the providers of health care services. AMS would have only two "corporate members": Baylor College of Medicine and the U. T. Board of Regents. The AMS Board would be composed of licensed physicians, equally representative of the U. T. Board of Regents and Baylor College of Medicine. The AMS Board Chairman would be elected by members of the board.

The AMS Board would appoint a Medical Director who would be the chief executive officer of AMS and have such duties as the AMS Board would specify.

AMS would have the sole responsibility for contracting with the District for the delivery of medical care. Annually, AMS subcontracts with U. T. Health Science Center - Houston and Baylor College of Medicine would specify the services to be provided by the respective schools and the resulting compensation therefor from AMS. AMS would coordinate provider assignments, previously negotiated among the AMS, the U. T. Board of Regents, and Baylor College of Medicine. Each school would be responsible for their respective physicians and maintain liability and malpractice insurance. AMS would also obtain liability insurance for itself.

The U. T. Board of Regents and Baylor College of Medicine would appoint a Steering Committee essentially to take those actions necessary to develop plans and prepare instruments to fulfill the terms of the Preliminary Understanding. After incorporation of AMS and the election of the AMS Board, U. T. Health Science Center - Houston, Baylor College of Medicine, and AMS would establish an Executive Advisory Committee. The Executive Advisory Committee would advise the AMS Medical Director on various matters of coordination of providers and on negotiations with the District. After receiving the advice of the Committee, the Medical Director's decisions would be considered final, unless disputed before the AMS Board by either or both of the Deans.

The proposed Agreement of Preliminary Understanding also provides for the establishment of a Joint Conference Committee to be composed of representatives of U. T. Health Science Center - Houston, Baylor College of Medicine, AMS, and the Harris County Hospital District. It also provides continuing mutual assurances with respect to the independence and integrity of the respective schools and school programs.

The proposed Agreement of Preliminary Understanding would be subject to the conditions delineated in the separate proposed Agreement with Respect to Agreement of Preliminary Understanding. In summary, the U. T. Board of Regents and Baylor College of Medicine would agree to seek certain legislative action as necessary to authorize subsequent agreements and to grant Baylor College of Medicine liability protections similar to those presently available to the U. T. Board of Regents. While definitive agreements could be negotiated, no agreement could be executed so long as any such needed legislation was not enacted. Furthermore, no contracts for provider services with the District nor subcontracts with the U. T. Board of Regents and Baylor College of Medicine would be effective unless and until the planning for construction of the two new hospitals is authorized by the District and AMS is duly incorporated.

AGREEMENT OF PRELIMINARY UNDERSTANDING

BETWEEN

BAYLOR COLLEGE OF MEDICINE

AND

THE BOARD OF REGENTS OF

THE UNIVERSITY OF TEXAS SYSTEM

Parties

AGREEMENT made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1986, by and between Baylor College of Medicine, a Texas nonprofit corporation ("BAYLOR"), and the Board of Regents ("UT BOARD OF REGENTS") of The University of Texas System ("UTS") for and on behalf of The University of Texas Health Science Center at Houston ("UTHSCH"), a component institution of UTS.

W I T N E S S E T H :

Recitals

WHEREAS, the Harris County Hospital District ("HCHD") has announced plans to construct a Ben Taub General Hospital to replace the present outdated facility and a new North-Northeast Hospital in order to permit the HCHD to continue to provide the necessary high quality medical care for the expanding public medical patient population of Harris County for well into the twenty-first century; and

WHEREAS, BAYLOR and UTHSCH are premier Houston institutions with unique resources to make available the type

of patient services needed by the HCHD incident to the educational and training programs of such institutions, and recognize that as the HCHD's plans are implemented, the needs of the public medical population of Harris County can best be served if BAYLOR and UTHSCH work together to make available coordinated high-quality health care to HCHD patients at all HCHD facilities; and

WHEREAS, the board of trustees of BAYLOR and the UT BOARD OF REGENTS have each found and determined, and by authorizing this Agreement do hereby find and determine, that the coordination provided by this Agreement will enhance the quality of academic programs of each institution and that such benefits and the reciprocal undertakings hereunder constitute fair and equivalent consideration for the undertakings of each institution hereunder; and

WHEREAS, BAYLOR and UT BOARD OF REGENTS affirm that effective cooperation and dialogue between two similar institutions requires mutual recognition and acceptance of the rights of each other's institutions and a continuing respect for the integrity and independence of the resources which are essential to the preservation of each institution; and

WHEREAS, several practicing physicians licensed to practice medicine in Texas desire to establish a Texas nonprofit membership corporation, in which BAYLOR and UTHSCH

will be the sole members, to render services to patients using HCHD facilities and to subcontract with BAYLOR and UTHSCH to cause such services to be provided incident to the teaching, educational and training programs of such institutions as hereinafter set forth.

Agreements

NOW, THEREFORE, BAYLOR COLLEGE OF MEDICINE and UT BOARD OF REGENTS on behalf of UTHSCH DO HEREBY AGREE AS FOLLOWS:

ARTICLE I--FORMATION OF  
AFFILIATED MEDICAL SERVICES

Several practicing physicians licensed to practice medicine in Texas shall establish a Texas nonprofit membership corporation to be named AFFILIATED MEDICAL SERVICES or other name mutually agreeable to BAYLOR and UTHSCH ("AMS"), for the purpose of providing, coordinating and subcontracting for the provision of health care to all patients of HCHD at the two new HCHD hospitals, at the Quentin Mease Community Hospital, and at the network of HCHD neighborhood clinics by BAYLOR faculty, residents, fellows, and other health care professionals affiliated with BAYLOR (the "BAYLOR Providers") and by UTHSCH faculty, residents, fellows, and other health care professionals affiliated with UTHSCH (the "UTHSCH Providers"). The BAYLOR Providers and the UTHSCH Providers are referred to hereinafter collectively as the "Providers." Nothing herein contained is intended to cause any of the Providers who are not



otherwise agents, servants, or employees of BAYLOR or UTHSCH, respectively, to become agents, servants, or employees of either BAYLOR or UTHSCH.

The Articles of Incorporation of AMS shall provide, among other things, that:

1. The sole members (herein called "Members") of AMS shall be BAYLOR and UTHSCH represented by UT BOARD OF REGENTS, with BAYLOR having one vote and UT BOARD OF REGENTS having one vote.

2. The business and affairs of AMS shall be governed by a Board of Trustees (the "AMS Board") elected by BAYLOR and UT BOARD OF REGENTS.

3. The AMS Board shall at all times be composed solely of physicians licensed to practice medicine by The Texas State Board of Medical Examiners and actively engaged in the practice of medicine in Texas.

4. One-half of the AMS Board members and their replacements shall be elected by BAYLOR and one-half of the AMS Board members and their replacements shall be elected by UT BOARD OF REGENTS, and such persons shall serve at the pleasure of BAYLOR and UT BOARD OF REGENTS, respectively.

5. The right, power, and authority to amend the Articles of Incorporation and Bylaws shall be reserved to the Members.

The Bylaws of AMS shall provide, among other things, that:

1. The AMS Board may be enlarged as needed by vote of the Members, provided that equal representation of BAYLOR and UT BOARD OF REGENTS is maintained at all times.

2. The AMS Board shall select a Chairperson from among its members.

3. The AMS Board shall appoint a Medical Director who shall be the Chief Executive Officer of AMS, and have general executive charge, management and control of the properties, business and assets of AMS and who shall have primary responsibility for the coordination of the selection and assignment by BAYLOR and UTHSCH of the Providers and the delivery of medical care by such persons.

4. The Medical Director's authority and responsibilities are subject to delineation by and control of the AMS Board. Subject to the provisions of the preceding sentence, it is anticipated that the AMS Board will request that the Medical Director take the lead for AMS in handling items (i) through (viii) set forth in Article III.

5. All AMS officers and personnel shall be responsible solely to the AMS Medical Director and the AMS Board and not to BAYLOR, UT BOARD OF REGENTS, or any other entity or body.

ARTICLE II--RESPONSIBILITIES  
OF AMS; INSURANCE

AMS shall have sole responsibility for contracting with HCHD for the delivery of medical care to all patients of HCHD. BAYLOR and UT BOARD OF REGENTS on behalf of UTHSCH shall each execute, annually, subcontracts with AMS for the delivery of medical care by AMS to all patients of HCHD by the Providers. Such subcontracts shall be negotiated annually with AMS by BAYLOR and UTHSCH and shall include, but not be limited to, the terms and conditions under which said care shall be rendered and the compensation to be paid for such services for the following year. BAYLOR and UT BOARD OF REGENTS on behalf of UTHSCH shall agree on the services to be rendered for AMS by the BAYLOR Providers and the services to be rendered for AMS by the UTHSCH Providers and how the compensation shall be allocated between BAYLOR and UTHSCH, annually, in advance of the execution of each annual agreement between AMS and HCHD regarding the rendering of such services. In determining the compensation to be allocated to BAYLOR, the costs to BAYLOR of insuring the BAYLOR Providers shall be taken into account and an appropriate amount shall be allowed therefor. Likewise, in determining the compensation to be allocated to UTHSCH, the costs to UTHSCH of insuring the UTHSCH Providers shall be taken into account and an appropriate amount shall be allowed therefor. The allocation shall also take into account and be

based upon the respective services to be rendered by the BAYLOR Providers for AMS and by the UTHSCH Providers for AMS in the care of HCHD patients. Pursuant to rules and regulations to be adopted by AMS and in consultation with the Executive Advisory Committee (as such term is defined in Article III), AMS shall coordinate the assignments of the BAYLOR Providers and UTHSCH Providers to HCHD facilities, as previously negotiated among AMS, BAYLOR, and UT BOARD OF REGENTS on behalf of UTHSCH incident to negotiation of subcontracts with BAYLOR and UTHSCH as provided for above, in accordance with rules and regulations to be established by AMS and as provided in said subcontracts. Such rules and regulations and such subcontracts shall provide, among other things, for a mechanism to resolve disputes with regard to the assignment of the Providers pursuant to which the Dean of UTHSCH or the Dean of BAYLOR may bring such disputes to the attention of the AMS Board.

BAYLOR and UT BOARD OF REGENTS on behalf of UTHSCH agree that in order for any physician or other health care professional to be designated or to continue to serve as a Provider, such professional must (i) hold a faculty appointment from BAYLOR or UTHSCH and agree to contribute actively to the teaching programs of BAYLOR or UTHSCH which are conducted at HCHD facilities or (ii) be a resident or fellow at, or some other health care professional affiliated with, BAYLOR or

UTHSCH. BAYLOR and UTHSCH shall have sole authority to appoint, dismiss or discipline each of their respective Providers without prior notice to AMS, the other institution, or HCHD.

AMS shall retain all jurisdictional powers incident to its being a separate entity, including, by way of example and not by way of limitation, the power (i) to determine its general and fiscal policies, (ii) to select and govern its administrative staff, (iii) to coordinate the selection by BAYLOR and UTHSCH of the Providers, and (iv) to establish and enforce such peer review mechanisms as it shall deem necessary from an administrative and legal standpoint.

As between BAYLOR and UT BOARD OF REGENTS, UTS, and UTHSCH, BAYLOR shall be solely and fully responsible for each of the BAYLOR Providers and UT BOARD OF REGENTS, UTS, and UTHSCH shall be solely and fully responsible for each of the UTHSCH Providers. Each of BAYLOR and UTHSCH shall maintain liability and malpractice insurance for its Providers.

AMS shall obtain and maintain in effect at all times liability insurance coverage for the benefit of it, the Medical Director and other officers, directors, employees and agents of AMS in amounts and with coverage and retentions acceptable to BAYLOR and UT BOARD OF REGENTS.

All insurance required hereby shall be issued by a carrier or carriers which are duly authorized to do business in the State of Texas. In addition, either BAYLOR or UTS and UTHSCH may self insure.

ARTICLE III--STEERING COMMITTEE;  
AMS EXECUTIVE ADVISORY COMMITTEE

BAYLOR and UT BOARD OF REGENTS agree to establish a steering committee (the "Steering Committee"), for the purposes of:

1. Recommending the terms, conditions, and provisions for the form of the initial contract and subcontracts to be entered between AMS and HCHD and between BAYLOR and AMS and between UTHSCH and AMS;

2. Recommending to BAYLOR and UT BOARD OF REGENTS such other agreements and actions as may be required to implement the provisions of this Agreement.

The Steering Committee shall consist of equal numbers of representatives of BAYLOR and UTHSCH, and such persons shall be faculty members or employees of their respective institutions with administrative experience. Such Steering Committee shall serve at the pleasure of BAYLOR and the UT BOARD OF REGENTS and shall terminate upon the incorporation of AMS and the election of the AMS Board.

BAYLOR, UTHSCH and AMS shall jointly establish an executive advisory committee (the "Executive Advisory Committee") which shall advise the AMS Medical Director on

matters such as: (i) the coordination of the delivery of medical care; (ii) the coordination of the selection of and assignment of the Providers to the appropriate HCHD facility; (iii) the coordination of the staffing of services at HCHD facilities; (iv) the coordination of the utilization of equipment, clinical facilities and other assets at HCHD facilities; (v) the coordination of the education of physicians and other health care professionals at HCHD facilities, (vi) the negotiation of agreements on behalf of AMS with HCHD; (vii) the negotiation of subcontracts between AMS and BAYLOR and between AMS and UTHSCH; and (viii) the monitoring of the performance by the respective institutions of the subcontracts referred to in (vii). The Executive Advisory Committee shall be composed of at least five voting members and may be enlarged by the AMS Board; provided, however, that, as to additional members, BAYLOR and UTHSCH shall have equal representation. Those invited to serve as the initial members shall include the Dean of BAYLOR, the Dean of UTHSCH, and the designated Chiefs of Staff of the Ben Taub Hospital-Quentin Mease Community Hospital and the North-Northeast Hospital. It is anticipated that the Chief of Staff for the Ben Taub Hospital-Quentin Mease Community Hospital will be affiliated with BAYLOR and the Chief of Staff for the North-Northeast Hospital will be affiliated with UTHSCH. The Medical Director of AMS shall serve as

chairman of the Executive Advisory Committee. The Medical Director shall give due consideration to recommendations of the Executive Advisory Committee, but the ultimate authority for decisions shall vest with the Medical Director and the Board of Directors of AMS as provided in the Articles of Incorporation and Bylaws of AMS and elsewhere in this Agreement. The Executive Advisory Committee shall report, in writing, to the AMS Board, at its request, regarding the activities and performance of the Medical Director.

ARTICLE IV--LIAISON  
BETWEEN AMS AND THE HCHD

For the purpose of establishing continuing dialogue among the parties and to facilitate the care of patients of the HCHD, as expeditiously as possible after the formation of AMS, BAYLOR, UTHSCH and AMS shall request HCHD to formally establish a Joint Conference Committee. If formed, the Joint Conference Committee shall consist of four members--two chosen by the Board of Managers of HCHD, one chosen by BAYLOR and one by UTHSCH, and said committee shall include as two ex-officio members the Medical Director of AMS and the Chief Administrator of HCHD. The Joint Conference Committee shall provide a means of communication with respect to matters relating to providing medical care to patients of HCHD by BAYLOR Providers and UTHSCH Providers and it shall carry out and perform such other duties and functions as may be agreed to in writing among BAYLOR, UT BOARD OF REGENTS, AMS and HCHD.



ARTICLE V--EDUCATIONAL PROGRAMS

BAYLOR and UT BOARD OF REGENTS on behalf of UTS and UTHSCH expressly agree that at all times the educational programs of each of BAYLOR and UTHSCH shall not be compromised and that the programs of each of BAYLOR and UTHSCH shall (i) continue to provide at least adequate clinical opportunities for all residents and students, (ii) retain its financial support and structural integrity, and (iii) maintain full professional accreditation.

BAYLOR and UT BOARD OF REGENTS further agree to work closely to strengthen the educational programs of each of their respective institutions.

ARTICLE VI--CONTINUING ASSURANCES

As an essential element of this Agreement, BAYLOR and UT BOARD OF REGENTS on behalf of UTS and UTHSCH agree to renew their commitments to respect the independence and integrity of each institution and the resources which are essential for their continued growth and progress and discharge of their responsibilities for teaching, training and research in the medical field. Toward this objective, both BAYLOR and UT BOARD OF REGENTS on behalf of UTS and UTHSCH affirm that each shall continue to respect the viability and independence of the faculty, students, applicants, administration and sources of financial and other support, as well as the hospital and other

health care facility affiliations, of the other institution. Both BAYLOR and UT BOARD OF REGENTS on behalf of UTS and UTHSCH agree, to the maximum extent permitted by applicable Texas law, to hold all nonpublic and confidential information regarding the other which is obtained during and following the period of cooperation envisioned by this Agreement in strictest confidence and not to disclose such information to third parties or to use such information except in furtherance of this Agreement.

ARTICLE VII--DUE EXECUTION

Both BAYLOR and UT BOARD OF REGENTS on behalf of UTS and UTHSCH represent that the execution, delivery and performance of this Agreement have been duly authorized by their respective governing boards.

ARTICLE VIII--EFFECTIVENESS

This preliminary agreement is effective as of the date set out above, and is subject to a separate agreement of even date herewith between BAYLOR and UT BOARD OF REGENTS with respect to the timing of and conditions regarding the action to be taken hereunder.

Nothing contained herein shall, or shall be deemed to, confer any rights upon or inure to the benefit of any third party.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective institutions, have signed this Agreement as of the date first set out above.

BAYLOR COLLEGE OF MEDICINE

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Gibson Gayle, Jr.,  
Chairman

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William T. Butler, M.D.,  
President

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM ON  
BEHALF OF THE UNIVERSITY OF  
TEXAS HEALTH SCIENCE CENTER AT  
HOUSTON

---

Jess Hay, Chairman,  
Board of Regents of  
The University of Texas System

Content Approved:

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Dr. Charles B. Mullins,  
Executive Vice Chancellor of  
Health Affairs,  
The University of Texas System

Recommended for Approval:

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Dr. Roger J. Bulger, President,  
The University of Texas Health  
Science Center at Houston

Form Approved:

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Office of General Counsel  
The University of Texas System

CERTIFICATE OF APPROVAL  
BY  
UT BOARD OF REGENTS

I, the undersigned, hereby certify that the foregoing Agreement was duly authorized and approved by the Board of Regents of The University of Texas System by signed written vote of a majority of such Board in regular or duly called meeting assembled on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, at which a quorum was present and acting throughout, that notice of such meeting and of such proposed action was duly given in accordance with the Texas Open Meeting Law, Article 6252-17, Vernon's Texas Civil Statutes, that such meeting was open to the public throughout, and that the person whose signature appears above as Chairman of such Board is authorized to execute such Agreement on behalf of such Board.

---

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

AGREEMENT WITH RESPECT TO  
AGREEMENT OF PRELIMINARY UNDERSTANDING  
BETWEEN  
BAYLOR COLLEGE OF MEDICINE  
AND  
THE BOARD OF REGENTS OF  
THE UNIVERSITY OF TEXAS SYSTEM

Parties

AGREEMENT made and entered into this \_\_\_\_ day of \_\_\_\_\_, 1986, by and between Baylor College of Medicine, a Texas nonprofit corporation ("BAYLOR"), and the Board of Regents ("UT BOARD OF REGENTS") of The University of Texas System ("UTS") for and on behalf of The University of Texas Health Science Center at Houston ("UTHSCH"), a component institution of UTS.

W I T N E S S E T H :

Recitals

WHEREAS, Baylor and UT BOARD OF REGENTS have this day executed an Agreement of Preliminary Understanding (the "Preliminary Agreement"), to which reference is here made for all purposes;

WHEREAS, BAYLOR and UTHSCH desire to specify the timing of and conditions with respect to the action to be taken under the Preliminary Agreement;

Agreements

Now, therefore, Baylor College of Medicine and UT BOARD OF REGENTS on behalf of UTHSCH Do Hereby Agree as Follows:

BAYLOR and UT BOARD OF REGENTS agree to seek legislation by the State of Texas in form and substance satisfactory to BAYLOR and UTHSCH to the effect (i) that all the activities and arrangements and contracts contemplated hereby are approved and authorized by the State of Texas and that an appropriate State official, agency or body is authorized and directed to supervise all such activities, and (ii) that the liability of BAYLOR and its Trustees, officers and employees with respect to any action or omission of the Providers or AMS is not greater than the liability of UTS and UTHSCH and the UT BOARD OF REGENTS, its officers and employees with respect to any action or omission of the Providers or AMS, and that BAYLOR and its Trustees, officers and employees shall have immunity from any such liability to the same extent as do UTS and UTHSCH and the UT BOARD OF REGENTS, its officers and employees.

While the Preliminary Agreement is effective as of the date first set out above, and while it is contemplated that the parties will proceed as early as possible with planning and drafting of proposed documents necessary to implement the

contemplated arrangements under the Preliminary Agreement, BAYLOR and UT BOARD OF REGENTS further agree and stipulate that AMS shall not become operational, that no contract shall be executed with the Harris County Hospital District ("HCHD") by Affiliated Medical Services ("AMS") and no subcontract shall be executed with BAYLOR or UTHSCH by AMS, and that no other definitive agreements negotiated by the parties hereto to carry out the purposes of the Preliminary Agreement shall be or become effective or operative for any purpose, unless and until the legislation referred to immediately above has been enacted by the State of Texas in form and substance satisfactory to BAYLOR and UTHSCH.

BAYLOR and UT BOARD OF REGENTS further agree and stipulate that no contract shall become effective between HCHD and AMS and no subcontract shall become effective between BAYLOR or UTHSCH and AMS and no other definitive agreements negotiated by the parties hereto to carry out the purposes of the Preliminary Agreement shall be or become effective or operative for any purpose, unless and until:

1. The construction of two new hospital facilities referred to in the first whereas clause of the Preliminary Agreement has been completed and such facilities have become operational.

2. AMS shall have been duly incorporated as a Texas nonprofit corporation under the Texas Non-Profit Corporation Act for the purpose of performing the activities and functions contemplated in the Preliminary Agreement, with approval of the Texas Board of Medical Examiners as provided for in Article 4495b, Section 5.01 of the Texas Revised Civil Statutes.

Nothing contained herein shall, or shall be deemed to, confer any rights upon or inure to the benefit of any third party.

In the event of any conflict between any term or provision of this Agreement and any term or provision of the Preliminary Agreement, the terms and provisions of this Agreement shall govern and control.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective institutions, have signed this Agreement as of the date first set out above.

BAYLOR COLLEGE OF MEDICINE

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM ON  
BEHALF OF THE UNIVERSITY OF  
TEXAS HEALTH SCIENCE CENTER AT  
HOUSTON

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Gibson Gayle, Jr.,  
Chairman

---

Jess Hay, Chairman,  
Board of Regents of  
The University of Texas System

---

William T. Butler, M.D.,  
President



Content Approved:

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Dr. Charles B. Mullins,  
Executive Vice Chancellor of  
Health Affairs,  
The University of Texas System

Recommended for Approval:

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Dr. Roger J. Bulger, President,  
The University of Texas Health  
Science Center at Houston

Form Approved:

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Office of General Counsel,  
The University of Texas System

CERTIFICATE OF APPROVAL  
BY  
UT BOARD OF REGENTS

I, the undersigned, hereby certify that the foregoing Agreement was duly authorized and approved by the Board of Regents of The University of Texas System by signed written vote of a majority of such Board in regular or duly called meeting assembled on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, at which a quorum was present and acting throughout, that notice of such meeting and of such proposed action was duly given in accordance with the Texas Open Meeting Law, Article 6252-17, Vernon's Texas Civil Statutes, that such meeting was open to the public throughout, and that the person whose signature appears above as Chairman of such Board is authorized to execute such Agreement on behalf of such Board.

---

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

7. U. T. Health Science Center - Houston: Recommendation for Approval of Relocation and Lease Agreements with The Woodlands Corporation, a Delaware Corporation, for Relocation of the Cryobiology Research Center to The Woodlands Research Forest, The Woodlands, Texas.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Bulger's recommendation that the U. T. Board of Regents approve the Relocation Agreement set out on Pages HAC 49 - 53 between the U. T. Health Science Center - Houston and The Woodlands Corporation, a Delaware corporation, whereby the Cryobiology Research Center at the U. T. Health Science Center - Houston would be relocated to The Woodlands Research Forest, The Woodlands, Texas, and authorize the Executive Vice Chancellor for Health Affairs to execute such agreement on behalf of the U. T. Board of Regents.

It is further recommended that the U. T. Board of Regents approve the Lease Agreement set out on Pages HAC 54 - 67 and authorize the Executive Vice President for Administration and Finance at U. T. Health Science Center - Houston to execute such an agreement on behalf of the U. T. Board of Regents.

#### BACKGROUND INFORMATION

Under the terms of the Relocation Agreement, The Woodlands Corporation will contribute \$430,000 to U. T. Health Science Center - Houston in 24 equal monthly installments between January 1987 and December 1988. U. T. Health Science Center - Houston will use the contributions in support of the Cryobiology Research Center at The Woodlands Research Forest during the same period, with \$100,000 of the contribution being designated for payment of rent to The Woodlands Corporation.

U. T. Health Science Center - Houston will also provide funds for salaries, fringe benefits, specialized equipment and maintenance at the Cryobiology Research Center during the same two-year period. The amount of funds to be provided will be determined at the discretion of U. T. Health Science Center - Houston but will not exceed \$688,000.

U. T. Health Science Center - Houston presently intends to support the Cryobiology Research Center at The Woodlands Research Forest for an additional three-year period beginning January 1, 1989. A recommendation concerning support of the Cryobiology Research Center at The Woodlands Research Forest for the additional three-year period will be submitted for approval to the U. T. Board of Regents at a future meeting.

At its June 1986 meeting, the U. T. Board of Regents authorized the Office of the Chancellor and the Office of General Counsel to conclude negotiations on behalf of U. T. Health Science Center - Houston with The Woodlands Corporation, a subsidiary of Mitchell Energy and Development Corporation, to relocate the Cryobiology Research Center to the facilities known as The Woodlands Research Forest. The negotiations were to proceed in accordance with parameters outlined in the May 5, 1986, proposal letter from The Woodlands Corporation to U. T. Health Science Center - Houston.

The Lease Agreement between U. T. Health Science Center - Houston and The Woodlands Corporation provides for the rental by U. T. Health Science Center - Houston of 4,890 square feet at The Woodlands Research Forest for two years commencing January 1, 1987, at a rate of \$4,166.66 a month. The Agreement contains an option for a renewal term of three years at a rate to be negotiated. U. T. Health Science Center - Houston will evaluate the programs of the Cryobiology Research Center prior to December 31, 1988, to determine what, if any, level of support of the Cryobiology Research Center by U. T. Health Science Center - Houston should continue beyond that date. The ownership and disposition of any intellectual property resulting from research conducted at the Cryobiology Research Center will be governed by the Intellectual Property Policy of the U. T. System and a License Agreement between the U. T. System and the LifeCell Corporation dated June 6, 1986 and approved by the U. T. Board of Regents at its June 1986 meeting.

## RELOCATION AGREEMENT

This Agreement is made by and between the University of Texas Health Science Center at Houston (UTHSCH), an agency of the State of Texas governed by the Board of Regents of The University of Texas System (SYSTEM), and The Woodlands Corporation (TWC), a Delaware corporation.

Whereas, the Board of Regents for The University of Texas System, meeting on June 5, 1986, upon recommendation of the Health Affairs Committee, authorized the Office of the Chancellor and the Office of General Counsel to conclude negotiations on behalf of UTHSCH with TWC to relocate the Cryobiology Research Center of UTHSCH to facilities of TWC situated at the Woodlands Research Forest; and

Whereas, the Board directed that negotiations for relocating the Cryobiology Research Center of UTHSCH should proceed in accordance with parameters stated in the May 5, 1986, letter from Mr. Michael Richmond and Mr. David Gottlieb of TWC to Dr. R. W. Butcher, Director, Institute for Technology Development and Assessment at UTHSCH;

Whereas, the parties have since conferred concerning terms and conditions under which such relocating can reasonably occur;

Now therefore, the parties agree as follows:

- I. When approved by the Board of Regents of SYSTEM, this Agreement shall be effective as of January 1, 1987.
- II. TWC agrees to contribute to UTHSCH the sum of FOUR HUNDRED THIRTY THOUSAND DOLLARS (\$430,000) payable in twenty-four (24) equal monthly installments, the first such installment to be due and payable within ten (10) business days of the effective date of this Agreement.
- III. UTHSCH agrees that funds contributed by TWC pursuant to paragraph II above will be used in support of the Cryobiology Research Center. Such support will include payments under a twenty-four (24) month lease agreement executed between the parties on or about the date of this Agreement, which provides for the lease of approximately 4,890 square feet of laboratory/office space known as 3606 Research Forest Drive, Suites A-1 and A-2, at a cost to UTHSCH of FIFTY THOUSAND DOLLARS (\$50,000) annually.
- IV. UTHSCH agrees to provide, at its sole discretion, a sum of money not to exceed SIX HUNDRED EIGHTY-EIGHT THOUSAND DOLLARS (\$688,000) for support of the Cryobiology Research Center during the two year period commencing with the effective date. It is understood that funds provided by UTHSCH under this paragraph will be utilized at UTHSCH's option to pay salaries and fringe benefits and to provide certain specialized equipment and maintenance, or for such other purposes as UTHSCH may deem appropriate.

- V. UTHSCH presently intends to support the Cryobiology Research Center in The Woodlands Research Forest for an additional three (3) year period beginning January 1, 1989. It is contemplated that this support will include the provision of funds for lease space sufficient for the operation of a viable research center, either from University funds, external contract and/or grant funds.
- VI. The programs of the Cryobiology Research Center will be evaluated by UTHSCH prior to the end of the second year of operations (December 31, 1988) to determine what, if any, level of support UTHSCH will continue beyond that date.
- VII. The parties agree that the disposition of any patents, copyrights, trade secrets or other intellectual property resulting from research conducted at the CRYOBIOLOGY RESEARCH CENTER will be governed by The University of Texas System Intellectual Property Policy and a license agreement between the Board of Regents of The University of Texas System and the LifeCell Corporation dated June 6, 1986.
- VIII. TWC's obligations hereunder shall not be assignable without the prior written consent of UTHSCH.
- IX. TWC hereby agrees to indemnify and hold UTHSCH, SYSTEM, and their Regents, officers, agents and employees harmless for any loss, liability, damage, cost or expense (including reasonable attorneys

fees) arising out of acts or omissions by TWC, its officers, directors, agents or employees.

In witness whereof, the undersigned representatives of the parties have approved and executed this Agreement as set forth below.

ATTEST:

THE WOODLANDS CORPORATION

\_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

CONTENT APPROVED:

THE UNIVERSITY OF TEXAS HEALTH  
SCIENCE CENTER AT HOUSTON

By \_\_\_\_\_

Title \_\_\_\_\_

FORM APPROVED:

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

BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM

By \_\_\_\_\_

Title \_\_\_\_\_



CERTIFICATE OF APPROVAL

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

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

LEASE AGREEMENT

BETWEEN

THE WOODLANDS CORPORATION

AND

University of Texas Health  
Science Center at Houston

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LEASE AGREEMENT

THIS LEASE AGREEMENT, made this the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between THE WOODLANDS CORPORATION, a Delaware corporation (hereinafter called "Lessor"), and University of Texas Health Science Center at Houston (hereafter called "Lessee").

WITNESSETH:

That in consideration of the rents, covenants, terms and conditions hereinafter set forth, Lessor hereby leases to Lessee, and Lessee hereby rents from Lessor the herein described premises upon the following terms and conditions:

Section 1, LEASED PREMISES. Lessor hereby leases to Lessee and Lessee hereby takes from Lessor, the premises having a width of approximately 60 feet front and rear, and a depth of approximately 81.5 feet, (all measurements from center wall to center wall), containing approximately 4,890 square feet, as shown outlined in red on a drawing identified by the parties and attached hereto as Exhibit "A" (the "Premises"), in a building known and referred to as 3606 Research Forest Drive, Suite A-1 & 2 (the "Building"), located in The Woodlands, Montgomery County, Texas, on that tract of land described in a deed recorded in Volume \_\_\_\_\_, Page \_\_\_\_\_, of the Deed Records of Montgomery County, Texas (the "Land").

Section 2, PARKING. In addition to the Premises, Lessee and its invitees are hereby granted the exclusive right to use the loading dock affixed to the Premises, and to park vehicles at or in the area abutting said loading dock. Additionally, Lessor shall provide and keep in good condition through the term of this lease, parking areas for and vehicular access ways to the Premises, which shall be available for the non-exclusive use of Lessee, its employees and invitees. The use of such parking and access areas shall at all times be subject to such reasonable rules and regulations as Lessor may promulgate.

Section 3, TERM. The term of this Lease shall be for a period of twenty four (24) months, commencing on the earlier to occur of (a) January 1, 1987, or (b) the opening by Lessee of its business in the Premises, (the earlier of such dates being hereinafter referred to as the "Commencement Date"), subject to sooner termination as herein provided. Each of the parties hereto agrees, upon demand of the other, to execute a declaration, in recordable form, expressing the Commencement Date and the date of termination of the term as soon as the Commencement Date has been determined.

Section 4, DELAYED POSSESSION. If Lessor shall for any reason be unable to give possession of the Premises on the Commencement Date, the rent reserved and covenanted to be paid herein shall not commence until possession of the Premises is given to Lessee. For the purposes of this Section, Lessor shall be deemed to have given possession of the Premises to Lessee on the date that (a) the construction of the Building is substantially complete to the extent same is usable by Lessee for the purpose specified in this Lease, and (b) Lessor has completed construction of its portion of the tenant improvements to the Premises, as shown on Exhibit "B" hereto. No such failure to give possession on the Commencement Date shall in any way affect the validity of this Lease or the obligations of Lessee hereunder (except as expressly provided in this Section) nor shall same be construed in any way to extend the term of this Lease.

Section 5, ACCEPTANCE OF THE PREMISES. By opening for business, Lessee shall be deemed to have accepted the Premises, to have acknowledged that the same are in the condition called for hereunder and to have agreed that the obligations of the Lessor imposed by Exhibit "B" attached hereto have been fully performed.

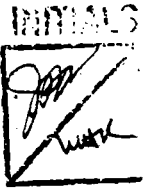
Section 6, USE OF THE PREMISES. The premises shall be used by Lessee solely for cryobiology laboratory and for no other purpose.

Section 7, BASE RENTAL. Lessee hereby agrees to pay to Lessor, at Lessor's address as stated herein, Base Rental for the Premises during the term of this Lease in the amount of Four Thousand One Hundred Sixty Six and 66/100 Dollars (\$4,166.66) per month, in advance, on the first day of each calendar month, first such payment due on the 1st day of January, 1987, and a like amount payable on the same day of each and every succeeding calendar month thereafter during the full term hereof, without offset, deduction or right of counterclaim whatsoever. The first such payment shall also include any prorated rental for the period from the Commencement Date to the first day of the first full calendar month in the term.

~~Section 8, ADDITIONAL RENTAL. In the event the amount payable by Lessor for (i) all "Taxes" (as described in Section 14 of this Lease) or for (ii) all reasonable expenses incurred in operating, maintaining and insuring the Building and the Land, as determined in accordance with Lessor's accounting practices, shall increase in any fiscal year over and above the amounts payable by Lessor for said items in the fiscal year ending January 31, 1987, then Lessee covenants and agrees to pay to Lessor as Additional Rental, from and after receipt of written notice thereof from Lessor, a monthly amount equal to the rentable area of the Premises divided by one twelfth (1/12) of the product of the total rentable area of the Building, multiplied by such increases attributable to the preceding fiscal year.~~

Section 9. PAYMENT OF RENTALS. Lessee covenants to promptly pay all rentals when due and payable. A late charge of ten (10%) per cent shall be added to any payment of rental or additional rental which is more than 10 days past due. If Lessor shall pay any monies or incur any expenses in correction of violations of the covenants herein set forth, the amounts so paid or incurred shall, on notice to Lessee, be considered additional rentals payable by Lessee with the first installment of rental thereafter to become due and payable, and may be collected or enforced as by law provided in respect of rentals.

~~Section 10. SECURITY DEPOSIT. Lessor hereby acknowledges receipt from Lessee of the sum of NA (\$) as security for the faithful performance and observance by Lessee of the terms, provisions and conditions of this Lease. In the event Lessee defaults in respect of any of the terms, provisions or conditions of this Lease, including, but not limited to, the payment of Base Rental or Additional Rental, Lessee may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any Base Rental, Additional Rental or any other sum as to which Lessee is in default, or for any sum which Lessor may expend or may be required to expend by reason of Lessee's default in respect of any of the terms, covenants or conditions of this Lease. Prior to the time when Lessee shall be entitled to the return of the security deposit, Lessor shall be entitled to intermingle such deposit with its own funds and to use such sum for such purposes as Lessor may determine, and Lessee shall not be entitled to any interest on the security deposit. In the event of a sale of the Land and Building, Lessor shall thereupon be released by Lessee from all liability for the return of such security, and Lessee agrees to look solely to the new Lessor for the return of said security. The provisions hereof shall apply to every transfer or assignment made of the security to a new landlord, provided that any Lessor making such a transfer or assignment shall be obligated to give Lessee notice of the ~~new landlord's name and address.~~~~

INITIALS  


Section 11. TENANT IMPROVEMENTS. On or before the Commencement Date, Lessor and/or Lessee shall substantially complete all work required of them under Exhibit "B" annexed hereto. Lessee will be permitted to enter the Premises and for the purpose of installing its equipment, provided that (a) Lessee shall have obtained Lessor's prior written approval of the plans and specifications as hereinafter provided, and (b) Lessee shall have deposited with Lessor the policies or certificates of insurance required by Section 20 hereof. Lessee's activities shall be conducted in such a manner as not to interfere with the work of Lessor or other tenants in the Building. Lessee shall, at its expense, remove from the Premises and from the Land all trash which may accumulate in connection with Lessee's activities. If Lessee fails to remove such trash, Lessor may remove same and Lessee shall reimburse Lessor promptly upon demand for Lessor's expenses in connection therewith. Lessee's use of the Premises prior to the Commencement Date shall be subject to all of the terms and provisions of this Lease, excepting only the obligation to pay rent, which obligation shall commence according to the other provisions of this Lease. No improvement, alteration, remodeling or other similar work (including initial tenant improvements) shall be made or done without Lessor's prior written approval of the plans and specifications, and of the contractor or contractors who are to make such improvements. On or before the NA day of \_\_\_\_\_, 19\_\_\_\_, Lessee shall submit to Lessor appropriate architectural plans and engineering specifications for initial tenant improvements to the Premises.

Section 12. MECHANICS OR MATERIALMEN'S LIENS. Lessee shall not permit any mechanics or materialmen's lien to be filed against the Land or the Building, or any portion thereof. In the event that any mechanics's or materialmen's lien shall at any time be filed against the Land or the Building, purporting to be for work, labor, services or materials performed or furnished to Lessee or anyone holding the Premises through or under Lessee, Lessee shall forthwith cause the same to be discharged of record. If Lessee shall fail to cause such lien to be discharged within thirty (30) days after notice of the filing thereof, then, in addition to any other right or remedy of Lessor, Lessor may, but shall not be obligated to, discharge the same by paying the amount claimed to be due. The amount so paid by Lessor and all costs and expenses, including reasonable attorney's fees incurred by Lessor in procuring the discharge of such lien, shall be due and payable by Lessee to Lessor as additional rent on the first day of the next succeeding month. Notice is hereby given that Lessor shall not be liable for any labor or materials furnished to Lessee upon credit, and that no mechanics's, materialmen's or other liens for any such labor or materials shall attach to and affect the estate or interest of Lessor in and to the Land or the Building.

Section 13. UTILITIES. Lessor shall make available to the Premises gas, electricity and water. Lessee agrees to assume all costs and expenses for gas, electricity, water, telephone, garbage, sewer and any other service needed for its use at the Premises, including any license or deposit required to establish or maintain such services, and the costs of installation and hook-up. Lessee shall promptly pay for all utility services furnished to the Premises during the term of this Lease. Lessor shall under no circumstances be liable to Lessee in damage or otherwise for any interruption in service of water, electricity, heating, air-conditioning or other utilities or services caused by governmental regulation, emergencies, Acts of God, by the making of any necessary repairs or improvements, or by any cause beyond Lessor's reasonable control. Lessor shall endeavor in good faith to give at least 24 hours notice to Lessee when any necessary interruption in service will be made by Lessor.

Section 14. TAXES. Lessor shall pay and discharge any and all real estate taxes, charges, assessments (including assessments by The Woodlands Community Association, Inc.), and governmental impositions, duties and charges of every kind and nature whatsoever, extraordinary as well as ordinary, which are ad valorem in nature, and which are charged, laid, levied, assessed or imposed upon the Building, the Land or any appurtenances thereto or part thereof, or upon any sidewalks or streets in front of or adjoining the Land. All of said taxes, charges and assessments shall herein be referred to as "Taxes".

Section 15. EXTERIOR REPAIRS. Lessor will keep the exterior of the Building, except any doors, windows, or glass, in repair, provided Lessee shall give Lessor written notice of the necessity for such repairs, and provided that the damage thereto shall not have been caused by the negligence of Lessee, its agents, employees, licensees or invitees, in which event Lessee shall be responsible therefor. Lessor shall be under no liability for repair, maintenance, alteration or any other action with reference to any plumbing, electrical or other mechanical installation within or serving the Premises or any part thereof, except for the service lines leading to the Premises.

Section 16. OPERATION BY LESSEE. Lessee agrees to (a) keep the inside and outside of all glass in the doors and windows of the Premises clean; (b) keep all exterior surfaces of the Premises clean; (c) replace promptly, at its expense, any cracked or broken glass in the Premises with glass of like kind and quality; (d) maintain the Premises in a clean, orderly and sanitary condition and free of insects, rodents, vermin and other pests; (e) keep any garbage, trash, rubbish or refuse in rat-proof containers within the interior of the Premises until removed from the area; (f) have such garbage, trash, rubbish and refuse removed at its expense on a regular basis from location points and at such times as designated by Lessor; (g) keep all mechanical apparatus free of vibration, noise or pollution which may be transmitted beyond the Premises; (h) comply with all laws, ordinances, rules and regulations of the Fire Underwriters Rating Bureau now or hereafter in effect; and (i) conduct its business in all respects in a dignified manner in accordance with high standards of business operation.

In addition, Lessee shall not (a) place or maintain any merchandise or other articles in any vestibule or entry of the Premises, on the footwalks adjacent thereto or elsewhere on the exterior of the Premises or Building without the written consent of Lessor; (b) permit undue accumulation of garbage, trash, rubbish or other refuse within or without the Premises; (c) cause or permit objectionable odors or emanate or be dispelled from the Premises; (d) cause or permit the parking of vehicles so as to interfere with the use of any driveway, walk, parking area, dock or other common facility in the area; (e) occupy, use or permit the use or occupancy of any portion of the Premises for any business or purpose which is immoral, disreputable or in violation of any legal direction of any public officer; or (f) occupy, use or permit the use or occupancy of any portion of the Premises for any business or purpose which, in the opinion of Lessor, reasonably formed, constitutes a public or private nuisance or unduly disturbs the business of other tenants in the Building.

Lessor shall have the right, upon written notice to Lessee, to provide for rubbish and refuse removal services as required of Lessee above, and Lessee agrees to reimburse Lessor for the cost incurred in providing such service within thirty (30) days after receipt of a statement setting forth the cost of such service.

Section 17. INTERIOR REPAIRS. Lessee will keep the interior of the premises, together with all electrical, plumbing and other mechanical installations therein, all heating and air conditioning equipment, and all interior or exterior windows or doors serving the Premises, in good order and repair, and will make all replacements thereto at its expense. Lessee will surrender the Premises at the expiration or earlier termination of this Lease, in as good condition as when received, excepting depreciation caused by ordinary wear and tear. Lessee will not overload the electrical wiring serving the Premises or within the Premises, and will install at its expense, but only after obtaining Lessor's written approval, any additional electrical service which may be required in connection with Lessee's use or occupancy. Notwithstanding anything herein to the contrary, Lessor, and not Lessee, shall be liable for any and all interior repairs which may result from any structural failure of the building, unless caused by Lessee, its agents, employees or invitees. Lessee will repair promptly, at its expense, any damage to the Premises caused by bringing into the Premises any property for Lessee's use, or by the installation or removal of such property, regardless of fault or by whom such damage was caused, unless caused by Lessor, its agents, employees or contractors. If Lessee fails to make such repairs, Lessor may make same, and Lessee agrees to pay, as additional rent, the cost thereof to Lessor promptly upon Landlord's demand therefor.

Section 18. SIGNS AND ADVERTISING. Lessee will not place or suffer to be placed or maintained on or displaced to the exterior of the Premises, any sign, advertising matter or other thing of any kind, and will not place or maintain any decoration, lettering or advertising matter on the glass of any window or door of the Premises without first obtaining the written approval of Lessor. Lessee will maintain any approved sign, decoration, lettering, advertising matter or other thing in good condition and repair at all times.

Section 19. ROOF AND WALLS. Lessor or its designee shall have the exclusive right (a) to use all or any part of the roof of the Building for any purpose including to erect additional stories or other structures over all or any part of the Premises, and to erect in connection with the construction thereof temporary scaffolds and other aids to construction on the exterior of the Premises, provided that access to the Premises shall not be denied; and (b) to install, maintain, use, repair and replace within the Premises, pipes, ducts, conduits, wires and all other mechanical equipment serving other parts of the Building, the same to be in locations within the Premises as will not materially interfere with Lessee's use thereof.

~~Section 20. INSURANCE. Lessee will keep in force at its expense during the term of this Lease and during such other time as Lessee occupies the Premises or any part thereof: (1) public liability insurance with respect to the Premises in a company or companies and in a form acceptable to Lessor, with minimum limits of One Million Dollars (\$1,000,000) on account of bodily injury or death as the result of any one accident or occurrence, and Three Hundred Thousand Dollars (\$300,000) per occurrence for property damage; (2) fire and extended coverage insurance on Lessee's fixtures, goods, wares and merchandise in or at the Premises; and (3) workers' compensation~~

~~Section 19. INSURANCE. Lessee will procure and maintain fire insurance or similar insurance affording statutory coverage and containing minimum statutory limits. Lessee will deposit the policy or policies of insurance or certificates thereof with Lessor. If Lessee shall not comply with the requirements of this section, Lessor may cause insurance as aforesaid to be issued, and in such event Lessee agrees to pay, as additional rent, the premium for such insurance upon Lessor's demand.~~

~~Lessee will not do or suffer to be done, or keep suffer to be kept, anything in, upon or about the Premises which will contravene Lessor's policies insuring against loss or damage by fire or other hazards (including, without limitation, public liability) or which will prevent Lessor from procuring such policies in companies and at such rates acceptable to Lessor. If anything done, omitted to be done or suffered to be done by Lessee, or kept or suffered to be kept by Lessee in, upon or about the Premises shall cause the rate of fire or other insurance on the Premises, the Building or other property of Lessor, in a company acceptable to Lessor, to be increased beyond the minimum rate from time to time applicable to the Premises for the use permitted under this Lease, Lessee shall pay, as additional rental, the amount of any increase upon Lessor's demand.~~

Section 21. WAIVER OF SUBROGATION. It is expressly agreed that neither Lessor nor Lessee shall be liable to the other to the extent any loss or damage incurred by the other is or is required hereby to be covered by insurance, and both Lessor and Lessee shall cause the carriers of any insurance covering or affecting the Premises or the Building to include provisions in all such policies waiving any rights by way of subrogation against the other. However, if as a result of any act or omission by either party hereto or their agents, employees or invitees, the other party is unable to recover the proceeds of any insurance policy maintained in force under this Lease, the responsible party shall be liable to the insured party for the cost of damages, repairs, replacements or restoration of the damaged area to the condition in which it was immediately prior to the occurrence of such damage.

~~Section 22. INDEMNITY. Lessee will indemnify Lessor and save it harmless from and against any and all claims, actions, damages, liabilities or expenses in connection with loss of life, personal injury or damage to property arising from or out of the occupancy or use by Lessee of the Premises, the Building, the Land or any part thereof unless caused by the negligent act or omission of Lessor, its agents or employees.~~

Section 23. DAMAGE OR DESTRUCTION OF PREMISES. In the event the Premises shall be damaged by fire, explosion, storm, flood, Act of God, war, riot, insurrection or other casualty to the extent that the Premises are rendered totally and completely untenable in the opinion of Lessor, reasonably formed, then, at the option of either Lessor or Lessee, exercisable by written notice to the other party at any time within twenty (20) days of the date when such damage or destruction occurred, either party hereto may cancel and terminate this Lease effective as of the date when such damage or destruction occurred; in such event, Lessor shall retain the security deposit as partial payment for the damages incurred, if in Lessor's opinion, reasonably formed, such damage was caused by Lessee's negligence. In the event neither party elects to cancel and terminate this Lease pursuant to the foregoing provisions, or in the event such damage or destruction does not render the Premises totally and completely untenable, Lessor shall with reasonable diligence rebuild and reconstruct the Premises to as good condition as same were in immediately prior to such damage or destruction. Lessee's obligation to pay rental hereunder during the time the Premises are totally or partially untenable shall, unless such condition was caused by Lessee's negligence, be proportionally abated in the proportion which the portion of the Premises so rendered untenable bears to the entire Premises, until full use of the Premises is again tendered to Lessee.

Section 24. CONDEMNATION. If the whole or any part of the Premises shall be taken under the power of eminent domain, this Lease shall terminate as to the part so taken on the date Lessee is required to yield possession thereof to the condemning authority. Lessor shall, with reasonable diligence, make such repairs and alterations as may be necessary in order to restore the part not taken to a useful condition, and rentals shall be reduced proportionately by the portion of the Premises so taken. If in the opinion of Lessor, the amount of the Premises so taken destroys the usefulness of the Premises for the uses permitted under this Lease, either party may, within 20 days from the date of such taking, terminate this Lease as of the date when Lessee is required to yield possession. All compensation awarded for any taking of the fee and the leasehold shall belong to and be the property of Lessor, and Lessee hereby assigns to Lessor any and all right, title and interest in and to any such award or any part thereof; provided, however, that Lessee shall be entitled to claim, prove and receive in the condemnation proceeding such award as may be allowed for trade fixtures or for loss of business or good will, depreciation or injury to and cost of removal of stock-in-trade, but only if such awards shall be made by the condemnation court in addition to, and shall not result in a reduction of, the award made for any interest of Lessor in the Land and Building.

Section 25. RIGHT OF ENTRY. Lessee will permit Lessor, its agents, employees or contractors, to enter all or any part of the Premises during business hours to inspect the same, enforce or carry out any provision of this Lease or show the premises to prospective purchasers, mortgagees or lessees.

Section 26. MEMORANDUM. If requested by either party, the other party agrees to execute, acknowledge and deliver a Memorandum of Lease, in recordable form. In addition to other matters contained therein, said Memorandum of Lease shall contain the notice with regard to mechanics or materialmen's liens set forth in Section 12 hereof. Recording, transfer taxes and like charges shall be paid by the party requesting such Memorandum.

Section 27. TERMINATION. This Lease and the tenancy hereby created shall cease and determine at the end of the term hereof without the necessity of any notice from either Lessor or Lessee to

terminate the same. Lessee hereby waives notice to vacate the Premises and agrees that Lessor shall be entitled to the benefit of all provisions of law respecting the summary recover of possession of the Premises from a tenant holding over, to the same extent as if statutory notice had been given. For the period of six (6) months prior to the expiration of the term of this Lease, Lessor shall have the right to display on the exterior of the Premises (but not in any window or doorway thereof, the customary sign "For Rent"; during such period Lessor may show the Premises and all parts thereof to prospective tenants between the hours of 9:00 a.m. and 5:00 p.m. on any day except Sunday or a legal or religious holiday on which Lessee is not open for business.

Section 28. HOLDING OVER. In the event of holding over by Lessee after the expiration or termination of this Lease and without the prior written consent of Lessor, Lessee shall pay as liquidated damages for the use of the Premises 150% of the rent specified for an equivalent period of time immediately preceding the end of the term of this Lease. No holding over by Lessee with or without the consent or acquiescence of Lessor, shall operate to extend the term of this Lease for a longer period than one (1) month. In the event of any unauthorized holding over, Lessee shall, in addition to the liquidated damages for the use of the premises provided in this Section, indemnify Lessor against all claims for damages by any other tenant to whom Lessor may have leased all or any part of the Premises.

Section 29. ASSIGNMENT AND SUBLETTING. Lessor shall have the right to convey, transfer, assign, mortgage or otherwise encumber, in whole or in part, its right, title and interest in and to this Lease, the Building and the Land, and Lessee shall in any such event recognize and respect any such conveyance, transfer or assignment, and attorn to any person or entity who shall acquire any such right, title or interest, whether by voluntary transfer, assignment or conveyance, or through foreclosure of any mortgage, lien or other security interest granted by Lessor. In the event of any such transfer by Lessor of all of its interest in and to this Lease, Lessor shall be released from all further obligations or duties thereafter accruing hereunder. Lessee will not assign this Lease in whole or in part, nor sublet all or any part of the Premises, nor license concessions or lease departments within the Premises, nor transfer possession or occupancy thereof in any manner, without first obtaining the written consent of Lessor.

Section 30. SUBORDINATION. Upon written notice given to Lessee by the holder of any first mortgage, first deed of trust or other first security instrument, Lessee's rights under this Lease are and shall be subordinate to the operation and effect of any such first mortgage, first deed of trust or other first security instrument now or hereafter placed upon the Building, the Land or any part or parts thereof. The foregoing clause shall be self-operative, and no further instrument subordinating this Lease to any security instrument, after notice as aforesaid, shall be required. In confirmation thereof, Lessee shall, upon request, execute such further assurances, instruments, releases or other documents that may be reasonably requested by any first mortgagee or holder of any other first security instrument, further assuring the foregoing. The failure of Lessee to execute and deliver any such instrument, release or document within ten (10) days following written request by Lessor for the same shall constitute a default hereunder.

Section 31. ATTORNMENT. Lessee agrees that upon any foreclosure or sale under a mortgage or deed of trust to which this Lease is now or shall hereafter become subject or subordinate, Lessee will attorn to the mortgagee or purchaser upon foreclosure, will pay to said mortgagee or purchaser all the rents and other monies required to be paid by Lessee hereunder and will perform and comply with all of the other terms, covenants, conditions and obligations contained in this Lease; provided, that upon Lessee's request in writing, such mortgagee or purchaser shall execute and deliver to Lessee its agreement that so long as Lessee performs all of the terms, covenants and conditions of this Lease on Lessee's part to be performed, Lessee's possession hereunder shall not be disturbed by such mortgagee or purchaser.

Section 32. CERTIFICATES. Lessee agrees that at any time, and from time to time, upon not less than five (5) days' notice by Lessor, it will execute, acknowledge and deliver to Lessor a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the Lease is in full force and effect also modified, and stating the modifications) and the dates to which the rent and other charges have been paid, and stating whether or not to the best knowledge of Lessee, Lessor is then in default in performance of any covenant, agreement or condition contained in this Lease, and if so, specifying each such default of which the Lessee may have knowledge, it being understood that any such statement may be relied upon by third parties who are not a party to this Lease.

Section 33. TRANSFER OF CONTROL. If Lessee is a corporation, and if at any time during the term of this Lease, corporate shares of Lessee shall be transferred by sale, assignment, bequest, inheritance, operation of law or other disposition so as to result in a change in the present control of said corporation by the person or persons now owning a majority of said corporate shares, Lessee shall be in default of this Lease and Lessor may exercise its rights in respect of default hereunder.

~~Section 34. LANDLORD'S LIEN. Lessee expressly grants to Lessor a landlord's lien upon all of the machinery, equipment, goods, wares, chattels, implements, fixtures, furniture, tools and other personal property which Lessee shall now or at any time hereafter place in or upon the Premises, including all replacements thereof and additions thereto, as security for the due and punctual payment by Lessee to Lessor of all rent and other sums due hereunder and the performance and observance by Lessee of all of the terms and conditions of this Lease. All exemptions of said property or any part thereof are hereby expressly waived by Lessee. The lien and security interest hereby granted is in addition to and cumulative of Lessor's statutory lien. It is expressly agreed that the lien and security interest herein granted may be foreclosed with or without the property being present, to the highest bidder for cash, and that Lessor shall have the right to become purchaser thereof if it shall be the highest bidder. The proceeds of any~~



~~such sale shall be applied first to the costs incurred in holding such sale, next to the payment of any rent or other amounts then owing by Lessee to Lessor, and the balance, if any, to Lessee. Lessee agrees to deliver possession of any property so foreclosed upon to the purchaser thereof, and to pay Lessor any deficiency remaining after such foreclosure sale. The Lessee agrees to execute any Uniform Commercial Code financing statements required by Lessor to evidence the security interest hereby granted. In addition to all of its rights hereunder, Lessor shall also have all of the rights and remedies of a secured party under the Texas Uniform Commercial Code.~~

All equipment, machines, furniture, trade fixtures or other apparatus which are installed in the Premises by Lessee shall remain the property of Lessee and shall be removable by Lessee from time to time and at the expiration of the term of this Lease, or any renewal, extension or other termination thereof, provided that such fixtures and apparatus can be and are removed without damaging the Premises or the Building, and provided that Lessee shall not at such time be in ~~default under any covenant or agreement contained in this Lease.~~

Section 35. DEFAULT. In the event Lessee shall fail to timely pay rent or any other amount required to be paid by the terms hereof, or shall fail to perform any other obligation or duty provided for herein within ten (10) days after receipt of written demand from Lessor to do so, or shall abandon or vacate the Premises, or in the event of filing of a petition in bankruptcy or other insolvency proceeding by or against Lessee or the filing of a petition or answer seeking relief under any provision of the Bankruptcy Laws, or in the event of assignment by Lessee for the benefit of creditors or the filing of a petition or other proceeding for the appointment of a trustee, receiver or liquidator of Lessee or any of Lessee's property, or the filing of a proceeding by any governmental authority for the dissolution or liquidation of Lessee, then in any such event, Lessee shall be in default under this Lease and Lessor shall have the right, at its option, in addition to any other right or remedy which it may have at law or in equity, to enter upon or take possession of the Premises, to remove all persons and property therefrom, with or without legal process, to change all locks to the Premises and to take such other action as may be necessary to dispossess Lessee therefrom. Lessee agrees that such acts or actions by Lessor shall in no event be deemed an unauthorized entry or constitute a conversion of Lessee's property, and all claims for damages by reason of any such reentry, repossession or changing of any locks are hereby expressly waived by Lessee, as are any and all claims for damages by reason of any legal proceedings instituted by Lessor to recover possession of the Premises. The foregoing rights and remedies granted to Lessor may be exercised by Lessor with or without terminating this Lease. The exercise of any one or more of the rights hereinabove provided shall in no event be deemed to be an acceptance of surrender of the Premises by operation of law or otherwise, and shall in no event effect a waiver or other release of any other rights which Lessor shall have under this Lease or otherwise. In the event of default, Lessor shall be entitled to terminate this Lease and all of Lessee's rights hereunder. If Lessor elects to terminate this Lease, Lessee shall nevertheless be liable to Lessor for the full amount of all accrued and unpaid rent as well as any and all other amounts then owing to Lessor at the time of such termination, plus, as liquidated damages for such default, an amount equal to the unpaid balance of the rental provided for in this Lease. In the event Lessor elects to take possession of the Premises without terminating this Lease, Lessor may, at its option and without any obligation to do so, re-let all or any part of the Premises for any period satisfactory to Lessor, to any tenant acceptable to Lessor, for a use and purpose acceptable to Lessor. If Lessor does re-let all or part of the Premises, Lessee shall be entitled to a credit against its obligations hereunder in the amount of all rents received by Lessor as a result of such re-letting, less the total of all costs and expenses incurred by Lessor in connection with such re-letting, such credit not to exceed the rental payable by Lessee to Lessor hereunder. Lessee shall be liable to Lessor for all attorney's fees incurred by Lessor in enforcing this Lease as a result of default by Lessee.

Section 36. NOTICES. Any notice required or permitted to be given pursuant to the terms of this Lease shall be sent by certified or registered U.S. mail to Lessor at 2201 Timberloch Place, The Woodlands, Texas 77380, Attn: Property Manager, and to Lessee at P.O. Box 20036 Houston, Texas 77225. The place to which such notices shall be sent may be changed by either party giving notice of such change to the other party in the manner hereinabove provided.

Section 37. COMMISSIONS. Lessee warrants and represents that it has not had any dealing with any realtor, broker or agent, in connection with the negotiation of this Lease, ~~and Lessee agrees to pay and hold Lessor harmless from any cost, expense or liability (including reasonable costs of suit and attorney's fees) for any compensation, commission or charges claimed by any realtor, broker or agent with respect to this Lease or the negotiation thereof.~~

Section 38. REMEDIES CUMULATIVE. No reference to any specific right or remedy shall preclude Lessor from exercising any other right, from having any other remedy or from maintaining any action to which it may otherwise be entitled at law or in equity.

Section 39. NO WAIVER. Lessor's failure to insist upon strict performance of any covenant of this Lease or to exercise any option or right herein contained shall not be a waiver or relinquishment for the future of each covenant, right or option, but the same shall remain in full force and effect.

Section 40. SEVERABILITY. If any of the provisions of this Lease shall contravene or be invalid under the laws of the particular state, county or jurisdiction where applied, such contravention or invalidity shall not invalidate the Lease or any other portions thereof, and the remainder of this Lease or the application thereof to other persons or circumstances shall not be affected thereby.

Section 41. ENTIRE AGREEMENT. This Lease contains the entire agreement between the parties with respect to the letting contemplated hereby and merges all prior negotiations and agreements. No agreement now or hereafter made shall be effective to change, modify or discharge this Lease or any provision hereof, including the provisions of this Section, unless in writing and signed by the party against whom enforcement is sought.

Section 42. JOINT AND SEVERAL LIABILITY. If two or more individuals, corporation, partnerships or other business associations (or any combination of two more thereof) shall sign this Lease as Lessee, the liability of each such individual, corporation, partnership or other business association to pay rent and perform all other obligations hereunder shall be deemed to be joint and several. In like manner, if Lessee shall be a partnership or other business association, the members of which are, by virtue of statute or general law, subject to personal liability, the liability of each such member shall be deemed to be joint and several.

Section 43. NO OPTION. The submission of this Lease for examination does not constitute a reservation of or option for the Premises, and this Lease becomes effective only upon execution hereof by Lessor and Lessee, and delivery of a fully executed copy to Lessee.

Section 44. CORPORATE RESOLUTIONS. In the event Lessee is a corporation, Lessee will furnish Lessor, contemporaneously and together with the return of this Lease, a certified copy of a corporate resolution of said corporation authorizing Lessee, as a corporate entity, and the person executing same, to enter into this Lease and each and every specific provision hereof, and certified by the secretary or an assistant secretary of said corporation.

Section 45. APPLICABLE LAW. This Lease shall be construed under the laws of the State of Texas, and shall be performable only in Montgomery County, Texas.

Section 46. CAPTIONS. The captions and headings herein are for convenience and reference only.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement under their respective hands and seals as of the day and year first above written.

THE WOODLANDS CORPORATION

By: Michael H. Richmond  
Michael H. Richmond, Exec. Vice President  
"LESSOR"

UNIVERSITY OF TEXAS HEALTH SCIENCE  
CENTER AT HOUSTON

ATTEST:

Kristi Edmonson

By: John P. Porretto  
John P. Porretto, Exec. V.P.  
"LESSEE" Admin. & Finance

KRISTI EDMONSON  
NOTARY PUBLIC, STATE OF TEXAS  
COMMISSION EXPIRES 03/20/89

Legal     
Sales     
Other

RIDER NO. 1  
TO LEASE AGREEMENT DATED  
\_\_\_\_\_, 19\_\_\_\_, BY AND BETWEEN  
THE WOODLANDS CORPORATION, AS LESSOR, AND  
UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER \_\_\_\_\_, AS LESSEE  
AT HOUSTON

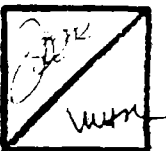
RENEWAL OPTION

As long as Lessee is not in default in the performance of its covenants under this Lease, Lessee is hereby granted the option to renew the Term of this Lease for ~~three~~ three additional years ~~XXXXXX~~, to commence at the expiration of the initial term of this Lease. Lessee shall exercise ~~the~~ option to renew by delivering written notice of such election to Lessor at least six (6) months prior to the expiration of the Term of this Lease. The renewal of this Lease shall be upon the same terms and conditions of this Lease, except (a) the Base Rent during the Renewal Term shall be the prevailing market Base Rent rate (similarly defined) for similar space in the Building at the time ~~the~~ Renewal Term commences,

(b)

Lessee shall have no option to renew this Lease beyond the Renewal Term set out above, (c) Lessee shall not have the right to assign its renewal rights to any sublessee of the Premises or assignee of the Lease, (d) the leasehold improvements will be provided in their then existing condition (on an "as is" basis) at the time the Renewal Term commences, ~~XXXXXX~~  
~~in the lease shall include any Renewal Term that has been duly~~  
~~recorded by Lessee and XXX any other amendments or additions to~~  
~~the lease providing for abatement of base rent shall be applied~~  
~~only to the Renewal Term~~

INITIALS



 The Woodlands Corporation

RIDER NO. 2  
TO LEASE AGREEMENT DATED  
                                , 19   , BY AND BETWEEN  
THE WOODLANDS CORPORATION, AS LESSOR, AND  
UNIVERSITY OF TEXAS HEALTH SCIENCE                                , AS LESSEE  
CENTER AT HOUSTON

RIGHT OF FIRST REFUSAL OPTION ON ADJACENT LEASE SPACE

As long as Lessee is not in default in the performance of its covenants under this Lease, Lessee is hereby granted a one (1) week right of first refusal option on space available for lease adjacent to Lessee's leased premises.

INITIALS  


 The Woodlands Corporation

RIDER NO. 3  
TO LEASE AGREEMENT DATED  
, 19 , BY AND BETWEEN  
THE WOODLANDS CORPORATION, AS LESSOR, AND  
UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON, AS LESSEE

The University of Texas Health Science Center at Houston is prohibited from purchasing liability insurance by House Bill 20, Sixty-Ninth Legislature, Regular Session, 1985, the General Appropriations Act. The relevant portions are attached.

Liability of the University in tort would be governed by the Texas Tort Claims Act, Chapter 101, Texas Civil Practice and Remedies Code.

*JPP*  
*WHL*

GENERAL PROVISIONS

OTHER PROVISIONS  
(Continued)

Institutions of higher education listed in Article III of this Act, excluding junior colleges, must file by January 1, an annual report as of August 31, of the preceding year in accordance with the Texas Education Code.

Sec. 55. **BOOKKEEPING ERRORS.** Should clerical or bookkeeping errors result in any moneys being expended, transferred, or deposited into incorrect funds in or with the State Treasury or any moneys being cleared from a trust and suspense fund to other than the proper fund, such erroneously expended, transferred, deposited, or cleared moneys may be transferred to the correct funds or accounts or trust and suspense account within the State Treasury upon request of the administering department with the concurrence of the State Comptroller, and so much as is necessary for said transfer is hereby appropriated.

Sec. 56. **TORT CLAIMS ACT.** None of the funds appropriated in this Act may be expended for the purpose of purchasing policies of insurance covering claims arising under the Texas Tort Claims Act.

Payments for outside legal counsel employed by any agency or board of the State of Texas shall not exceed the sum of \$200,000 in any single lawsuit unless and until expenditure of amounts in excess of said \$200,000 is specifically approved by the Governor.

Sec. 57. **DISCRIMINATORY PRACTICES.** None of the funds appropriated in this Act shall be expended by agencies which practice discrimination based on race, creed, sex or national origin. The State Attorney General shall be specifically responsible for the enforcement thereof upon the request of the Governor.

Sec. 58. **REIMBURSEMENTS FOR UNEMPLOYMENT BENEFITS.** a. At the close of each calendar quarter, the Texas Employment Commission shall prepare a statement reflecting the amount of unemployment benefits paid to all former state employees based on wages earned from state employment and present it to the Comptroller of Public Accounts, who is hereby directed to pay by warrant out of funds appropriated from the General Revenue Fund such amount to the Unemployment Compensation Benefit Account to reimburse it for such payments.

The heads of state agencies, institutions, departments, commissions, boards, divisions, or other units of state government are directed to determine the proportionate amount of the reimbursement or payment due from funds other than General Revenue Funds and to present the Comptroller of Public Accounts a purchase or transfer voucher requesting reimbursement from such funds to General Revenue, and shall reimburse the General Revenue Fund with a check for funds not in the State Treasury. Such transfers and payments as are authorized under law shall be made within thirty (30) days from receipt of the statement of payments due. The Comptroller of Public Accounts may prescribe accounting procedures and regulations to implement this section.

*Jose -  
WTR*

365.0'

395.0'

PHASE ONE

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A-5  
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A-2  
A-1

SITE PLAN

EXHIBIT A

HAC - 67

*[Handwritten signature]*  
DATE: \_\_\_\_\_

8. U. T. Health Science Center - San Antonio: Proposed Appointment to the Dan F. Parman Chair in Medicine Effective December 4, 1986.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Howe to appoint Jay H. Stein, M.D., as initial holder of the Dan F. Parman Chair in Medicine at the U. T. Health Science Center - San Antonio effective December 4, 1986.

BACKGROUND INFORMATION

Jay H. Stein, M.D., has been a faculty member at the U. T. Health Science Center - San Antonio since 1975. Since 1977, he has held the position of Chairman of the Department of Medicine. His medical career has been devoted to the study of kidney diseases and his achievements are nationally recognized. Currently, he is President of the Association of Professors of Medicine and is a member of the Board of Governors of the American Board of Internal Medicine. He has served on editorial boards and is author of a current textbook, Internal Medicine. Appointment to the Dan F. Parman Chair in Medicine is an appropriate recognition of Dr. Stein's distinguished career in medicine.

The Dan F. Parman Chair in Medicine was established by the U. T. Board of Regents in April 1986.

9. U. T. Cancer Center: Proposed Appointment to the United Energy Resources, Inc. Professorship Effective January 1, 1987.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President LeMaistre to appoint Luka Milas, M.D., Ph.D., as initial holder of the United Energy Resources, Inc. Professorship at the U. T. Cancer Center effective January 1, 1987.

BACKGROUND INFORMATION

Luka Milas, M.D., Ph.D., received his medical degree and graduate degree in physiology from the University of Zagreb, Zagreb, Yugoslavia. Dr. Milas was a member of the U. T. Cancer Center faculty for four years in the 1970s and returned to the U. T. Cancer Center in 1980 to accept the position he currently holds, Chairman, Department of Experimental Radiotherapy. He is an expert in radiation therapy and the treatment of cancer. The distinguished career of Dr. Milas in research and patient care justifies his appointment to this Professorship.

The United Energy Resources, Inc. Professorship was established by the U. T. Board of Regents in August 1982.



10. U. T. Health Center - Tyler: Proposed Affiliation Agreement with Mother Frances Hospital of Tyler, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by Director Hurst that approval be given to the affiliation agreement set out on Pages HAC 70 - 80 between the U. T. Health Center - Tyler and Mother Frances Hospital of Tyler, Texas.

BACKGROUND INFORMATION

The affiliation agreement will provide educational experiences for U. T. Health Center - Tyler family practice residents who will complete their clinical obstetrical training at Mother Frances Hospital of Tyler, Texas.

This agreement has been reviewed and approved by the Office of General Counsel.

HEALTH CARE EDUCATIONAL  
AFFILIATION AGREEMENT

THIS AGREEMENT made the 30th day of June, 1986, by and between THE UNIVERSITY OF TEXAS HEALTH CENTER AT TYLER, TYLER, TEXAS ("University"), a component institution of THE UNIVERSITY OF TEXAS ("System"), and MOTHER FRANCES HOSPITAL OF TYLER, TEXAS ("Facility"), a nonprofit corporation organized and existing under the laws of the State of Texas, having its principal office at 800 East Dawson Street, Tyler, Texas 75701.

W I T N E S S E T H:

WHEREAS, Facility now operates hospital facilities located at 800 East Dawson 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. 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. Each faculty member who teaches and supervises shall be processed through the Facility's credentialing procedure as a member of the consulting medical staff and must maintain consulting staff privileges throughout the term of this Agreement.

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 \$500,000.00/\$1,000,000.00 for each resident and faculty of the University participating in the Family Practice

Program. 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 Facility. 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 Facility. 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 Governing Board of the Facility.

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 Governing Board of the Facility. If so approved, this Agreement shall become effective as of July 1, 1986, and shall continue in effect for a term ending December 31, 1986. This Agreement shall terminate December 31, 1986, unless renewed by written agreement of the parties.

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 the Facility. These books and records may be inspected by the Facility or its representatives at any reasonable time.

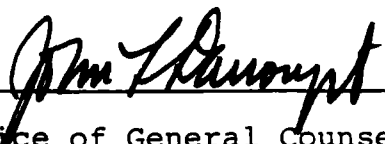
13. As part of this Agreement, The University of Texas intends to continue its usual and customary practice regarding medical services purchased off campus. If a medical service is purchased

from the Facility 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.


14. This Agreement shall be performed in Smith County, Texas, which shall be the agreed venue of any litigation arising from this Agreement.

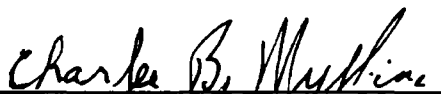
15. The Policies and Procedures attached hereto as Exhibit A are incorporated herein and adopted by reference.

FORM APPROVED

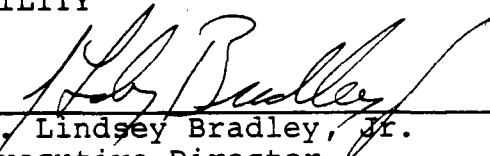
By   
Office of General Counsel  
U.T. System

UNIVERSITY  
RECOMMENDED FOR APPROVAL

  
George A. Hurst, M.D., Director  
The University of Texas Health  
Center at Tyler

By   
Executive Vice Chancellor for  
Health Affairs  
The University of Texas System

FACILITY

By   
J. Lindsey Bradley, Jr.  
Executive Director  
Mother Frances Hospital

CERTIFICATE OF APPROVAL

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

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



Exhibit A

POLICY AND PROCEDURE

-----  
SUBJECT: GUIDELINES FOR OBSTETRICAL  
ROTATION FOR UTHC FAMILY  
PRACTICE RESIDENTS  
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DATE: 5/86 PAGE 1  
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1.0 PURPOSE

- 1.1 To define the parameters of medical practice for UTHC Family Practice residents completing their clinical obstetrical rotation at Mother Frances Hospital

2.0 POLICY

- 2.1 Each month a first and second year UTHC Family Practice resident will be on rotation at Mother Frances Hospital. They will serve a two-month rotation alternating one month in obstetrics and one month in gynecology. Residents will be on call every third night for OB call and will be required to stay on the L&D unit while on call. A written copy of the rotation schedule will be posted on the Perinatal units prior to their arrival. The patient does have the right to refuse care from the resident.
- 2.2 The program coordinator will appoint each UTHC Family Practice resident to a medical preceptor, an obstetrician on staff at Mother Frances Hospital who will be responsible for the resident. Each resident will report to the program coordinator one week prior to his rotation for orientation and introduction to the Mother Frances Hospital staff and administration. Residents will wear ID badges at all times while at Mother Frances Hospital and introduce themselves to patients/staff as "University of Texas Health Center Residents".
- 2.3 The UTHC Family practice resident will be accountable to the medical preceptor and attending physician. Clinical practice problems and other areas of concern will be reported by notifying the following persons utilizing the chain of command:
- 2.3.1 The attending physician
  - 2.3.2 The medical preceptor
  - 2.3.3 The chief of OB/GYN services at MFH
- 2.4 The resident will document the patient's progress and all procedures in the progress notes of the patient's medical record or on the ER Outpatient record. The resident reports to the attending physician/medical preceptor and all communications between the resident and the medical preceptor/attending physician must be timed and dated in the progress notes and countersigned by the medical preceptor/attending physician within 24 hours. The resident's written orders must also be countersigned by the medical preceptor/attending physician within 24 hours.

- 2.5 The resident may observe any case or procedure with medical staff approval. Practice procedures are enclosed for Level I and Level II residents and categorized according to those that can be performed independently, those that can be done while directly supervised by the attending physician/medical preceptor in attendance, and those that residents are not allowed to do. Medical competencies will be verified by utilization of a skills checklist and will be maintained on the Labor and Delivery unit. Once a specific skill is documented on the checklist and has final approval by the Medical preceptor, this skill can be performed independently by the resident. In the event of increasing complexity of obstetrical management, the Level I and Level II residents relinquish responsibility for the patient to the attending physician
- 2.6 Each UTHC Family Practice Resident is evaluated by the medical preceptor at the end of the clinical rotation.
- 2.7 Resident provides a copy of DEA# to Pharmacy director prior to writing perscriptions.
- 2.8 The above policies are subject to review and/or by the Executive Committee on a quarterly basis.

LEVEL I RESIDENTS  
PRACTICE PROCEDURES

CAN DO INDEPENDENTLY:

1. May admit and discharge, patient with medical preceptor/attending physician approval.
2. May write labor management orders, to include administration of Pitocin, Yutopar and MgSo4. The resident will communicate on an ongoing basis pertinent assessments of the patient's status to the medical preceptor/attending physician with written documentation in the progress notes (co-signed by medical preceptor/attending physician within 24 hours).
3. Vaginal exam (after completion of checklist).
4. Application of internal scalp electrode (after completion of checklist).

CAN DO WITH MEDICAL PRECEPTOR/ATTENDING PHYSICIAN IN ATTENDANCE:

1. Administration of Prostin E-Z suppository.
2. Fetal monitoring strip interpretation.
3. Amniotomy
4. Administration of Local and Pudendal anesthesia.
5. Vaginal delivery with episiotomy and repair.
6. Delivery of placenta, both spontaneous and manual.
7. Resuscitation of newborn.
8. Staff as physician first assistant on Cesarean Section (after completion of checklist).

CANNOT DO:

1. Administration of general or regional anesthesia.
2. Staff as primary surgeon on Cesarean Section.
3. Medical management of non-stress lab patient.
4. Application of forceps/forceps delivery.
5. Surgical excision of hematoma.
6. Fourth degree episiotomy repair
7. Amniocentesis
8. Monitor patient following epidural injection.

LEVEL II RESIDENTS  
PRACTICE PROCEDURES

Level II Residents can do specific skills independently after final approval of skills checklist by medical preceptor.

CAN DO INDEPENDENTLY:

1. May admit and discharge patients with medical preceptor/attending physician approval.
2. Labor management orders, to include administration of Pitocin, Yutopar and MgSo4. The resident will communicate on an ongoing basis pertinent assessments of the patient's status to the medical preceptor/attending physician with written documentation in the progress notes (co-signed by medical preceptor/attending physician within 24 hours).
3. Amniotomy (after completion of checklist; consultation with medical preceptor/attending physician prior to amniotomy must be documented in progress notes).
4. Administration of local and pudendal anesthesia.
5. Normal vaginal delivery with episiotomy and repair.
6. Delivery of spontaneous placenta.
7. Resuscitation of newborn.
8. Application of internal scalp electrode (after completion of checklist).

CAN DO WITH MEDICAL PRECEPTOR/ATTENDING PHYSICIAN IN ATTENDANCE:

1. Fetal monitoring strip interpretation.
2. Administration of prostin E-2 suppository
3. Fourth degree episiotomy repair.
4. Surgical excision of hematoma.
5. Manual Delivery of placenta.
6. Staff as physician first assistant on Cesarean Section (after completion of checklist).

CANNOT DO:

1. Medical management of non-stress lab patient.
2. Monitor patient following epidural injection
3. Amniocentesis
4. Application of forceps/forceps delivery.
5. Administration of general or regional anesthesia.
6. Staff as primary surgeon on Cesarean Section.

# Buildings and Grounds Com.

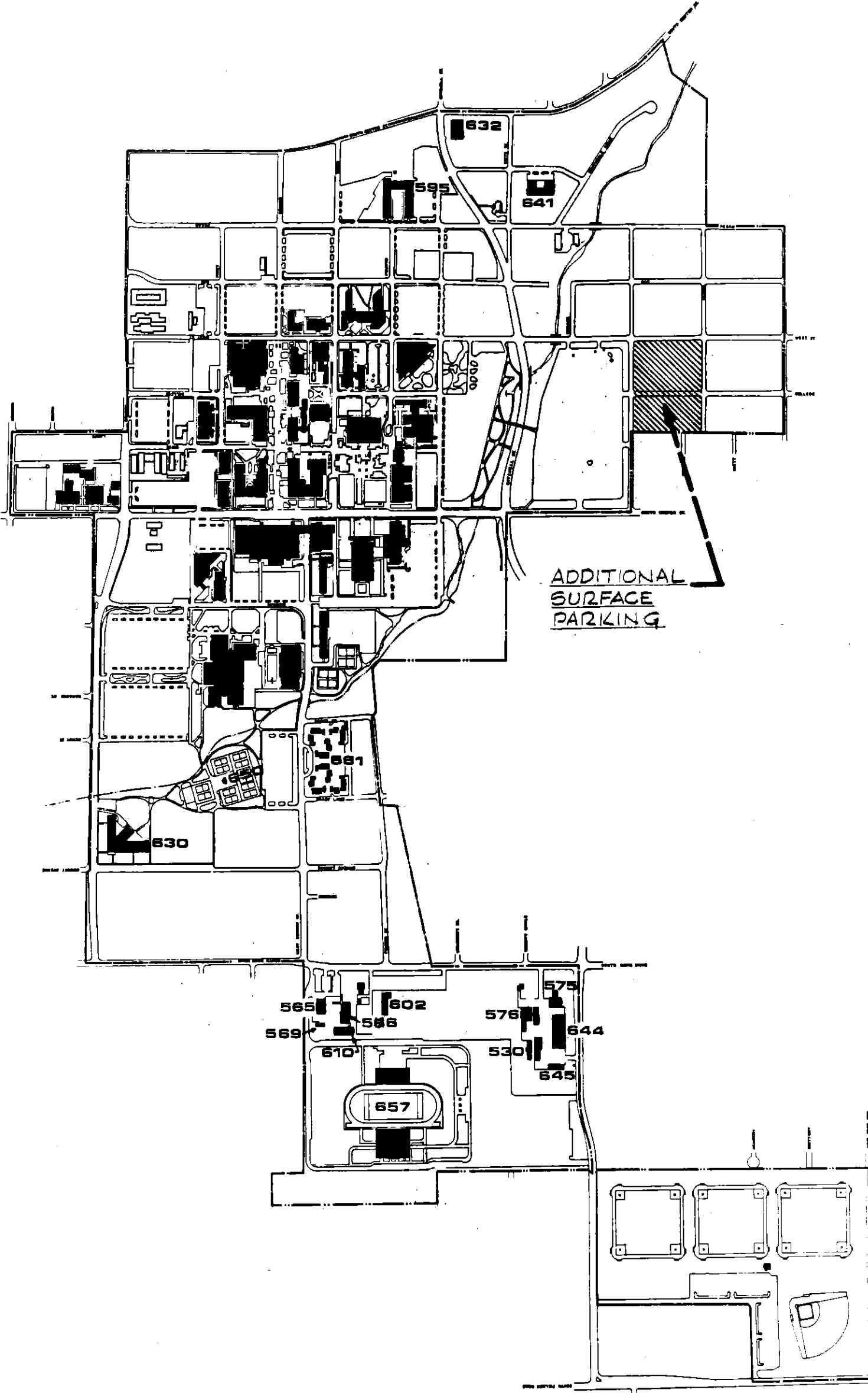
BUILDINGS AND GROUNDS COMMITTEE  
COMMITTEE CHAIRMAN RHODES

Date: December 4, 1986  
Time: Following the meeting of the Health Affairs Committee  
Place: Room 1.208, Nursing School Building  
U. T. Health Science Center - San Antonio

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# U. T. ARLINGTON





1. U. T. Arlington - Additional Surface Parking Facilities: Request for Project Authorization; Submission to Coordinating Board; Preparation of Final Plans, Advertisement for Bids, Award of Construction Contract by U. T. Arlington Administration; and Appropriation Therefor.--

#### RECOMMENDATION

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

- a. Authorize a project for the construction of a surface parking lot in the south sector of the U. T. Arlington campus at an estimated total project cost of \$600,000
- b. Authorize submission of the project to the Coordinating Board, Texas College and University System
- c. Subject to approval of the Coordinating Board, authorize preparation of final plans and specifications, advertisement for bids, award of a construction contract and completion of the project by U. T. Arlington Administration with its own forces or through contract services, as required, in consultation with the Office of Facilities Planning and Construction
- d. Appropriate \$200,000 from Unappropriated Plant Funds - Interest on Local Funds and \$400,000 from General Use Fee for total project funding.

This item requires the concurrence of the Finance and Audit Committee.

#### BACKGROUND INFORMATION

The site for the proposed additional surface parking facilities is in the south sector of the campus and is bounded by West Street, Doug Russell Drive, Bessel Street, and the U. T. Arlington acquisition boundaries on the west. Parking facilities for 156 vehicles presently exist on this site. This project will expand these facilities to a total of 567 spaces. Landscaping for buffering of adjoining lots, security lighting, and repair and replacement of sidewalks will be included in the project.

2. U. T. Austin - Marine Science Institute: Request for Authorization to Make Application for the National Marine Fisheries Service Facility at Port Aransas; Authorization to Negotiate the Transfer of Title and Submittal to Coordinating Board.--

#### RECOMMENDATION

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

- a. Authorize a formal application to the General Services Administration for the transfer of title to the National Marine Fisheries Service facility at Port Aransas, Texas, to the U. T. Board of Regents for use by the U. T. Austin Marine Science Institute
- b. Authorize appropriate U. T. Austin and U. T. System officials to negotiate the transfer of title and the Chancellor to execute all documents related thereto
- c. Authorize submission of the proposed acquisition to the Coordinating Board, Texas College and University System for approval.

This item requires the concurrence of the Academic Affairs Committee.

#### BACKGROUND INFORMATION

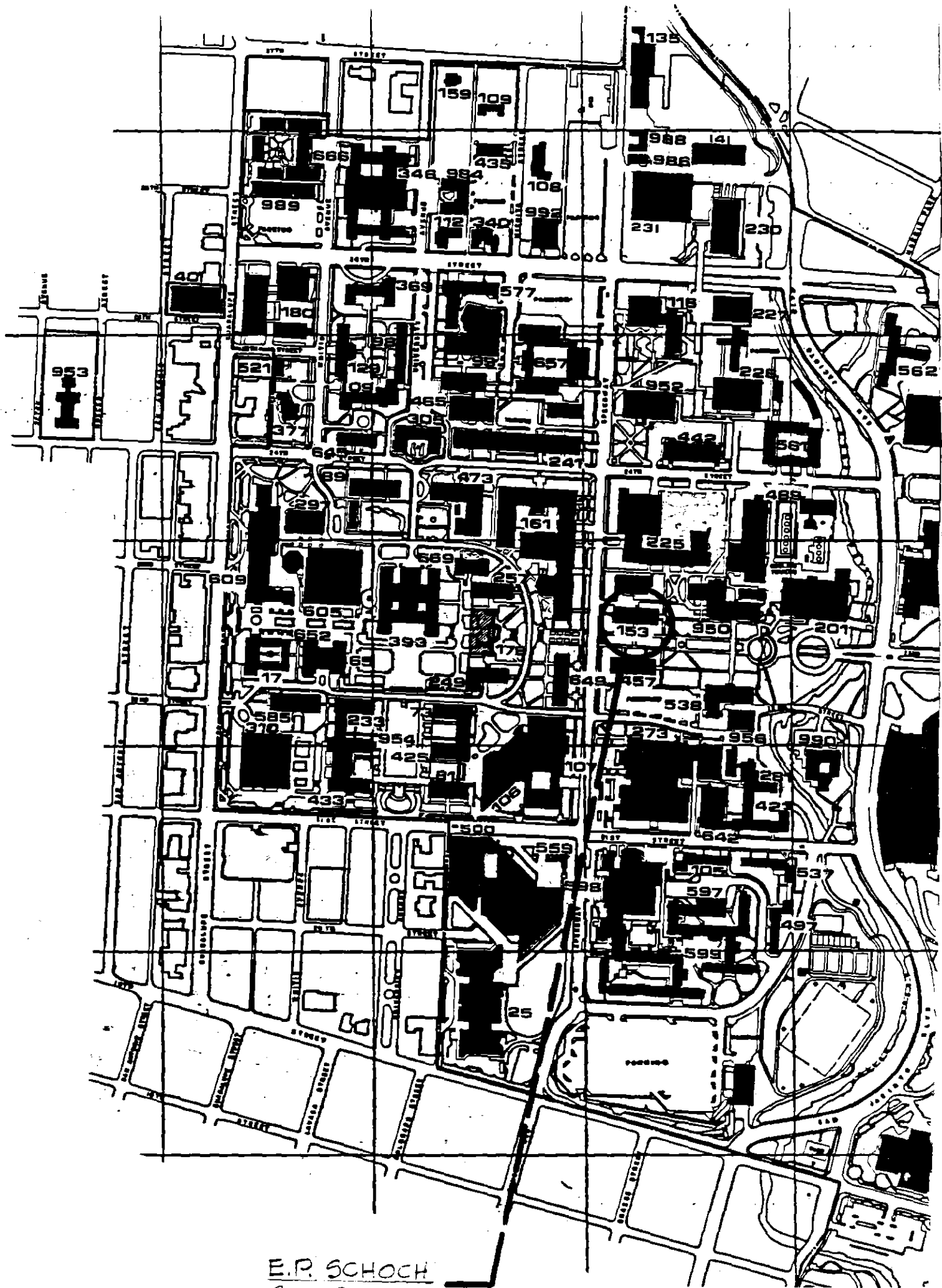
The U. T. Austin Marine Science Institute (MSI) has a major program in mariculture research and teaching centered at the Port Aransas Laboratory, also known as the National Marine Fisheries Service (NMFS) facility at Port Aransas, Texas. The facility was vacated by the NMFS and made available to the U. T. Austin MSI for use under a lease arrangement beginning in 1978. The facility is located on 15.91 acres and consists of the Main Laboratory (14,036 gsf), a Water-side Laboratory (5,014 gsf), and a Tank Laboratory or Garage (2,744 gsf). U. T. Austin has added a Greenhouse (4,500 gsf) and Cold Room (81 gsf) to the property, both of which are removable.

For several years, U. T. Austin has been working with the federal government on a proposal to transfer title to the property to the U. T. Board of Regents for continued research use by the Marine Science Institute.

Pursuant to cooperative efforts with Texas A&M University in marine research, U. T. Austin has allowed Texas A&M researchers to use part of the NMFS facility and intends to continue such cooperative efforts if transfer of title to the property is effected.

The General Services Administration will declare the facility to be surplus property after which a formal application may be considered. The U. S. Department of Education has declared the highest and best use for the facility to be marine research and it is anticipated that transfer of title will be at no cost. Funds for maintenance and operation of the facility are already a regular part of the U. T. Austin MSI budget.

**U. T. AUSTIN**  
**MAIN CAMPUS WEST SIDE**  
**(BUILDING INDEX ON BACK)**



E.P. SCHOCH  
BUILDING

3. U. T. Austin - E. P. Schoch Building Renovation (Project No. 102-595): Request for Approval of Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Additional Appropriation Therefor.--

#### RECOMMENDATION

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

- a. Approve final plans and specifications for the E. P. Schoch Building Renovation at U. T. Austin at an estimated total project cost of \$4,225,000
- b. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorize the Executive Committee to award all contracts associated with this project within the authorized total project cost
- d. Appropriate \$3,970,000 from U. T. Austin General Fee Balances for total project funding. Previous appropriations have been \$165,000 from the same source and \$90,000 from Permanent University Fund Bond Proceeds.

This item requires the concurrence of the Finance and Audit Committee.

#### BACKGROUND INFORMATION

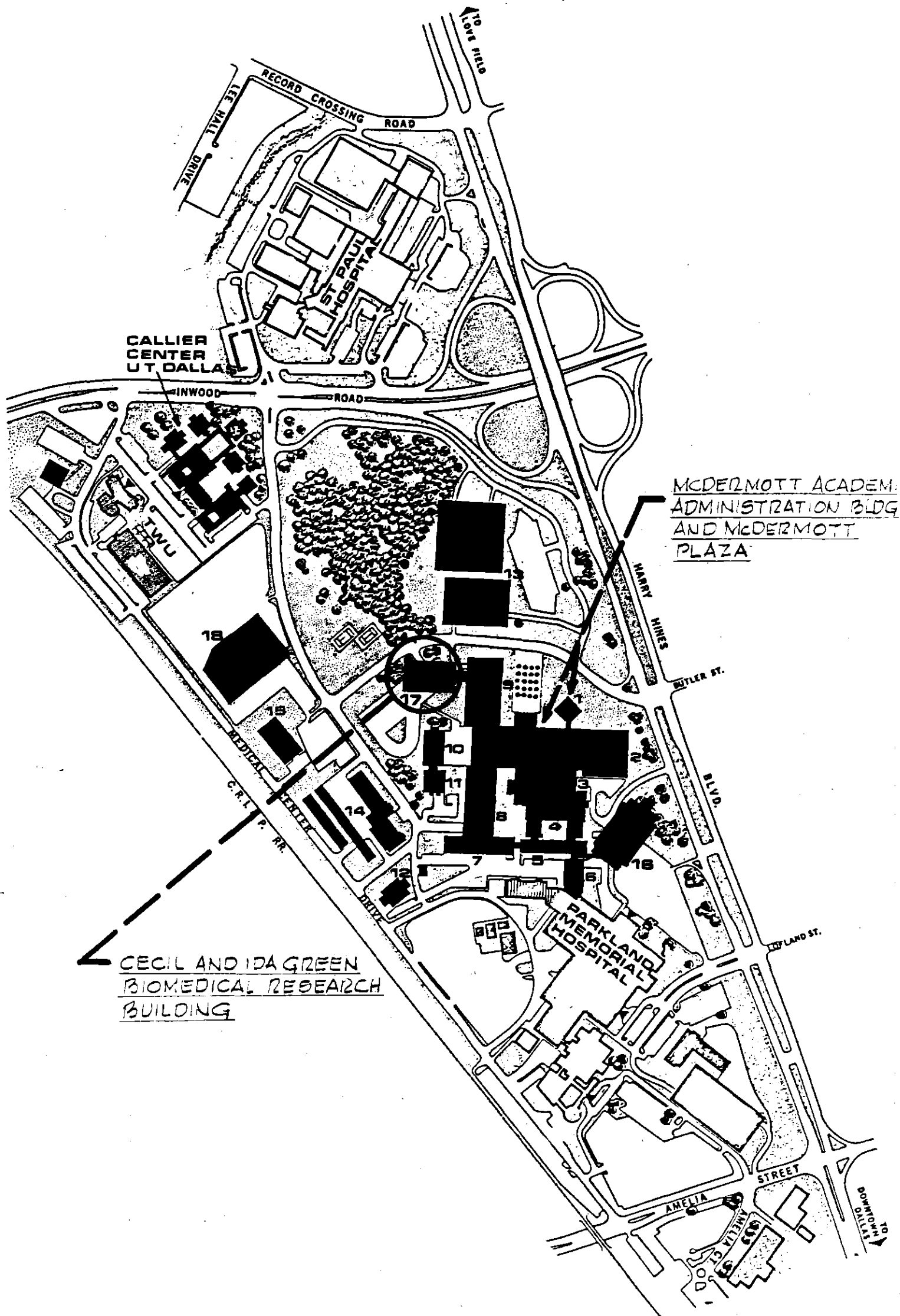
In accordance with authorization of the U. T. Board of Regents in June 1986, final plans and specifications for the E. P. Schoch Building Renovation at U. T. Austin have been prepared by the Project Architect, MGM Architects, Inc., Austin, Texas.

Upon completion of the renovation, the E. P. Schoch Building will provide 51,700 gross square feet of classroom and office facilities for the Departments of Germanic Languages and Anthropology. The estimated construction cost for the renovation is \$3,390,000, resulting in an average unit cost of \$65.57 per gross square foot. The estimated total project cost is \$4,225,000.

This project was approved by the Coordinating Board, Texas College and University System in July 1986.

# U.T. HEALTH SCIENCE CENTER AT DALLAS

BUILDING INDEX ON BACK



CALLIER CENTER  
UT DALLAS

ST. PAUL  
HOSPITAL

MCDERMOTT ACADEMIC  
ADMINISTRATION BLDG  
AND MCDERMOTT  
PLAZA

CECIL AND IDA GREEN  
BIOMEDICAL RESEARCH  
BUILDING

PARKLAND  
MEMORIAL  
HOSPITAL

LEE HUNT DRIVE  
RECORD CROSSING ROAD

INWOOD ROAD

HARRY HINES  
BLVD.

BETLER ST.

TOPLAND ST.

AMELIA STREET

DOMINION ST.

4. U. T. Health Science Center - Dallas - Cecil and Ida Green Biomedical Research Building - Completion of Eighth Floor Shell Space: Request for Project Authorization; Appointment of Project Architect to Prepare Final Plans; Authorization for Submission to Coordinating Board; Advertisement for Bids, and for Executive Committee to Award Contracts; and Appropriation Therefor.--

#### RECOMMENDATION

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

- a. Authorize a project for the completion of the eighth floor shell space in the Cecil and Ida Green Biomedical Research Building at the U. T. Health Science Center - Dallas at an estimated total project cost of \$2,500,000
- b. Appoint the firm of Harper, Kemp, Clutts and Parker, Dallas, Texas, as Project Architect to prepare final plans and specifications
- c. Authorize submission of the project to the Coordinating Board, Texas College and University System
- d. Subject to approval of the Coordinating Board, authorize the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- e. Appropriate \$1,650,000 from a grant from National City Lines, Inc., \$700,000 from a grant from the Gifford Foundation, and \$150,000 from U. T. Health Science Center - Dallas Interest on Time Deposits for total project funding.

This item requires the concurrence of the Health Affairs Committee.

#### BACKGROUND INFORMATION

The U. T. Health Science Center - Dallas has achieved international eminence in research on arthritis and diabetes. New discoveries in immunology and molecular genetics point the way to prevention and cure of both arthritis and diabetes. Pursuing these discoveries until they yield new diagnostic and therapeutic technologies will require additional laboratory facilities on the U. T. Health Science Center - Dallas campus.

Arthritis and diabetes research at the U. T. Health Science Center - Dallas has grown dramatically in the past three years from \$1,471,341 in 1982-83 to \$3,442,521 in 1985-86. The number of faculty working in these areas has increased from 10 to 21 in the same period. The space in which these researchers currently work (less than 20,000 gross square feet) is extremely cramped as a result of this recent rapid growth. At least 25,000 gross square feet of additional space is urgently

needed if the faculty are to be able to perform the increased research activities for which new private-sector funding has been obtained.

Constructing and furnishing the 25,000 gross square feet of new research laboratories and offices necessary for this research will require no State funds. Moreover, the cost of maintaining and operating this space will be more than recovered in overhead income from federal and private research grants to scientists working in these centers. Expansion into new space will also enable these programs to recruit additional faculty (8 more for a total of 29 by 1988-89) who will be paid from non-state funds and who in turn will generate more grants and overhead income to reduce the need to use State general revenue funds for space maintenance and operation elsewhere on campus.

The estimated construction cost of the eighth floor space completion is \$2,160,000 resulting in a unit cost of \$86.40 per gross square foot. The estimated total project cost is \$2,500,000.

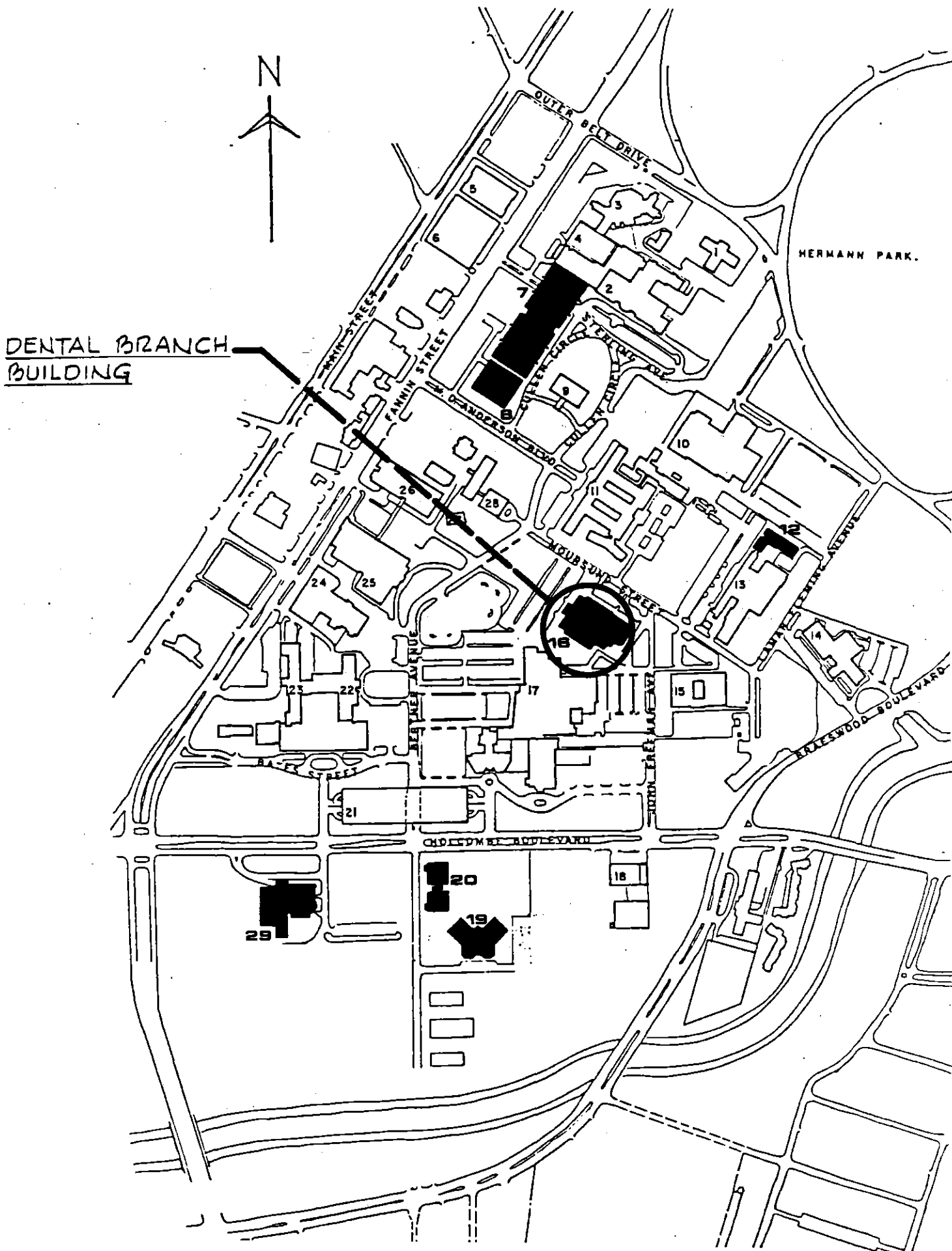
5. U. T. Health Science Center - Dallas - McDermott Academic Administration Building and McDermott Plaza Waterproofing; Request for Project Authorization; Preparation of Final Plans; Submission to Coordinating Board; Advertisement for Bids; Executive Committee to Award Construction Contracts; and Appropriation Therefor.--

#### RECOMMENDATION

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

- a. Authorize a project for the waterproofing of the McDermott Academic Administration Building and the McDermott Plaza at the U. T. Health Science Center - Dallas at an estimated total project cost of \$1,550,000
- b. Authorize the U. T. Health Science Center - Dallas Administration to prepare final plans and specifications with its own forces or through contract services in consultation with the Office of Facilities Planning and Construction
- c. Authorize submission of the project to the Coordinating Board, Texas College and University System
- d. Subject to approval by the Coordinating Board, authorize the U. T. Health Science Center - Dallas Administration to advertise for bids, in consultation with the Office of Facilities Planning and Construction, and the Executive Committee to award construction contracts within the authorized total project cost
- e. Appropriate \$775,000 from U. T. Health Science Center - Dallas Local Funds and \$775,000 from Permanent University Fund Bond Proceeds previously allocated by the U. T. Board of Regents in June 1986 as a part of the Capital Improvement Program Repair and Rehabilitation Projects for 1986-87.

# 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 SCIENCES
- 29. MAIN BUILDING



## BACKGROUND INFORMATION

The McDermott Academic Administration Building and McDermott Plaza were completed in 1974 as part of the Phase I building program on the campus of U. T. Health Science Center - Dallas.

These structures have sustained severe water damage during the last twelve years resulting in excessive deterioration of structural, mechanical/electrical and architectural components. Waterproofing these facilities has been assigned the highest priority by the institution.

This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents and an allocation from Permanent University Fund Bond Proceeds was approved for the project in June 1986 to be matched from local institutional funds.

6. U. T. Health Science Center - Houston (U. T. Dental Branch - Houston) - Facilities Improvements for the Dental Branch Building and Dental Science Institute (Project No. 701-393): Request for Increase in Authorized Total Project Cost; Recommendation for Award of Additional Alternate Bids to Construction Contract; and Additional Appropriation Therefor.--

## RECOMMENDATION

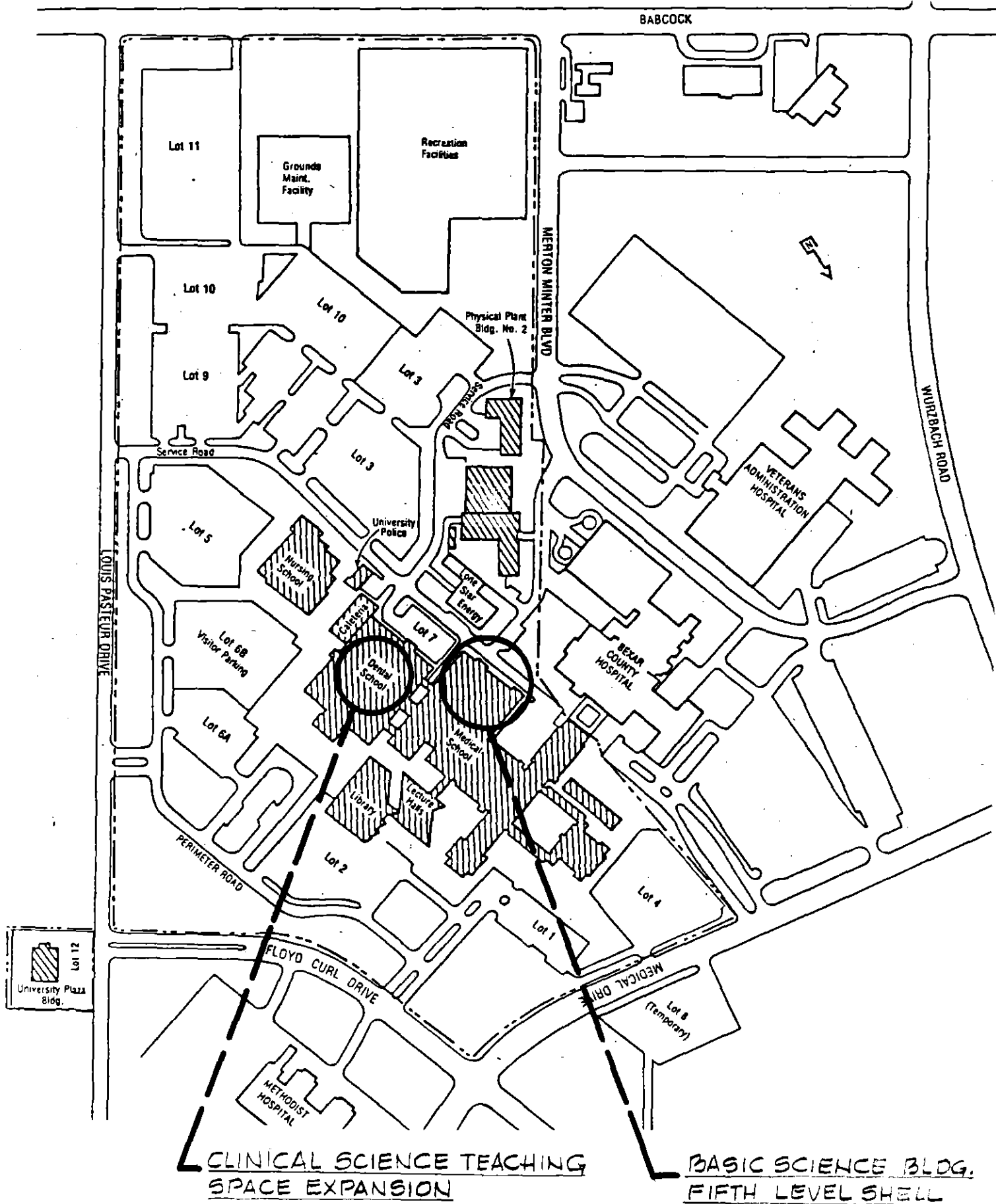
The Office of the Chancellor concurs with the recommendation of President Bulger that the U. T. Board of Regents:

- a. Authorize an increase in the total project cost of the Facilities Improvements for the Dental Branch Building and Dental Science Institute at the U. T. Health Science Center - Houston from \$10,695,000 to \$11,487,000
- b. Subject to receipt of private gift funds, authorize the Chancellor to approve the addition, by Change Order, of Alternate Bids Three, Four and Five, totaling \$792,000, to the construction contract with Manhattan Construction Company, Houston, Texas, resulting in an increase in the contract amount from \$9,103,000 to \$9,895,000
- c. Subject to confirmation of receipt, appropriate \$792,000 from private gifts to fund the increase in the total project cost.

## BACKGROUND INFORMATION

A construction contract for Facilities Improvements for the Dental Branch Building and the Dental Science Institute at the U. T. Health Science Center - Houston was awarded by the U. T. Board of Regents in August 1986 to Manhattan Construction Company, Houston, Texas, for the Base Bid and Additive Alternate Bids One and Two in the amount of \$9,103,000.

# U. T. HEALTH SCIENCE CENTER AT SAN ANTONIO



At the time of contract award, only the Base Bid and Alternate Bids One and Two could be awarded within the authorized total project cost of \$10,695,000. Since that time, funds from private sources have become available, permitting the additional award of Alternate Bids Three, Four and Five to the construction contract. Alternate bid prices were valid for a period of 180 days.

Alternate Bids One and Two provided laboratory casework for the third and fourth floors. Alternate Bids Three, Four and Five will provide casework for the basement, first and second floors. This casework is necessary in order to fully utilize the facilities on each floor. The addition of Alternate Bid Three, in the amount of \$368,000, Alternate Bid Four, in the amount of \$207,000, and Alternate Bid Five, in the amount of \$217,000, will increase the construction contract amount from \$9,103,000 to \$9,895,000 and increase the total project cost from \$10,695,000 to \$11,487,000.

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

Construction Cost	\$ 9,895,000
Fees and Administrative Expenses	1,079,000
Future Work (Air Balance, Landscape)	210,000
Miscellaneous Expenses (Survey and Printing Cost)	46,000
Project Contingency (Unknown Site Conditions)	<u>257,000</u>
Total Project Cost	\$11,487,000

This project was within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985 and is now funded from the following sources:

Permanent University Fund Bond Proceeds	\$ 8,670,000
Interest on Proceeds of PUF	25,000
Gifts of the M. D. Anderson Foundation	1,000,000
Unexpended Plant Funds	1,000,000
Private Gifts	<u>792,000</u>
Total Project Cost	\$11,487,000

7. U. T. Health Science Center - San Antonio - Basic Science Building Fifth Level Completion (Project No. 402-608): Request for Approval of Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Additional Appropriation Therefor.--

#### RECOMMENDATION

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

- a. Approve final plans and specifications for the Basic Science Building Fifth Level Completion at the U. T. Health Science Center - San Antonio at an estimated total project cost of \$3,400,000
- b. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review

- c. Authorize the Executive Committee to award all contracts associated with this project within the authorized total project cost
- d. Appropriate \$3,225,000 from Permanent University Fund Bond Proceeds for total project funding. Previous appropriations have been \$175,000 from the same source.

#### BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in August 1986, final plans and specifications for the Basic Science Building Fifth Level Completion at the U. T. Health Science Center - San Antonio have been prepared by the Project Architect, Phelps Garza Bomberger, San Antonio, Texas.

This project will complete approximately 30,000 gross square feet of existing shell space constructed in 1979-80 at the fifth level of the Basic Science Building. The estimated construction cost is \$2,500,000 resulting in an average unit cost of \$83.33 per gross square foot. The estimated total project cost is \$3,400,000.

This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985 and was approved by the Coordinating Board, Texas College and University System in October 1986.

- 8. U. T. Health Science Center - San Antonio - Expansion of Clinical Science Teaching Space (Project No. 402-609): Presentation of Preliminary Plans; Request for Authorization to Prepare Final Plans and to Submit Project to Coordinating Board; and Additional Appropriation Therefor.--

#### RECOMMENDATION

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

- a. Approve the preliminary plans and specifications for the Expansion of Clinical Science Teaching Space at the U. T. Health Science Center - San Antonio at an estimated total project cost of \$15,500,000
- b. Authorize the Project Architect to prepare final plans and specifications to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Authorize submission of the project to the Coordinating Board, Texas College and University System
- d. Appropriate an additional sum of \$550,000 from Permanent University Fund Bond Proceeds for fees and administrative expenses through completion of final plans, \$350,000 having been previously appropriated from the same source.

## BACKGROUND INFORMATION

In accordance with the December 1985 authorization of the U. T. Board of Regents, preliminary plans and specifications for the Expansion of Clinical Science Teaching Space at the U. T. Health Science Center - San Antonio have been completed by the Project Architect, Chumney Urrutia, San Antonio, Texas.

This expansion of approximately 88,000 gross square feet of offices, research laboratories and teaching space is appropriately located and horizontally contiguous to other medical school departments at the fifth level of the Health Science Center complex. It is, however, located above the fourth floor of the Dental Clinic Building. To avoid complete disruption and long-term shutdown of Dental Clinic operations during construction, an interstitial floor five feet in height is proposed to allow for the orderly and cost effective distribution of extensive clinical laboratory utilities between the fourth and fifth floors. For unit pricing, the interstitial floor is calculated to be the equivalent of one-third full floor area, or 29,333 gross square feet. In addition, a roof penthouse will contain 12,000 gross square feet for mechanical equipment. Thus the total gross square footage for the fifth floor addition with the interstitial floor and penthouse is 129,333 gross square feet. The estimated construction cost is \$12,778,000 resulting in a unit price of \$98.80 per gross square foot.

The estimated total project cost is \$15,500,000 and within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985.

9. U. T. Cancer Center - Modification and Renovation of M. D. Anderson Hospital - Upgrading of Mechanical Systems (Project No. 703-597): Request for Approval of Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contracts.--

## RECOMMENDATION

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

- a. Approve final plans and specifications for the Modification and Renovation of M. D. Anderson Hospital - Upgrading of Mechanical Systems at the U. T. Cancer Center at an estimated total project cost of \$5,000,000
- b. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorize the Executive Committee to award all contracts associated with this project within the authorized total project cost.

## BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in October 1985, final plans and specifications for the Modification and Renovation of M. D. Anderson Hospital - Upgrading of Mechanical Systems have been prepared by the Project Engineer, Burns DeLatte and McCoy, Inc., Houston, Texas.

This project is a part of the phased modification and renovation of areas in the main hospital building at the U. T. Cancer Center and involves the overhauling and upgrading of the engineering/mechanical systems in Center Core, Gimbel and Bates-Freeman wings. The scope of this project will start at the existing central mechanical equipment rooms and bring into compliance with current codes and standards all electrical switchgear and emergency power interfaces. This work will also include replacing steam, chilled water and hot water headers, upgrading vacuum lines, reverse osmosis water and condensate systems. Vertical chases will be constructed to extend these services to each floor to accommodate future remodeling projects in the Bates-Freeman wing.

The estimated construction cost for the Upgrading of Mechanical Systems is \$4,210,000 and the estimated total project cost is \$5,000,000. Funds for this project have been previously appropriated from Plant Funds and General Funds Unappropriated Balances.

This project was approved by the Coordinating Board, Texas College and University System in July 1986.

10. U. T. Austin: Request for Approval of a Contract to Sell Property Located at 2101 Meadowbrook Drive, Austin, Texas.--

Further information regarding the terms of this offer will be mailed to the Board in advance of the meeting.

BUILDINGS AND GROUNDS COMMITTEE

SUPPLEMENTAL MATERIAL

December 4-5, 1986

10. U. T. Austin: Request for Approval of a Contract to Sell the Property Located at 2101 Meadowbrook Drive, Austin, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Cunningham to approve the contract for sale of the property located at 2101 Meadowbrook Drive, Austin, Texas, to Mr. and Mrs. R. Clarke Heidrick, Jr., Austin, Texas, for \$525,000. The terms of the contract include a \$175,000 down payment, and a \$350,000 note to be amortized over a 15-year period with the note bearing 10% interest per annum. Special provisions of the agreement provide that the seller shall be responsible for the cost of any roof leak repairs up to a maximum of \$5,000 for one year beginning on the closing date. Evelyn Hereford, Realtor, and Maxwell Properties will each receive a 3% sales commission for this transaction.

BACKGROUND INFORMATION

At its October 1985 meeting, the U. T. Board of Regents authorized the sale of the residence of the president of U. T. Austin located at 2101 Meadowbrook Drive, Austin, Texas. The Office of Asset Management was authorized to market the property with the contract for sale subject to approval by the U. T. Board of Regents. After marketing the property for almost one year without success, the house was listed in the Austin multiple listing service with Evelyn Hereford, Realtor.

## Land and Investment Com.



LAND AND INVESTMENT COMMITTEE  
COMMITTEE CHAIRMAN MILBURN

Date: December 4, 1986  
Time: Following the meeting of the Buildings and  
Grounds Committee  
Place: Room 1.208, Nursing School Building  
U. T. Health Science Center - San Antonio

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I. PERMANENT UNIVERSITY FUND

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

<u>Permanent University Fund</u>	<u>September 1986</u>	<u>October 1986</u>	<u>Cumulative Through October of this Fiscal Year (1986-1987)</u>	<u>Cumulative Through October of Preceding Fiscal Year (1985-1986)</u>	<u>Per Cent Change</u>
Royalty					
Oil	\$ 3,050,821.38	\$ 4,056,607.58	\$ 7,107,428.96	\$ 15,700,369.74	(54.73%)
Gas	2,091,875.18	2,210,455.88	4,302,331.06	5,219,738.91	(17.58%)
Sulphur	10,000.00	10,000.00	20,000.00	108,183.55	
Water	67,900.70	50,433.43	118,334.13	133,613.45	
Brine	6,179.87	1,846.60	8,026.47	19,693.91	
Trace Minerals	0.00	0.00	0.00	0.00	
Rental					
Oil and Gas Leases	265,403.34	62,003.84	327,407.18	283,821.04	
Other	2,963.64	200.00	3,163.64	300.00	
Sale of Sand, Gravel, Etc.	0.00	0.00	0.00	3,917.25	
Gain or (Loss) on Sale of Securities	5,775,330.01	8,210,593.32	13,985,923.33	35,277,709.73	
Subtotal	<u>11,270,474.12</u>	<u>14,602,140.65</u>	<u>25,872,614.77</u>	<u>56,747,347.58</u>	<u>(54.41%)</u>
Bonuses					
Oil and Gas Lease Sales	0.00	0.00	0.00	5,913,600.00	
Amendments and Extensions to Mineral Leases	(5,616.63)	0.00	(5,616.63)	148,152.53	
Total Bonuses	<u>(5,616.63)</u>	<u>0.00</u>	<u>(5,616.63)</u>	<u>6,061,752.53</u>	
TOTAL CLEARANCES	<u>\$11,264,857.49</u>	<u>\$14,602,140.65</u>	<u>\$25,866,998.14</u>	<u>\$62,809,100.11</u>	<u>(58.82%)</u>

Oil and Gas Development - October 31, 1986

Acreage Under Lease - 756,738      Number of Producing Acres - 565,464      Number of Producing Leases - 2,268

2. Permanent University Fund: Report on Investments for the Fiscal Year Ended August 31, 1986.--

RECOMMENDATION

Under separate bound cover, the Executive Vice Chancellor for Asset Management presents a report on Permanent University Fund investments for the fiscal year ended August 31, 1986. 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, 1986.

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>1985</u>	<u>1986</u>	<u>Amount</u>	<u>%</u>
Book Value	\$2,316,874,704	\$2,605,526,500	\$288,651,796	12.4
Investment Income	191,265,366	214,473,828	23,208,462	12.1

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.

II. TRUST AND SPECIAL FUNDS

A. GIFTS, BEQUESTS AND ESTATES

1. U. T. Arlington: Recommendation to Accept Gifts, Pledge, and Transfer of Funds to Establish the Gould/Mayfield Professorship in Real Estate and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Nedderman's recommendation to accept a \$50,000 gift from Mr. Dan Gould, Sr., Arlington, Texas, a \$22,000 gift and an \$8,000 pledge, payable prior to December 31, 1986, from Mr. Cecil Mayfield, Arlington, Texas, and a \$20,000 transfer of previously reported gifts from current restricted funds for a total endowment of \$100,000 to establish the Gould/Mayfield Professorship in Real Estate at U. T. Arlington.

It is further recommended that the actual income which will be earned on the \$100,000 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

Mr. Dan Gould, Sr., is a Texas realtor. Mr. Cecil Mayfield is the Chief Executive Officer of Mayfield Building Supply Company, Inc. of Arlington, Texas.

2. U. T. Austin: Recommendation to Accept Gift to Establish the Houston Chapter - American Petroleum Institute Scholarship and Excellence Fund in the College of Engineering.--

## RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$20,000 gift from the Houston Chapter of the American Petroleum Institute, Houston, Texas, to establish the Houston Chapter - American Petroleum Institute Scholarship and Excellence Fund in the Department of Petroleum Engineering, College of Engineering, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to one or more students pursuing a degree in petroleum engineering or a petroleum industry subject who have graduated from a Houston area high school.

## BACKGROUND INFORMATION

The American Petroleum Institute is a national organization whose purpose is to support the oil and gas industries in areas of standardization of hardware and procedures, lobbying in state legislatures and the U. S. Congress, and business interaction among individuals.

3. U. T. Austin: Lloyd M. Bentsen, Jr. Chair in Government/Business Relations in the Lyndon B. Johnson School of Public Affairs - Recommendation to Accept Additional Gift and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

## RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,000 gift from the IBM Corporation, New Haven, Connecticut, for addition to the Lloyd M. Bentsen, Jr. Chair in Government/Business Relations in the Lyndon B. Johnson School of Public Affairs at U. T. Austin for a total endowment of \$864,343.11.

It is further recommended that \$5,000 of the gift be matched under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment of the Chair.



## BACKGROUND INFORMATION

The Lloyd M. Bentsen, Jr., Professorship in Public Affairs was established at the June 1973 meeting of the U. T. Board of Regents with \$100,000 in gifts from various donors. Additional funds of \$415,000 were accepted at subsequent meetings bringing the total endowment to over \$500,000 and it was then redesignated as the Lloyd M. Bentsen, Jr. Chair in Government/Business Relations at the February 1980 U. T. Board of Regents' meeting.

Senator Lloyd M. Bentsen, Jr., Washington, D.C., received an L.L.B. from U. T. Austin in 1942 and is a member of The Chancellor's Council, The President's Associates, and the U. T. Austin Development Board. He was elected to the U. S. Senate in 1971.

4. U. T. Austin: Recommendation to Accept Pledge to Establish the Jack and Laura Lee Blanton Lectureship in Nursing in the School of Nursing and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

## RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$20,000 pledge, payable in 1987, from Mr. and Mrs. Jack S. Blanton, Sr., Houston, Texas, to establish the Jack and Laura Lee Blanton Lectureship in Nursing in the School of Nursing at U. T. Austin.

It is further recommended that \$10,000 of the pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment.

## BACKGROUND INFORMATION

Mr. Jack Sawtelle Blanton, Sr., received his B.A. in History in 1947 and his LL.B. in 1950 from U. T. Austin. He is currently a member of the U. T. Board of Regents and President of Scurlock Oil Company. Mrs. Laura Lee Blanton received her B.A. at U. T. Austin in 1950. Mr. and Mrs. Blanton are members of The Chancellor's Council and The President's Associates.

5. U. T. Austin: Recommendation to Accept Gift and Pledges to Establish the Jesse L. Brundrett Memorial Endowed Presidential Scholarship in the College of Natural Sciences.--

## RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$5,000 gift and a \$5,000 pledge, payable in 1987, from Mrs. Jesse L. Brundrett, Tyler, Texas, and a \$15,000 pledge, payable in 1987, from the Exxon Education

Foundation, New York, New York, to establish the Jesse L. Brundrett Memorial Endowed Presidential Scholarship in the Department of Geological Sciences, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to graduate students in the Department of Geological Sciences.

#### BACKGROUND INFORMATION

Mr. Jesse L. Brundrett, deceased October 17, 1985, received his B.S. in 1953 and M.S. in 1955 in Geology from U. T. Austin. He was employed with Exxon Company U.S.A., Houston, Texas, and was a member of The Ex-Students' Association at U. T. Austin. Mrs. Brundrett attended U. T. Austin in 1950.

6. U. T. Austin: Recommendation to Accept Gifts, Pledges, and Transfer of Funds to Establish the John S. Chase Endowed Presidential Scholarship in the School of Architecture.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept \$18,050 in gifts and \$1,500 in pledges, payable by August 31, 1987, from various donors and a \$7,500 transfer of previously reported gifts from current restricted funds for a total of \$27,050 to establish the John S. Chase Endowed Presidential Scholarship in the School of Architecture at U. T. Austin.

#### BACKGROUND INFORMATION

Mr. John S. Chase, Houston, Texas, received his Master of Architecture from U. T. Austin in 1952. He is currently Chairman of the Board and President of his own architecture firm in Houston, Texas. Mr. Chase is also a Board Member of The Ex-Students' Association at U. T. Austin.

7. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Bettie P. Cook Endowed Scholarship in Plan II in the College of Liberal Arts.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$15,000 transfer of previously reported gifts from current restricted funds to establish the Bettie P. Cook Endowed Scholarship in Plan II in the College of Liberal Arts at U. T. Austin.

Income earned from the endowment will be used to award scholarships to students in the Plan II honor's program in the College of Liberal Arts.

#### BACKGROUND INFORMATION

Ms. Bettie P. Cook, deceased March 24, 1985, worked as an Administrative Assistant in the Plan II Honors Program from 1975 to 1985.

8. U. T. Austin: Recommendation to Establish the Albert J. De Lange Memorial Scholarship in the School of Law.--

#### RECOMMENDATION

The Office of the Chancellor reports that The University of Texas Law School Foundation (an external foundation) has expressed the desire that the Albert J. De Lange Memorial Scholarship be established in the School of Law at U. T. Austin. The Office of the Chancellor concurs with President Cunningham's recommendation that the endowment, to be funded by The University of Texas Law School Foundation, be established in accordance with the Regents' Rules and Regulations. The funds for the endowment will be held and administered by The University of Texas Law School Foundation and income will be used to award scholarships to students on the basis of financial need.

#### BACKGROUND INFORMATION

The University of Texas Law School Foundation has received a gift of \$5,000 from Mr. and Mrs. C. M. Hudspeth and \$5,000 from The Brown Foundation, Inc., all of Houston, Texas, for a total of \$10,000 to establish an endowment in the School of Law in memory of Mrs. Hudspeth's father, Mr. Albert J. De Lange who graduated from the School of Law at U. T. Austin in 1916. Mr. C. M. Hudspeth received his J.D. from U. T. Austin in 1946 and is currently a managing partner with De Lange, Hudspeth, Pitman & Katz, Houston, Texas.

9. U. T. Austin: Recommendation to Accept Gift to Establish Various Endowments in the College of Engineering, Addition to the Engineering Foundation Endowed Presidential Scholarship and Redesignation as the Engineering Foundation Endowed Graduate Presidential Scholarship, and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$1,070,000 gift from an anonymous donor for the benefit of the College of Engineering at U. T. Austin to (a) establish twelve (12) new endowed academic positions with \$610,000 of the gift; (b) establish four (4) various other endowments with \$335,000 of the gift; and (c) add \$125,000 to the Engineering Foundation Endowed Presidential Scholarship and redesignate as the Engineering Foundation Endowed Graduate Presidential Scholarship.

The endowments to be established are as follows:

a.	<u>Endowed Academic Positions</u>	<u>Amount</u>
1.	Engineering Foundation Endowed Professorship No. 1	\$100,000
2.	Engineering Foundation Endowed Professorship No. 2	100,000
3.	Engineering Foundation Endowed Teaching Fellowship No. 1	50,000
4.	Engineering Foundation Endowed Teaching Fellowship No. 2	50,000
5.	Engineering Foundation Endowed Faculty Fellowship No. 1	50,000
6.	Engineering Foundation Endowed Faculty Fellowship No. 2	50,000
7.	Engineering Foundation Endowed Faculty Fellowship No. 3	50,000
8.	Engineering Foundation Endowed Faculty Fellowship No. 4	50,000
9.	Engineering Foundation Endowed Faculty Fellowship No. 5	50,000
10.	Engineering Foundation Endowed Lectureship No. 1	20,000
11.	Engineering Foundation Endowed Lectureship No. 2	20,000
12.	Engineering Foundation Endowed Lectureship No. 3	20,000

b. <u>Other Endowments</u>	<u>Amount</u>
1. Engineering Foundation Endowed Graduate University Scholarship	\$ 30,000
2. Engineering Foundation Endowed Graduate Fellowship	75,000
3. Engineering Foundation Endowed Undergraduate Presidential Scholarship	200,000
4. Engineering Foundation Endowed Book Collection	30,000

It is further recommended that the \$610,000 of the gift allocated for endowed academic positions be matched under The Regents' Endowed Teachers and Scholars Program and used to establish endowments in the Colleges of Fine Arts and Liberal Arts to be designated at a later date.

#### BACKGROUND INFORMATION

The Engineering Foundation Endowed Presidential Scholarship was established at the April 1986 meeting of the U. T. Board of Regents with a \$100,000 gift from an anonymous donor. The current gift of \$125,000 brings the total endowment to \$225,000.

10. U. T. Austin: Recommendation to Accept Gift to Establish the Luci Baines Johnson Fellowship in Nursing in the School of Nursing and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$50,000 gift from Ms. Luci Johnson, Toronto, Ontario, Canada, on behalf of the LBJ Family Foundation, Austin, Texas, to establish the Luci Baines Johnson Fellowship in Nursing in the School of Nursing at U. T. Austin.

It is further recommended that \$25,000 of the gift be matched under The Regents' Endowed Teachers and Scholars Program to increase the endowment.

#### BACKGROUND INFORMATION

Ms. Luci Johnson, daughter of President Lyndon Baines Johnson, attended U. T. Austin from 1966 to 1967 in the Arts and Sciences program and is an honorary member of the School of Nursing Foundation Advisory Council. She is currently Vice President of the LBJ Company, Austin, Texas.

11. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Plan II Alumni Endowed Presidential Scholarship in Plan II in the College of Liberal Arts.--

RECOMMENDATION

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

Income earned from the endowment will be used to award scholarships to students in the Plan II honor's program in the College of Liberal Arts.

BACKGROUND INFORMATION

The Plan II program in the College of Liberal Arts at U. T. Austin has been sponsoring a fund-raising with their alumni in honor of the department's fiftieth anniversary to generate funds for endowments.

12. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Willis Pratt Endowed Scholarship in Plan II in the College of Liberal Arts.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$15,000 transfer of previously reported gifts from current restricted funds to establish the Willis Pratt Endowed Scholarship in Plan II in the College of Liberal Arts at U. T. Austin.

Income earned from the endowment will be used to award scholarships to students in the Plan II honor's program in the College of Liberal Arts.

BACKGROUND INFORMATION

Dr. Willis W. Pratt began as an instructor at U. T. Austin in 1935, became an assistant professor in 1939, an associate professor in 1945, and a full professor in the College of Liberal Arts in 1949. He also served as chairman and director in the Plan II program at various times and as Associate Dean in the College of Arts and Sciences from 1962 to 1968. Dr. Pratt was appointed Professor Emeritus in 1973.

13. U. T. Austin: Carl and Agnes Stockard Memorial Endowment Fund in the Colleges of Education, Fine Arts, and Natural Sciences - Recommendation to Amend Charter.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to amend the charter for the Carl and Agnes Stockard Memorial Endowment Fund in the Colleges of Education, Fine Arts, and Natural Sciences at U. T. Austin. The new charter states that income earned from the endowment will be divided into six equal parts. One-sixth will be allocated each year for an award to students in the College of Education, the Department of Music in the College of Fine Arts, and the Departments of Botany, Biology, Home Economics, and Zoology in the College of Natural Sciences. This request is in concordance with the original donor, Mr. James G. Stockard, Fairfax, Virginia.

BACKGROUND INFORMATION

The Carl and Agnes Stockard Memorial Endowment Fund was established at the August 1981 meeting of the U. T. Board of Regents with a \$21,300 gift from Mr. James G. Stockard. The original charter stated that one-third of the income was to alternate annually between the College of Education and the College of Fine Arts. The remaining two-thirds of the income was for students in the College of Natural Sciences with awards to alternate between botany and biology one year and home economics and zoology the next year. The current charter amendment is being made to simplify distribution.

14. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Lois Trice Endowed Scholarship in Plan II in the College of Liberal Arts.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,000 transfer of previously reported gifts from current restricted funds to establish the Lois Trice Endowed Scholarship in Plan II in the College of Liberal Arts at U. T. Austin.

Income earned from the endowment will be used to provide scholarships to Plan II students in the College of Liberal Arts.

BACKGROUND INFORMATION

Ms. Lois Baird Trice, Austin, Texas, received her B.A. in 1917 and M.A. in 1929 in English from U. T. Austin. She was an Assistant Professor of English with tenure from 1940 to 1966 during which time she was awarded the Teaching Excellence Award from the Students' Association in 1958.

15. U. T. Austin: Recommendation to Accept Gift to Establish the Glenn and Martha Vargas Gemological Scholarship in Geological Sciences in the College of Natural Sciences.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$15,000 gift from Mr. and Mrs. Glenn Vargas, Thermal, California, to establish the Glenn and Martha Vargas Gemological Scholarship in Geological Sciences in the Department of Geological Sciences, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to undergraduate or graduate geology students in the field of gemology with a grade point average of 2.0 or above and exhibiting good citizenship qualities.

BACKGROUND INFORMATION

Mr. and Mrs. Glenn Vargas, owners of Glenn and Martha Vargas, Gem Faceters, Thermal, California, have served as Visiting Lecturers in the Department of Geological Sciences at U. T. Austin. They are members of the Texas Faceters Guild.

16. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Sam G. Whitten Memorial Scholarship Fund in the Graduate School of Library and Information Science.--

RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation to accept a \$10,000 transfer of previously reported gifts from current restricted funds to establish the Sam G. Whitten Memorial Scholarship Fund in the Graduate School of Library and Information Science at U. T. Austin.

Income earned on the endowment will be used to award scholarships to graduate students in the Graduate School of Library and Information Science.

BACKGROUND INFORMATION

Mr. Sam G. Whitten, deceased January 20, 1986, received three degrees from U. T. Austin, a Bachelor of Journalism in 1949, a B.A. in Chemistry in 1950, and a Master of Library Science in 1952. Mr. Whitten was a physics librarian at U. T. Austin in the Graduate School of Library Science from 1953 to 1955 and later an associate professor in the School from 1967 to 1986.



17. U. T. Dallas: Recommendation to Accept Gift and Pledge to Establish the Anson L. Clark Research Initiation Fund in Electrical Engineering.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's recommendation to accept a \$25,000 gift from the Clark Foundation, Dallas, Texas, and a \$100,000 pledge from an anonymous donor, payable in five equal payments over the next five years, for a total endowment of \$125,000 to establish the Anson L. Clark Research Initiation Fund in Electrical Engineering at U. T. Dallas.

Income earned from the endowment will be used to provide research support to new faculty who are relatively unknown and inexperienced in conducting research, provide faculty members with an opportunity to generate preliminary data to make the project more attractive to an external funding source, and to illustrate the institution's support of the researchers and their projects.

#### BACKGROUND INFORMATION

Dr. Anson L. Clark, who pursued a multiple career working as an engineer, a medical doctor, a businessman and a corporate executive, created the Clark Foundation in 1951. Its funds have been used primarily for charitable and educational purposes. The Clark Foundation has been very supportive of U. T. Dallas by providing funds for the Clark Summer Research Program, the Anson L. Clark Lecture which brings scientists to U. T. Dallas to address non-scientific audiences, and the Anson L. Clark U. T. Dallas Presidential Scholarships.

18. U. T. Dallas: Recommendation to Accept Pledge to Establish the Lars Magnus Ericsson Chair in Electrical Engineering and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's recommendation to accept a \$500,000 pledge, payable prior to December 31, 1990, from Ericsson, Inc., Richardson, Texas, to establish the Lars Magnus Ericsson Chair in Electrical Engineering at U. T. Dallas.

It is further recommended that the actual income which will be earned on the pledge of \$500,000, 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

Ericsson, Inc. is a wholly owned company of LM Ericsson of Stockholm, Sweden, one of the world's largest manufacturers of telecommunications and information systems. LM Ericsson was founded in 1876 and is a worldwide leader in the telecommunications industry. Ericsson, Inc., the North American company of LM Ericsson, established in 1980, serves the United States and Canada with telephone, cellular radio, and data communications systems, products and services.

19. U. T. Dallas and U. T. Austin: C. L. Lundell Professorship of Botany (Vascular Plant Taxonomy) - Recommendation to Approve Amendment of Exhibit to Deed and Redesignate as C. L. and Amelia A. Lundell Professorship of Life Sciences at The University of Texas at Dallas and Modify the Professorship Responsibilities for and the Site of the Lundell Herbarium to U. T. Austin.--

## RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's recommendation to approve the Amendment of Exhibit to Deed set out on Pages L&I 20 - 22 from Dr. and Mrs. C. L. Lundell to the Board of Regents of The University of Texas System to change the name of the C. L. Lundell Professorship of Botany (Vascular Plant Taxonomy) to the C. L. and Amelia A. Lundell Professorship of Life Sciences at The University of Texas at Dallas; to provide that the holder of the C. L. and Amelia A. Lundell Professorship of Life Sciences at The University of Texas at Dallas will no longer be responsible for overseeing the use, conservation and integrity of the Lundell Herbarium; and to provide for the transfer of the Lundell Herbarium to U. T. Austin prior to August 31, 1989.

It is further recommended that the Executive Vice Chancellor for Asset Management be authorized to execute the Amendment of Exhibit to Deed on behalf of the U. T. Board of Regents.

## BACKGROUND INFORMATION

At its December 1978 meeting, the U. T. Board of Regents authorized the purchase at bargain sale of certain property in Collin County, Texas, owned by C. L. and Amelia Lundell known as the Lundell Apartments, 1509-1531 Avenue F, Plano, Texas. The property was then valued at \$240,000 and was conveyed to the U. T. Board of Regents for and on behalf of U. T. Dallas by Deed (effective January 1, 1979, and duly recorded in Volume 1154, Pages 352-358, of the Deed Records of Collin County, Texas) in return for a promissory note to Dr. and Mrs. Lundell in the principal amount of \$60,339.74. The note has been paid in full.

As conditions of the sale, U. T. Dallas established the C. L. Lundell Professorship of Botany; agreed to accept and maintain the Lundell Herbarium; and to fund the Professorship and maintenance of the Herbarium with income from the Lundell Apartments.

In order to be consistent with the current academic focus of U. T. Dallas, it is desirable to change the name of the Professorship and provide for the transfer of the Herbarium to U. T. Austin (as contemplated by a contingency provision in the original Deed).

The proposed changes have been approved by Dr. and Mrs. Lundell and transfer of the Herbarium has the concurrence of President Cunningham at U. T. Austin.

AMENDMENT OF EXHIBIT  
TO DEED

STATE OF TEXAS           §  
                                  §                   KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF COLLIN       §

This Amendment of Exhibit to Deed is made and entered into by and between DR. C. L. LUNDELL and his wife, AMELIA A. LUNDELL, and THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "University").

WHEREAS, the University and Dr. and Mrs. Lundell desire to amend Exhibit "B" to that certain Deed effective January 1, 1979, conveying from Dr. and Mrs. Lundell to the University certain property in Collin County, Texas, known as the Lundell Apartments, 1509-1531 Avenue F, Plano, Texas, and duly recorded at Volume 1154, Pages 352-358, of the Deed Records of Collin County, Texas; and

WHEREAS, the University and Dr. and Mrs. Lundell have agreed to change the name of the C. L. Lundell Professorship, formerly known as the C. L. Lundell Professorship of Botany (Vascular Plant Taxonomy), to the C. L. and Amelia A. Lundell Professorship of Life Sciences at The University of Texas at Dallas.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements herein contained to be performed by each respective party, the University and Dr. and Mrs. Lundell agree that the C. L. Lundell Professorship formerly known as the C. L. Lundell Professorship of Botany (Vascular Plant Taxonomy), shall be renamed the C. L. and Amelia A. Lundell Professorship of Life Sciences at The University of Texas at Dallas and shall remain at The University of Texas at Dallas. Any reference to the C. L. Lundell Professorship of Botany (Vascular Plant Taxonomy) in Exhibit "B" (recorded at Volume 1154, Pages 357-358) to said Deed shall mean the C. L. and Amelia A. Lundell Professorship of Life Sciences at The University of Texas at Dallas.

The holder of the C. L. and Amelia A. Lundell Professorship of Life Sciences at The University of Texas at Dallas will no longer be responsible for overseeing the use, conservation, and integrity of the Lundell Herbarium. The Lundell Herbarium will be transferred to The University of Texas at Austin prior to August 31, 1989.

EXECUTED by the respective parties on the dates stated in the notary acknowledgments, to be approved by The Board of Regents of The University of Texas System, and effective as of September 1, 1986.

C. L. LUNDELL

\_\_\_\_\_

AMELIA A. LUNDELL

\_\_\_\_\_

THE BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

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

Title: \_\_\_\_\_

APPROVED AS TO CONTENT:

APPROVED AS TO FORM:

\_\_\_\_\_  
Robert H. Rutford  
President  
The University of Texas  
at Dallas

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

STATE OF TEXAS           §  
                                  §  
COUNTY OF DALLAS       §

This instrument was acknowledged before me on the \_\_\_\_\_  
day of \_\_\_\_\_, 1986, by C. L. LUNDELL.

\_\_\_\_\_  
Notary Public in and for  
the State of Texas

\_\_\_\_\_  
(Printed or stamped name of  
Notary)

My commission expires: \_\_\_\_\_

STATE OF TEXAS           §  
                                  §  
COUNTY OF DALLAS       §

This instrument was acknowledged before me on the \_\_\_\_\_  
day of \_\_\_\_\_, 1986, by AMELIA A. LUNDELL.

\_\_\_\_\_  
Notary Public in and for  
the State of Texas

\_\_\_\_\_  
(Printed or stamped name of  
Notary)

My commission expires: \_\_\_\_\_

STATE OF TEXAS           §  
                                  §  
COUNTY OF TRAVIS       §

This instrument was acknowledged before me on \_\_\_\_\_  
\_\_\_\_\_, 1986, by \_\_\_\_\_  
\_\_\_\_\_ of The Board of Regents of  
The University of Texas System on behalf of said Board.

\_\_\_\_\_  
Notary Public in and for  
the State of Texas

\_\_\_\_\_  
(Printed or stamped name of  
Notary)

My commission expires: \_\_\_\_\_

CERTIFICATE OF APPROVAL

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

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

20. U. T. Dallas: Recommendation to Accept Transfer of Funds to Establish the Northwood Woman's Club Scholarship Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's recommendation to accept a \$10,000 transfer of previously reported gifts from current restricted funds to establish the Northwood Woman's Club Scholarship Fund at U. T. Dallas.

Income earned from the endowment will be used to award scholarships of \$600 or more per academic year to female undergraduate or graduate students.

BACKGROUND INFORMATION

The Northwood Woman's Club, Dallas, Texas, began funding a scholarship program at U. T. Dallas in 1979. The scholarships provide assistance to women who have undergone a personal crisis or reversal that has produced the need for updating personal and professional skills in order to become self-supporting.

21. U. T. El Paso: Fessinger Memorial Lecture Fund - Recommendation to Accept Additional Gift and Redesignate as the Fessinger-Springer Lectureship Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$4,751 gift from the Moses D. Springer Revocable Trust, administered by Mr. Moses D. Springer and Harry A. Springer, M.D., Trustees, Evanston, Illinois, for addition to the Fessinger Memorial Lecture Fund at U. T. El Paso for a total endowment of \$25,000 and to redesignate as the Fessinger-Springer Lectureship Fund.

BACKGROUND INFORMATION

The Fessinger Memorial Lecture Fund was established at the January 1967 meeting of the U. T. Board of Regents with a gift from Mr. and Mrs. M. D. Springer in memory of Mrs. Springer's parents, Reuben and Leona Fessinger, for the advancement of the Department of Chemistry at U. T. El Paso.

Mrs. Louise Fessinger Springer, deceased in 1985, was a teacher in the El Paso public schools and at U. T. El Paso. She is survived by her husband, Mr. M. D. Springer, and her son, Harry, both of Evanston, Illinois.

22. U. T. El Paso: Recommendation to Accept Transfer of Funds to Establish the Dr. Eileen M. Jacobi Scholarship Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept an \$11,255.74 transfer of previously reported gifts from current restricted funds to establish the Dr. Eileen M. Jacobi Scholarship Fund at U. T. El Paso.

Income earned from the endowment will be used to provide scholarships of \$750 annually to qualified nursing students under the Presidential Scholarship Program and scholarships of \$500 or more annually to a graduate-level nursing student who has been unconditionally accepted into the graduate nursing program of the College of Nursing and Allied Health at U. T. El Paso.

BACKGROUND INFORMATION

Alumni, faculty, and friends of U. T. El Paso are funding this endowment in honor of Dr. Jacobi who was Executive Director of the American Nurses Association before becoming Dean of the College of Nursing and Allied Health at U. T. El Paso. She retired on May 31, 1986. Dr. Jacobi continues to be active in numerous professional organizations and has recently completed an eight-year term on the International Council of Nurses having served as Vice President during the last four years. She has served as a member for six years and as President for one year of the Texas Board of Nurse Examiners. She is a Fellow of the American Academy of Nursing and a consultant to the National Student Nurses Association.

23. U. T. El Paso: Recommendation to Accept Bequest to Establish the Agnes T. Jirou Memorial Library Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$31,700 bequest from the Estate of Agnes T. Jirou, El Paso, Texas, to establish the Agnes T. Jirou Memorial Library Fund at U. T. El Paso.

Income earned from the endowment will be used to purchase new library books.

BACKGROUND INFORMATION

Mrs. Agnes T. Jirou, who died on May 16, 1985, was a long-time member of The Chancellor's Council of the U. T. System. The Ben L. Jirou Scholarship in Scientific Research at U. T. El Paso, also funded by Mrs. Jirou in memory of her husband, was established at the March 1969 meeting of the U. T. Board of Regents.



24. U. T. El Paso: Recommendation to Accept Gift and Pledge to Establish the Robert E. Kolliner Memorial Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$2,000 gift and \$8,000 pledge, payable prior to September 1990, for a total endowment of \$10,000 from Border Steel Mills, Inc., El Paso, Texas, to establish the Robert E. Kolliner Memorial Fund at U. T. El Paso.

Income earned from the endowment fund will be used to provide annual scholarships for track and field athletes at U. T. El Paso.

BACKGROUND INFORMATION

Mr. Robert E. Kolliner, a former El Paso City Alderman, who died July 31, 1985, was actively involved in raising funds for the track and field program at U. T. El Paso.

25. U. T. El Paso: Recommendation to Accept Bequest to Establish the Felix Laidlaw Memorial Scholarship Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$10,000 bequest from the Estate of Felix Laidlaw, El Paso, Texas, to establish the Felix Laidlaw Memorial Scholarship Fund at U. T. El Paso.

Income earned from the endowment will be used to award an annual scholarship of \$750 or more per academic year, renewable for four years, to a qualified student meeting the criteria of the U. T. El Paso Presidential Scholarship Program.

BACKGROUND INFORMATION

Mr. Felix Laidlaw made this bequest to show his love for U. T. El Paso and the City of El Paso.

26. U. T. El Paso: Recommendation to Accept Gift to Establish the Ellis and Susan Mayfield Professorship in the College of Business Administration and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$102,366.72 gift from Ellis O. and Susan B. Mayfield, El Paso, Texas, to establish the Ellis and Susan Mayfield Professorship in the College of Business Administration at U. T. El Paso.

It is further recommended that the actual income which will be earned on the gift of \$102,366.72 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. Ellis O. Mayfield is a prominent El Paso attorney in the law firm of Mayfield, Broaddus and Perrenot and graduated from the U. T. Austin School of Law in 1939. He currently serves as Chairman of The President's Associates of U. T. El Paso and is being honored in 1986 by the Alumni Association of The University of Texas at El Paso, Inc. as the "Outstanding Ex-Student." Mr. and Mrs. Mayfield are members of The Chancellor's Council.

Mr. and Mrs. Mayfield offered this professorship to the 1986 Alumni Fund for Excellence as a "Challenge Grant." Each new gift, and the amount of increases to last year's gifts, were matched by this contribution.

27. U. T. Health Science Center - Dallas: Recommendation to Accept Pledge to Establish the Dr. Anson L. Clark Endowment Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Wildenthal's recommendation to accept a pledge of \$62,500 from the Clark Foundation, Dallas, Texas, to establish the Dr. Anson L. Clark Endowment Fund at the U. T. Health Science Center - Dallas.

Income earned from the endowment will be used to provide funds to support the summer research program for undergraduate students in medicine and science. The endowment initially will be a continuation of the Anson L. Clark Summer Research Fellowship Program.

### BACKGROUND INFORMATION

The Clark Foundation was created by Dr. Clark in 1951. Its funds have been used primarily for charitable and educational purposes, especially for scholarship support for teachers who wish to pursue further study and for students completing their undergraduate work.

28. U. T. Health Science Center - Dallas: Stanton Sharp Chair in Psychiatry - Recommendation to Accept Additional Gift and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Wildenthal's recommendation to accept a \$200,000 cash gift from The Charles Stanton Sharp, Jr. Trust Custody, Dallas, Texas, for addition to the Stanton Sharp Chair in Psychiatry at the U. T. Health Science Center - Dallas for a total endowment of \$900,000.

It is further recommended that the actual income which will be earned on the \$200,000 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 Stanton Sharp Chair in Psychiatry was established at the June 1982 meeting of the U. T. Board of Regents with a \$100,000 cash gift from Mrs. Ruth Collins Sharp, a \$125,000 cash gift and a \$125,000 pledge from the Carr P. Collins Foundation, and a \$75,000 cash gift and a \$75,000 pledge from the Stanton Sharp Trust for a total of \$500,000. An additional \$200,000 gift from The Charles Stanton Sharp, Jr. Trust Custody was accepted at the August 1984 meeting which, when combined with the current \$200,000 gift, makes the total endowment \$900,000.

29. U. T. Health Science Center - Dallas: Recommendation to Accept Cash Gifts, Gift of Securities, and Transfer of Funds to Establish the Robert S. Sternberg Endowment Fund.--

### RECOMMENDATION

The Office of the Chancellor concurs with President Wildenthal's recommendation to accept cash gifts of \$2,914.94 from various donors, a gift of 100 shares of Rubbermaid common stock valued at \$22,324.25 from Mr. and Mrs. Harold Sternberg, Dallas, Texas, and a \$50,000 transfer of previously reported gifts from current restricted funds for a total endowment of \$75,239.19 to establish the Robert S. Sternberg Endowment Fund at the U. T. Health Science Center - Dallas.

Income earned from the endowment will be used to support teaching and research in the prevention of heart disease and sudden death in the Division of Emergency Medicine Education in the Department of Internal Medicine.

#### BACKGROUND INFORMATION

Mr. and Mrs. Harold Sternberg initiated the funding of this endowment in honor of their son, the late Robert S. Sternberg.

30. U. T. Medical Branch - Galveston: Recommendation to Accept an Initial Permanent Endowment Grant from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, and to Authorize a Matching Permanent Endowment to Establish The John Sealy Memorial Endowment Fund for Biomedical Research and Authorization for Executive Vice Chancellor for Asset Management to Execute Endowment Agreement Related Thereto.--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation to accept an initial \$5,000,000 permanent endowment from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, and to authorize a matching permanent endowment of \$5,000,000 by transfer from available institutional funds (\$2,500,000 is to be transferred from MSRDP funds and \$2,500,000 from interest earned on prior Sealy & Smith Foundation construction fund grants) to establish The John Sealy Memorial Endowment Fund for Biomedical Research at U. T. Medical Branch - Galveston.

It is further recommended that the Executive Vice Chancellor for Asset Management be authorized to execute on behalf of the U. T. Board of Regents an Endowment Agreement substantially in the form set out on Pages L&I 30 - 33 and that the President of the U. T. Medical Branch - Galveston be authorized to execute the implementing administration and trust agreements after review and approval as to content by the Executive Vice Chancellor for Asset Management and approval as to form by the Office of General Counsel.

#### BACKGROUND INFORMATION

The \$5,000,000 grant offered by The Sealy & Smith Foundation is conditioned upon commitment by the U. T. Board of Regents of \$5,000,000 matching permanent endowment funding before January 8, 1987. The John Sealy Memorial Endowment Fund for Biomedical Research at U. T. Medical Branch - Galveston ("Biomedical Fund") is to be both funded and managed in two separate segments (Part A and Part B). Biomedical Fund-Part A is to be seeded by The Sealy & Smith Foundation grant and to be under the joint management and control of The Sealy & Smith Foundation and the U. T. Board of Regents. Biomedical Fund-Part A is to remain in a trustee bank in Galveston, to be jointly selected. Under the terms of the proposed Endowment Agreement, an administration agreement with details of joint

administration, and a trust agreement with the trustee bank in Galveston will be required to implement Biomedical Fund-Part A. The U. T. Board of Regents is to retain exclusive management, custody and control of Biomedical Fund-Part B, the \$5,000,000 matching permanent endowment, in the University's Common Trust Fund or otherwise, at the discretion of the U. T. Board of Regents. Both Part A and Part B of the Biomedical Fund are to be authorized to accept additional grants from any source, including but not limited to additional Sealy & Smith Foundation grants, subject to the terms of the Endowment Agreement and Regental approval.

Only the earned income from Biomedical Fund-Part A and amounts disbursed for Biomedical Fund-Part B under the distribution formula are to be used at U. T. Medical Branch - Galveston to support biomedical research, defined as "all investigative endeavors into the biological and physical systems that relate to the understanding, prevention and treatment of human diseases and trauma." Research project application reviews and funding awards are to be delegated to peer review committees, composed of U. T. Medical Branch - Galveston faculty and external consultants appointed by the Office of the President, U. T. Medical Branch - Galveston.

The Sealy & Smith Foundation desires to model the Biomedical Fund upon a statutory fund which has been under the joint control of The Sealy & Smith Foundation and the U. T. Board of Regents since 1927. The Sealy & Smith Foundation has approved the proposed Endowment Agreement.

## ENDOWMENT AGREEMENT

The Sealy & Smith Foundation for the John Sealy Hospital, a nonprofit corporation organized under the laws of the State of Texas ("the Foundation"), and the Board of Regents of The University of Texas System for the benefit of The University of Texas Medical Branch at Galveston ("the University") enter into this Endowment Agreement for the establishment in two parts ("Part A and Part B") of a permanently endowed fund for the benefit of the John Sealy Hospitals of The University of Texas Medical Branch at Galveston ("UTMB-Galveston"), to be designated The John Sealy Memorial Endowment Fund for Biomedical Research at The University of Texas Medical Branch at Galveston ("the Biomedical Fund").

In consideration of their mutual interest in providing and supporting both medical care for the people of the City of Galveston and the John Sealy Hospitals of UTMB-Galveston as preeminent medical institutions of the first class, and the mutual commitments set forth to be performed, the Foundation and the University agree to establish The John Sealy Memorial Endowment Fund for Biomedical Research at The University of Texas Medical Branch at Galveston, upon the following terms:

1. The Foundation will grant \$5,000,000 as a permanent endowment ("Biomedical Fund-Part A") to the Biomedical Fund, upon approval by the University of this Endowment Agreement.
2. Before January 8, 1987, the University will commit a matching \$5,000,000 as a permanent endowment ("Biomedical Fund-Part B") to the Biomedical Fund, said matching permanent endowment to be under the exclusive control of the University and managed by the Office of Asset Management of The University of Texas System,

- in the University's Common Trust Fund or otherwise at the discretion of the Board of Regents.
3. Both Part A and Part B of the Biomedical Fund are empowered to accept and receive additional gifts, grants or funds of whatever kind or character, from any source, public or private, including additional grants from the Foundation, subject to approval by the University and the terms and conditions hereof.
  4. Only earned income from Biomedical Fund-Part A and the amounts disbursed for Biomedical Fund-Part B under the distribution formula will be used, to support biomedical research projects, defined as "all investigative endeavors into the biomedical and physical systems that relate to the understanding, prevention, and treatment of human diseases and trauma."
  5. The biomedical research projects and allocation of funds to those projects shall be approved by appropriate peer review committees appointed by the President of UTMB-Galveston.
  6. Management of Biomedical Fund-Part A shall be perpetually under the joint control of the University and the Foundation to invest and reinvest. The University shall retain exclusive control of the management of Biomedical Fund-Part B.
  7. Within ninety (90) days of the University's approval of this Endowment Agreement, the University and the Foundation shall enter into an administrative agreement covering all matters pertinent to the proper administration of Biomedical Fund-Part A, including provisions for approval of a written investment policy and any delegation of investment authority.

8. Biomedical Fund-Part A shall be kept in trust at a bank in Galveston, Texas, the particular Galveston bank to be selected initially, or subsequently changed, by joint agreement of the Foundation and the University. The particular Galveston bank selected at any point in time shall act as trustee under a trust agreement entered into by the Foundation, the University and the trustee bank. The trust agreement shall provide for segregation of Biomedical Fund-Part A in a trust account, collateralization, administration, and reporting on Biomedical Fund-Part A, in such manner as the University and the Foundation may require.

EXECUTED on the dates set forth by notary acknowledgment, to be effective upon approval by the Board of Regents of The University of Texas System.

ATTEST:

THE SEALY & SMITH FOUNDATION  
for the JOHN SEALY HOSPITAL

\_\_\_\_\_

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

Ballinger Mills  
President

ATTEST:

THE BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

\_\_\_\_\_

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

Michael E. Patrick  
Executive Vice Chancellor  
for Asset Management

APPROVED AS TO FORM:

\_\_\_\_\_  
Office of General Counsel



STATE OF TEXAS           §  
                                  §  
COUNTY OF \_\_\_\_\_§

This instrument was acknowledged before me on \_\_\_\_\_  
by \_\_\_\_\_,  
\_\_\_\_\_ of The Sealy & Smith Foundation  
for the John Sealy Hospital, on behalf of said Foundation.

\_\_\_\_\_  
Notary Public in and for  
the State of Texas

\_\_\_\_\_  
Printed/stamped name of Notary

My commission expires: \_\_\_\_\_

STATE OF TEXAS           §  
                                  §  
COUNTY OF TRAVIS       §

This instrument was acknowledged before me on \_\_\_\_\_  
\_\_\_\_\_, 1986, by \_\_\_\_\_,  
\_\_\_\_\_ of The University of Texas  
System on behalf of The Board of Regents of The University of  
Texas System.

\_\_\_\_\_  
Notary Public in and for  
the State of Texas

\_\_\_\_\_  
Printed/stamped name of Notary

My commission expires: \_\_\_\_\_

CERTIFICATE OF APPROVAL

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

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

31. U. T. Health Science Center - Houston: Recommendation to Accept Gift to Establish the American Legion Auxiliary Scholarship Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Bulger's recommendation to accept a \$27,500 gift from the American Legion Auxiliary, Austin, Texas, to establish the American Legion Auxiliary Scholarship Fund at the U. T. Health Science Center - Houston.

Income earned from the endowment will be used to award scholarships to graduate students in the Graduate School of Biomedical Sciences.

BACKGROUND INFORMATION

The American Legion was formed shortly after World War I for the purpose of assisting and caring for the wives and families of World War I veterans and the American Legion Auxiliary was formed soon thereafter. Since that time, both organizations have expanded their programs to be of benefit not only to veterans but to the community, State, and nation. Through their educational programs, scholarships have been made available to many students pursuing careers in nursing and other academic programs.

32. U. T. Health Science Center - Houston: Recommendation to Accept Gifts to Establish The Denton A. Cooley, M.D., Professorship in Surgery 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 \$25,000 gift from the Denton A. Cooley Foundation, Houston, Texas, and gifts of \$75,000 from various donors for a total endowment of \$100,000 to establish The Denton A. Cooley, M.D., Professorship in Surgery at the U. T. Health Science Center - Houston.

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

BACKGROUND INFORMATION

The Denton A. Cooley Foundation was founded in 1960 by Dr. Cooley with the purpose of providing aid to medical education and research, higher education, and health agencies.

Denton A. Cooley, M.D., received his bachelor's degree in 1941 from U. T. Austin. He is one of the country's leading heart surgeons and founded the Texas Heart Institute, Houston, Texas, in 1962.

See Item 4, Page HAC - 23 related to proposed appointment to this Professorship.

33. U. T. Cancer Center: Recommendation to Accept a Donation of Real Property Located in Eastland County, Texas, from Dr. and Mrs. Robert D. Moreton, Houston, Texas; Authorize the Office of Asset Management to Negotiate the Sale; and Authorize the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale.--

#### RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President LeMaistre to accept a gift of 154 acres located in Eastland County, Texas, from Dr. and Mrs. Robert D. Moreton, Houston, Texas. The subject property, including improvements, has been valued at \$73,370 by the Eastland County Tax Appraisal District. Proceeds from the sale of the property will be used to support educational programs at the U. T. Cancer Center.

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

#### BACKGROUND INFORMATION

Dr. Moreton has been a member of the staff of the U. T. Cancer Center and has made numerous contributions toward the development of the institution. Dr. Moreton retired from full-time status on August 31, 1984, but continues to serve M. D. Anderson Hospital on a part-time basis.

#### B. REAL ESTATE MATTERS

1. U. T. San Antonio: Kenneth D. and Ada Muller Scholarship Fund - Report of Sale of an Undivided Interest in Lot 68 of the River Trail Subdivision in Kendall County, Texas, to Ms. Kathwyn Eron Howell, Boerne, Texas.--

#### REPORT

The Office of the Chancellor reports that the gift of an undivided 1/4 interest in a 68.5% interest in Lot 68 of the River Trail Subdivision in Kendall County, Texas, which was held in trust for the Kenneth D. and Ada Muller Scholarship Fund at U. T. San Antonio, has been sold to Ms. Kathwyn Eron Howell, Boerne, Texas. The all cash sale of U. T. San Antonio's interest in Lot 68 amounted to \$5,308.75 with net proceeds after closing of \$4,889.97.

## BACKGROUND INFORMATION

At its June 1986 meeting, the U. T. Board of Regents accepted a gift of an undivided 1/4 interest in a 68.5% interest in five lots being 7.418 acres of the River Trail Subdivision in Kendall County, Texas; authorized the Office of Asset Management to negotiate the sale of the properties; and authorized the Executive Vice Chancellor for Asset Management to execute all documents pertaining to the sales. The properties were a gift from Kenneth D. and Ada Muller to establish the Kenneth D. and Ada Muller Scholarship Fund at U. T. San Antonio.

2. U. T. Cancer Center (U. T. M.D. Anderson Hospital - Houston): Estate of Doloras Baumgard, Deceased, Nederland, Texas - Request for Authorization for the Office of Asset Management to Sell Real Property Being Lots 2 and 3, Block 81, Alvord, Wise County, Texas; and Authorization for the Executive Vice Chancellor for Asset Management to Execute Deeds Pertaining to the Sale.--

## RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President LeMaistre for authorization for the Office of Asset Management to sell at fair market value the gift of real property described as Lots 2 and 3, Block 81, Alvord, Wise County, Texas. This property is held in trust by the U. T. Cancer Center (U. T. M.D. Anderson Hospital - Houston) for the Estate of Doloras Baumgard, deceased, Nederland, Texas. Proceeds from the sale will be used in support of cancer research at M. D. Anderson Hospital and Tumor Institute.

It is further requested that the Executive Vice Chancellor for Asset Management be authorized to execute all documents pertaining to the sale. The sale will be reported to the U. T. Board of Regents at a future meeting.

## BACKGROUND INFORMATION

At its February 1983 meeting, the U. T. Board of Regents accepted the final distribution from the Estate of Doloras Baumgard, deceased, Nederland, Texas. The total distribution from the estate was \$56,568.36 plus some remaining real estate located in Wise County, Texas, and Haskell County, Oklahoma.

### III. INTELLECTUAL PROPERTY

1. U. T. Austin: Recommendation for Approval of General Operating Policy for the Center for Technology Development and Transfer (CTDT).--

#### RECOMMENDATION

The Office of the Chancellor concurs with President Cunningham's recommendation that the U. T. Board of Regents approve a General Operating Policy for the U. T. Austin Center for Technology Development and Transfer (CTDT) as set out on Pages L&I 38 - 39.

CTDT will negotiate specific business proposals under the General Operating Policy in cooperation with the Office of Asset Management and the Office of General Counsel and in accordance with the Regents' Rules and Regulations and the Regents' Policy and Guidelines for Management and Marketing of Intellectual Property. Individually negotiated arrangements will be presented to the U. T. Board of Regents for approval.

#### BACKGROUND INFORMATION

The U. T. Board of Regents was authorized by the 69th Legislature to establish, maintain and support a Center for Technology Development and Transfer (CTDT) at U. T. Austin (Section 65.45, Texas Education Code).

Administrators at U. T. Austin have conferred with numerous representatives from business, industry, and institutions of higher learning throughout Texas regarding the organization, philosophy and objectives of CTDT. The General Operating Policy presented here is consistent with views expressed by those individuals and by administrators and staff of U. T. Austin and the U. T. System regarding desirable and workable operating guidelines for CTDT.

The General Operating Policy for CTDT is intended to facilitate the rapid transfer of research project results and technical information generated within Texas universities to business and industry. Although the enabling legislation permits CTDT to enter into business arrangements for transferring technology from any university in Texas, it is anticipated that most CTDT proposals will relate to technology emanating from component institutions of the U. T. System. U. T. Austin contemplates that, in most instances, technology can be transferred most effectively by establishing development companies in which the sponsoring institution, outside investors, and the U. T. Board of Regents will share equity. Any equity or other income realized from business arrangements negotiated through CTDT will be received and held in the name of the U. T. Board of Regents. The U. T. Board of Regents will thereafter distribute income and other proceeds as appropriate under the applicable approved business proposal.

GENERAL OPERATING POLICY FOR THE CENTER  
FOR TECHNOLOGY DEVELOPMENT AND TRANSFER

The Center for Technology Development and Transfer at The University of Texas at Austin will adhere to the following guidelines in structuring business proposals for transferring technology from any institution of higher learning in the State of Texas to business and industry. To the extent that specific needs or situations not contemplated by these guidelines later arise, additions or modifications to these guidelines will be submitted by U. T. Austin to the U. T. Board of Regents for approval as agenda items at future meetings.

1. U. T. Austin will actively involve and cooperate with the Office of Asset Management and the Office of General Counsel in negotiating specific business proposals for developing and transferring technology from any university in Texas to business and industry.
2. All proposals from U. T. Austin will be negotiated in accordance with the Regents' Rules and Regulations and the Regents' Policy and Guidelines for Management and Marketing of Intellectual Property (as approved by the U. T. Board of Regents in December 1985).
3. Business proposals which provide for shared equity in a development company will state that any equity allocated to any component institution of The University of Texas System is to be held in the name of the Board of Regents of The University of Texas System.
4. All income nominally allocated to U. T. Austin pursuant to CTDT activities under any business proposal approved by the Board of Regents will be administered and allocated by the U. T. Austin President for operation of CTDT and for research within U. T. Austin.
5. By mutual agreement, and subject to the prior approval of the Board of Regents, U. T. Austin and the component institution of The University of Texas System which is the sponsoring institution will determine how equity interests held in the name of the Board of Regents of The University of Texas System will be beneficially allocated between U. T. Austin and the sponsoring component institution. If U. T. Austin is the sponsoring institution, advance determination shall be made, subject to the prior approval of the Board of Regents, regarding the amount of equity which will be beneficially allocated between CTDT activities and activities of the research team. In any business proposals negotiated, the equity interest allocated to U. T. Austin

pursuant to CTDT and other administrative activities will not ordinarily exceed that allocated to the sponsoring institution, whether the sponsoring institution is a U. T. System component or another institution of higher learning within Texas.

6. Any dividends or net proceeds from the sale or distribution to a third party of equity interests held in the name of the Board of Regents of The University of Texas System for the benefit of any component institution pursuant to a business proposal negotiated by CTDT hereunder which are distributed by the Board to the component institution may be further distributed within the component in accordance with the Regents' Rules and Regulations and the institution's own Handbook of Operating Procedures. The President of U. T. Austin will distribute such dividends or other proceeds received by U. T. Austin first to fund an approved operating budget for CTDT and second to fund research within U. T. Austin.
7. License fees and royalty payments provided for in business proposals negotiated by CTDT will be handled in accordance with Part 2, Chapter V, Paragraph 2.4523 of the Regents' Rules and Regulations.
8. CTDT will enlist the aid of advisors from the academic, business and financial sectors to provide information and advice which will assist CTDT in performing its objectives. Appointments to such advisory groups will be made by the President of The University of Texas at Austin.
9. CTDT will distribute information and materials publicizing its activities in order to solicit interest from educational institutions and business and industry concerning its programs.

2. U. T. Austin: Proposed Settlement Agreement with Texas Brands Corporation, a North Carolina Corporation, Regarding Their Trademark Application for the Mark "Texas and Design".--

#### RECOMMENDATION

The Office of the Chancellor concurs in the recommendation of President Cunningham and the Office of General Counsel that the U. T. Board of Regents approve a Settlement Agreement as set out on Pages L&I 41 - 57 between the U. T. Board of Regents, for and on behalf of U. T. Austin, and Texas Brands Corporation, a North Carolina Corporation, for the trademark "Texas and Design."

#### BACKGROUND INFORMATION

The University of Texas at Austin has adopted and used the trademarks "Texas," "Longhorns" and "Longhorn Design" for many years. The U. T. Board of Regents is the owner of U. S. registrations for those marks in classes 21 (glassware), 25 (clothing) and 41 (educational and entertainment services). In addition, the U. T. Board of Regents has applications for registration of those marks now pending with the United States Patent and Trademark Office in additional classes of goods.

Texas Brands Corporation has adopted and applied to register a design mark which includes the word Texas and a set of horns. A controversy has arisen between the two parties concerning that use and their application for registration in International Class 25 for clothing.

In lieu of the U. T. Board of Regents filing a formal opposition against Texas Brands Corporation's application, which would be very costly, the Settlement Agreement will prevent confusion, mistake or deception when Texas Brands' design mark is used on clothing.

The agreement provides that Texas Brands Corporation will not use their "Design Mark," which includes the word Texas and a design of cattle horns, with any shade of orange. Use of their "Design Mark" will be limited as shown in Attachment J of the Agreement or as depicted in their U. S. Registration No. 1,167,403 as shown in Attachment K of the Agreement. Texas Brands will not market any clothing products bearing the word "Texas" or a horn design on college imprinted articles, as defined in the Agreement. The U. T. Board of Regents will not use or license the use of the mark, "Texas Brands Design Mark" or their mark, "GEN-U-WINE Design" as shown in Attachments J and K for clothing products. The U. T. Board of Regents will not oppose the registration of the composite mark "Texas Brands Design Mark" as shown in Attachment J for clothing, namely jeans by Texas Brands.



## AGREEMENT

This Agreement is entered into by and between the BOARD OF REGENTS, THE UNIVERSITY OF TEXAS SYSTEM, a state agency of the State of Texas having an address of 201 West 7th Street, Austin, Texas 78701 (hereinafter referred to as "TEXAS"), and TEXAS BRANDS CORPORATION, a North Carolina corporation having a business address of 30 Colonial Drive, Lexington, North Carolina 27292-0010 (hereinafter referred to as "TEXAS BRANDS").

### 1. PARTIES/BACKGROUND

1:1 TEXAS has adopted and used the mark "TEXAS", the mark "LONGHORNS", and a mark consisting of a fanciful design of a long-horn (hereinafter "LONGHORN Design") for educational services, entertainment services, and for various college imprinted goods, including clothing products, and is the owner of said marks.

1:2 TEXAS is the owner of U.S. Registration No. 1,231,407 for the mark "TEXAS" for educational services and for entertainment services. A copy of this registration is attached as ATTACHMENT A.

1:3 TEXAS is also the owner of United States Registration Nos. 1,340,788 and 1,234,940 for the mark "LONGHORN Design" for goods in International Class 21 and for entertainment services in International Class 41 respectively. Copies of these Registrations are attached as ATTACHMENTS B and C.

1:4 TEXAS is further the owner of United States Registration Nos. 1,231,408 and 1,342,737 for the mark "LONGHORNS" for entertainment services in International Class 41 and for goods in International Classes 21 and 25, respectively. Copies of the registrations relating to the mark "LONGHORNS" are attached as ATTACHMENTS D and E.

1:5 TEXAS had additionally used and licensed various other longhorn design marks (with and without the mark "TEXAS"), and fanciful designs of the mark "TEXAS", some examples of which are attached as ATTACHMENTS F-I.

1:6 TEXAS BRANDS has adopted and applied to register a design mark including the word "TEXAS" and a set of horns (hereinafter referred to as "TEXAS BRANDS Design Mark"). The mark was published on January 22, 1985 for opposition. A depiction of the mark is attached as ATTACHMENT J.

1:7 TEXAS BRANDS had previously adopted and registered a design mark including the words "GEN-U-WINE TEXAS SAFETY JEANS" (hereinafter referred to as "GEN-U-WINE Design"). A copy of the registration of this design mark is attached as ATTACHMENT K.

1:8 TEXAS and TEXAS BRANDS are the parties to this Agreement.

2. INTENT OF AGREEMENT

2:1 A controversy has arisen between the parties concerning the use and registration of marks including the word "TEXAS" and including the design of cattle horns for clothing. After due consideration and negotiation, the parties are entering into this Agreement in order to resolve this controversy.

2:2 It is the opinion of TEXAS BRANDS that confusion is not likely based upon the nature of present usage of the respective marks by the parties. It is the opinion of TEXAS that without this Agreement, the marks, if not used in the manner set forth in this Agreement, might cause confusion or mistake or deceive consumers or potential consumers when used with the respective goods. The parties are therefore entering this Agreement to resolve the controversy concerning the possibility of confusion.

3. AGREEMENT

Based upon the mutual covenants and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

TEXAS BRANDS CORPORATION

3:1 TEXAS BRANDS will not use the "TEXAS BRANDS Design Mark" shown in ATTACHMENT J, the "GEN-U-WINE Design" shown in ATTACH-

MENT K, the word or mark "TEXAS", or a horn design in or with any shade of orange.

3:2 Any and all uses of the "TEXAS BRANDS Design Mark", the "GEN-U-WINE Design", and/or the word "TEXAS" will be limited in nature to uses consistent with the use by TEXAS BRANDS in the past of those words and marks (such as on a small hem label or with the words "Safety Jeans").

3:3 The use of the word "TEXAS" with a set of horns will be limited to use with horns as depicted in the "TEXAS BRANDS Design Mark" shown in ATTACHMENT J or as depicted in the "GEN-U-WINE Design" of United States Registration No. 1,167,403 shown in ATTACHMENT K.

3:4 TEXAS BRANDS will not market any clothing products bearing the word "TEXAS" or a horn design which are college imprinted articles.

3:5 TEXAS BRANDS will consent to the registration of the mark "TEXAS" by TEXAS for any and all college imprinted clothing products, and will not oppose or seek to cancel any such registration.

3:6 TEXAS BRANDS will consent to the registration of the mark "LONGHORNS", the mark "LONGHORN Design", and the marks of the BOARD OF REGENTS shown in ATTACHMENTS F through I for any and all college imprinted clothing products, and to the registration of any other marks which include a combination or similar variation

of the marks "TEXAS", "LONGHORNS", "LONGHORN Design", or the marks shown in ATTACHMENTS F through I for any and all college imprinted products, and will not oppose or seek to cancel any such registration.

3:7 TEXAS BRANDS will amend the description of goods in Application Serial No. 431,161 to exclude college imprinted products.

BOARD OF REGENTS, THE UNIVERSITY OF TEXAS SYSTEM

3:8 TEXAS will not use or license use of the mark "TEXAS BRANDS Design Mark" or the mark "GEN-U-WINE Design" as shown in ATTACHMENTS J and K for clothing products.

3:9 TEXAS will not oppose the registration of the composite mark "TEXAS BRANDS Design Mark" as shown in ATTACHMENT J for clothing, namely jeans by TEXAS BRANDS.

4. MISCELLANEOUS

4:1 For the purposes of this Agreement, college imprinted products shall mean products imprinted with the logo or mark of a college or university to identify or designate the particular college or university.

4:2 While it is believed that the above terms should avoid even a possibility of confusion, if market conditions should change such that confusion develops, the BOARD OF REGENTS, as the

prior user of the mark "TEXAS" for clothing products, reserves the right to petition to cancel any registration which issues from Application Serial No. 437,161 or to seek cancellation of any preexisting registration including the word "TEXAS" for clothing products.

BOARD OF REGENTS,  
THE UNIVERSITY OF TEXAS SYSTEM

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Hans Mark, Chancellor,  
The University of Texas  
System

TEXAS BRANDS CORPORATION

Date: \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Approved as to Form:

  
Office of General Counsel  
The University of Texas System

CERTIFICATE OF APPROVAL

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

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

**Int. Cl.: 41**

**Prior U.S. Cl.: 107**

**United States Patent and Trademark Office**

**Reg. No. 1,231,407**

**Registered Mar. 15, 1983**

**SERVICE MARK**  
**Principal Register**

**TEXAS**

**Board of Regents, The University of Texas System**  
**(Texas governing body, University of Texas)**  
**201 W. 7th St.**  
**Austin, Tex. 78701**

**For: EDUCATIONAL SERVICES—NAME-**  
**PROVIDING COLLEGE AND GRADUATE**  
**LEVEL COURSES OF INSTRUCTION, CON-**  
**TINUING EDUCATION COURSES AND SEMI-**  
**NARS AND OPPORTUNITIES FOR STUDENTS**  
**TO PARTICIPATE IN RESEARCH PROGRAMS,**  
**AND ENTERTAINMENT SERVICES—NAME-**  
**LY, PROVIDING COLLEGE ATHLETIC AND**  
**SPORTING EVENTS AND PERFORMANCES**  
**OF DRAMATIC WORKS, in CLASS 41 (U.S. Cl.**  
**107).**

**First use 1914; in commerce 1914.**  
**Sec. 2(f).**

**Ser. No. 321,982, Filed Aug. 3, 1981.**

**BRUCE A. TASSAN, Examining Attorney**

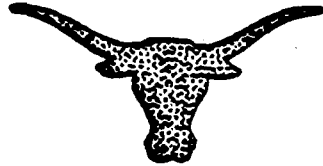
**ATTACHMENT A**

Int. Cl.: 21

Prior U.S. Cls.: 2 and 33

**United States Patent and Trademark Office** Reg. No. 1,340,788  
Registered June 11, 1985

**TRADEMARK  
PRINCIPAL REGISTER**



**BOARD OF REGENTS, THE UNIVERSITY OF  
TEXAS SYSTEM (TEXAS STATE AGENCY)  
201 WEST 7TH STREET  
AUSTIN, TX 78701**

**OWNER OF U.S. REG. NO. 1,234,940.**

**THE MARK IN THE DRAWING IS LINED  
FOR THE COLOR ORANGE.**

**FOR: DRINKING GLASSES, IN CLASS 21  
(U.S. CLS. 2 AND 33).  
FIRST USE 9-1-1983; IN COMMERCE  
9-1-1983.**

**SER. NO. 496,579, FILED 8-27-1984.**

**JAMES F. BROWNE, EXAMINING ATTORNEY**

**ATTACHMENT B**



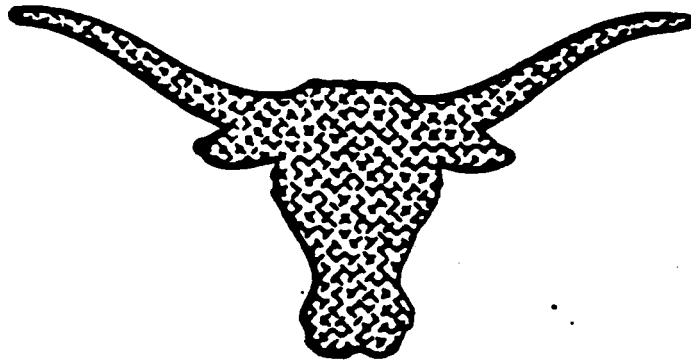
**Int. Cl.: 41**

**Prior U.S. Cl.: 107**

**United States Patent and Trademark Office**

**Reg. No. 1,234,940**  
**Registered Apr. 12, 1963**

**SERVICE MARK**  
**Principal Register**



**Board of Regents, The University of Texas System**  
**(Texas agency)**  
**201 W. 7th St.**  
**Austin, Tex. 78701**

**For: ENTERTAINMENT SERVICES—NAME-**  
**LY, COLLEGE SPORT GAMES AND EVENTS**  
**RENDERED LIVE AND THROUGH THE ME-**  
**DIA OF RADIO AND TELEVISION, in CLASS**  
**41 (U.S. Cl. 107).**

**First use 1934, in another form 1914; in commerce**  
**1960, in another form 1914.**

**The drawing is lined for the color orange.**

**Ser. No. 322,001, filed Aug. 3, 1961.**

**KIMBERLY KREHELY, Examining Attorney**

**ATTACHMENT C**

**Int. Cl.: 41**

**Prior U.S. Cl.: 107**

**United States Patent and Trademark Office**

**Reg. No. 1,231,408**

**Registered Mar. 15, 1983**

**SERVICE MARK**  
**Principal Register**

**LONGHORNS**

**Board of Regents, The University of Texas System**  
**(Texas governing body, University of Texas)**  
**201 W. 7th St.**  
**Austin, Tex. 78701**

**For: ENTERTAINMENT SERVICES—NAME-**  
**LY, COLLEGE SPORT GAMES AND EVENTS**  
**RENDERED LIVE AND THROUGH THE ME-**  
**DIA OF RADIO AND TELEVISION, in CLASS**  
**41 (U.S. Cl. 107).**

**First use 1914; in commerce 1914.**

**Ser. No. 321,983, filed Aug. 3, 1981.**

**BRUCE A. TASSAN, Examining Attorney**

**ATTACHMENT D**

Int. Cls.: 21 and 25

Prior U.S. Cls.: 2, 30, 33 and 39

**United States Patent and Trademark Office** **Reg. No. 1,342,737**  
Registered June 18, 1985

**TRADEMARK  
PRINCIPAL REGISTER**

**LONGHORNS**

**BOARD OF REGENTS, THE UNIVERSITY OF  
TEXAS SYSTEM (TEXAS STATE AGENCY)  
201 WEST 7TH STREET  
AUSTIN, TX 78701**

**FOR: COLLEGE IMPRINTED DRINKING  
GLASSES, CUPS, JIGGERS AND SHOT GLASS-  
ES, NOT OF PRECIOUS METAL, IN CLASS 21  
(U.S. CLS. 2, 30 AND 33).**

**FIRST USE 9-0-1982; IN COMMERCE  
9-0-1982.**

**FOR: COLLEGE IMPRINTED SHIRTS, T-  
SHIRTS, SWEATERS, JACKETS, CAPS, WARM-  
UP PANTS, RAINCOATS, PONCHOS, HAT  
BANDS AND SWEAT BANDS, IN CLASS 25  
(U.S. CL. 39).**

**FIRST USE 4-0-1982; IN COMMERCE  
4-0-1982.**

**OWNER OF U.S. REG. NO. 1,231,408.**

**SER. NO. 496,763, FILED 8-27-1984.**

**JAMES F. BROWNE, EXAMINING ATTORNEY**

**ATTACHMENT E**

**TEXAS**

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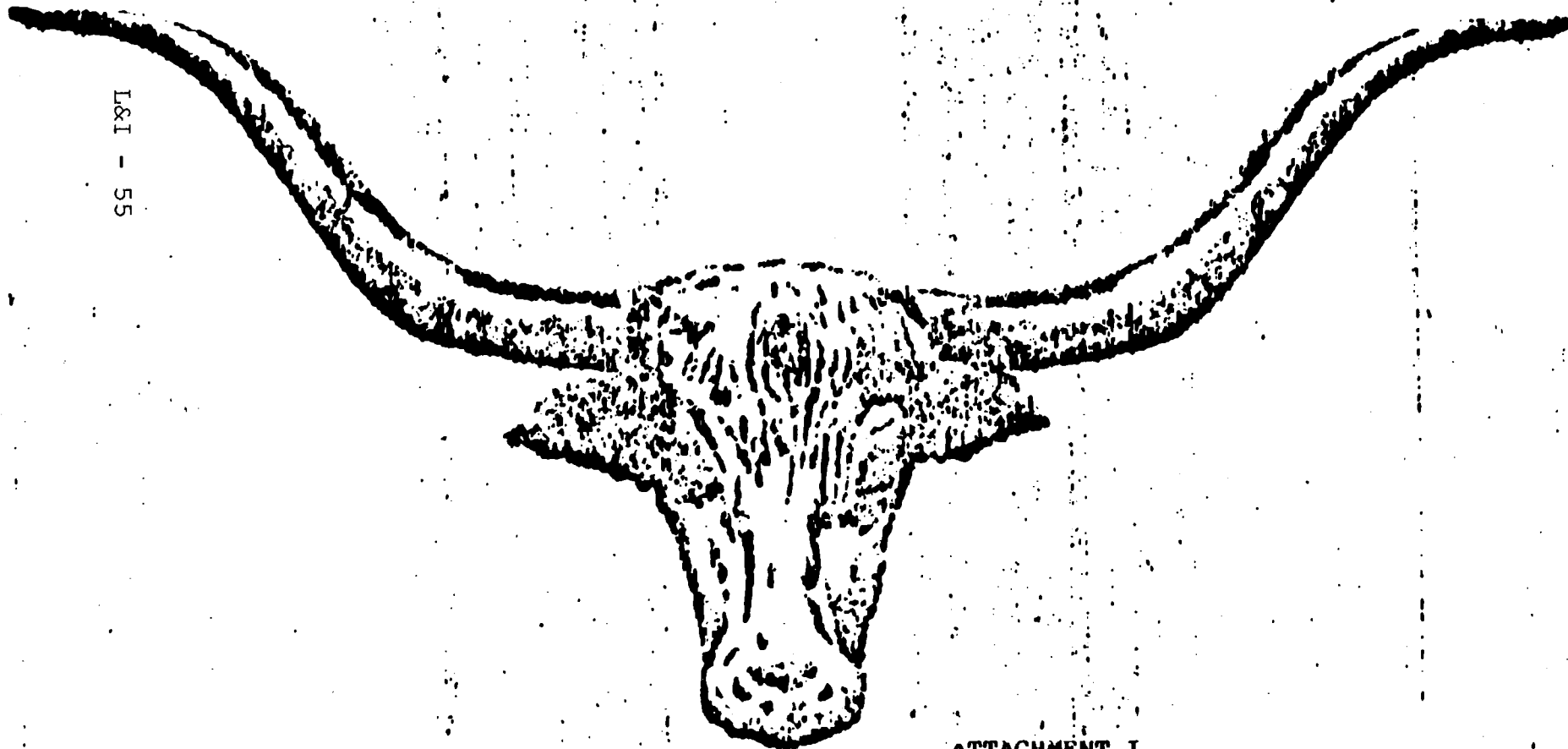
ATTACHMENT G



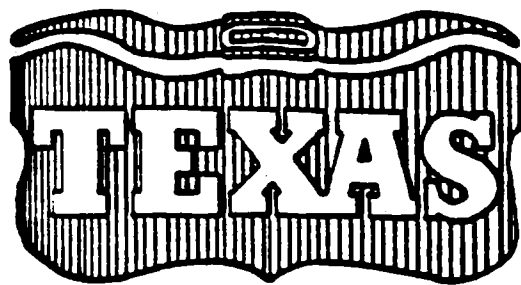
**ATTACHMENT H**

TEXAS

L&I - 55



ATTACHMENT I



ATTACHMENT J



Int. Cl.: 25

Prior U.S. Cl.: 39

United States Patent and Trademark Office

Reg. No. 1,167,403  
Registered Sep. 1, 1981

TRADEMARK  
Principal Register



Cheap Joe's Corporation (North Carolina  
corporation)  
P.O. Box 548  
High Point, N.C. 27261

For: JEANS, in CLASS 25 (U.S. Cl. 39).  
First use Nov. 1977; in commerce Nov. 1977.  
Applicant disclaims the terms "Gen-U-Wine";  
"Texas"; "MCMLXXVII"; and "Safety Jeans" apart  
from the mark as a whole, however, waives none of  
its common law rights therein.

Ser. No 210,686, filed Apr. 9, 1979.

J. C. DEMOS, Deputy Director

MARY C. MACK, Examiner

ATTACHMENT K

IV. OTHER MATTERS

1. U. T. Board of Regents: Proposed Amendments to Regents' Rules and Regulations, Part Two, Chapter I, Section 1 (Gifts to The University of Texas System).--

RECOMMENDATION

The Office of the Chancellor recommends that the Regents' Rules and Regulations, Part Two, Chapter I, Section 1 concerning gifts to the U. T. System be amended as set out below:

1. Add a new Subsection 1.6 to read as follows:
  - 1.6 Due to the inefficiencies and high costs associated with separately tailoring investment management programs for gifts that are investment-restricted, notwithstanding any other provision of this Chapter, a gift subject to investment restrictions shall be referred to the System Director of Development who shall review the terms of the gift instrument with the Office of Asset Management and the Office of General Counsel prior to acceptance of the gift and/or prior to its recommendation for acceptance by the U. T. Board of Regents.
2. Renumber present Subsections 1.6 and 1.7 as 1.7 and 1.8, respectively.

BACKGROUND INFORMATION

While contributions in various forms are welcome, investment restrictions on endowment funds commit excessive staff time to specialized management of each such fund in perpetuity. These restrictions dilute the effectiveness of the investment staff and increase the administrative costs involved in managing and record keeping for endowment funds. The proposed amendment would allow the U. T. System staff to become informed on special investment restrictions placed on gifts prior to acceptance of the gift.

2. U. T. El Paso - Frank B. Cotton Trust: Report on Current Status of Land Trade Negotiations with Lado Compania Naviera, S.A., Athens, Greece, as Authorized by the U. T. Board of Regents on April 12, 1984.--

#### BACKGROUND

At its April 12, 1984 meeting, the Board authorized the exchange of 12,502.45 acres of land in Culberson County, Texas (Frank B. Cotton Trust - The University of Texas at El Paso), for 14,378 acres in Hudspeth County, Texas, owned by Lado Compania Naviera, S.A., Athens, Greece. No mineral ownership will be exchanged, and ingress and egress will be permitted by all parties to allow for future mineral development.

The exchange will consolidate the surface ownership, making the land more manageable and increasing the income potential. The appraised value of the land owned by the U. T. Board of Regents is approximately 15% higher than that owned by Lado Compania Naviera, S.A. Therefore, the University will receive an additional 1,875.55 acres in the exchange.

# 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 4, 1986

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: Room 1.203, Nursing School Building  
U. T. Health Science Center - San Antonio

1. Pending and/or Contemplated Litigation - Section 2(e)
  - a. U. T. Health Science Center - Dallas: Proposed Settlement of Medical Malpractice Litigation
  - b. U. T. Medical Branch - Galveston: Proposed Settlement of Medical Malpractice Litigation
  - c. U. T. Medical Branch - Galveston: 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)

U. T. San Antonio: Consideration of the Development and Negotiated Sale of Real Property in Bexar County, Texas
  
3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees

U. T. System: Consideration of Matters Relating to the Appointment of a Person with Special Responsibilities for Clinical and Research Consultation to the Executive Vice Chancellor for Health Affairs