

MATERIAL SUPPORTING THE AGENDA

VOLUME XL1b

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

February 10, 1994
February 25, 1994
April 14, 1994
April 22, 1994

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

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

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

Yellow paper - emergency items distributed at the meeting.

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



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

Meeting No.: 874

Date: February 10, 1994

Location: Houston, Texas

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Place: Conference Rooms A & B, Tenth Floor
R. Lee Clark Clinic Building
The University of Texas
M.D. Anderson Cancer Center
1515 Holcombe Boulevard
Houston, Texas

Host Institution: The University of Texas
M.D. Anderson Cancer Center

Thursday, February 10, 1994

10:00 a.m.

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

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

Telephone Numbers

President LeMaistre's Office

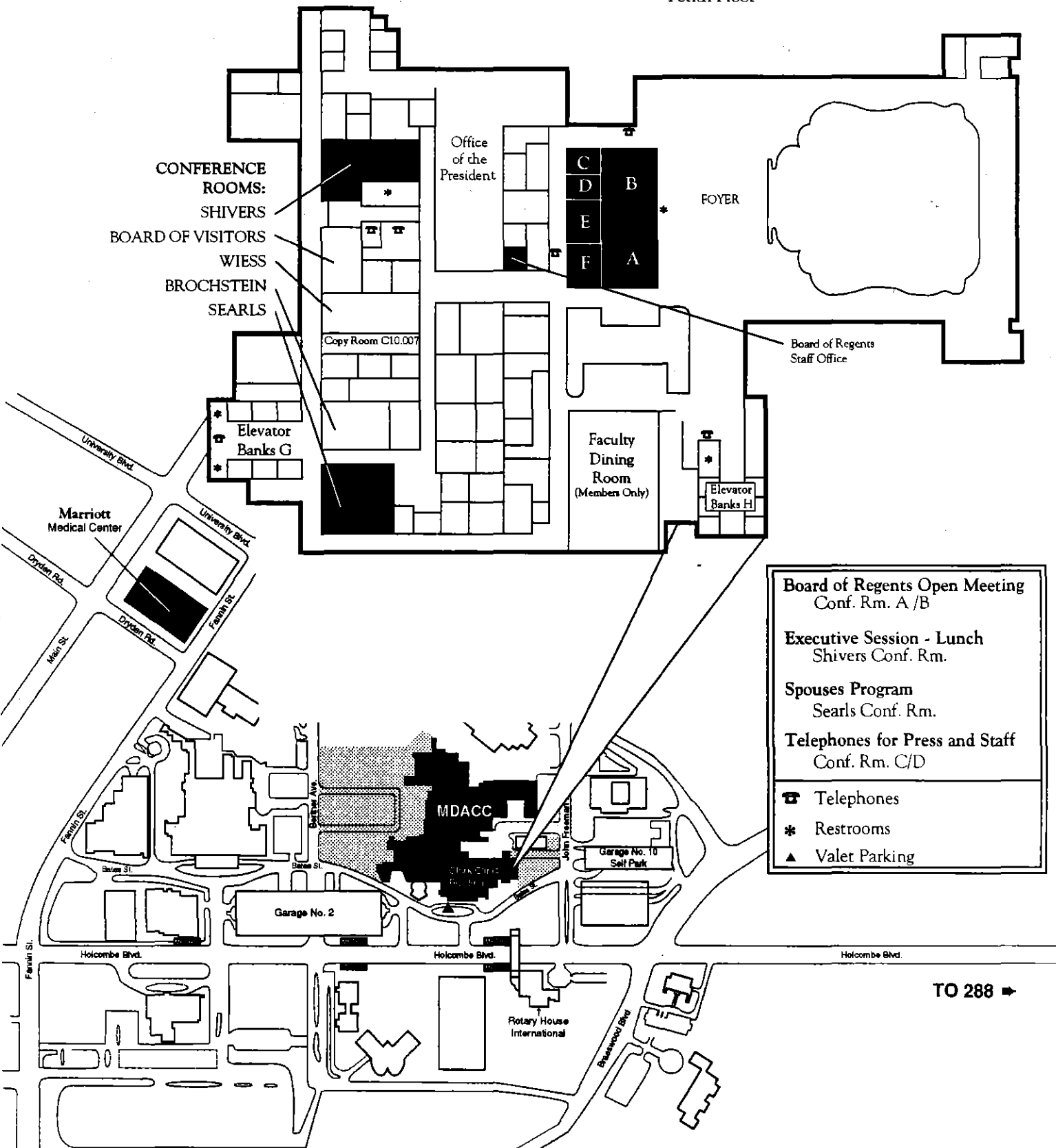
(713) 792-6000

Houston Marriott Medical Center
6580 Fannin Street

(713) 796-0080

THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER

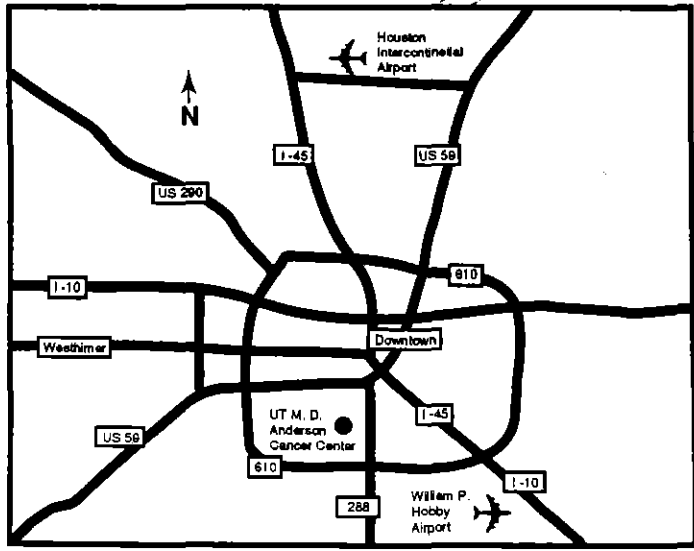
1515 Holcombe Blvd., Houston, Texas 77030
R. LEE CLARK CLINIC BUILDING
Tenth Floor



Board of Regents Open Meeting Conf. Rm. A /B
Executive Session - Lunch Shivers Conf. Rm.
Spouses Program Searls Conf. Rm.
Telephones for Press and Staff Conf. Rm. C/D
☎ Telephones
* Restrooms
▲ Valet Parking

TO 288 ➔

TO 610 ↓



Meeting of the Board

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

Date: Thursday, February 10, 1994

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

Place: Conference Rooms A & B (Open Session) and Allan
Shivers Conference Room (Executive Session),
Tenth Floor, R. Lee Clark Clinic Building
U. T. M.D. Anderson Cancer Center

A. CALL TO ORDER

B. WELCOME BY PRESIDENT LEMAISTRE

C. APPROVAL OF MINUTES OF REGULAR MEETING HELD
DECEMBER 2, 1993

D. SPECIAL ITEMS

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 8, Subsection 8.5, Subdivision 8.53 (Communications by and to the Board); Chapter IV, Section 3 (Faculty Advisory Council); and Chapter VI, Section 1, Subsection 1.6 (Student Advisory Group).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellors for Academic Affairs, Business Affairs, and Health Affairs that the Regents' Rules and Regulations, Part One, Chapters I, IV, and VI be amended as set forth below in congressional style:

- a. Amend Subdivision 8.53 of Part One, Chapter I, Section 8, Subsection 8.5 as follows:

8.53 All official material to be distributed to the Regents shall be transmitted through the Office of the Board of Regents. Copies of all official communications from administrative officers to the Regents shall be sent to the Executive Secretary. Communications from the Chancellor and Executive Vice Chancellors shall be exempt from this requirement but in such cases information copies shall be furnished to the Executive Secretary. The regular channel of communication from the faculty, staff, students and administration to the Board is through the chief

administrative officer of the institution involved, the appropriate Executive Vice Chancellor and the Chancellor. A copy of any communication sent directly to a Board member should be furnished to the Chancellor, the appropriate Executive Vice Chancellor and to the chief administrative officer of the institution involved.

Except for communications from the Chancellor, the Executive Vice Chancellors and the Executive Secretary to the Board, all communications to the Board from members of the university community should be in writing.

Communications from the Faculty Advisory Council and the Student Advisory Group to the Board are through the Chancellor.

- b. Add a new Section 3 to Part One, Chapter IV as follows:

Sec. 3. Faculty Advisory Council -- At the discretion of the Chairman of the Board of Regents and the Chancellor, a faculty advisory council representing component institutions in the U. T. System may be formed to facilitate the flow of ideas and information between and among the U. T. Board of Regents, the U. T. System Administration, and the component institutions. The Chairman and Chancellor will promulgate guidelines for the selection of faculty advisory council representatives. Representatives of the faculty advisory council may from time to time address the Board at meetings of the Board and may recommend action to the Board through the Chancellor. The faculty advisory council shall provide an annual report of activities and actions to the Board.

- c. Add a new Subsection 1.6 to Part One, Chapter VI, Section 1 as follows:

1.6. Student Advisory Group -- At the discretion of the Chairman of the Board of Regents and the Chancellor, a student advisory group representing component institutions in the U. T. System may be formed to facilitate the flow of ideas and information between and among the U. T. Board of Regents, the U. T. System Administration, and the component institutions. The Chairman and Chancellor will promulgate guidelines for the selection of student advisory group representatives. Representatives of the student advisory group may from time to time address the Board at meetings of the Board and may recommend action to the Board through the Chancellor. The student advisory group shall provide an annual report of activities and actions to the Board.

BACKGROUND INFORMATION

The proposed amendments to Section 8 of Chapter I, Part One and the proposed additions of Section 3 of Chapter IV and Subsection 1.6 of Chapter VI, Part One of the Regents' Rules and Regulations are intended to formalize the continuing appointment of the Faculty Advisory Council and the Student Advisory Group as originally approved at the April 1989 U. T. Board of Regents' meeting.

The Faculty Advisory Council and Student Advisory Group provide annual reports to the U. T. Board of Regents on the year's activities. The annual report from the Faculty Advisory Council will be given in February 1994. The last annual report from the Student Advisory Group was presented in October 1993.

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 7 (Rights and Responsibilities as a Citizen and as a Teacher) and Section 35 (Political Activities).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Health Affairs that the Regents' Rules and Regulations, Part One, Chapter III be amended as set forth below in congressional style:

- a. Amend Section 7 as follows:

Sec. 7. Rights and Responsibilities of Faculty Members as [a] Citizens and as [a] Teachers.

. . .

- 7.3 The university teacher is a citizen, a member of a learned profession, and an officer of an educational institution supported by the state. When the teacher speaks or writes as a citizen, he or she should be free from institutional censorship or discipline, but the teacher's special position in the community imposes special obligations. As a person of learning and an educational officer, the teacher should remember that the public may judge the profession and the institution by his or her utterances. Hence, the teacher should at all times be accurate, should exercise appropriate restraint, should show respect for the opinions of others, and should make it plain that the teacher is not an institutional spokesman. [~~As-a-member-of-the staff-of-a-state-institution-of-higher education, he-or-she-should-refrain-from involving-the-System-or-any-of-its-component-institutions-in-partisan-politics.~~]

[7.4-The-Board-of-the-System-recognizes-and affirms-the-right-of-a-member-of-the-faculty-or-staff-to-participate-in-political activities-so-long-as-such-political activities-do-not-interfere-with-the-discharge-of-the-duties-and-responsibilities that-the-employee-owes-to-the-System-or any-of-its-component-institutions-and-so long-as-such-political-activities-do-not involve-the-System-or-its-component institutions-in-partisan-politics-(See Section-7.3)--With-the-interest-of-the System-or-its-component-institutions being-given-first-consideration,-a-leave of-absence-without-pay-may--but-need-not-- be-granted-to-a-member-of-the-faculty-or staff-(See-Section-16)--However,-it-would be-inappropriate-for-a-leave-of-absence without-pay-to-be-granted-primarily-to permit-a-member-of-the-faculty-or-staff-of the-System-or-its-component-institutions to-participate-in-political-activity, including,-but-not-limited-to,-being-a candidate-for-political-office,-holding-a political-office,-or-directing-the-political-campaign-of-another-person-seeking-a political-office.--Therefore,-if-a-member of-the-faculty-or-staff-wishes-to-engage in-political-activity-that-interferes-with the-discharge-of-the-duties-and-responsibilities-that-the-employee-owes-to-the System-or-any-of-its-component-institutions,-the-employee-should-voluntarily terminate-employment-by-the-institution. On-the-other-hand,-if-the-faculty-or staff-member-does-not-voluntarily-terminate-employment-by-the-institution-and if-the-faculty-or-staff-member's-superior officer,-such-as-the-chief-administrative officer,-the-Chancellor,-an-Executive-Vice Chancellor,-or-the-Board,-finds-that-the faculty-or-staff-member's-political-activity-does-in-fact-interfere-with-the-discharge-of-the-duties-and-responsibilities that-the-employee-owes-to-the-System-or any-of-its-component-institutions,-the chief-administrative-officer,-the-Chancellor,-an-Executive-Vice-Chancellor,-or-the Board-shall-terminate-employment-by-the institution.]

b. Add a new Section 35 as follows:

Sec. 35. Political Activities.

The Board recognizes the right of a member of the faculty or staff to participate in political activities provided such activities are not conducted during work hours unless the faculty or staff member uses accrued compensatory or vacation leave; are in compliance with the Constitution and laws of the State of Texas; do not interfere with the discharge and performance of an employee's duties and responsibilities; do not involve the use of equipment, supplies, or services of the System or a component institution; do not involve the impermissible use of System or component facilities;

do not involve the attempt to coerce students, faculty, or staff to participate in or support the political activity; and do not involve the System or a component institution in partisan politics. With the interest of the System or a component institution being given first consideration, a leave of absence without pay pursuant to Subsection 16.2 of this Chapter, may--but need not--be granted to a member of the faculty or staff to participate in political activities. However, a leave of absence without pay shall not be granted to a member of the faculty or staff of the System or a component institution for the purpose of being a candidate for an elective public office, holding an elective public office, or directing the political campaign of a candidate for an elective public office. A member of the faculty or staff who wishes to engage in political activity that will interfere with the performance of his or her duties and responsibilities should voluntarily terminate employment. If the chief administrative officer of the component institution, the Chancellor, an Executive Vice Chancellor, or the Board finds that the faculty or staff member's political activity interferes with the performance of his or her duties and responsibilities or does not comply with the requirements of this subsection, the faculty or staff member shall be subject to appropriate disciplinary action, including termination.

c. Renumber present Section 35 as Section 36.

BACKGROUND INFORMATION

Several pieces of proposed legislation introduced in the 73rd Session of the Texas Legislature led to a review of the current provisions of the Regents' Rules and Regulations on permitted political activity by employees of U. T. System Administration or a component institution. The proposed amendment to text currently housed in Section 7, Subsection 7.4 of the Rules and Regulations, Part One, Chapter III and its new placement as Section 35 are intended to clarify the terms and conditions applicable to political activities by faculty or staff members. Consistent with long-standing policy, the proposed amendments specifically prohibit use of university equipment, supplies or services for individual political activity or the coercion of students, faculty, or staff to participate in such activity.

This proposed change necessitates an amendment to delete repetitive language on political activities in Section 7, Subsection 7.3 and to amend the title of Section 7 to clarify the applicability of that section to only faculty.

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

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

Executive Committee: Chairman Rapoport
Vice-Chairman Temple, Vice-Chairman Lebermann
MSA Page Ex.C - 1

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

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

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

Facilities Planning and Construction Committee:
Chairman Temple, Regent Holmes, Regent Lebermann,
Regent Smiley
MSA Page FPCC - 1

Asset Management Committee: Chairman Cruikshank
Regent Lebermann, Regent Loeffler, Regent Smiley
MSA Page AMC - 1

F. RECONVENE AS COMMITTEE OF THE WHOLE

G. ITEMS FOR THE RECORD

1. U. T. System: Report on Annual Guideline Distribution Amount Per Unit for the Common Trust Fund for the Fiscal Year 1994-1995.--

REPORT

The Charter of the U. T. System Common Trust Fund states that the per unit distribution amount of the Common Trust Fund shall be the lesser of (a) the per unit cash income received plus the per unit amount available in an income reserve account or (b) the annual guideline amount per unit established by the U. T. Board of Regents.

In keeping with the recommendation of the Investment Advisory Committee and the Asset Management Committee, it is reported for the record that the annual guideline distribution amount per unit of the U. T. System Common Trust Fund will remain at 17.5¢ per unit for the Fiscal Year 1994-1995. This pay-out rate was last changed by the U. T. Board of Regents at the February 1991 meeting to be effective September 1, 1991.

2. U. T. Austin - James T. Doluisio Regents Chair in Pharmacy in the College of Pharmacy: Allocation of Matching Funds Under The Brackenridge Matching Program #2 - Amendment to Minute Order of August 12, 1993.--

REPORT

At the August 1993 meeting, the U. T. Board of Regents approved an allocation of \$1,081,057.45 in matching funds from The Brackenridge Matching Program #2 to be used to increase several previously established endowments at U. T. Austin. Included in the total was a specific request to allocate \$70,000 in matching funds for a \$140,000 gift to the James T. Doluisio Regents Chair in Pharmacy in the College of Pharmacy.

At the request of U. T. Austin, the August 1993 U. T. Board of Regents' Minutes should be amended to delete reference to the \$70,000 matching funds request for the Chair and to reflect a total allocation from The Brackenridge Matching Program #2 of \$1,011,057.45.

3. U. T. Austin: Arthur L. Moller Regents Chair in Bankruptcy Law and Practice in the School of Law - Amendment to Minute Order of December 2, 1993, to Reflect Correct Endowment Name.--

REPORT

At the December 1993 meeting, the U. T. Board of Regents, at the request of U. T. Austin, redesignated the Regents Research Professorship in Bankruptcy Law and Practice in the School of Law at U. T. Austin as the Arthur L. Moller Regents Chair in Bankruptcy Law and Practice. The word "Regents" was inadvertently included in the revised title and is inconsistent with the donors' understanding and concurrence in the change. Thus the December 1993 Board action is to be amended to reflect the Chair as the Arthur L. Moller Chair in Bankruptcy Law and Practice.

4. U. T. San Antonio: Report on Amendment of Campus Master Plan.--

REPORT

At the August 1985 meeting, the U. T. Board of Regents authorized U. T. San Antonio to set aside six acres of land fronting on U. T. San Antonio Boulevard as "Greek Row" and to negotiate leases on this property with national chapters of fraternities and sororities.

Pursuant to its August 1993 approval of Phase III of the student apartment project to be located on this site on campus, the U. T. Board of Regents modified the previous authorization. There has been no sustained interest by national chapters in leases for housing; however, if in the future, U. T. San Antonio wishes to pursue theme housing for fraternities or sororities, a recommendation will be brought to the Board.

5. U. T. Medical Branch - Galveston - Alumni Field House Expansion (Project No. 601-805): Report of Change from Oliver & Beerman Architects, Inc., Galveston, Texas, to Oliver Architects, Inc., Galveston, Texas, as Project Architect.--

REPORT

At the August 1993 meeting, the U. T. Board of Regents appointed Oliver & Beerman Architects, Inc., Galveston, Texas, as Project Architect to prepare final plans and specifications for the Alumni Field House Expansion at the U. T. Medical Branch - Galveston. At the time of this appointment, the principals of Oliver & Beerman Architects, Inc. were in the process of reorganizing the firm. That firm has requested that the appointment be changed to the new firm, Oliver Architects, Inc., and President James, by his letter of December 30, 1993 to Dr. Mullins, has concurred with this change. In addition, the Office of General Counsel has obtained a legal release from the original firm. Accordingly, the Project Architect contract will be executed with Oliver Architects, Inc., Galveston, Texas, rather than with Oliver & Beerman Architects, Inc., Galveston, Texas.

6. U. T. Health Science Center - San Antonio: Biosciences Initiative - Deferral of Payment Due December 31, 1993, from the Texas Research and Technology Foundation, San Antonio, Texas.--

REPORT

Chancellor Cunningham reports for the record that the payment of \$1,000,000 due on December 31, 1993, from the Texas Research and Technology Foundation (TRTF), San Antonio, Texas, to reimburse previously expended Permanent University Fund (PUF) Bond Proceeds has been deferred for a period of time not to exceed 90 days with interest to be paid at the 90-day Treasury Bill Rate.

This repayment is a part of the San Antonio Biosciences Initiative which resulted in the construction of the Institute of Biotechnology and the McDermott Clinical Sciences Building at the U. T. Health Science Center - San Antonio for which PUF Bond Proceeds were advanced with a commitment for repayment by the TRTF. The remaining obligation of the TRTF for repayment is as follows:

\$1.0 million -- December 31, 1993
\$1.5 million -- December 31, 1994
\$1.5 million -- December 31, 1995

The delayed payment is to allow time for officials of TRTF, the U. T. Health Science Center - San Antonio, and U. T. System Administration to review proposals by which joint or cooperative funding might result in a second building to house research efforts that would complement the work underway in the Institute of Biotechnology and provide an increased health science center presence in the Texas Research Park.

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

U. T. System: Annual Report of the Activities of the Faculty Advisory Council.--

REPORT

Faculty Advisory Council Chair William Winslade will make a brief presentation concerning the Council's activities for the past year.

- K. FOUNDATION MATTER

Winedale Stagecoach Inn Fund: Proposed Approval of (a) Minutes of August 12, 1993 Meeting and (b) Treasurer's Ratification of an Oil and Gas Lease on Approximately 34.10 Acres in Fayette County, Texas.--

RECOMMENDATION

It is recommended that the members of the U. T. Board of Regents convene as Trustees of the Winedale Stagecoach Inn Fund to act on the following agenda:

- a. Approval of the Minutes of the meeting held on August 12, 1993, as set forth on Page B of R - 11.

- b. Approval of the Treasurer's ratification of an Oil and Gas Lease on property owned by the Winedale Stagecoach Inn Fund being 34.10 acres, more or less, out of the William S. Townsend 1/4 League, Abstract 104, Fayette County, Texas, and being the same land described in that certain Warranty Deed dated July 19, 1989, from Edrol L. Wagner and wife, Marilyn F. Wagner, as Grantors, to The University of Texas Board of Regents, as Grantees, recorded in Volume 790, Page 457, Deed Records, Fayette County, Texas.

BACKGROUND INFORMATION

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

The subject property was purchased by the Winedale Stagecoach Inn Fund on July 19, 1989, from Mr. and Mrs. Edrol Wagner, who reserved a life estate in the minerals. As owner of a remainderman interest in the property, the Winedale Stagecoach Inn Fund was asked by the Lessee of the mineral rights to ratify an Oil and Gas Lease by and between Edrol L. Wagner and Marilyn F. Wagner, as Lessor, and Union Pacific Resources Company, as Lessee, dated May 2, 1993. Acting in his capacity as Treasurer of the Winedale Stagecoach Inn Fund, and after the review and approval of the proposed ratification by the U. T. System Office of General Counsel, the Executive Vice Chancellor for Business Affairs executed said ratification on June 23, 1993.

The proposed action involves the approval of the U. T. Board of Regents, in its capacity as the Board of the Winedale Stagecoach Inn Fund, of the Treasurer's ratification of the Oil and Gas Lease for 34.10 Gross Mineral Acres and 25.55 Net Mineral Acres.

Lessee is Union Pacific Resources Company, P.O. Box 7, Fort Worth, Texas 76101-0007.

Terms are \$75.00 Bonus Per Acre; \$1916.25 Total Bonus (paid to Lessor); 1/6 Royalty; \$5.00 per net acre per year Rental; three years Lease Term; May 5, 1993 Lease Date; June 23, 1993 Lease Ratification Date. A Special Provision of this lease is a "No drill" clause. As a condition to signing the ratification of the Oil and Gas Lease, the U. T. System required the addition of a special provision to be signed by Lessor which prohibits drilling or mining on the surface of the property and also prohibits any related structures or facilities on the surface. The Lessee may include the subject acreage in a larger unit or he may explore and recover the minerals from operations on adjacent tracts.

WINEDALE STAGECOACH INN FUND

Minutes of the Trustees

August 12, 1993

The members of the Board of Regents of The University of Texas System who serve as Trustees of the Winedale Stagecoach Inn Fund met on August 12, 1993, in the Regents' Meeting Room on the Ninth Floor of Ashbel Smith Hall, Austin, Texas with all the Trustees present.

On motions duly made and seconded and by unanimous vote of the Trustees, the following actions were taken:

1. Minutes of the meeting held on April 1, 1993 were approved.
2. A report from The University of Texas System Vice Chancellor for Asset Management that funds of the Fund will be invested in the U. T. System Common Trust Fund as of September 1, 1993 was received.



Robert M. Berdahl
Secretary

L. RECESS TO EXECUTIVE SESSION

The Board will convene in Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Sections 2(e), (f) and (g) to consider those matters set out on Page Ex.S - 1 of the Material Supporting the Agenda.

M. RECONVENE IN OPEN SESSION

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

1. Pending and/or Contemplated Litigation - Section 2(e)
 - a. U. T. Southwestern Medical Center - Dallas: Proposed Settlement of Medical Liability Claim
 - b. U. T. Medical Branch - Galveston: Proposed Settlement of Medical Liability Litigation
 - c. U. T. Medical Branch - Galveston: Proposed Settlement of Medical Liability Claim
 - d. U. T. Health Science Center - Houston: Proposed Settlement of Medical Liability Litigation
2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)
 - a. U. T. Austin: Request for Authorization to Acquire the South 8.5' of Lot 9, Block 8, Outlot 45, Division B, Brass Subdivision, Austin, Travis County, Texas
 - b. U. T. Dallas - Trust Fund Lands: Request for Authorization to Sell Approximately 25.7 Acres of Trust Fund Land in Plano, Collin County, Texas
 - c. U. T. El Paso: Request for Authorization to Lease Approximately 4.662 Acres of Campus Land and Improvements in El Paso, El Paso County, Texas
 - d. U. T. Southwestern Medical Center - Dallas: Estate of Gertrude M. Gillespie - Request for Authorization to Sell Approximately 3.734 Acres of Improved Property in Dallas, Dallas County, Texas
3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees

O. SCHEDULED EVENTS

1. Board of Regents' Meetings

<u>Dates</u>	<u>Locations/Hosts</u>
April 14, 1994	U. T. Health Center - Tyler
June 9, 1994	U. T. Permian Basin
August 11, 1994	No Host - Austin
October 7, 1994	U. T. Dallas
December 1, 1994	U. T. Pan American

2. Other Events

September 29, 1994	U. T. M.D. Anderson Cancer Center: Faculty Honors Convocation
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3. Official Commencements - 1994

May 6	U. T. Tyler
May 7	U. T. Permian Basin
May 13	U. T. El Paso
May 14	U. T. Arlington
	U. T. Brownsville
	U. T. San Antonio
May 15	U. T. Pan American
May 21	U. T. Austin
	U. T. Dallas
	U. T. Medical School - Galveston
May 28	U. T. Dental Branch - Houston
	U. T. Dental School - San Antonio
June 4	U. T. Southwestern Medical School - Dallas

P. OTHER BUSINESS

Q. ADJOURNMENT

JANUARY 1994							FEBRUARY 1994							
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MARCH 1994							APRIL 1994							
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MAY 1994							JUNE 1994							
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JULY 1994							AUGUST 1994							
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31														
SEPTEMBER 1994							OCTOBER 1994							
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NOVEMBER 1994							DECEMBER 1994							
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Executive Committee

EXECUTIVE COMMITTEE
Committee Chairman Rapoport

Date: February 10, 1994
Time: Following the convening of the Board of Regents
at 10:00 a.m.
Place: Conference Rooms A & B, Tenth Floor
R. Lee Clark Clinic Building
U. T. M.D. Anderson Cancer Center

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1. U. T. System: Request for Authorization to Renew the Comprehensive Crime Policy with National Union Fire Insurance Company, Pittsburgh, Pennsylvania (Exec. Com. Letter 94-3).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor and the Executive Vice Chancellor for Business Affairs that authorization be given to renew the U. T. System-wide Comprehensive Crime Policy with National Union Fire Insurance Company of Pittsburgh, Pennsylvania, from November 1, 1993 through November 1, 1994, at an annual premium of \$90,000.

BACKGROUND INFORMATION

Comprehensive crime coverage has been acquired since 1973. Due to the high loss frequency experienced by the University over a five-year period, the premium dramatically increased last year to an annual premium of \$100,000 with a \$50,000 per occurrence deductible. Because the University experienced no losses during the November 1, 1992 through November 1, 1993 coverage period, National Union Fire Insurance Company offered with its renewal a choice of two coverages:

<u>Deductible</u>	<u>Annual Premium</u>
\$25,000	\$108,000
\$50,000	\$ 90,000

It was the consensus of the U. T. System institutions that the policy be renewed with a \$50,000 deductible and an annual premium of \$90,000 with the same terms and conditions through November 1, 1994.

2. U. T. System - Capital Improvement Plan: Recommendation to Reallocate Reserve Allocations for Repairs and Equipment Projects (Exec. Com. Letter 94-4).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Rutford that the U. T. Board of Regents approve the reallocation of approximately \$113,000 of U. T. Dallas's 1991 allocation of \$760,000 from Part B (Reserve Allocations for Repairs and Equipment Projects) of the U. T. System Capital Improvement Plan from the \$125,000 Academic Computing Center Renovations Project to a Classrooms Upgrade Project.

BACKGROUND INFORMATION

The application of these FY 1991 funds for this classroom renovation project would constitute a part of a U. T. System-wide reallocation of unexpended and unobligated balances from FY 1987 through FY 1992, as approved by the U. T. Board of Regents in August 1993 as part of the extension of the six-year Capital Improvement Plan. No other unexpended and unobligated balances have yet been reallocated.

In June 1990, the U. T. Board of Regents approved a Capital Budget with allocation from the PUF Bond Proceeds Reserves for U. T. Dallas in the amount of \$760,000 for major repairs and renovations. That amount was to be applied to five projects, one of which was a \$125,000 Academic Computing Center Renovations Project. Since that time, U. T. Dallas has found that there are structural problems associated with the space for which the renovations had been proposed and have made other arrangements to accommodate the computing facilities. U. T. Dallas now requests that the balance of the funds from the FY 1991 allocation for renovations be used to upgrade some of the larger classrooms on the campus to include room modifications, built-in equipment, and the installation of fiber optic connections, a project already in process with institutional funds.

Such a reallocation is consistent with the objective of both the initial allocation in June 1990 and the most recent allocation in August 1993. The ability to proceed at this time with reallocation of these dollars will also facilitate earlier completion of the project to which the institution has already devoted considerable campus resources.

3. U. T. Arlington - On-Campus Housing, Apartment Complex (Phase I): Recommendation to (a) Approve Proposed Ground Lease Agreement with Century Development, a Texas Limited Partnership, Houston, Texas, and (b) Authorize Execution of Ground Lease Agreement and Related Documents (Exec. Com. Letter 94-6).--

RECOMMENDATION

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

- a. Approve the proposed ground lease agreement with Century Development, a Texas Limited Partnership, Houston, Texas, for the construction of a student apartment complex at U. T. Arlington
- b. Authorize the Chairman of the U. T. Board of Regents to execute a ground lease agreement as set out on Pages Ex.C 6 - 63 and to execute additional related documents as necessary upon review and recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Office of General Counsel.

BACKGROUND INFORMATION

Pursuant to action in October 1993, the U. T. Board of Regents approved in concept initiation of a project for a student apartment complex on the U. T. Arlington campus and solicitation of proposals from developers to construct and possibly manage Phase I of the complex.

Proposals from four private developers were received on October 25, 1993. At the December 1993 meeting, the Board approved further negotiations with Century Development (Century).

Following those negotiations, which included participation by representatives of U. T. Arlington and the Offices of Academic Affairs, Business Affairs, and General Counsel, the lease format used for similar projects at U. T. San Antonio and U. T. Tyler has been redrafted to include the following provisions:

- Sections 1.03 and 1.04 are amended to shorten the proposed lease term from 40 years to 30 years with a five year renewal option, or effectively a 35 year term. This term is recommended to satisfy lender expectations and to assist in assuring reasonable rental rates for student occupants.
- Section 4.01 addresses the applicability of U. T. Board of Regents and institutional rules to the apartment project and its residents and the authority of the University to enforce those rules as appropriate, including the use of U. T. Arlington campus police if necessary.
- Section 7.01 is amended to specifically mention the involvement of the Office of Facilities Planning and Construction in the review of plans and specifications and ongoing construction.
- Section 11.06 authorizes U. T. Arlington to provide security services for the leasehold premises, as it does for other on-campus facilities. For the security services provided, U. T. Arlington will receive fees collected for parking facilities constructed by Century on the leased site.
- Section 14.03 concerning the buyout price is amended to reference Exhibit E, a schedule of projected cash flow discounted by 10.8%. Under the proposed lease, U. T. Arlington may purchase the leasehold interest during the term of the lease for an amount that is the lesser of fair market value or the sum of outstanding debt; Lessee's contributions to the project for operation, maintenance, construction (following completion of initial construction), repair, or replacement limited to the extent such contributions have not been reimbursed from revenues or reserves; and present value of net distributable cash flow as determined by Exhibit E.

- Section 14.05 has been amended to grant Century a right of first refusal to build only one additional phase of the project if Phase II is privately developed within five years.

Not all of the recommended amendments are major modifications; however, they are all considered of benefit to U. T. Arlington.

Although the subject of negotiation, no amendment is proposed related to Section 15.02 concerning priority "assignment" of certain students to the apartment project. Review of the current language in light of bond covenants outstanding for current U. T. Arlington dormitories indicates that the language does not infringe those pre-existing commitments or result in a permanent assignment to housing; the lease makes clear that an individual student is not bound by an assignment or referral.

Also discussed but not recommended for additional amendment is Section 11.01 concerning the continuing responsibilities of Century for management of the complex, with reservation for approval of the on-site manager to U. T. Arlington.

The proposed development and proposed ground lease are consistent with "Guidelines for Private Development on University Campuses" prepared by the Texas Higher Education Coordinating Board in April 1991. Century has committed to at least 25% project participation by historically underutilized businesses during the construction phase of the project.

A closing date as near January 14, 1994 as possible is desired to implement a guaranteed construction schedule which will allow occupancy by the Fall Semester 1994. Because of these time pressures, the attached Ground Lease does not contain a complete set of the exhibits which are dependent upon additional survey and title work. After review and approval by U. T. Arlington, the Office of General Counsel, and the Offices of Academic Affairs and Business Affairs, final exhibits will be attached and incorporated into the final lease.

GROUND LEASE AGREEMENT

by and between

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

and

**ARLINGTON RESIDENCE PARTNERSHIP I, LTD.
(LESSEE)**

Dated: As of _____

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GROUND LEASE AGREEMENT

THE STATE OF TEXAS §
 §
COUNTY OF TARRANT §

This Ground Lease Agreement (the "Lease") is made and entered into as of the _____ day of _____, 1994, by and between THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, FOR THE USE AND BENEFIT OF THE UNIVERSITY OF TEXAS AT ARLINGTON (the "LESSOR"), acting by and through its authorized officers, and ARLINGTON RESIDENCE PARTNERSHIP I, LTD., a Texas limited partnership (the "LESSEE"), acting by and through Arlington Residence Corp., a Texas corporation, General Partner.

WITNESSETH

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

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

WHEREAS, the LESSOR and the LESSEE have determined to enter into this Lease whereby the LESSOR will lease a tract of approximately 7.6 acres of land on the campus to the LESSEE, and the LESSEE will develop, construct, operate, and lease improvements on such land for use by The University's students, faculty, and staff and such other persons as set forth herein and only such other persons as LESSOR may agree, subject to the terms herein stated;

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

ARTICLE ONE
LEASE OF PROPERTY - TERMS OF LEASE

Section 1.01. LEASE OF PREMISES. LESSOR, in consideration of the rents, covenants, agreements and conditions herein set forth, which LESSEE hereby agrees to cause to be paid, kept and performed, does hereby let, demise and rent exclusively unto LESSEE, and LESSEE does hereby rent and lease from LESSOR, the real property (the "Land")

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

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

Section 1.03. TERM. Unless sooner terminated as herein provided, this Lease shall continue and remain in full force and effect for a term commencing on the date hereof and ending at midnight on August 31, 2024 (the "Term").

Section 1.04. OPTION TO EXTEND TERM. For and in consideration of the sum of Ten and No/100 Dollars (\$10.00) cash in hand paid by the LESSEE to LESSOR, the receipt and sufficiency of which are hereby acknowledged, LESSOR, for itself, its successors and assigns, hereby grants to LESSEE and to any Permitted Mortgagee, as applicable, one option to renew and extend the Term of this Lease for a period of five (5) calendar years, commencing upon the expiration of the Term and expiring at midnight on August 31, 2029, unless this Lease is terminated earlier pursuant to the provisions hereof or unless there remains uncured any breach of any covenant set forth herein which LESSOR has theretofore notified LESSEE and any Permitted Mortgagees and as to which the applicable time to cure such breach has finally expired. Should LESSEE or a Permitted Mortgagee desire to exercise its option to extend the Term, it shall do so by delivering to LESSOR written notice of its intention to exercise such option on or before one hundred eighty (180) days prior to the expiration of the Term.

ARTICLE TWO DEFINITIONS

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

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

"Affiliate" - with respect to a designated Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such designated Person. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with

respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through ownership of voting securities or by contract or otherwise.

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

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

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

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

"Century Development" - a Texas limited partnership.

"Century Property Management Company, L.P." - a Texas limited partnership.

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

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

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

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

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

"Facilities" - all improvements constructed on the Land, including the complex of 9 buildings which include approximately 200 apartment units and related facilities for use by students, faculty, and staff of the University and others as permitted under this Lease or approved by UTA as participants in UTA sponsored activities.

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

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

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

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

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

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

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

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

"Land" - the tract of approximately 7.6 acres located on the campus of The University of Texas at Arlington and more particularly described in Exhibit "A".

"LESSOR Representative" - one or more of the persons designated and authorized in writing from time to time by LESSOR to represent LESSOR in exercising LESSOR'S rights and

performing LESSOR'S obligations under this Lease; the initial LESSOR Representatives shall be either the President of The University of Texas at Arlington or the Vice President for Business Affairs of The University of Texas at Arlington.

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

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

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

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

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

"On-Campus Occupants" - those students, faculty, and staff associated with UTA and those participants in university-related activities who desire to occupy any housing on the campus at UTA.

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

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

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

"Premises" - the Land and the Facilities.

"Rent" - Base Rent and Percentage Rent.

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

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

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

ARTICLE THREE RENT

Section 3.01. **BASE RENT.** Commencing with the date hereof and continuing throughout the Term, LESSEE shall pay to LESSOR, as annual base rent ("Base Rent"), \$100 for each year or a portion thereof. The Base Rent shall be due and payable in advance, with the first such payment of Base Rent being due upon execution of the ground Lease and each subsequent payment due no later than forty-five (45) days after the close of each Academic Year.

Section 3.02. **PERCENTAGE RENT.** Subject to the limitations set forth in Section 8.03G, LESSEE shall pay to LESSOR, for the Academic Year commencing in 1994 and each Academic Year thereafter during the Term, percentage rent in an amount equal to the product of (a) 50% and (b) Net Cash Flow ("Percentage Rent"). Percentage Rent shall be paid to LESSOR no later than forty-five (45) days after the close of each Academic Year. If there is no Percentage Rent due for any such Academic Year, any net loss shall be borne solely by LESSEE and shall not be carried forward in determining Percentage Rent for the next Academic Year.

ARTICLE FOUR USE OF PREMISES

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

LESSEE shall have the right to use the Premises solely for the development and operation of the Facilities and ancillary uses including uses now or hereafter customarily related to or connected with the ownership and operation of a multi-family residential development. LESSOR and LESSEE covenant and agree that except as set forth in Sections 15.07 and 15.08 below, the Facilities shall be for the exclusive use and benefit of the students, faculty, staff and guests of The University and such other persons as The University and LESSEE shall mutually agree.

LESSEE shall comply with all ordinances, laws and regulations of all Governmental Authorities applicable to and as are required for LESSEE'S use and operation of the Premises as such ordinances, laws, and regulations are enforced by any Governmental Authority having jurisdiction with respect to the Premises, including, without limitation, the Rules and Regulations of the Board of Regents of The University of Texas System and the institutional rules and policies of UTA (collectively, "Governmental Regulations"). LESSEE shall require that the following Persons shall agree in writing to comply with Governmental Regulations: (i) any Person occupying space in the Facilities under a Campus Housing Contract; (ii) any Person managing all or part of the Premises under a Management Agreement; (iii) any Permitted Assignee; and (iv) any assignee or sublessee of all or part of the Premises, provided LESSOR'S approval to such assignment or sublease is obtained as herein required. The Board of Regents of The University of Texas System and UTA may enforce and apply Governmental Regulations on the Premises and to any Person in or on the Premises, and may authorize UTA officers and commissioned peace officers to provide such enforcement, subject to the jurisdictional limitations provided by law.

Section 4.02. **BENEFIT OF THE UNIVERSITY.** Subject to Sections 15.07 and 15.08, LESSEE shall lease and hold the Premises for the support, maintenance or benefit of The University and the Premises shall be leased for a purpose related to the performance of the duties and functions of UTA and shall not be leased to provide private residential housing to members of the public other than students, faculty and staff, approved for residency by the Office of the Vice President for Student Affairs and other persons approved by the LESSOR Representative as participants in university-related activities.

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

ARTICLE FIVE
ACCEPTANCE AND CONDITION OF PREMISES

Section 5.01. **LESSEE'S INSPECTION.** LESSEE has had full opportunity to inspect and examine the Land. Except for the express representations and warranties of LESSOR set forth in this Lease, LESSEE'S execution of this Lease shall be conclusive evidence of LESSEE'S acceptance of the Land in an "AS IS" condition and, subject to LESSOR'S obligations set forth herein and LESSEE'S termination rights set forth in Section 23.09, LESSEE hereby accepts the Land in its present condition.

Section 5.02. **NO REPRESENTATIONS.** LESSEE agrees that no representations respecting the condition of the Premises and no promises to alter or improve the Premises

have been made by LESSOR or its agents to LESSEE unless the same are contained herein or made a part hereof by specific reference.

ARTICLE SIX
ACCESS

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

ARTICLE SEVEN
CONSTRUCTION BY LESSEE

Section 7.01. LESSEE TO PAY COSTS. LESSEE will cause the Facilities on the Land to be developed and constructed at no cost and expense to LESSOR. LESSOR shall have no financial obligation or other obligation of any kind under this Lease except as specifically set forth herein.

- A. LESSEE shall furnish all supervision, tools, implements, machinery, labor materials, and accessories such as are necessary and proper for the construction of the Facilities, shall pay all permit and license fees, and shall construct, build, and complete the Facilities in a good, substantial and worker-like manner all in accordance with this Lease, the Plans and Specifications, and all documents executed pursuant hereto and thereto.
- B. LESSEE shall have the right to and shall provide for the location, construction, erection, maintenance, and removal of improvements, in any lawful manner, upon or in the Premises for the purpose of carrying out any of the activities provided for herein. LESSEE shall have sole control of the selection of construction professionals, construction design, means and methods and the final decision regarding operation of the Facilities, subject to the approval of LESSOR Representative which approval shall not be unreasonably withheld. The Plans and Specifications for the construction of the Facilities and for landscaping shall be prepared by architects and engineers registered in the State of Texas. The Plans and Specifications shall require the written approval of the LESSOR Representative before any construction or installation may be undertaken, which approval shall not be unreasonably withheld. Prior to issuing an approval of the Plans and Specifications (or any Remodeling Plans), the LESSOR Representative shall provide the Plans and Specifications (or the Remodeling Plans) to LESSOR'S Office of Facilities Planning and Construction

("OFPC") for review and recommendations, and the LESSOR Representative shall consult with representatives of OFPC concerning any such recommendations, provided that LESSOR Representative's approval shall not be unreasonably delayed. All construction, alteration, renovation or additions to the Premises undertaken by the LESSEE shall be in conformance with all applicable codes, rules and regulations, including amendments thereto. LESSEE shall have the right to contest any such codes for reasonable grounds by ordinary and proper procedures.

- C. The LESSOR Representative shall review changes in work and materials in the Plans and Specifications and note in writing any required changes or corrections thereto no later than five (5) business days after receipt of the Plans and Specifications. Minor changes in work or materials, not affecting the general character of the Facilities may be made in the Plans and Specifications at any time without the approval of LESSOR Representative, but a copy of the altered Plans and Specifications shall promptly be furnished to the LESSOR Representative.
- D. After completion of the Facilities, at least one hundred twenty (120) days prior to undertaking any material structural alteration, renovation, or remodeling of the Facilities ("Remodeling") during the Term, LESSEE shall submit plans for such Remodeling (the "Remodeling Plans") to the LESSOR for approval, which approval shall not be unreasonably withheld. LESSOR shall either approve or disapprove any such Remodeling Plans within sixty (60) days after receipt of such plans from LESSEE. If LESSOR fails to respond within such sixty (60) day period, it shall be deemed that LESSOR approves any such Remodeling in accordance with the Remodeling Plans submitted by LESSEE.
- E. Subject to Force Majeure, LESSEE covenants that LESSEE shall substantially complete construction of the Facilities on or before August 15, 1994 with all units ready for occupancy. Subject to the provisions of Section 7.01.F below, if any unit in the Facilities is not ready and available for occupancy on August 15, 1994 (regardless of delays caused by Force Majeure), and such unit has been committed by LESSEE to an Assigned Occupant, LESSEE shall, at its sole cost and expense, provide each such Assigned Occupant comparable living quarters until such Assigned Occupant's unit is available for occupancy. In the event comparable living quarters are not available in a location the same or similar distance from UTA campus, LESSEE at its sole cost and expense shall furnish daily transportation, at reasonable times and intervals, for such Assigned Occupant to and from the UTA campus. If LESSEE provides such Assigned Occupants with comparable living quarters pursuant to this section, then LESSEE'S failure to complete the construction of the Facilities by August 15, 1994 shall not be an Event of Default.

- F. The obligations of LESSEE to provide substitute living quarters for Assigned Occupants pursuant to Section 7.01.E above is conditioned upon each such Assigned Occupant's Campus Housing Contract remaining in full force and effect and such Assigned Occupant paying Occupancy Rents under its Campus Housing Contract to LESSEE during the time LESSEE is providing such Assigned Occupant with substitute living quarters.
- G. Prior to Commencement of Construction, (or, after completion of the Facilities, prior to undertaking any Remodeling of the Facilities), (1) LESSEE shall deliver to the LESSOR Representative a copy of the signed contract between the LESSEE and the general contractor for construction of the Facilities ("Construction Contract") or any contract between the LESSEE and the general contractor for Remodeling of the Facilities, as applicable; and (2) LESSEE shall provide payment and performance bonds in an amount equal to the contract price set forth in the Construction Contract or the contract for Remodeling, as applicable.
- H. The LESSOR Representative shall have the right to review and approve all payment bonds and performance bonds for work to be done pursuant to the Plans and Specifications or the Remodeling Plans and shall note in writing any required changes or corrections within five (5) business days after receipt thereof; provided, however, LESSEE shall not be required by LESSOR to secure a change in the terms of such bond documents if the Permitted Mortgagee has previously approved such bonds.
- I. LESSEE shall, upon written request of LESSOR Representative, make, in such detail as may reasonably be required and forward to LESSOR Representative, reports in writing as to the actual progress of the construction or Remodeling of the Facilities. During such period, the work shall be subject to inspection by the LESSOR'S Representative and by authorized personnel of UTA and LESSOR'S Office of Facilities Planning and Construction in order to verify reports of construction, determine compliance with safety, fire and building codes and determine compliance with approved Plans and Specifications or Remodeling Plans or such other inspections as may be necessary in the reasonable opinion of the LESSOR Representative.
- J. LESSEE shall be responsible for obtaining all licenses, patents, registered or copyrighted machines, materials, methods, or processes necessary to construct and operate the Facilities and LESSEE will hold LESSOR free and harmless from any and all claims arising out of LESSEE'S failure to obtain such licenses, patents, registered or copyrighted machines, materials, methods, or processes.

- K. Before erecting or placing any sign upon the Premises, LESSEE shall submit the design and specifications of such sign to LESSOR for approval, which approval shall not be withheld if such signage is consistent with UTA's current signage policy or such signage was included in the Plans and Specifications.

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

- A. All such construction or work shall be performed in a good and worker-like manner in accordance with good industry practice for the type of work in question;
- B. All such construction or work shall be done in compliance with all applicable building codes, ordinances, and other laws or regulations of Governmental Authorities having jurisdiction (the "Building Regulations");
- C. No such construction or work shall be commenced until there shall have been first obtained all licenses, permits, and authorizations, if any, required by all Governmental Authorities having jurisdiction;
- D. LESSEE shall have obtained and shall maintain in force and effect the insurance coverage required in Section 12.03 with respect to the type of construction or work in question;
- E. After commencement, such construction or work shall be prosecuted with due diligence to its completion; and
- F. All such construction or work shall be performed in accordance with the Plans and Specifications (or the Remodeling Plans, as applicable) which have been approved by LESSOR Representative, except as those plans may be changed in accordance with Section 7.01.C above.

In addition to LESSEE's obligation to comply with the foregoing Construction Standards, the LESSEE shall cause all improvements and Alterations to the Premises to be designed, constructed, maintained, and operated in accordance with (i) the Americans with Disabilities Act of 1990, Public Law 101-336, and all regulations promulgated thereunder; (ii) Subchapter D, Chapter 92, Texas Property Code, notwithstanding the applicability of Section 92.152(a), Texas Property Code; and (iii) the ordinances and codes of the City of Arlington, Texas notwithstanding the applicability of such ordinances and codes to construction located on property owned by the State of Texas. LESSEE'S obligation under the preceding sentence shall not exceed those obligations that would be required of LESSEE

by law if the Premises were not property owned by the State of Texas. LESSEE shall obtain a building permit from the City of Arlington and shall cooperate fully with all inspectors and other officials of the City of Arlington concerning design, construction, maintenance, and operation of all improvements to the Premises and all Alterations.

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

ARTICLE EIGHT
ENCUMBRANCES

Section 8.01. MORTGAGE OF LEASEHOLD. At any time and from time to time, LESSEE may mortgage, grant a lien upon, and a security interest in (and assign as collateral) LESSEE'S leasehold estate in the Premises and LESSEE'S other rights hereunder to a Permitted Mortgagee (as defined in this Section 8.01) without the prior consent of LESSOR by the creation or execution of contractual liens, deeds of trusts, mortgages, assignments or similar instruments (individually, a "Permitted Mortgage" and collectively, the "Permitted Mortgages"); provided (a) the debt secured by any Permitted Mortgage is used for the operation, maintenance, repair, construction, or replacement of the Premises, (b) the debt secured by any Permitted Mortgage is used for the payment of sums due under this Lease or otherwise owed to LESSOR, or (c) the debt secured by any Permitted Mortgage is used by the LESSEE to repay the debt secured by prior Permitted Mortgages and other amounts advanced by (or indemnification payments owed to) the Permitted Mortgagee pursuant to the Permitted Mortgage and related to the Facilities. LESSOR recognizes and agrees that the mortgages or deeds of trust described in Exhibit "D" shall constitute Permitted Mortgages. LESSOR also recognizes and agrees that Permitted Mortgagees shall include the beneficiaries (and such beneficiaries' successors and assigns) under the Permitted Mortgages described in Exhibit "D" and any purchaser at a Foreclosure of any such Permitted Mortgage, and shall be deemed to include Connecticut General Life Insurance Company ("CGLIC") and Connecticut General Life Insurance Company on behalf of one or more separate accounts("CGLIC-SA"). Except as specified in the preceding sentence, the term "Permitted Mortgagee" as used in this Lease shall mean a holder or beneficiary of a Permitted Mortgage, and shall be limited to a savings bank, savings and loan association, commercial bank, trust company, credit union, insurance company, college, university, state or local governmental authority, real estate investment trust, pension fund, and other lenders of substance that have assets in excess of fifty million dollars (\$50,000,000) at the time the Permitted Mortgage loan is made, CGLIC, CGLIC-SA, and Affiliates of any of the foregoing.

Section 8.02. PERMITTED MORTGAGE PROVISIONS. Every Permitted Mortgagee to whom LESSEE shall grant a mortgage, pledge, lien or other encumbrance upon LESSEE's leasehold estate hereunder must expressly agree in the loan documents that, subject to the rights of the Permitted Mortgagees provided by this Lease, (i) such mortgage, pledge, lien or other encumbrance upon LESSEE'S leasehold estate hereunder is second, inferior and subordinate to the rights of LESSOR in and to the Land and the Facilities pursuant to the terms of this Lease; (ii) the Permitted Mortgagee shall not exercise any of its remedies under such loan documents, including acceleration of the maturity of the indebtedness thereunder, for any default or defaults of LESSEE under such loan documents or in connection with such loan, without first advising the LESSOR in the manner provided in Section 22.03 hereof; (iii) such Permitted Mortgagee will accept a cure by the LESSOR of any such default under such loan documents which is capable of being cured, except that LESSOR shall not be required to cure any such default and LESSOR shall have a cure period which shall commence upon Notice to LESSOR of such default and shall be equal in length to the applicable cure period, if any, as provided to LESSEE in such loan documents; and (iv) all payments so made and all things so done or performed by LESSOR shall be as effective to prevent an acceleration of the maturity of the indebtedness, the foreclosure of any liens securing payment thereof or the exercise of any other remedies by such Permitted Mortgagee upon default by LESSEE thereunder as the same would have been if paid, done or performed by LESSEE instead of by LESSOR. LESSOR shall not be or become liable to any such Permitted Mortgagee as a result of the right and option to cure any such default or defaults by LESSEE.

Section 8.03. MORTGAGEE PROTECTIVE PROVISIONS. LESSOR hereby agrees to the following for the benefit of any Permitted Mortgagee, provided that written notice of such Permitted Mortgagee's name and mailing address is either set forth in Section 22.03 hereof or given to LESSOR and LESSEE.

- A. LESSOR shall not terminate this Lease (or LESSEE'S rights hereunder) for any Event of Default without first advising such Permitted Mortgagee, in writing, of such Event of Default and permitting such Permitted Mortgagee to cure such Event of Default on behalf of LESSEE within sixty (60) days after LESSOR has given Notice to such Permitted Mortgagee; provided that if, during such sixty (60) day period, Permitted Mortgagee takes action to cure such Event of Default but is unable, by reason of the nature of the remedial action involved, to cure such Event of Default within such period, LESSOR shall not terminate this Lease for so long as Permitted Mortgagee continues in good faith with due diligence and without unnecessary delays to cure such Event of Default. Further, if any Event of Default is not cured within such sixty (60) day period, or such longer period as provided in the immediately preceding sentence, or any extension thereof agreed to by the LESSOR, and (1) the Permitted Mortgagee shall have given the Notices necessary to commence Foreclosure of the liens of its Permitted Mortgage prior to the expiration of such sixty (60) day period (unless the Permitted Mortgagee is enjoined or

stayed from giving such Notices or exercising its right of Foreclosure, in which event such sixty (60) day period shall be extended by the period of such injunction or stay, but such sixty (60) day period shall not be extended for a period of time in excess of 270 days), and (2) the purchaser at the Foreclosure fully cures any Event of Default reasonably susceptible of being cured by the purchaser at the Foreclosure within sixty (60) days after such Foreclosure, then LESSOR will not terminate this Lease (or LESSEE'S rights hereunder) because of the occurrence of such Event of Default provided that Foreclosure is diligently prosecuted. LESSOR shall accept amounts paid or actions taken by or on behalf of any Permitted Mortgagee to cure any Event of Default. Nothing under this Section 8.03.A shall be construed to obligate a Permitted Mortgagee to either cure any Event of Default or Foreclose the liens and security interests under its Permitted Mortgage as a consequence of an Event of Default or Incipient Default, regardless of whether such Event of Default or Incipient Default is subsequently cured. If the Permitted Mortgagee or the purchaser at Foreclosure cures all defaults reasonably susceptible of being cured by such Permitted Mortgagee or purchaser, then all other defaults shall no longer be deemed to be defaults hereunder.

- B. Those Events of Default, which by their very nature, may not be cured by the Permitted Mortgagee (as, for example, the bankruptcy of LESSEE) shall not constitute grounds of enforcement of rights, recourse, or remedies hereunder by LESSOR including termination of this Lease, if a Permitted Mortgagee either before or after a Foreclosure of its Permitted Mortgage (1) makes all payments and performs all obligations hereunder capable of being performed by the Permitted Mortgagee and (2) thereafter continues to comply with those provisions of this Lease with which, by their very nature, the Permitted Mortgagee may comply. Notwithstanding anything to the contrary contained in this Lease, the Permitted Mortgagee shall not be responsible for or obligated to cure any Event of Default or Incipient Default of LESSEE for which the Permitted Mortgagee was not provided written Notice within 30 days from the occurrence of such Event of Default or Incipient Default (as the case may be).
- C. If a Permitted Mortgagee enforces the rights and remedies pursuant to the terms of its Permitted Mortgage (including Foreclosure of any liens or security interests encumbering the estates and rights of LESSEE under this Lease) such enforcement shall not constitute an Event of Default or an Incipient Default by LESSEE hereunder.
- D. In the event a Permitted Mortgagee should Foreclose the liens and security interests of its Permitted Mortgage and should, as a result of such Foreclosure, succeed to the rights of LESSEE hereunder, then such Permitted Mortgagee shall be subject to all the terms and conditions of this Lease and

shall be entitled to all rights and benefits of this Lease; provided, however, that (1) such Permitted Mortgagee shall not be liable for any act or omission of LESSEE; (2) such Permitted Mortgagee shall not be subject to any offsets or defenses which LESSOR has or might have against LESSEE; (3) such Permitted Mortgagee shall not be bound by any amendment, modification, alteration, approval, consent, surrender, or waiver under the terms of this Lease made without the prior written consent of such Permitted Mortgagee; (4) such Permitted Mortgagee's obligations to pay Percentage Rent shall be limited as set forth in Section 8.03.G; and (5) upon the written request of such Permitted Mortgagee, LESSOR shall reaffirm, in writing, the validity of this Lease, and that this Lease is in full force and effect. LESSOR acknowledges and agrees for itself and its successors and assigns that this Lease does not constitute a waiver by any such Permitted Mortgagee of any of its rights under any Permitted Mortgage or in any way release LESSEE from its obligations to comply with the terms, provisions, conditions, representations, warranties, agreements or clauses of such Permitted Mortgage or any other such security interest.

- E. LESSOR will not agree to a modification, alteration, amendment or the release or surrender of this Lease without the prior written consent of any Permitted Mortgagees.
- F. In the event of the termination of this Lease prior to the Expiration Date, except by a Taking pursuant to Article Seventeen hereof, LESSOR will serve upon any Permitted Mortgagees written Notice that this Lease has been terminated together with a statement of any and all sums which would have at that time been due under the Lease but for such termination and of all other Events of Default or Incipient Defaults, if any, under this Lease then known to LESSOR whereupon the Permitted Mortgagee holding the most senior Permitted Mortgage shall have the option to obtain a new lease of the Premises by giving Notice to LESSOR to such effect within sixty (60) days after receipt by such Permitted Mortgagee of Notice of such termination, which new lease shall be (1) effective as of the date of termination of this Lease, (2) for the remainder of the Term, and (3) at the same Rent and upon all of the agreements, terms, covenants and conditions hereof (subject, however, to any limitations on Percentage Rent applicable pursuant to Section 8.03.G). Upon the execution of such new lease, the lessee named therein shall pay any and all sums which at the time of the execution thereof would be due under this Lease but for such termination and shall pay all unpaid expenses, including reasonable attorney's fees, court costs and disbursements incurred by LESSOR in connection with the Event of Default and such termination, the recovery of possession of the Premises and the preparation, execution and delivery of such new lease.

- G.** The Permitted Mortgagee or any other Person succeeding to the interests of LESSEE hereunder through a Foreclosure shall be not obligated to pay Percentage Rent from the effective date of Foreclosure until the Permitted Mortgagee has received Net Cash Flow and proceeds from the sale and financing of the Facilities in an amount equal to the Total Imputed Debt. As referenced herein, the "Total Imputed Debt" shall mean the total unpaid principal, interest, reasonable foreclosure costs and reasonable legal fees secured by the Permitted Mortgage, and other amounts which are related to the Facilities advanced by (or indemnification payments owed to) any Permitted Mortgagee pursuant to the Permitted Mortgage, together with interest accrued on such amounts (until such amounts are repaid out of Net Cash Flow or sale and finance proceeds) at the per annum rate of interest on the indebtedness secured by the Permitted Mortgage. If the Permitted Mortgagee or other Person succeeds to the interests of LESSEE hereunder through a Foreclosure following a "Foreclosure and LESSOR Default Occurrence", the Total Imputed Debt shall include any make-whole amounts secured by the Permitted Mortgage. For purposes of this Lease, the term "Foreclosure and LESSOR Default Occurrence" shall mean a Foreclosure resulting from one or more defaults under the Permitted Mortgage so long as at least one such default shall have occurred by reason of a default by the LESSOR hereunder which shall not have been waived in writing by such Permitted Mortgagee. All sums received by the Permitted Mortgagee hereunder to be applied to the Total Imputed Debt shall be applied first to reduce the sums representing unpaid interest, then to sums representing the outstanding amounts of principal owing.
- H.** All Notices required to be given hereunder by LESSOR to LESSEE shall also be given concurrently to each Permitted Mortgagee, at the address designated in writing to LESSOR, or as set forth in Section 22.03 hereof.
- I.** The Permitted Mortgagee or any other Person succeeding to the interests of LESSEE hereunder through a Foreclosure shall be subject to all of the terms and conditions of this Lease except as otherwise expressly provided for herein.
- J.** The liability of the Permitted Mortgagee under the Lease shall be limited to the period during which the Permitted Mortgagee may own the interest of the LESSEE hereunder. Upon the Permitted Mortgagee's assignment or transfer of its rights and interests in and to the Lease to a third party, the Permitted Mortgagee shall have no further liability for any obligations arising after such transfer date, which liability shall be borne by the assignee or transferee.

ARTICLE NINE
MAINTENANCE AND REPAIR

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

Section 9.02. USE OF AND REPAIRS TO PREMISES. Throughout the Term of the Lease, LESSEE shall keep all improvements hereafter situated upon the Land in good and safe condition and in reasonable repair, with normal wear and tear, damage caused by casualty, condemnation, renovation and Force Majeure excepted, and LESSEE shall conform to and comply with all applicable ordinances, regulations and laws of all Governmental Authorities as the same may be enforced.

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

Section 9.04. INSPECTION. LESSOR, at LESSOR'S option, shall cause to be made an annual inspection of the Premises to ascertain the quality of maintenance being observed by LESSEE, and shall notify LESSEE in writing within thirty (30) days after the end of each Academic Year of all items of repair or replacement deemed reasonably necessary to maintain the Premises in a presentable and operating condition, with a copy of such Notice being provided to each Permitted Mortgagee entitled to Notices under this Lease. Upon receipt of said Notice, LESSEE shall undertake reasonable corrective action within ninety (90) days.

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

- A. No structural Alterations of the original facade or exterior of the Facilities shall be commenced except after receipt of LESSOR'S written approval of such Alterations no later than thirty (30) days after receipt of Notice of such proposed Alterations, which approval LESSOR agrees not to unreasonably withhold;
- B. No Alterations shall be made which would impair the structural soundness of the Facilities;

- C. No Alterations shall be undertaken until LESSEE shall have procured and paid for, so far as the same may be required from time to time, all applicable permits, licenses and authorizations of all Governmental Authorities having jurisdiction and all required consents of Permitted Mortgagees having a first priority interest in or lien upon the Premises. LESSOR shall join, but without expense to LESSOR, in the application for such applicable permits, licenses or authorizations whenever such action is necessary and is requested by LESSEE;
- D. Any Alterations shall be commenced and completed within a reasonable time (subject to Force Majeure) and in a good and worker-like manner and in substantial compliance with all applicable permits, licenses and authorizations and buildings laws and with all other applicable laws, ordinances, orders, rules, regulations and requirements of Governmental Authorities, as the same may be enforced;
- E. If any involuntary liens for labor and materials supplied or claimed to have been supplied to the Premises shall be filed, LESSEE shall pay or bond around such liens to LESSOR'S reasonable satisfaction or otherwise obtain the release or discharge thereof at least sixty (60) days prior to the time that any interest in the Land and/or Facilities may become subject to forced sale with respect to such involuntary liens;
- F. Workers' compensation insurance shall be maintained in force covering all persons employed in connection with the development and construction on the Premises with respect to whom death or bodily injury claims could be asserted against LESSOR, LESSEE or the Premises; and
- G. LESSEE will upon demand by LESSOR give reasonably satisfactory proof or assurances to LESSOR that the funds required to pay for the Alterations are or will be available to LESSEE for such purpose.

Section 9.06. DAMAGE TO IMPROVEMENTS. Subject to the other terms of this Lease, in the event any portion of the Facilities is damaged by fire or otherwise, regardless of the extent of such damage or destruction, within ninety (90) days following the date of such damage or destruction, LESSEE shall commence the work of repair, reconstruction or replacement of the damaged or destroyed building or improvement and prosecute the same with reasonable diligence to completion, so that the Facilities shall, at the sole expense of LESSEE, be restored to substantially the same size, function and value as the Facilities existing prior to the damage; provided, however, that if any available insurance proceeds (after payment of all or any portion of such insurance proceeds towards amounts owed under any Permitted Mortgage) are insufficient, in the reasonable judgment of LESSEE, to permit restoration in accordance with the terms of this Lease, or if payment of the

insurance proceeds is contested or not settled promptly for any reason, then the LESSOR shall grant an appropriate extension of the time for commencing repairs to allow LESSEE to obtain reasonable replacement financing or to obtain the insurance proceeds. If LESSEE shall in good faith be unable to (i) obtain reasonable replacement financing to restore the Facilities to substantially the same size, function, and value as the Facilities existing prior to the damage or (ii) obtain the insurance proceeds, then LESSEE may terminate this Lease by written Notice to LESSOR. In the event of termination under this Section 9.06, this Lease shall terminate ten (10) days after the date of such Notice with the same force and effect as if such date were the date herein fixed for the expiration of the Term, and the Rent shall be apportioned and paid to the time of such termination. All or any portion of the insurance proceeds payable as a consequence of a casualty affecting the Facilities shall be deposited with and disbursed by the Permitted Mortgagee (holding the Permitted Mortgage with the most senior lien priority) in accordance with such Permitted Mortgagee's loan documents or contractual agreements with LESSEE pending the completion of repairs to the Facilities.

ARTICLE TEN
CERTAIN LIENS PROHIBITED

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

Section 10.02. RELEASE OF RECORDED LIENS. If any such mechanics' liens or materialmen's liens shall be recorded against the Premises, LESSEE shall cause the same to be released of record or, in the alternative, if LESSEE in good faith desires to contest the same, LESSEE shall be privileged to do so, but in such case LESSEE hereby agrees to indemnify and save LESSOR harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on said mechanics' lien, cause the same to be discharged and released prior to the execution of such judgment. In the event LESSOR reasonably should consider LESSOR'S interest endangered by any such liens and should so notify LESSEE and each Permitted Mortgagee and LESSEE or any Permitted Mortgagee should fail to provide adequate security for the payment of such liens, in the form of a surety bond, cash deposit or cash equivalent, or indemnity agreement reasonably satisfactory to LESSOR within thirty (30) days after such Notice, then LESSOR, at LESSOR'S sole discretion, may discharge such liens and recover from LESSEE immediately as net rent under this Lease the amounts to be paid, with interest thereon from the date paid by LESSOR until repaid by LESSEE at the rate of ten percent (10%) per annum.

Section 10.03. MEMORANDUM RECITALS. The Memorandum of Ground Lease to be filed pursuant to Section 22.05 of this Lease shall state that any third party entering into

a contract with LESSEE for improvements to be located on the Land, or any other party under said third party, shall be on notice that LESSOR shall have no liability for satisfaction of any claims of any nature in any way arising out of a contract with LESSEE.

ARTICLE ELEVEN
OPERATION AND MANAGEMENT OF FACILITIES

Section 11.01. MANAGEMENT AGREEMENTS. LESSEE shall be responsible for the operation of the Premises. LESSEE shall enter into a Management Agreement, satisfactory to the Committee, with a manager ("Manager") approved by the Committee. LESSOR hereby approves Century Property Management Company, L.P. as the initial Manager of the Premises and agrees to the selection of subsequent Managers in accordance with the procedures set out in Section 11.02.D. Each such Management Agreement shall provide for the operation of the Premises without cost or expense to LESSOR in conformity with all applicable laws and rules, regulations and policies of LESSOR applicable to all housing projects on UTA's campus. The Management Agreement shall permit the Manager to contract with LESSOR and LESSEE to provide certain services. LESSEE shall cause the Management Agreement to provide that (a) the Manager shall introduce all on-site managers to the Vice President for Business Affairs and the Vice President for Student Affairs at UTA prior to hiring any such on-site manager, (b) LESSEE can require the Manager to reassign any of Manager's employees if LESSOR so requests in writing, provided that such requests shall be on the grounds that such employee is not performing the job, and (c) the Manager shall consider University students when hiring staff at the Premises.

Section 11.02. ADVISORY COMMITTEE.

A. The Annual Budget, the selection of the Manager, and the policies and operating procedures governing the Assigned Occupants, shall be subject to review and approval by the Advisory Committee composed of representatives of LESSOR and LESSEE (the "Committee"). The Committee shall at all times consist of six (6) members, three (3) of whom shall be selected by LESSOR Representative, and three (3) of whom shall be selected by LESSEE. LESSOR and LESSEE may appoint an alternate for each member appointed by it to the Committee who shall have all of the powers of the Committee member in the event of an absence or inability to serve. LESSOR and LESSEE shall notify the other in writing with respect to the name and address of the persons appointed by each to the Committee. All such Committee appointments shall be at the pleasure of the LESSOR or LESSEE making such appointment. The Committee members of each LESSOR and LESSEE shall be entitled to deal with the Committee members appointed by the other until receipt of written Notice of the appointment of a substitute or successor for such duly appointed Committee member. The Vice President for Business Affairs and the Vice President for Student Affairs shall either serve on the Committee or designate delegates to represent them on the Committee as representatives of the LESSOR.

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

C. After completion of construction of the Facilities, LESSEE shall operate, and cause the Manager to operate, the Facilities under annual budgets (individually, an "Annual Budget" and collectively, the "Annual Budgets") which shall be prepared and submitted by LESSEE to the Committee for approval not later than sixty (60) days prior to the commencement of each Academic Year. Each Annual Budget shall set forth (1) the estimated receipts (including Occupancy Rents) and expenditures (capital, operating, and other) of the Facilities (including the estimated insurance premiums for the Premises), (2) the Reserve Amounts for the period covered thereby, and (3) the Occupancy Rents to be charged for the units in the Facilities (subject to the limitations in Section 15.03.A hereof). Each Annual Budget shall be in such detail as the Committee may reasonably require. If at any time during an Academic Year the amounts set forth in an Annual Budget require adjustment, LESSEE shall submit a revised annual budget to the Committee for approval in accordance with this Section 11.02.

D. If the Committee is unable to reach a decision regarding an Annual Budget (including the Occupancy Rents), then LESSEE shall resolve the deadlock by casting the deciding vote. If the Committee is unable to reach a decision regarding the approval of the Person (other than Century Property Management Company, L.P.) proposed by LESSEE to be Manager (provided the members appointed by LESSOR have acted reasonably and in good faith), then LESSEE shall propose at least two other responsible Persons to manage the Premises. The Committee shall select one such Person to manage the Premises. If the Committee is unable to agree on the policies and procedures governing the Assigned Occupants, then LESSOR shall resolve the deadlock by casting the deciding vote.

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

Section 11.03. BOOKS AND RECORDS. The LESSEE shall keep, or cause to be kept, accurate, full and complete books and accounts showing exclusively its assets and liabilities,

operations, transactions and the financial condition of the Facilities. All financial statements shall be accurate in all material respects, shall present fairly the financial position and results of the Facilities' operations and shall be prepared in accordance with generally accepted accounting principles consistently applied. The books, accounts and records of the Facilities shall be maintained at the principal office of LESSEE.

Section 11.04. PROMOTION OF FACILITIES. UTA hereby agrees that it shall cooperate with LESSEE to promote the use of the Facilities by students, faculty, and staff of UTA as described more fully in Section 15.04, and shall take no action which could have an unreasonably adverse impact upon the use or operation of the Facilities. LESSEE agrees it will not use the name, logo, or seal of LESSOR or UTA without prior written permission of LESSOR Representative.

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

Section 11.06. SECURITY SERVICES. UTA shall have the right, but not the obligation, to provide such security services in and around the Premises that UTA considers necessary and reasonable taking into consideration the number of occupants of the Premises and the degree of security services required or provided at similar projects located upon campuses which are a part of The University of Texas System. Such security services, if any, shall be provided subject to the jurisdictional limitations of the campus police as peace officers under Texas law and policies of the Board of Regents of The University of Texas System. Should UTA elect to provide such security services, LESSEE shall pay to UTA the LESSEE'S reasonable allocable share of the cost to UTA of providing such security services, upon receipt of a monthly statement therefor, provided that LESSEE'S share of such costs shall not exceed the reasonable and customary costs LESSEE would incur if similar security services were provided by an independent third party for typical multi-unit apartment projects similar to the Premises located in the City of Arlington, Texas. UTA may require that persons desiring to park vehicles on the Premises must obtain a UTA campus parking permit. Any income received by UTA from sale of UTA campus parking permits that authorize parking on the Premises may, at LESSEE'S option, be credited by UTA against LESSEE'S obligation to pay UTA for LESSEE'S reasonable allocable share of the cost to UTA of providing security services for the Premises.

ARTICLE TWELVE
INSURANCE AND INDEMNIFICATION

Section 12.01. INDEMNITY. LESSEE shall indemnify and hold harmless LESSOR and its successors (the "Indemnified Parties"), from all claims, suits, actions and proceedings ("Claims") whatsoever which may be brought or instituted on account of or growing out of any and all injuries or damages, including death, to persons or property relating to the use or occupancy of the Premises (including without limitation the construction, maintenance or operation of the Facilities), and all losses, costs, penalties, damages and expenses, including but not limited to attorneys' fees and other costs of defending against, investigating and settling the Claims; provided, however, that the indemnity shall not apply with respect to Claims arising from injuries or damages caused by the negligence or willful misconduct of LESSOR, its agents or employees. LESSEE shall assume on behalf of the Indemnified Parties and conduct with reasonable diligence and in good faith the defense of all Claims against the Indemnified Parties, whether or not LESSEE is joined therein; provided, however, without otherwise relieving LESSEE of its obligations under this Lease, the Indemnified Parties, at their election and upon Notice to LESSEE, may, at their sole cost and expense, defend or participate in the defense of any or all of the Claims with attorneys and representatives of their own choosing. Maintenance of the insurance referred to in this Lease shall not affect LESSEE's obligations under this Section 12.01 and the limits of such insurance shall not constitute a limit on LESSEE's liability under this Section 12.01; provided, however, that LESSEE shall be relieved of its aforesaid obligation of indemnity to the extent and only to the extent of the amount actually recovered from one or more of the insurance carriers of LESSEE (or recovered in respect of any insurance carried by LESSOR) and either (i) paid to LESSOR or (ii) paid for LESSOR's benefit in reduction of any liability, penalty, damage, expense or charge imposed upon LESSOR in connection with the Claims. LESSOR covenants and agrees that LESSEE shall have the right to contest the validity of any and all such Claims of any kind or character and by whomsoever claimed, in the name of LESSEE or LESSOR, as LESSEE may deem appropriate, provided that the expenses thereof shall be paid by LESSEE, or LESSEE shall cause the same to be paid by its insurer.

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

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

TYPE:

AMOUNT:

- | | |
|--|---|
| <p>(1) Comprehensive General (Public) Liability - to include coverage for the following where the exposure exists:</p> <ul style="list-style-type: none">(A) Premises/Operations(B) Independent Contractors(C) Products/Completed Operations(D) Personal Injury(E) Contractual Liability(F) Explosion, collapse and underground property damage | <p>Combined Single Limit for Bodily Injury and Property Damage in an amount acceptable to the LESSOR Representative, not to exceed \$5,000,000.</p> |
| <p>(2) Property Insurance - for physical damage to the property of the LESSEE including improvements and betterments to the Land.</p> | <p>Coverage being for 100% of the replacement cost of the Facilities</p> |
| <p>(3) Builder's Risk Insurance - all risk of physical loss during term of the construction contract and until the Facilities are substantially completed.</p> | <p>Coverage being for 100% of the replacement cost of the Facilities.</p> |
| <p>(4) Rental Abatement Insurance, if obtainable by LESSEE at reasonable cost.</p> | |

In addition to the required insurance coverage described above in this section, Workers' Compensation Insurance shall be maintained in force, as required by the laws of the State of Texas, covering all persons employed in connection with the development or construction of improvements on the Premises, or in the operation and maintenance of the Premises, with respect to whom death or bodily injury claims could be asserted against LESSOR, LESSEE, or the Premises.

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

- A. Be named on the Property Insurance policy and Comprehensive General Liability policy as additional insured/or an insured, as its interest may appear (as long as being so named as a named insured on the Comprehensive

General Liability Policy does not jeopardize the validity of such policy or cause an unreasonable increase in the cost thereof). LESSOR agrees to promptly endorse insurance checks or otherwise release insurance proceeds, provided no Event of Default is continuing hereunder. LESSOR shall, regardless of the existence of an Event of Default, promptly endorse insurance checks or otherwise release insurance proceeds payable to (or to be held by) a Permitted Mortgagee in accordance with its Permitted Mortgage.

- B. Be provided with sixty (60) days' advance Notice, in writing, of cancellation or material change in coverage. If any insurance policy provides that the insurer will give such Notice, then LESSEE shall not be obligated to do so with respect to such policy.
- C. Be provided with Certificates of Insurance evidencing the above required insurance at the time the policies are required to be obtained and thereafter with certificates evidencing renewals or replacements of said policies of insurance at least thirty (30) days prior to the expiration or cancellation of any such policies.

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

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

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

ARTICLE THIRTEEN TERMINATION, DEFAULT AND REMEDIES

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

- A. LESSEE shall fail to pay any sum required to be paid under the terms and provisions of this Lease and such failure shall not be cured within thirty (30) days after receipt of written Notice from LESSOR of such failure.
- B. The Taking by execution of LESSEE'S leasehold estate for the benefit of any Person other than a Permitted Mortgagee or purchaser at a Foreclosure.
- C. LESSEE shall fail to perform any other covenant or agreement, other than the payment of money, to be performed by LESSEE under the terms and provisions of this Lease and such failure shall not be cured within sixty (60) days after receipt of written Notice from LESSOR of such failure; provided that if, during such sixty (60) day period, LESSEE takes action to cure such failure but is unable, by reason of the nature of the work involved, to cure such failure within such period and continues such work thereafter diligently and without unnecessary delays, such failure shall not constitute an Event of Default hereunder until the expiration of such additional time following such sixty (60) day period as may be reasonably necessary to complete the cure of such failure.
- D. The filing of a petition for relief against LESSEE, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, or any other applicable federal or state law of similar import, or the entry of a decree or order by a court having jurisdiction over the Premises appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for LESSEE or any substantial part of the properties of LESSEE or ordering the winding up or liquidation of the affairs of LESSEE, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days.
- E. The commencement by LESSEE of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or any other applicable federal or state law of similar import, or the consent or acquiescence by LESSEE to the commencement of a case under such Code or law or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for LESSEE or any substantial part of the properties of the LESSEE.

Section 13.02. RIGHT TO EXPEL. The Permitted Mortgagee shall have the right to expel LESSEE upon the occurrence of an Event of Default and assume the position of LESSEE with all rights and duties under this Lease.

Section 13.03. LESSOR'S RIGHTS UPON DEFAULT. Subject to the rights of the Permitted Mortgagees under Article Eight and Section 13.02, upon the occurrence and during the continuance of an Event of Default, LESSOR may at its option declare this Lease

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

Section 13.04. RIGHT TO RELET PREMISES. Upon LESSOR'S exercise of the election to terminate this Lease, LESSOR may take possession of the Premises and relet the same for the remainder of the Term upon such terms as LESSOR is able to obtain for the account of LESSEE, who shall make good any deficiency as such occurs. Any termination of this Lease as herein provided shall not relieve LESSEE from the payment of any sum or sums that shall then be due and payable to LESSOR hereunder, or any claim for damages then or theretofore accruing against LESSEE hereunder, and any such termination shall not prevent LESSOR from enforcing the payment of any such sum or sums or from claiming damages by any remedy provided for by law, or from recovering damages from LESSEE for any Event of Default.

Section 13.05. COMPLETION BY PERMITTED MORTGAGEE. Except for delays caused by Force Majeure, if (a) the Commencement of Construction does not occur on or before January 31, 1994, or (b) after the Commencement of Construction and prior to the substantial completion of the Facilities, LESSEE abandons (with no intent to continue) construction of the Facilities for a period of forty-five (45) consecutive days, then LESSOR may by written Notice to the Permitted Mortgagee require said Permitted Mortgagee to affirm by written Notice to LESSOR within thirty (30) days of receipt by said Permitted Mortgagee of such Notice from LESSOR that such Permitted Mortgagee intends to use its best efforts to pursue applicable remedies which will result in its causing the completion of the Facilities. If said Permitted Mortgagee fails to give such affirmation or thereafter by written Notice abandons such intent, the failure of the Commencement of Construction to occur or other ceasing of such construction for said forty-five (45) day period (as applicable) shall be an "Event of Default" by LESSEE hereunder and LESSOR may exercise its remedies under this Lease on account thereof. This provision is in addition to the payment and performance bond requirements set forth in this Lease.

ARTICLE FOURTEEN IMPROVEMENTS

Section 14.01. TITLE TO IMPROVEMENTS. Title to the Facilities and the Land, but not to the Facilities Equipment, shall be vested completely in LESSOR, subject to the rights of LESSEE provided by this Lease. Title to all consumable supplies and materials used in constructing, altering, renovating or remodeling the Facilities shall be in LESSEE when delivered to the Land. Prior to the consumable supplies being used under the Construction Contract (or under any subsequent contract for Remodeling the Facilities) and prior to the materials being incorporated into the Facilities, LESSEE hereby donates the materials and consumable supplies to LESSOR, and LESSOR hereby accepts the materials and consumable supplies. This donation and acceptance is subject to the lien and rights of Permitted

Mortgagees. Passage of title to LESSOR shall not constitute LESSOR'S acceptance of the construction or work nor shall it impose any obligation on LESSOR to maintain the Facilities. LESSEE's rights to the Premises shall be as set forth in this Lease, including the following:

- A. Subject to subparagraph B hereof, to the extent that title to such items has not already vested in LESSOR, all furniture, fixtures, equipment and furnishings permanently affixed to the Premises (other than Facility Equipment) shall become the property of LESSOR upon termination of this Lease whether such termination be by expiration of the Term or an earlier termination under any provision of this Lease.
- B. LESSEE shall have the right, within forty-five (45) days after the termination of this Lease, whether such termination be by the expiration of the Term or an earlier termination under any provision of this Lease, to remove from the Premises all of the Facility Equipment; provided that, if any of LESSEE'S property remains in or on the Premises after forty-five (45) days following termination of this Lease and no renewal agreement has been executed, the property that remains shall be deemed to have become the property of LESSOR, and may be disposed of as LESSOR sees fit without liability to account to LESSEE for the proceeds of any sale or other disposition thereof.

Section 14.02. LESSOR'S OPTION TO REQUIRE DEMOLITION. LESSOR shall have the option to require LESSEE to demolish the Facilities and clear the Land of all rubble and debris at LESSEE's sole cost and expense upon the occurrence of either (i) the "Abandonment" (as hereinafter defined) of the Facilities by LESSEE, or (ii) the expiration of the Term of this Lease, provided that:

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

As used herein, the term "Abandonment" shall mean (i) LESSEE's voluntary surrender of the Premises to LESSOR prior to the expiration of the Term, or any extension or renewal

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

LESSOR shall give LESSEE and each Permitted Mortgagee written Notice of its exercise of such option no later than (i) sixty (60) days after the Abandonment of the Facilities by the LESSEE as hereinabove defined, or (ii) the last day of the Fall Semester immediately preceding the expiration date of the Term if none of the events specified in Subparagraphs (A), (B) and (C) have occurred. If LESSOR fails to give such Notice within such time periods, LESSOR shall be deemed to have waived its option to have LESSEE demolish the Facilities. Provided Notice is given within the time periods required hereby, LESSEE shall demolish the Facilities and clear the Land within ninety (90) days after (x) receipt of Notice under (i) above, or (y) the expiration of the Term provided Notice was given under (ii) above.

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

Section 14.03. LESSOR'S OPTION TO PURCHASE FACILITIES. LESSOR shall have the right to purchase LESSEE'S leasehold estate in the Premises at any time for an amount ("Purchase Price") equal to the lesser of (a) the fair market value (as determined in accordance with the procedures set forth in Section 17.05 below) of LESSEE'S leasehold estate determined as though this Lease was in effect, but in no event less than the aggregate of all the debt and other amounts relating to the Premises secured by Permitted Mortgages or (b) the sum of (1) the aggregate of all outstanding debt secured by Permitted Mortgages and other amounts advanced by (or indemnification payments owed to) the Permitted Mortgagee pursuant to the Permitted Mortgage and related to the Facilities, (2) the sum of all monetary contributions of LESSEE not previously reimbursed for the operation, maintenance, repair, construction (following completion of initial construction), or replacement of the Facilities, and (3) the present value of the net distributable cash flow from the Facilities for the portion of the Term remaining after the closing of the purchase (the present value of the net distributable cash flow has been calculated based upon

EXHIBIT "E" attached hereto and is represented in the far right-hand column called "Purchase Price of Subsequent Cash Flows"). If LESSOR exercises its purchase option under this Section 14.03 subsequent to a Foreclosure of a Permitted Mortgage, the Total Imputed Debt shall be treated as "debt secured by a Permitted Mortgage" for purposes of calculating the Purchase Price. By way of illustration and without limitation, if LESSOR exercises its right to purchase in year seven (7) and if (1) the aggregate of all outstanding debt secured by Permitted Mortgages is equal to \$6,473,000, and (2) the sum of all monetary contributions of LESSEE is equal to \$200,000, then the Purchase Price pursuant to this Section 14.03 above shall be \$9,996,992, (i.e., the sum of \$6,437,000; \$200,000; and \$3,323,992). If LESSOR exercises its purchase option (x) prior to December 1, 2004, then LESSOR must either assume all liabilities of LESSEE with respect to the debt secured by Permitted Mortgages at the time of the purchase or (to the extent the Permitted Mortgagee permits a prepayment of the debt) pay any amounts due on prepayment required to be paid in order to repay such debt or (y) on or after December 1, 2004, then LESSOR must pay any amounts due on prepayment required to be paid to prepay any debt secured by Permitted Mortgages. If a Permitted Mortgage does not survive such purchase by LESSOR pursuant to the previous sentence, the purchase proceeds shall be applied first to discharge the Permitted Mortgage at the closing of the purchase, and the balance of the purchase price shall be paid to LESSEE. If such purchase by LESSOR is subject to approval of the Coordinating Board, such approval shall be obtained prior to the exercise by LESSOR of its purchase option. Such option to purchase must be exercised by LESSOR by providing written Notice to the LESSEE of LESSOR'S intent to exercise such option not later than seventy-five (75) days prior to the closing date of such purchase. At the closing of such purchase LESSOR shall pay the Purchase Price in cash to LESSEE (except any portion of the Purchase Price to be applied to discharge a Permitted Mortgage), and LESSEE and LESSOR shall execute, acknowledge and deliver to the other and to the Permitted Mortgagees such instruments of conveyance, bills of sale, assumption and release agreements and other instruments as are reasonably necessary to accomplish the purchase pursuant to this Section 14.03 (and as are reasonably satisfactory in form and substance to the Permitted Mortgagees). This Lease shall terminate upon the closing such purchase, on the condition that such termination does not adversely affect the rights of any Permitted Mortgagee under any Permitted Mortgage that survives LESSOR'S purchase in accordance with this Section 14.03. LESSOR may not exercise its rights under this Section 14.03 after LESSOR has received Notice from LESSEE of an Offer under Section 14.04, for so long as such Offer remains outstanding. Notwithstanding the preceding sentence, LESSOR'S right to exercise its option to purchase under this Section 14.03 shall be revived upon the expiration of one hundred and eighty (180) days after LESSOR'S receipt of Notice of an Offer under Section 14.04, unless one of the following events has occurred: (i) LESSOR has exercised its right of first refusal and elected to consummate a purchase on the terms described in the Offer, in accordance with Section 14.04; or (ii) LESSEE has consummated an Offer to purchase with a third party Offeror, in accordance with Section 14.04.

Section 14.04. LESSOR'S RIGHT OF FIRST REFUSAL.

A. In the event LESSEE shall receive from a third party (the "Offeror") other than a Permitted Assignee a bona fide offer (the "Offer") in writing, signed by the Offeror, and accompanied by a certified or bank cashier's check for ten percent (10%) of the purchase price offered as a deposit with respect thereto, for the purchase for cash, or partly in cash and partly by assumption of or subject to existing indebtedness, on a date not less than one hundred twenty (120) days, nor more than one hundred eighty (180) days, from the date of the Offer, of the LESSEE'S entire interest in the Premises and the Leasehold estate created hereby, then LESSEE shall, if it wishes to accept the Offer, promptly forward a true copy thereof to the LESSOR.

B. LESSOR shall notify LESSEE in writing, within thirty (30) days after its receipt of an Offer, whether the Chancellor of The University of Texas System will recommend that the Board of Regents of The University of Texas System approve the consummation by LESSOR of the purchase described in the Offer. Provided that the foregoing notice of intent to recommend approval is timely given, LESSOR shall, within ninety (90) days after its receipt of the Offer, notify LESSEE in writing whether LESSOR will recommend the consummation of the purchase described in the Offer to the Coordinating Board. If LESSOR determines that approval by the Coordinating Board is not required under then-current law, LESSOR shall so notify LESSEE and LESSOR may exercise its right of first refusal under this Section 14.04, notwithstanding any of the provisions herein concerning approval by the Coordinating Board. If LESSOR fails to provide timely notice as described above in this Subparagraph B, or if LESSOR notifies LESSEE that LESSOR will not recommend the consummation of such purchase to the Board of Regents and/or the Coordinating Board, LESSEE may (subject to the limitations set forth in Section 18.01 hereof) consummate such purchase on the same terms and conditions as set forth in the Offer. If LESSOR informs LESSEE that LESSOR will recommend the consummation of the purchase described in the Offer to the Coordinating Board, then LESSOR shall submit the Offer to the Coordinating Board at the Coordinating Board's next scheduled meeting. If the Coordinating Board does not approve LESSOR'S consummation of the purchase described in the Offer at the next scheduled meeting held by the Coordinating Board, then LESSEE may (subject to the limitations set forth in Section 18.01 hereof) consummate such purchase on the same terms and conditions as set forth in the Offer. If the Coordinating Board approves the consummation of the purchase described in the Offer and if LESSOR does not elect to consummate the purchase described in the Offer by delivering written Notice thereof (hereinafter called "Election to Purchase") to LESSEE no later than ten (10) days after the Coordinating Board approval is granted, then LESSEE may (subject to the limitations set forth in Section 18.01 hereof), no later than one hundred-eighty (180) days after the deadline for delivery of Election to Purchase, consummate such purchase on the same terms and conditions as set forth in the Offer. If LESSOR elects not to consummate a purchase as set forth in an Offer, then LESSOR shall (at LESSEE'S request) execute and acknowledge a certificate indicating the waiver of the right of first refusal with respect to such Offer. If LESSOR timely exercises its right of first refusal by delivering the Election to Purchase in

accordance with this Section 14.04, then LESSOR shall, within one hundred twenty-five (125) days after delivery of the Election to Purchase, purchase LESSEE'S interest in the Premises and the leasehold estate created hereby in accordance with the terms and conditions set forth in the Offer. If LESSOR fails to consummate the Offer after delivering its Election to Purchase, LESSEE shall be entitled to a payment from LESSOR in an amount equal to three percent (3%) of the purchase price set forth in the Offer as liquidated damages and shall be entitled to sell LESSEE's interest in the Premises and assign its leasehold estate free of LESSOR'S right of first refusal thereafter at any time prior to the expiration of eighteen (18) months following the deadline for delivery of the Election to Purchase. If LESSEE does not consummate such a conveyance and assignment within such eighteen (18) month period, then LESSEE may not thereafter convey its interest in the Premises and/or assign its leasehold estate without again complying with the provisions of this Section 14.04.

C. Notwithstanding the foregoing provisions of this Section 14.04, LESSEE shall be entitled to convey its interests in the Premises and assign its rights under this Lease to any Permitted Assignee free of LESSOR'S right of first refusal and without complying with the requirements of this Section 14.04; however, such Permitted Assignee shall be bound by the requirements of this Section 14.04 and Section 18.01 regarding an assignment of its rights under this Lease except for a sale to another Permitted Assignee.

Section 14.05. LESSEE'S RIGHT OF FIRST REFUSAL FOR PHASE II APARTMENT IMPROVEMENTS. The Right of First Refusal granted below in this section by LESSOR to LESSEE shall extend only to construction of the second phase of apartments on the campus of the University; LESSEE'S Right of First Refusal shall expire and be of no further effect upon that date (the "ROFR Expiration Date") which is the earlier to occur of the following three dates: (1) August 15, 1999; (2) the date that LESSOR leases additional premises to LESSEE or to another person, in accordance with this section, for construction of Phase II Apartments; or (3) the date that LESSOR enters into a contract for construction of a second phase of apartments at LESSOR'S own cost and expense, pursuant to Section 14.06. For and in consideration of the sum of Ten and No/100 Dollars (\$10.00) cash in hand paid by the LESSEE to LESSOR, the receipt and sufficiency of which are hereby acknowledged by LESSOR, LESSOR, for itself, its successors and assigns, does hereby covenant and agree with LESSEE, that if at any time and from time to time, prior to the ROFR Expiration Date, LESSOR desires to have one or more additional apartments (the "Phase II Apartments") constructed, at the cost and expense of any lessee, on a tract of real property leased out of the campus of The University, which shall be subject to a lease with such lessee similar to this Lease, LESSOR shall be obligated to give LESSEE written Notice of such desire specifying therein the "Date of Opening of Phase II Apartments" (which, in no event shall be less than eighteen (18) months after the date of such Notice) required by LESSOR for such Phase II Apartments. Such Notice shall offer to LESSEE the right to obtain a lease from LESSOR of the additional premises on which such Phase II Apartments are to be constructed by LESSEE, which lease shall be substantially on the same terms and subject to substantially the same provisions and requirements as this Lease, except as otherwise stated in this

Section 14.05, with LESSOR agreeing to discharge the same obligations with respect to each such additional apartment as LESSOR is obligated to provide hereunder or under any management agreement then in effect with respect to the original Facilities. Following receipt of such written Notice from LESSOR, LESSEE shall have one hundred eighty (180) days within which to accept LESSOR'S offer by giving written Notice of its acceptance of such offer within such period of time. Thereafter, the lease of the additional premises shall be closed as promptly as practicable after acceptance by LESSEE. If LESSEE fails to timely exercise such right to lease the additional premises within the time period stated, LESSOR shall then have the right, at any time within one hundred eighty (180) days after expiration of such one hundred eighty (180) day period to lease such additional premises to any other person; however, any leasing of such additional premises after such date, as well as the leasing of any additional premises for Phase II Apartments prior to the ROFR Expiration Date must again be offered to LESSEE upon said terms and provisions as above stated. Any lease of an additional premises to LESSEE pursuant to this Section 14.05 (i) shall be for a term of years commencing no less than twelve (12) months (unless a shorter period shall have been agreed to by LESSEE) prior to the Date of Opening of Phase II Apartments constructed thereon and expiring on the date which is thirty-five (35) calendar years from the Date of Opening of Phase II Apartments; and (ii) the provisions of Section 14.03 shall be revised to provide LESSOR the right to purchase the facilities constructed on such additional premises for a purchase price determined in accordance with Section 14.03.

Section 14.06. HOUSING CONSTRUCTED BY LESSOR. Nothing in Section 14.05 or elsewhere in this Lease shall be construed to restrict or prohibit LESSOR from undertaking at any time at its own cost and expense the construction of one or more apartments, dormitories, or other housing on the campus of The University of Texas at Arlington.

ARTICLE FIFTEEN OCCUPANCY AGREEMENT

Section 15.01. SEMESTER DEFINED. As referenced herein, (a) "Fall Semester" shall mean the fall academic term of UTA commencing during the month of August and ending during the month of December, (b) "Spring Semester" shall mean the spring academic term of UTA commencing during the month of January and ending during the month of May, and (c) "Summer Session" shall mean the summer academic term of UTA commencing during the month of June and ending during the month of August. The Fall Semester, Spring Semester, and Summer Session are collectively referred to herein as "Semesters" and individually referred to herein as a "Semester".

Section 15.02. PRIORITY ASSIGNMENT OF ON-CAMPUS OCCUPANTS TO THE FACILITIES. Consistent with the obligations of LESSOR and UTA as agencies of the State of Texas to market other campus housing projects that are owned by UTA, UTA shall assign On-Campus Occupants to the Facilities as follows:

A. Each Semester, UTA shall assign, in the order of priority set forth below, the following types of On-Campus Occupants to the Facilities (but not to a specific unit) prior to assigning such occupants to any other housing facility on the UTA campus until the Facilities generate Gross Rentals meeting the Gross Rental Threshold: (i) students age 21 years or older, regardless of classification; (ii) graduate students; (iii) seniors; (iv) juniors; (v) married students; (vi) faculty and staff of UTA; (vii) students on full athletic scholarships, excluding freshmen; (viii) all other students, excluding freshmen and sophomores under 21 years of age (collectively, the "Priority Occupants").

B. If UTA has not assigned to the Facilities, at least forty-five (45) days prior to the commencement of each Semester during the Term, a sufficient number of Priority Occupants for the Facilities to generate (based on signed leases) Gross Rentals meeting the Gross Rental Threshold, then, subject to subsection C below, UTA shall, in addition to continuing to assign Priority Occupants to the Facilities, assign other On-Campus Occupants to the Facilities (in priority over other housing facilities) to the extent necessary for the Facilities to meet the Gross Rental Threshold for the applicable Academic Year. Except as provided in subsection C below, UTA will not assign any other On-Campus Occupants to any housing facilities, except for housing facilities owned and operated by UTA, for any Semester earlier than forty-five (45) days prior to the commencement of any such Semester, unless the number of Priority Occupants previously assigned to the Facilities for that Semester is sufficient to generate (based on signed leases) Gross Rentals meeting the Gross Rental Threshold.

C. Notwithstanding the foregoing provisions of this Section 15.02,

1. UTA shall not be obligated to require any On-Campus Occupant to lease a unit in the Facilities, and if any On-Campus Occupant rejects an assignment to the Facilities, then UTA may reassign such occupant to another housing facility on the UTA campus.
2. Until all UTA-owned housing has achieved a one hundred percent (100%) occupancy rate for each Fall Semester, or a ninety-five percent (95%) occupancy rate for each Spring Semester and each Summer Session, UTA shall have no obligation to assign to the Facilities any On-Campus Occupants consisting of freshmen and sophomores under 21 years of age.

D. LESSEE shall notify UTA each Semester when the Facilities are sufficiently occupied to meet the Gross Rental Threshold for the applicable Academic Year. During each Semester, LESSEE shall periodically notify UTA of any vacancies that occur at the Facilities in order to give UTA an indication of the number of units that will need to be leased for the immediately succeeding Semester.

Section 15.03. OCCUPANCY RENTS; CAMPUS HOUSING CONTRACTS.

A. The LESSEE shall charge Occupancy Rents to Assigned Occupants for the Facilities at the rates set forth in the Annual Budget. Notwithstanding anything contained in this Lease to the contrary, LESSEE shall be entitled to adjust the Occupancy Rents to reasonably compete with rents (1) charged for other housing projects on UTA's campus, or (2) charged for other comparable housing projects located in Tarrant County. Any proposed increase in Occupancy Rents shall be submitted to the Committee as a part of an Annual Budget or a revised Annual Budget for approval, as set out in Section 11.02.C; provided, however, that no increase in the Occupancy Rents in excess of ten percent (10%) over the Occupancy Rents charged in the preceding Academic Year shall be effective without the prior written approval of LESSOR.

B. At least forty-five (45) days prior to the commencement of the first Academic Year during the Term, the Manager shall provide UTA with the form of housing contract (the "Campus Housing Contract") prepared by the Manager for execution by all On-Campus Occupants who have been assigned to and will occupy space in the Facilities (the "Assigned Occupants"). The Manager shall be entitled to amend the form of Campus Housing Contract from time to time, in which event the Manager shall deliver the amended form to The University.

C. When requested by LESSEE, but only to the extent authorized by applicable laws, the Rules and Regulations of the Board of Regents of The University of Texas System, and UTA's institutional policies, UTA shall assist LESSEE in collecting Occupancy Rentals and security deposits owed by the Assigned Occupants pursuant to the Campus Housing Contracts and shall exercise administrative actions as appropriate to assist LESSEE in such collections. UTA shall promptly deposit any Occupancy Rentals and security deposits which come into its possession in a bank account of LESSEE (or if required by a Permitted Mortgagee, in an account with a trustee appointed by such Permitted Mortgagee). Except as otherwise set forth in this Section 15.03.C, UTA will have no obligation to LESSEE if any Assigned Occupant fails to pay the Occupancy Rentals in accordance with the terms of a Campus Housing Contract. LESSEE shall be entitled to exercise all of its rights and remedies under the Campus Housing Contracts (or otherwise at law or in equity) against an Assigned Occupant as a consequence of a breach by such Assigned Occupant of its Project Housing Contract, and UTA shall cooperate with LESSEE in enforcing such rights and remedies.

Section 15.04. PROMOTION OF FACILITIES. LESSOR, consistent with its obligations as an agency of the State of Texas to market other campus housing projects that are owned by UTA, shall actively promote and market the Facilities as an integral part of the overall housing program of LESSOR, as described below in this Section.

A. LESSOR, on a one-time basis in connection with the pre-opening of the Facilities, shall:

1. Provide LESSEE with a convenient space on UTA campus at no cost to promote the Facilities to students during UTA's Spring Semester and Summer Session in 1994.
2. When suitable model units are available, organize an "Open House" at the Facilities and invite all staff and faculty of UTA.

B. The LESSOR on an ongoing basis shall:

1. Include information about the Facilities in the On-Campus Housing section of the UTA Housing Brochure with a tear-away inquiry card.
2. Forward all eligible on-campus housing inquiries to LESSEE.
3. Provide LESSEE upon request with a roster of On-Campus Occupants, to the extent same is reasonably available or accessible to UTA, which includes, to the extent available and permissible, the first and last name, classification, age, mailing address and telephone number of each On-Campus Occupant.
4. Allow LESSEE to use a reasonable number of signs, flags and banners on the campus to market the Facilities, consistent with University posting policy.
5. If LESSOR installs a toll-free voice response system, include housing information/referral on that toll-free voice response system.
6. Provide tours of the Facilities, in conjunction with LESSEE, for prospective new occupants via new student orientation.
7. Actively promote the Facilities in conjunction with UTA's promotional and recruiting efforts.
8. Incorporate information about the Facilities in each issue of the UTA class schedule and other appropriate University publications, to the extent consistent with the obligations of LESSOR and UTA to promote other campus housing projects that are owned by UTA.
9. Permit all Assigned Occupants to participate in University-sponsored orientation programs and other similar programs and facilities of UTA generally made available to On-Campus Occupants.

10. Permit the management staff for the Facilities to participate in all residence staff training programs and other similar programs made available to the staff of other UTA housing facilities.

C. LESSEE shall cooperate in promoting and marketing the Facilities by causing the following actions to be taken, all at LESSEE's cost:

1. Prepare a housing brochure which reflects the floor plans, amenities and benefits of the Facilities.
2. Maintain an on-site leasing office at the Premises.
3. Prepare four 20" by 30" color, mounted renderings of the Facilities for use by UTA in its promotion and marketing of the Facilities.

Section 15.05. **CAMPUS OCCUPANCY REPORTS.** Not more than twenty (20) days after the commencement of each Semester during the Term, LESSEE shall deliver to LESSOR the Campus Occupancy Report for such Semester, which shall set forth the following:

A. A reconciliation of all Assigned Occupants for the applicable Semester, including a listing of the name, age, and priority assignment of each Assigned Occupant, and a schedule showing the amounts of the prepaid Occupancy Rents and security deposits received by LESSEE from the Assigned Occupants, the Occupancy Rents to be paid by the Assigned Occupants for the remainder of the applicable Semester, and such other information regarding each Assigned Occupant reasonably requested by LESSOR or the Permitted Mortgagees; and

B. Such other information or documents as LESSOR (or the Permitted Mortgagees) shall reasonably request in order for LESSOR (and the Permitted Mortgagees) to certify the eligibility of the Assigned Occupants for assignment to the Facilities.

The LESSOR shall provide to the LESSEE, no later than the thirtieth day after the commencement of each Semester during the Term, a written certification of the eligibility of all those Assigned Occupants listed in the Campus Occupancy Report who are eligible for occupancy in the Facilities and LESSOR shall note any exceptions.

Section 15.06. **EXAMINATION AND AUDIT.** All of the books and records of the Facilities relating to the information included in each Campus Occupancy Report (the "Occupancy Records") shall be maintained in the administrative office in the Facilities located on The University's campus for a period of at least three (3) years after the end of the Academic Year to which the Occupancy Records pertain. LESSOR, the Permitted Mortgagees, and their representatives shall have the right to audit the Occupancy Records during business hours at the Facilities for the purpose of confirming the matters set forth

in each Campus Occupancy Report. The cost of such audit shall be borne by the party requesting the audit.

Section 15.07. LEASING TO OTHER PERSONS. Notwithstanding any provisions of this Lease to the contrary but subject to Section 15.08 below, if any units in the Facilities (necessary for the Facilities to generate Gross Rentals to meet the Gross Rental Threshold for an applicable Academic Year) remain unleased upon the commencement of the Fall Semester (or become unleased at any subsequent time during the remainder of such Academic Year), then LESSEE shall be entitled to lease such unleased units to any Persons, including Persons other than On-Campus Occupants, provided that the term of any lease entered into with a Person other than an On-Campus Occupant shall be no longer than twelve (12) months and shall expire in any case on or before the date which is three (3) calendar days prior to the commencement of the University's Fall Semester, and provided further that the rental charged to Persons other than On-Campus Occupants shall be at whatever rental rates LESSEE desires for such unleased units; however, the rental rates charged to Persons other than On-Campus Occupants may not be any less than Occupancy Rents being charged to On-Campus Occupants.

Section 15.08. LEASING BY PERMITTED MORTGAGEE. Notwithstanding anything contained in Section 15.02 to the contrary, after a Foreclosure and LESSOR Default Occurrence, if any units in the Facilities remain unleased upon the commencement of the Fall Semester (or become unleased at any subsequent time during the remainder of such Academic Year), then the Permitted Mortgagee or other Person succeeding to the interests of LESSEE hereunder through a Foreclosure shall be entitled to lease such unleased units (for a term of no longer than 12 months) to any Persons, including Persons other than On-Campus Occupants, until the Permitted Mortgagee recovers its Total Imputed Debt (including any make-whole amounts) and the Permitted Mortgagee may charge whatever rent rates the Permitted Mortgagee desires for such unleased units; however, the rent rates charged to Persons other than On-Campus Occupants may not be any less than Occupancy Rents being charged to On-Campus Occupants. After the Permitted Mortgagee recovers its Total Imputed Debt (including any make-whole amounts), this Section 15.08 shall no longer have any force or effect and the Permitted Mortgagee's or such other Person's right to lease unleased units to Persons not affiliated with LESSOR shall be governed by Section 15.07.

Section 15.09. GROSS RENTAL THRESHOLD. As referenced herein, the "Gross Rental Threshold" shall be \$1,294,597 for the 1994-1995 Academic Year, and shall be adjusted for each Academic Year subsequent to such Academic Year by an amount equal to the sum of (a) adjustments from the previous Academic Year in the Annual Expenses and Reserve Amounts (as set forth in the Annual Budget), and (b) adjustments in other categories of expenses set forth in the Annual Budget.

ARTICLE SIXTEEN
DEFAULT BY LESSOR

Section 16.01. LESSOR DEFAULTS. If LESSOR fails to perform any of the obligations or covenants of LESSOR under this Lease, LESSEE shall be entitled to enforce any one or more of the following rights and remedies:

- A. LESSEE shall be entitled to cease paying all Rent and other amounts owed to LESSOR under this Lease;
- B. LESSEE shall be entitled to require LESSOR to specifically perform its obligations under this Lease or restrain or enjoin LESSOR from continuing the activities that constitute the default of LESSOR; and
- C. LESSEE shall be entitled to exercise all other rights and remedies available to LESSEE under this Lease or otherwise available to LESSEE at law or in equity as a consequence of the LESSOR'S default.

Section 16.02. RIGHTS OF LESSEE CUMULATIVE. All rights and remedies of LESSEE provided for in this Lease shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. LESSEE shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein. No waiver by LESSEE of a breach of any of the covenants, conditions or restrictions of this Lease shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition or restriction herein contained. The failure of LESSEE to insist in any one or more cases upon the strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future beaches of such covenant or option.

ARTICLE SEVENTEEN
CONDEMNATION

Section 17.01. CONDEMNATION OF ENTIRE PREMISES. Upon the permanent Taking of the entire Premises, this Lease shall terminate and expire as of the date of such Taking, and both LESSEE and LESSOR shall thereupon be released from any liability thereafter accruing hereunder. LESSEE and the Permitted Mortgagee shall each receive Notice of any proceedings relating to a Taking and shall each have the right to participate therein.

Section 17.02. PARTIAL CONDEMNATION. Upon a temporary Taking or a Taking of less than all of the Premises, LESSEE, at its election, may terminate this Lease by giving LESSOR Notice of its election to terminate at least sixty (60) days prior to the date of such

termination if LESSEE reasonably determines that the Premises cannot be economically and feasibly used by LESSEE for its intended purposes. Upon any such termination, the Rent accrued and unpaid hereunder shall be apportioned to the date of termination.

Section 17.03. PAYMENT OF AWARDS. Upon the Taking of all or any portion of the Premises (a) LESSEE shall be entitled (free of any claim by LESSOR) to the Award for the value of its interest in the Premises and its rights under this Lease and damages to any of its other property together with any other compensation or benefits specifically awarded to LESSEE'S business; and (b) LESSOR shall be entitled (free of any claim by LESSEE) to the Award for the value of LESSOR'S Interest (such value to be determined as if this Lease were in effect and continuing to encumber LESSOR'S Interest).

Section 17.04. REPAIR AFTER CONDEMNATION. Should a Taking occur that does not result in termination as provided by Sections 17.01 or 17.02, LESSEE, at its expense, shall commence and proceed with reasonable diligence to repair or reconstruct the Facilities to a complete architectural unit or units, including temporary repairs, changes and installation required to accommodate Assigned Occupants and all other work incidental to and in connection with all the foregoing. Any and all such repairs or reconstruction shall be subject to prior reasonable approval of The University. Notwithstanding the foregoing provisions of this Section 17.04, if the Award payable as a consequence of a Taking (after payment of all or any portion of such Award towards amounts owed under any Permitted Mortgage) is insufficient, in the reasonable judgment of LESSEE, to permit such restoration, then LESSEE, with the prior written approval of the Permitted Mortgagee a copy of which approval must be delivered to LESSOR, may terminate this Lease by written Notice to LESSOR. All or any portion of the Award payable to LESSEE as a consequence of a Taking affecting the Premises shall be deposited with and disbursed by the Permitted Mortgagee (holding the Permitted Mortgage with the most senior lien priority) pending the completion of the restoration of the Premises. In the event of termination under this Section 17.04, this Lease shall terminate ten (10) days after the date of such Notice with the same force and effect as if such date were the date herein fixed for the expiration of the Term, and the Rent shall be apportioned and paid at the time of such termination.

Section 17.05. APPRAISAL. LESSEE and LESSOR shall each nominate one Person deemed by them, respectively, to be fit, reputable and impartial to appraise and determine the unresolved matter. The nomination must be in writing and must be given each party to the other within fifteen (15) days after the aforesaid thirty (30) day period. If only one party shall so nominate an appraiser within such fifteen (15) day period, the other party may then nominate an appraiser by written Notice to the other party given within ten (10) days after its receipt of the nomination of the other party. If only one party shall nominate an appraiser within the periods referred to above, then that appraiser shall have the power to act alone, and the appraiser's decision as to value or such other matters made in accordance with the provisions hereof shall be binding on both parties. The two Persons so nominated and appointed as appraisers by the parties shall be requested to appraise the Facilities or other matter submitted to them within thirty (30) days after the second of them

shall be nominated. If the lower of the two values so determined by them is within ten percent (10%) less than the higher value, then such two appraisers shall appoint a fit, reputable and impartial person to be umpire between them, if they can agree upon such Person. However, if they cannot agree on an umpire within ten (10) days after the expiration of the aforesaid thirty (30) day period for agreement between them (as determined in accordance with the terms hereof), then either party may apply to the Chief District Judge of the United States District Court for the Northern District of Texas (or successor judge exercising similar functions) to appoint a fit, reputable and impartial Person, who shall then be umpire, but if such Chief Judge (or successor) shall fail or refuse to act within thirty (30) days of application to such Chief Judge then either party may apply to any court having jurisdiction for the appointment of such umpire. The appraisers and any umpire shall be members of The Appraisal Institute. The following written decisions shall be conclusive and binding on the parties: the decision of one appraiser if either party shall fail to appoint its appraiser as hereinabove provided; the decision of the two appraisers prior to appointment of the umpire; and the decision of a majority of the two appraisers and the umpire. The two appraisers and umpire shall serve their written decision upon the parties hereto within sixty (60) days after the selection of such umpire, provided the two appraisers may extend that period once up to sixty (60) days by joint Notice to the parties hereto. Each party shall bear the expense of its own appraiser, but the fees and expenses of the umpire shall be shared equally. In no event shall the appraisers have the right or power to vary the terms of this Lease. In determining the value of LESSEE'S interest in the Premises, the appraisers and umpire (if any) shall assume that this Lease is in full force and effect and that LESSOR is obligated to continue performing its obligations under this Lease for the remainder of the Term, including its obligations under Article Fifteen.

ARTICLE EIGHTEEN
ASSIGNMENT, SUBLETTING, AND TRANSFERS OF LESSEE'S INTEREST

Section 18.01. ASSIGNMENT BY LESSEE.

- A. At any time after the Date of Opening, LESSEE without the consent of LESSOR may (i) sell or assign LESSEE'S leasehold estate created by this Lease and the other rights of LESSEE hereunder to any Permitted Assignee, or (ii) merge into or consolidate with any Permitted Assignee.

- B. LESSEE is not authorized to sell or assign LESSEE'S leasehold estate in its entirety or for any portion of the unexpired Term (other than a sale or assignment to a Permitted Assignee) without first obtaining the consent of LESSOR, which consent will not be unreasonably withheld or delayed and any such assignment made or given without first obtaining LESSOR'S consent shall be null and void. LESSOR hereby agrees that its decision to approve or disapprove a proposed assignee or purchaser of the LESSEE'S interest in the Premises and leasehold estate created hereby shall be based solely upon the

financial and property management capabilities of such proposed assignee or purchaser.

Section 18.02. SUBLETTING. Except for subleases to Assigned Occupants and except as otherwise set forth in this Lease, including Section 15.07, LESSEE is not authorized to sublet the leasehold estate without the LESSOR'S prior written consent. A sublease to any Person for the purpose of providing laundry services to the Facilities shall be deemed approved by LESSOR.

Section 18.03. APPLICATION TO PERMITTED MORTGAGES. Nothing contained in this Article Eighteen shall be construed to apply to or otherwise limit the rights of LESSEE to mortgage (or assign for collateral) its leasehold estate and other rights under this Lease to a Permitted Mortgagee, as to which Article Eight shall govern.

Section 18.04. TRANSFERS OF MORTGAGES OF LESSOR'S INTEREST. Any and all mortgages, deeds of trust, or liens placed or suffered by LESSOR encumbering LESSOR'S Interest shall be expressly subject and subordinate to this Lease, to all obligations of LESSOR hereunder, and to all of the rights, titles, interests and estates of LESSEE created or arising hereunder. The obligations of LESSOR under this Lease shall survive any conveyance, Foreclosure or other transfer of LESSOR'S Interest, and LESSOR shall not be relieved of such obligations as a consequence of such conveyance, Foreclosure or other transfer. Furthermore, any Person succeeding to LESSOR'S Interest as a consequence of any such conveyance, Foreclosure or other transfer shall succeed to all of the obligations of LESSOR hereunder.

ARTICLE NINETEEN COMPLIANCE CERTIFICATES

Section 19.01. LESSOR'S COMPLIANCE. LESSEE agrees, at any time and from time to time upon not less than thirty (30) days prior written Notice by LESSOR, to execute, acknowledge and deliver to LESSOR or to such other party as LESSOR shall request, a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (b) to the best of its knowledge, whether or not there are then existing any offsets or defenses against the enforcement of any of the terms, covenants or conditions hereof upon the part of LESSEE to be performed (and if so specifying the same), (c) the dates to which the Rent and other charges have been paid, and (d) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section 19.01 may be relied upon by any prospective purchaser of the LESSOR'S Interest.

Section 19.02. LESSEE'S COMPLIANCE. LESSOR agrees, so far as permissible under the laws of the State of Texas, at any time and from time to time, upon not less than thirty (30) days prior written Notice by LESSEE, to execute, acknowledge and deliver to LESSEE

a statement in writing addressed to LESSEE or to such other party as LESSEE shall request, certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications); (b) the dates to which the Rent and other charges have been paid; (c) whether an Event of Default (or, to the best of its knowledge, an Incipient Default) has occurred and is continuing hereunder (and stating the nature of any such Event of Default or Incipient Default); and (d) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section 19.02 may be relied upon by any prospective assignee, sublessee, or Permitted Mortgagee of this Lease or by any assignee or prospective assignee of any Permitted Mortgage or by any undertenant or prospective undertenant of the whole or any part of the Premises.

ARTICLE TWENTY TAXES AND FEES

Section 20.01. PAYMENT OF TAXES. LESSEE shall pay, and, upon request by LESSOR, shall provide evidence of payment to the appropriate collecting authorities, all federal, state and local taxes and fees, which are now or may hereafter be, levied upon the Premises, or upon LESSEE, or upon the business conducted on the Premises, or upon any of LESSEE'S property used in connection therewith; and shall maintain in current status all federal, state and local licenses and permits required for the operation of the business conducted by LESSEE. LESSOR shall pay, and, upon request by LESSEE or a Permitted Mortgagee, shall provide evidence of payment to the appropriate collecting authorities, all federal, state and local taxes and fees, which are now or may hereafter be, levied upon LESSOR or LESSOR'S interest. LESSEE and LESSOR may pay any of the above items in installments if payment may be so made without penalty other than the payment of interest. The obligations of LESSOR and LESSEE to pay taxes and fees under this Section 20.01 shall apply only to the extent that LESSOR or LESSEE are not exempt from paying such taxes and fees and to the extent that such taxes and fees are not otherwise abated.

Section 20.02. CONTESTED TAX PAYMENTS. LESSEE shall not be required to pay, discharge or remove any such taxes or assessments so long as LESSEE is contesting the amount or validity thereof by appropriate proceeding which shall operate to prevent or stay the collection of the amount so contested. LESSEE hereby agrees to indemnify and save LESSOR harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on any lien arising in respect to such contested amounts, cause the same to be discharged and removed prior to the execution of such judgment. LESSOR shall cooperate with LESSEE in completing such contest and LESSOR shall have no right to pay the amount contested during the contest. Upon the termination of such proceeding, LESSEE shall deliver to LESSOR proof of the amount due as finally determined and proof of payment thereof. LESSOR, at LESSEE'S expense, shall join in any such proceeding if any law shall so require.

Section 20.03. EXPENSES OF CONTEST. All costs and expenses of any contest of any tax or fee pursuant to this Article Twenty by LESSEE shall be paid by LESSEE.

ARTICLE TWENTY-ONE
FORCE MAJEURE

Section 21.01. DISCONTINUANCE DURING FORCE MAJEURE. Whenever a period of time is herein prescribed for action to be taken by LESSEE or a Permitted Mortgagee, LESSEE shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to FORCE MAJEURE. LESSOR shall not be obligated to recognize any delay caused by FORCE MAJEURE unless LESSEE shall, within ten (10) days after LESSEE is aware of the existence on an event of FORCE MAJEURE, notify LESSOR thereof in writing, certified mail, return receipt requested. One (1) Notice shall be sufficient per occurrence. The foregoing notwithstanding, if any such delay is caused by LESSOR there shall be no time limit on the period of enforced delay and LESSEE shall not be required to give Notice to LESSOR hereunder.

ARTICLE TWENTY-TWO
GENERAL

Section 22.01. NONDISCRIMINATION. Any impermissible discrimination by LESSEE or its agents or employees on the basis of race, color, sex, age, religion, national origin, veteran's status, or disability in employment practices or in the performance of the terms, conditions, covenants and obligations of this Lease, is prohibited. LESSEE acknowledges the policy of The University of Texas System Board of Regents to provide practical opportunities for women-owned and minority-owned business enterprises to participate in contracts awarded by component institutions of The University of Texas System. Accordingly, LESSEE will exercise its reasonable efforts in good faith, consistent with prudent business practices, to include women-owned and minority-owned small business enterprises as material suppliers, as contractors, and/or as subcontractors in planning, designing, developing, constructing, managing, maintaining and operating the premises during construction and following completion.

Section 22.02. CONFLICT OF INTEREST. LESSEE acknowledges that it is informed that Texas law prohibits contracts between LESSOR and its officers, and that the prohibition extends to contracts with any partnership, corporation or other organization in which any such officer has an interest. LESSEE certifies (and this Lease is made in reliance thereon) that neither LESSEE nor any person having an interest in this Lease by, through or under LESSEE is an officer of LESSOR.

Section 22.03. NOTICES. Any Notice, communication, request, reply or advice or duplicate thereof (herein severally and collectively, for convenience called "Notice") in this instrument provided or permitted to be given, made or accepted by either party to any other party must be in writing and shall, unless otherwise in this instrument expressly

provided, be given or be served by depositing the same in the United States mail, postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party. Notice deposited in the mail in the manner hereinabove described shall be effective, unless otherwise stated in this Lease, from and after the expiration of four (4) days after it is so deposited, regardless of whether or when same is actually received by the addressee, except that in all cases Notice given to the holder of any Permitted Mortgage must be received by such Permitted Mortgage to be effective. Notice in any other manner shall be effective only if and when received by the party to be notified.

For purposes of Notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

IF TO LESSOR, TO: The University of Texas at Arlington
P. O. Box 19119
Arlington, Texas 76019
Attn: Vice President for Business Affairs

**OR IF SENT BY
COURIER, TO:** The University of Texas at Arlington
800 S. Cooper Street
Arlington, Texas 76013
Attn: Vice President for Business Affairs

WITH A COPY TO: The Board of Regents of
The University of Texas System
601 Colorado Street
Austin, Texas 78701
Attn: Executive Vice Chancellor for Academic Affairs

AND A COPY TO: Office of General Counsel
The University of Texas System
201 West 7th Street
Austin, Texas 78701
Attn: General Counsel

IF TO LESSEE, TO: Arlington Residence Partnership I, Ltd.
Two Post Oak Central
1980 Post Oak Blvd., Suite 1200
Houston, Texas 77056
Attn: Mr. Wayne F. Sramek

**IF TO PERMITTED
MORTGAGEE, TO:**

Texas Commerce Bank National Association
712 Main Street
Houston, Texas 77002
Attn: Manager, Real Estate Lending

Connecticut General Life Insurance Company
Connecticut General Life Insurance Company
on behalf of one or more separate accounts
c/o CIGNA Investments, Inc.
Hartford, CT 06152

**OR IF SENT BY
COURIER, TO:**

Connecticut General Life Insurance Company
Connecticut General Life Insurance Company
on behalf of one or more separate accounts
c/o CIGNA Investments, Inc.
900 Cottage Grove Road
Bloomfield, CT 06002

However, the parties hereto, and their respective heirs, successors, legal representatives and assigns, shall have the right from time to time at any time to change their respective addresses and each shall have the right to specify as such party's address any other address within the United States of America by at least fifteen (15) days' written Notice to the other party; provided, however, that if at any one time more than one person or party owns an interest in the Premises, nevertheless such persons or parties may not designate more than two places and addresses to receive Notice pursuant to the terms hereof (but with copies of Notices to not more than two additional addresses). Notices to any Permitted Mortgagees shall be given in the manner set forth above to the address furnished from time to time by such Permitted Mortgagees.

Section 22.04. RELATIONSHIP OF PARTIES. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto. It is understood and agreed that no provision contained herein nor any acts of the parties hereto creates a relationship other than the relationship of LESSOR and LESSEE.

Section 22.05. MEMORANDUM OF LEASE. Neither LESSOR nor LESSEE shall file this Lease for record in the Office of the County Clerk of Tarrant County, Texas, or in any public place without the written consent of the other. In lieu thereof, LESSOR and LESSEE agree

to execute in recordable form a Memorandum of Ground Lease, wherein a legal description of the Land, the Term of this Lease and certain other provisions hereof, shall be set forth. Such memorandum shall be filed for record in the Office of the County Clerk of Tarrant County.

Section 22.06. APPROVALS. Whenever approvals are required of either party hereunder, if no objection is made to a written proposal or request for approval within the time period specified for response herein, such approval shall be deemed to have been given. If no time period is specified for a response to a proposal or request for approval, a reasonable time not to exceed ten (10) business days from the date of such proposal or request shall apply unless the parties otherwise agree in writing.

Section 22.07. TEXAS LAW TO APPLY. This Lease shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Tarrant County, Texas.

Section 22.08. WARRANTY OF PEACEFUL POSSESSION. LESSOR covenants that LESSEE, on paying the Rent and performing and observing all of the covenants and agreements herein contained and provided to be performed by LESSEE, shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Premises during the Term, and may exercise all of its rights hereunder; and LESSOR agrees to warrant and forever defend LESSEE's right to such occupancy, use, and enjoyment of the Premises against the claims of any and all persons whomsoever lawfully claiming the same, or any part thereof, by, under, or through LESSOR, subject only to the provisions of this Lease and the matters listed on EXHIBIT "B" attached hereto.

Section 22.09. APPROVAL OF ANCILLARY AGREEMENTS. LESSOR agrees that in the event it becomes necessary or desirable for LESSOR to approve in writing any ancillary agreements or documents concerning the Premises or concerning the construction, operation or maintenance of the Facilities or to alter or amend any such ancillary agreements between LESSOR and LESSEE or to give any approval or consent of LESSOR required under the terms of this Lease, LESSOR hereby authorizes, designates and empowers the following officers of The University of Texas at Arlington to execute any such agreement, approvals or consents necessary or desirable: The President or Vice President for Business Affairs of UTA or their successors in function, subject to required approvals (if any) by appropriate UT System officials.

ARTICLE TWENTY-THREE
MISCELLANEOUS

Section 23.01. LESSOR'S RIGHTS CUMULATIVE. All rights, options, and remedies of LESSOR contained in this Lease shall be construed and held to be cumulative and no one of them shall be exclusive of the other, and LESSOR shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity whether or not stated in this Lease.

Section 23.02. NONWAIVER BY LESSOR. No waiver by LESSOR of a breach of any of the covenants, conditions, or restrictions of this Lease shall constitute a waiver by LESSOR of any subsequent breach of any of the covenants, conditions or restrictions of this Lease. The failure of LESSOR to insist in any one or more cases upon the strict performance of any of the covenants of the Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant or option. A receipt of LESSOR or acceptance of payment by LESSOR of rent with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver, change, modification or discharge by LESSOR of any provision of this Lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by the party to be charged.

Section 23.03. TERMINOLOGY. Unless the context of this Lease clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the word "includes" or "including" shall mean "including without limitation"; and (d) the words "hereof," "herein," "hereunder," and similar terms in this Lease shall refer to this Lease as a whole and not to any particular section or article in which such words appear. The section, article and other headings in this Lease and the Table of Contents to this Lease are for reference purposes and shall not control or affect the construction of this Lease or the interpretation hereof in any respect. Article, section and subsection and exhibit references are to this Lease unless otherwise specified. All exhibits attached to this Lease constitute a part of this Lease and are incorporated herein.

Section 23.04. COUNTERPARTS. This Lease may be executed in multiple counterparts, each of which shall be declared an original.

Section 23.05. SEVERABILITY. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby.

Section 23.06. ENTIRE AGREEMENT. This Lease, together with the authorized resolution of LESSOR, contains the final and entire agreement between the parties hereto

and contains all of the terms and conditions agreed upon, and no other agreements, oral or otherwise, regarding the subject matter of this Lease shall be deemed to exist or to bind the parties hereto; it being the intent of the parties that neither shall be bound by any term, condition, or representations not herein written.

Section 23.07. AMENDMENT. No amendment, modification, or alteration of the terms of this Lease shall be binding unless the same be in writing, dated on or subsequent to the date hereof and duly executed by the parties hereto.

Section 23.08. SUCCESSORS AND ASSIGNS. All of the covenants, agreements, terms and conditions to be observed and performed by the parties hereto shall be applicable to and binding upon their respective successors, heirs, executors and assigns.

Section 23.09. HAZARDOUS MATERIALS. Notwithstanding anything contained in this Lease to the contrary, if LESSEE finds any Hazardous Materials (hereinafter defined) on the Land prior to February 28, 1994, then LESSEE shall have the right to terminate this Lease by delivering written Notice thereof to LESSOR no later than March 15, 1994. If LESSEE terminates this Lease as a result of finding Hazardous Materials on the Land, then neither party hereto shall have any further rights, duties, or obligations hereunder.

As used in this Lease, "Hazardous Materials" shall mean (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6091 et seq.), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 6091 et seq.), as amended from time to time, and regulations promulgated thereunder; (iii) polychlorinated biphenyls; (iv) underground storage tanks, whether empty, filled or partially filled with any substance, (v) any substance the presence of which on the Land is prohibited by any governmental requirements; and (vi) any other substance which by any governmental requirements requires special handling or notification of any federal, state or local governmental entity in its collection, storage, treatment or disposal.

LESSEE shall not use, occupy, or knowingly permit the Premises to be used or occupied, or do or knowingly permit anything to be done in or on the Premises in a manner which would in any way make void or voidable any insurance then in force with respect thereto, which would make it impossible to obtain the insurance required to be furnished by LESSEE hereunder, which would constitute a public or private nuisance, or which would violate any present or future, ordinary or extraordinary laws, regulations, ordinances, or requirements of any Governmental Authority having jurisdiction.

LESSEE shall not use the Premises or knowingly permit the Premises to be used so as to cause, suffer or allow any contamination of soils, ground water, surface water or natural resources on or adjacent to the Premises resulting from any cause, including but not limited to spills or leaks of oil, gasoline, Hazardous Materials, or other chemical

compounds. LESSEE shall at all times during the Term of this Lease comply with applicable state, federal and local laws, regulations and guidelines for the use, handling, storage and disposal of Hazardous Materials. LESSEE shall be solely responsible for cleanup of any contamination and for any fines or penalties resulting from violation of the provisions of this Section 23.09.

Section 23.10. INDEPENDENT CONTRACTOR. It is expressly understood and agreed that LESSEE is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts or omissions and that LESSOR shall in no way be responsible therefor.

IN WITNESS WHEREOF, this Lease is executed by LESSOR and LESSEE as of the day and year first above written.

LESSOR:

THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM
FOR THE USE AND BENEFIT OF
THE UNIVERSITY OF TEXAS AT
ARLINGTON

ATTEST:

Arthur H. Dilly
Executive Secretary

By: _____
Bernard Rapoport
Chairman

LESSEE:

ARLINGTON RESIDENCE PARTNERSHIP I, LTD.
By: Arlington Residence Corp., General Partner

By: _____
Wayne F. Sramek
Executive Vice President

APPROVED AS TO CONTENT:

Ryan C. Amacher
President, The University of
Texas at Arlington

APPROVED AS TO FORM:



Max J. Werkenthin
Office of General Counsel

UTARLAPT.LS4
1/10/94

Present Value of Net Distributable Cash Flow
THE UNIVERSITY OF TEXAS AT ARLINGTON
 30 Year Plus 5 Year Option
EXHIBIT "E"

PERIOD	YEAR	CENTURY PERCENTAGE RENT	PURCHASE PRICE OF SUBSEQUENT CASH FLOW * 10.80%
1	1994	107,575	2,384,596
2	1995	120,943	2,534,558
3	1996	134,735	2,687,346
4	1997	148,965	2,842,844
5	1998	163,646	3,000,907
6	1999	178,794	3,161,359
7	2000	194,423	3,323,992
8	2001	210,550	3,488,559
9	2002	227,191	3,654,774
10	2003	244,363	3,822,298
11	2004	261,734	3,990,743
12	2005	279,641	4,160,009
13	2006	298,099	4,329,650
14	2007	317,126	4,499,153
15	2008	336,739	4,667,936
16	2009	356,957	4,835,334
17	2010	377,799	5,000,593
18	2011	399,283	5,162,859
19	2012	421,431	5,321,164
20	2013	444,262	5,474,419
21	2014	467,798	5,621,395
22	2015	492,060	5,760,708
23	2016	517,072	5,890,804
24	2017	542,857	6,009,939
25	2018	650,188	6,116,155
26	2019	919,839	6,126,512
27	2020	948,089	5,868,336
28	2021	977,213	5,554,027
29	2022	1,007,238	5,176,649
30	2023	1,038,192	4,728,489
5 Year Option Period			
1	2024	1,070,104	4,200,973
2	2025	1,103,004	3,584,574
3	2026	1,136,923	2,868,704
4	2027	1,171,893	2,041,602
5	2028	1,207,945	1,090,203

* Represents the Present Value of Century's Percentage Rent for the Remaining Years of the Lease

4. U. T. Austin: Proposed Appointment to the Malcolm Forsman Centennial Professorship in the College of Liberal Arts Effective January 16, 1994 (Exec. Com. Letter 94-4).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Academic Affairs, and President Berdahl that Dr. Finn E. Kydland, Professor of Economics at Carnegie-Mellon University, Pittsburgh, Pennsylvania, be appointed as initial holder of the Malcolm Forsman Centennial Professorship in the College of Liberal Arts at U. T. Austin effective January 16, 1994.

BACKGROUND INFORMATION

Dr. Kydland's appointment as Professor in the Department of Economics at U. T. Austin has been approved effective January 16, 1994. Dr. Kydland is considered one of the pioneers and leaders of empirical macroeconomic research. In recognition of his study and research, he received the John Stauffer National Fellowship in Public Policy from the Hoover Institute, Stanford, California, and the Alexander Henderson Award in recognition of Excellence in Economic Theory from Carnegie-Mellon University, Pittsburgh, Pennsylvania. He has authored or co-authored several books and published numerous articles in his field.

The Malcolm Forsman Centennial Professorship was established by the U. T. Board of Regents at the December 1983 meeting.

5. U. T. Brownsville: Request for Permission for Individual to Serve as a Member of the National Advisory Committee on Institutional Quality and Integrity of the U. S. Department of Education [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10), 13.(11) and 13.(12)] (Exec. Com. Letter 94-4).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor and the Executive Vice Chancellor for Academic Affairs that approval be given for Dr. Juliet V. Garcia, President of U. T. Brownsville, to serve as a member of the National Advisory Committee on Institutional Quality and Integrity of the U. S. Department of Education.

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

BACKGROUND INFORMATION

Dr. Garcia has been invited by The Honorable Lamar Alexander, Secretary of the U. S. Department of Education, to serve a three-year term as a member of the Committee. This fifteen-member committee advises the Secretary of Education with respect to establishment and enforcement of the standards of accrediting agencies or associations and preparation and publication of the list of nationally recognized accrediting agencies and associations used in determining eligibility for participation of educational institutions and programs in federal assistance programs. Members are entitled to be paid at a rate to be determined by the Secretary of Education, plus per diem and travel expenses in accordance with Federal Travel Regulations.

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), 13.(11), and 13.(12) of the Regents' Rules and Regulations.

6. U. T. Permian Basin - Repair and Rehabilitation Projects: Request for Authorization of Study and Appointment of Project Architect (Exec. Com. Letter 94-6).--

RECOMMENDATION

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

- a. Authorize a study of the critical Repair and Rehabilitation Projects at U. T. Permian Basin
- b. Appoint the firm of Rhotenberry Wellen Architects & Planners, Midland, Texas, as Project Architect with authorization to evaluate existing building conditions and recommend corrective actions, prepare plans and specifications, and estimate costs for Repair and Rehabilitation Projects at U. T. Permian Basin.

BACKGROUND INFORMATION

The major buildings on the U. T. Permian Basin campus were occupied in early 1974. During this 20-year period, a number of capital renewal and deferred maintenance problems have developed. In the FY 1994 Capital Budget process, U. T. Permian Basin submitted a request for \$2,000,000 for Critical Repair and Rehabilitation Projects and \$50,000 for the replacement of the South Campus Water Main. Within the FY 1994 Capital Budget, an allocation of \$469,000 was made from Permanent University Fund Bond Proceeds Reserve Allocations for Repairs.

The replacement of the South Campus Water Main is being pursued by U. T. Permian Basin as an institutional project. Additional Critical Repair and Rehabilitation Projects needing attention include repair of water leaks in the Upper Mesa Plaza, repair of Gymnasium roof and flooring, repair of racquetball and tennis courts, repairs to the swimming pool, and repair of Mesa Building elevators.

Architectural and engineering services will be required to evaluate the extent of each problem, recommend corrective action, estimate costs and develop plans and specifications for the necessary repair and rehabilitation. The Office of Facilities Planning and Construction and U. T. Permian Basin have reviewed the qualifications of several firms in the West Texas area and jointly recommend the appointment of Rhotenberry Wellen Architects & Planners, Midland, Texas, because of their qualifications and familiarity with the existing campus buildings.

Recommendations for Repair and Rehabilitation in excess of the funds available in the FY 1994 Capital Budget will be presented to the U. T. Board of Regents for future consideration following the evaluation of the extent of the problems, recommendations for corrective action, and development of cost estimates.

7. U. T. Permian Basin: Recommendation to Approve (a) Lease Termination Agreement with Ector County for Softball Facilities and Park and (b) Proposed Ground Lease Agreement with the City of Odessa and Request for Authorization to Execute Both Documents (Exec. Com. Letter 94-5).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Sorber that the U. T. Board of Regents approve a lease termination agreement covering two leases to Ector County for a total of approximately 43 acres of land located in the northeast corner of the U. T. Permian Basin campus as set out on Pages Ex.C 68 - 72 and authorize the Executive Vice Chancellor for Academic Affairs, on behalf of the Board, to execute the agreement after review and approval by the Offices of Business Affairs and General Counsel.

It is further recommended that the U. T. Board of Regents approve a proposed ground lease agreement authorizing lease of the same 43 acres and an additional 56.27 contiguous acres (for a total of 99.27 acres) to the City of Odessa, in substantially the form set out on Pages Ex.C 73 - 89 and authorize the Executive Vice Chancellor for Academic Affairs, on behalf of the Board, to execute the lease after review by the Offices of Business Affairs and General Counsel.

BACKGROUND INFORMATION

The proposed lease termination agreement has the approval of the Ector County Commissioners' Court and will enable the U. T. Board of Regents to lease this property and additional property to the City of Odessa for a city park and recreational sports facilities. A softball complex and public park on the site leased to the County are currently operated by the City of Odessa and have been under the control of the City for several years pursuant to an informal agreement between the City and the County.

The original lease agreement with Ector County was approved by the U. T. Board of Regents at the August 1981 meeting. It covered 18.35 acres and extended for an initial term of ten years beginning on August 14, 1981, with a ten-year renewal thereafter until 2011. A second lease to Ector County for use as a park covering a total of approximately 25 acres of land was authorized by the Board at the April 1982 meeting and executed on July 6, 1982. The second lease has an initial term of ten years with a ten-year renewal until 2012. Terms of both leases allow U. T. Permian Basin to terminate the lease after the initial ten-year term by giving a written notice of one year prior to the proposed termination; however, the County has waived that notice requirement. Although the U. T. Board of Regents has the option to require Ector County to remove any improvements located on the leased tracts at termination, the improvements have been well maintained and will remain on the site for use by the City.

The proposed new Ground Lease under negotiation with the City of Odessa would authorize the City to further develop the city park and additional sports and support facilities on a portion of the U. T. Permian Basin campus. The draft lease under consideration would have an initial term of 15 years, with automatic renewals for four additional five-year terms unless canceled by either party.

The City would pay a nominal base rental and an additional rental based on a percentage of gross proceeds from commercial activities conducted on the leased tract, except food and beverage sales.

The City would be authorized by the lease to develop, maintain, and operate a city park, including softball and soccer fields, as well as parking and other related facilities. All site plans for construction on the leased tract would require approval by U. T. Permian Basin. Leasehold improvements would belong to the City and may be removed during the lease term or within sixty days thereafter. The city park would be open to the public, with priority access provided to U. T. Permian Basin for specified organized activities. Although the total acreage under the proposed lease more than doubles the size of the existing lease, the land is on a portion of the campus not immediately needed by U. T. Permian Basin for other purposes.

The City would indemnify U. T. Permian Basin against any liability arising from use of the leased tract subject to the Texas Tort Claims Act and would require all sublessees to maintain liability insurance with U. T. Permian Basin as an additional insured. Activities in the park would be subject to City ordinances and applicable state and federal laws, including the Americans with Disabilities Act of 1990. The City of Odessa may not assign or sublet its leasehold interest without prior written permission from the U. T. Board of Regents.

LEASE TERMINATION AGREEMENT

STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF ECTOR §

This Lease Termination Agreement is entered into as of the day of November, 1993, by and between THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM ("Lessor") and ECTOR COUNTY ("Lessee").

WHEREAS, Lessor and Lessee entered into two Lease Agreements "the Leases"), dated August 14, 1981 and July 1, 1982, covering two tracts of land on the campus of The University of Texas of the Permian Basin, such tracts being more particularly described by metes and bounds in Exhibits "A" and "B" attached hereto; and

WHEREAS, Lessor and Lessee desire to terminate the above-referenced Leases and have agreed upon the terms of such termination as stated below:

NOW THEREFORE, in consideration of the above premises and the promises below stated, the parties do agree as follows:

1. The above-referenced Leases are terminated as of the date first above written;
2. All obligations of both Lessor and Lessee, under the terms of said Leases have been fully performed as of the date hereof except as set forth herein;
3. On the effective date of this Termination Agreement, all buildings and other improvements located on the premises covered by the Leases shall become the property of the City of Odessa, Texas; provided, however, that Lessee shall have the right, during the

thirty-day period following said termination, to remove and maintain ownership of any personalty or fixtures belonging to Lessee that may be removed without damage to the land; and

4. Lessee shall, on the effective date of this Termination Agreement, surrender and vacate the premises covered by the Leases, subject to Lessee's right to remove property under item 3 above.

EXECUTED on the 22nd day of November, 1993, to be effective on the date first above written.

LESSOR:

THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By: _____

James P. Duncan
Executive Vice Chancellor
for Academic Affairs

LESSEE:

ECTOR COUNTY

By: _____


County Judge

APPROVED AS TO CONTENT

Charles A. Sorber
President, The University of
Texas of the Permian Basin

APPROVED AS TO FORM:



Max J. Werkenthin
Office of General Counsel

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the _____ day of _____, 1993, by James P. Duncan, Executive Vice Chancellor for Academic Affairs, on behalf of the Board of Regents of The University of Texas System.

Notary Public in and for
The State of Texas

STATE OF TEXAS §
 §
COUNTY OF ECTOR §

This instrument was acknowledged before me on the 22nd day of November, 1993, by JIM T. JORDAN, County Judge, on behalf of Ector County.



Carla P. Nelson
Notary Public in and for
The State of Texas

gherm\max\lseterm.ag2
6/31/93

EXHIBIT "A"

BEING a tract of land out of Section 18, Block 41, T-2-S, T & P Railway Company Survey, Ector County, Texas, located in the NE1/4 of Section 18, more particularly described as follows;

BEGINNING at a point set in the Northeast part of Section 18, Block 41, T-2-S, T & P Railway Company Survey, Ector County, Texas, for the northeast Corner of Section 18 bears N 10 09' W 689 FEET and N 75 03' E 600 FEET;

THENCE S 10 09' E 750 FEET to a point for the S.E. Corner of this tract;

THENCE S 79 51' W 970 FEET to a point for the most Southerly S.W. Corner;

THENCE N 55 09' W 141.42 FEET to a point for the most Northerly S.W. Corner;

THENCE N 10 09' W 650 FEET to a point for the N.W. Corner of this tract;

THENCE N 79 51' E 945 FEET to a point for an Interior Corner;

THENCE N 10 09' W 75 FEET to a point in the South proposed R.O.W. for Sp 492

THENCE N 79 51' E 25 FEET to a point in the South proposed R.O.W. for SP 422;

THENCE S 10 09' E 75 FEET to a point for an Interior Corner;

THENCE N 79 51' E 100 FEET to the point of beginning, containing 18.35 acres.

EXHIBIT "B"

BEING a tract of land out of Section 18, Block 41, T-2-S, T. & P. Railway Company Survey, Ector County, Texas, located in the N.E. 1/4 of Section 18, more particularly described as follows:

BEGINNING at a point set in the Northeast part of Section 18, Block 41, T-2-S, T. & P. Railway Company Survey, Ector County, Texas, from which the northeast corner of Section 18 N 75° 03' E. 600 feet.

THENCE S. 10° 09' E. 780 feet to a point for an Interior Corner;

THENCE S. 79° 51' W. 1,016 feet to the Eastern bank of a drainage creek;

THENCE in a southeasterly direction along the meandering creek bank 525 feet;

THENCE N. 79° 51' E 1,400 feet to a point for the S.E. corner of this tract;

THENCE N. 17° 55' W. 1,162.5 feet to a point for the most southern N.E. corner of this tract;

THENCE N. 58° 23' W. 113 feet to a point for the most northerly N.E. corner of the tract;

THENCE S. 79° 14' W. 418.75 feet to the point of beginning.

GROUND LEASE AGREEMENT

**THE BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM
and
THE CITY OF ODESSA, TEXAS**

STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF ECTOR §

This Ground Lease Agreement is made and shall be effective as of the _____ day of _____, 199__, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, for and on behalf of The University of Texas of the Permian Basin, (Lessor), and THE CITY OF ODESSA, TEXAS, (Lessee).

ARTICLE I. DEMISE OF LEASED PREMISES.

Lessor, for and in consideration of the rents, covenants and promises herein contained to be kept, performed and observed by Lessee, does hereby lease and demise to Lessee, subject to the terms set forth below, and Lessee does hereby rent and accept from Lessor, that real property, which is a portion of the campus of The University of Texas of the Permian Basin (UTPB), referred to herein as the Leased Premises, and more particularly described in Exhibit "A," attached hereto and made a part hereof.

TO HAVE AND TO HOLD the said Leased Premises, together with all rights, privileges, easements, and appurtenances, belonging to or in any way appertaining to said Leased Premises.

ARTICLE 2. LEASE TERM.

2.01. This lease shall be for a term of fifteen (15) years, referred to as the lease term, commencing on _____, 199__, and expiring on _____, 20__; subject, however, to

earlier termination as hereinafter provided. After the fifteen-year initial term, the lease shall be automatically extended for four additional five-year terms, unless cancelled by either party hereto in writing, no less than ninety (90) days prior to the expiration of the existing term.

2.02. This lease shall terminate and become null and void without further notice on the expiration of the term specified or any extension thereof, and any holding over by Lessee after the expiration of said term shall not constitute a renewal hereof or give Lessee any rights hereunder in or to the Leased Premises.

ARTICLE 3. RENT.

3.01. Lessee agrees to pay to Lessor, as base rental for the use and occupancy of the Leased Premises under this lease, the sum of One Dollar per year, payable in advance on the first business day of September of each year during the term of this lease. Lessee may pay all base rental for the initial fifteen-year term in advance upon commencement of the lease.

3.02. As additional rental, Lessor shall be paid ten percent (10%) of the gross proceeds received from all commercial activities (except food and beverage sales) conducted on the Leased Premises by Lessee, its agents, contractors, and sublessees. Installments of additional rental shall be due and payable to Lessor at the end of each calendar quarter and shall be accompanied by a statement showing all revenues received from all commercial activities on the Leased Premises.

3.03. All installments of rent hereunder, when and as they become due, shall be paid to the Office of the President of The University of Texas of the Permian Basin, Odessa, Texas.

ARTICLE 4. UTILITIES.

Lessee shall pay or cause to be paid all charges and connection fees for water, gas, heat, electricity, sewers; and any and all other utilities used on the Leased Premises during the term of this lease. During the term of this lease, Lessor shall not be responsible for paying any charges related to any volumes of raw water delivered to the UTPB campus under that certain Raw Water Contract between Lessor and Lessee and used on the Leased Premises.

ARTICLE 5. LIMITED USE OF PREMISES.

5.01. The right of Lessee to use the Leased Premises is expressly limited to development and maintenance of a city park and construction and maintenance on the Leased Premises of facilities related to such use, specifically, the construction, operation and maintenance of two quad softball complexes consisting of eight fields, several soccer fields, multiuse fields, and facilities for various recreational activities with associated services such as parking, restrooms, spectator seating and related facilities.

5.02. The city park located on the Leased Premises shall be open to the public, pursuant to the Ordinances of Lessee and pursuant to the Rules and Regulations of Lessee's Parks Department.

5.03. It is expected that the city park facilities to be developed will be in full accord with the usual high standards of

the City of Odessa and will be available for the use of all citizens of the City of Odessa, Texas, and the students, faculty and staff of The University of Texas of the Permian Basin, subject to 5.04 hereof.

5.04. The facilities on the Leased Premises shall be available to faculty, staff and students at UTPB at no charge. UTPB will have priority access to any of the park facilities for formal classes, intramural sports, club sports, and UTPB-sponsored tournaments, subject to approval of the City of Odessa Parks Department. Priority access by UTPB shall not supersede activities previously scheduled by agreement with the City of Odessa Parks Department. Lessee will provide UTPB with a key to each locked gate and building on the Leased Premises.

ARTICLE 6. CONSTRUCTION BY LESSEE.

6.01. Subject to the limited right of use and the specified scope of development set out in Article 5, Lessee shall have the right at any time and from time to time during the term of this lease, to erect, maintain, alter, remodel, reconstruct, rebuild, replace and remove buildings and other improvements on the Leased Premises, and correct and change the contour of the Leased Premises subject to the following general conditions:

(1) The cost of any such construction, reconstruction, demolition, or of any change, alteration or improvements, shall be borne and paid for by Lessee.

(2) All site plans, with schematic detail and colors, for initial construction on the Leased Premises must be approved in

writing in advance by the President of The University of Texas of the Permian Basin. All improvements will be built to the existing City Code standards. Thereafter, site plans for material modifications must be approved in writing by the President or the President's designee.

(3) Any improvements constructed on the Leased Premises shall be removed at the end of the lease term by Lessee if Lessor so desires. Lessee shall pay any expense incurred in the removal and the Leased Premises shall be restored to the original condition, reasonable wear and tear excepted.

(4) Lessor has the right to limit pedestrian and vehicular access across and parking on the UTPB campus. Lessee shall design all improvements on the Leased Premises to facilitate and encourage pedestrian and vehicular access to the Leased Premises from dedicated public streets.

6.02. (1) In order to provide for the more orderly development of the Leased Premises, it may be necessary, desirable, or required that street, water, sewer, drainage, gas, power lines and other easements, and dedications and similar rights be granted or dedicated over or within portions of the Leased Premises. Provided that, in Lessor's judgment, the request is reasonable and not unduly burdensome to the Leased Premises, Lessor shall, at the request of Lessee, join with Lessee in executing and delivering such documents from time to time and through the term of this lease, as Lessor deems appropriate and reasonable and as may be required by other governmental agencies, public utilities and

companies for the purpose of granting such easements and dedications.

(2) Lessor hereby grants to Lessee any necessary landowner approval for zoning on the Leased Premises to comport with the limited use provisions of Article 5 and for the term of the lease only. Upon the expiration or earlier termination of this lease for any reason, Lessor will not be bound by any zoning placed on the property covered by this lease.

6.03. It is expressly understood and agreed that any and all buildings, improvements, fixtures, machinery, and equipment of whatsoever nature at any time constructed, placed, or maintained on any part of the Leased Premises shall be and remain the property of Lessee; Lessee shall have the right at any time during Lessee's occupancy of the Leased Premises to remove any and all buildings, improvements, machines, fixtures, and all equipment owned or placed by Lessee, in, under, or on the Leased Premises during the lease term. Lessee shall remove all said improvements, except any below-ground improvements, within sixty (60) days following the request of the Lessor at the expiration or cancellation of this lease. However, if Lessor does not request removal, any buildings, improvements, fixtures, or equipment which are not removed voluntarily by Lessee within sixty (60) days after the expiration or cancellation of this lease shall become the property of Lessor.

6.04. Lessee agrees not to use the Leased Premises so as to cause, suffer or allow any contamination of soil, ground water, surface water or natural resources on or adjacent to the Leased

Premises resulting from any cause, including but not limited to any spills, leaks of oil, gasoline, hazardous materials or any kind of contamination that may cause a violation of this lease provision.

ARTICLE 7. MAINTENANCE AND REPAIRS.

7.01. Lessee, at Lessee's own cost and expense at all times during the term of this lease, agrees to keep and maintain, or cause to be kept and maintained, all buildings and improvements that may be erected on the Leased Premises in a good state of appearance and repair, reasonable wear and tear excepted. Lessee shall not commit or suffer to be committed any waste upon the Leased Premises.

7.02. (1) Lessee shall not suffer or permit any mechanics' or materialmen's liens or other liens to be filed against the fee of the Leased Premises nor against Lessee's leasehold interest in the land nor any buildings or improvements on the Leased Premises by reason of any work, labor, services, or materials supplied or claimed to have been supplied to Lessee.

(2) If any such mechanics' liens or materialmen's liens shall be recorded against the Leased Premises, or any improvements thereon, Lessee shall cause the same to be removed or, in the alternative if Lessee in good faith desires to contest the same, Lessee shall be privileged to do so, but in such case Lessee hereby agrees to indemnify and save Lessor harmless from all liability for damages occasioned thereby and shall, in the event of a Judgment of foreclosure on said mechanics' lien, cause the same to be discharged and removed prior to the execution of such Judgment.

7.03 The hike-and-bike trail located on the UTPB campus shall remain in its present configuration, including the portion presently located on the Leased Premises, which may be relocated by agreement of Lessor and Lessee. Lessor shall have a right of ingress and egress across the Leased Premises during the term of this lease for the purpose of grading any portions of the hike-and-bike trail located on the Leased Premises.

ARTICLE 8. INDEMNIFICATION AND INSURANCE.

8.01. Lessor shall not be liable for any loss, damage, or injury of any kind or character to any person or property arising from any use of the Leased Premises, or any part thereof, or caused by any defect in any building, structure, or other improvement thereon or in any equipment or other facility therein, or caused by or arising from any act or omission of Lessee, or of any of its approved sublessees, or its contractors, agents, employees or invitees, or by or from any accident on the land or fire or other casualty thereon, or occasioned by the failure of Lessee to maintain the Leased Premises and any improvements in safe condition, or arising from any other cause whatsoever; and Lessee hereby waives on its behalf all claims and demands against Lessor for any such loss, damage or injury of Lessee, and hereby agrees, to the extent allowed by Texas law, to indemnify and hold Lessor entirely free and harmless from all liability for any such loss, damage, or injury of other persons, and from all costs and expenses arising therefrom.

8.02. Lessee will require all approved sublessees to carry and maintain in full force and effect during the term of this lease and any extension thereof, at Lessee's expense, public liability insurance covering bodily injury and property damage liability with an insurance company licensed to do business in Texas, with limits of coverage of not less than \$500,000 for each person and \$1,000,000 in the aggregate for bodily injury or death liability for each occurrence and \$500,000 for each occurrence for property damage liability, for the benefit of both Lessor and Lessee as protection against all liability claims arising from the Leased Premises, will cause Lessor to be named as an additional named insured on such policy of insurance, and will deliver a certificate thereof to Lessor.

ARTICLE 9. ASSIGNMENT AND SUBLEASING.

Lessee may not sell, assign or sublease its leasehold estate or any portion thereof without the prior written approval of Lessor, and any said sale, assignment or sublease without written approval shall terminate this lease at the option of the Lessor.

ARTICLE 10. DEFAULT AND REMEDIES.

10.01. Should Lessee default in the performance of any covenant, condition or agreement in this lease, and such default is not corrected within thirty (30) days after receipt of written notice from Lessor, Lessor may declare this lease, and all rights and interest created by it, to be terminated. Upon Lessor electing to terminate, this lease shall cease and come to an end as if that were the day originally fixed herein for the expiration of the term

hereof, and Lessor, its agent or attorney, may resume possession of the Leased Premises.

10.02. Any termination of this lease as herein provided shall not relieve Lessee from the payment of any sum or sums that shall then be due and payable to Lessor hereunder, or any claim for damages then or theretofore accruing or to accrue against Lessee hereunder, and any such termination shall not prevent Lessor from enforcing the payment of any such sum or sums or claim for damages by any remedy provided for law, or from recovering damages from Lessee for any default thereunder.

ARTICLE 11. WARRANTIES.

11.01. Lessor hereby represents and warrants that it is the owner in fee simple absolute of the Leased Premises subject to covenants, conditions, restrictions, easements and other matters of record.

11.02. Lessor covenants and agrees that Lessee on paying the rent and other charges herein provided for and observing and keeping the covenants, conditions, and terms of this lease on Lessee's part to be kept or performed, shall lawfully and quietly hold, occupy, and enjoy the Leased Premises during the term of this lease without hindrance of Lessor or any person claiming under Lessor.

ARTICLE 12. GENERAL PROVISIONS.

12.01. The relationship between Lessor and Lessee at all times shall remain solely that of landlord and tenant and not be deemed a partnership or joint venture.

12.02. Nothing in this lease agreement shall ever be construed as a dedication of the Leased Premises to the public for any purpose.

12.03. It is expressly understood and agreed that if the curing of any default (other than failure to pay rent or insurance premiums) or the performance of any other covenant, agreement, obligation, or undertaking by either party herein contained is delayed by reason of war, civil commotion, act of God, governmental restrictions (other than those of Lessor and Lessee), fire or other casualty, or any other circumstances beyond the control of the obligated party, whether the circumstance is similar to any of those enumerated or not, such party shall be excused from doing or performing the same during such period of delay.

12.04. No waiver by Lessor or Lessee of any default or breach of any covenant, condition, or stipulation herein contained shall be treated as a waiver of any subsequent default or breach of the same or any other covenant, condition, or stipulation hereof.

12.05. Use of the Leased Premises will be subject to all city ordinances, and Lessee shall be responsible for compliance with all Federal and State laws, ordinances, rules and regulations applicable to the Leased Premises and all improvements thereto, including, without limitation, Article 9102, Texas Civil Statutes (concerning accessibility of facilities to disabled persons), and the Americans with Disabilities Act of 1990, Public Law 101-336 (concerning discrimination on the basis of disability).

ARTICLE 13. MISCELLANEOUS.

13.01. All rents or other sums, notices, demands, or requests from one party to another may be personally delivered or sent by mail, certified, or registered, postage prepaid, to the addresses stated in this section and shall be deemed to have been given at the time of personal delivery or at the time of mailing.

All payments, notices, demands, or requests from Lessee to Lessor shall be given to Lessor at the Office of the President, U. T. Permian Basin, Odessa, Texas 79762, or at such other address as Lessor shall request in writing.

All payments, notices, demands, or requests from Lessor to Lessee shall be given to Lessee at the Office of the Mayor, City of Odessa, City Hall, 5th Floor, 411 West 8th Street, Odessa, Texas 79761, or at such other address as Lessee shall request in writing.

13.02. This lease agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns where permitted by this lease agreement.

13.03. This lease agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Ector County, Texas.

13.04. In case any one or more of the provisions contained in this lease agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this lease agreement shall be construed

as if such invalid, illegal, or unenforceable provisions had never been contained herein.

13.05. No amendment, modification, or alteration of the terms hereof shall be binding unless in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

13.06. The rights and remedies provided by this lease agreement are cumulative and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

This lease agreement has been executed on behalf of the parties to be effective on the date and year first above written.

ATTEST:

**BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM
FOR AND ON BEHALF OF
THE UNIVERSITY OF TEXAS OF
THE PERMIAN BASIN**

Arthur H. Dilly
Executive Secretary

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

APPROVED AS TO CONTENT:

APPROVED AS TO FORM:

Charles A. Sorber
President, The University
of Texas of the Permian Basin

Max J. Werkenthin
University Attorney

ATTEST:

CITY OF ODESSA

By: _____
City Secretary

By: _____
Jerry McGuire
City Manager

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the ____ day of _____, 199__ by James P. Duncan, Executive Vice Chancellor for Academic Affairs 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

STATE OF TEXAS

COUNTY OF ECTOR

This instrument was acknowledged before me on the ____ day of _____, 199__ by Jerry McGuire, City Manager, on behalf of the City of Odessa.

Notary Public in and for
The State of Texas

ODESSA.LS4
11/3/93

EXHIBIT "A"
to
GROUND LEASE AGREEMENT

***NOTE:** A survey should be made, to get an exact metes and bounds description and the proper acreage of the Leased Premises.

EXHIBIT "A"

Page 1 of 2

METES AND BOUNDS FOR UTPB PARK ON THE SOUTHWEST CORNER OF HIGHWAY 191 AND EAST LOOP 338, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A 99.27 acre tract of land out of Section 18, Block 41, T-2-S, Texas and Pacific Railway Company Survey, Ector County, Texas

BEGINNING at a point from which the northeast corner of Section 18 bears N 75° 57' 30" E 197.80', N 14° 02' 30" W 739.83';

THENCE S 15° 27' 30" E 887.00' along the west right of way of East Loop 338 to a point;

THENCE S 12° 36' 30" E 1,110.00' along the west right of way of East Loop 338 to a point for the most southeasterly corner of this tract;

THENCE N 58° 51' 30" W 27.70' to an interior point;

THENCE S 74° 53' 30" W 930.22' to a point of curvature;

THENCE being a curve to the right having a delta of 52° 09' 30", a radius of 200', a chord bearing of N 79° 01' 45" W, a chord length of 175.84 and a curve length of 182.07' to a point of tangency;

THENCE N 52° 57' W 1296.32 feet to a point of curvature;

THENCE being a curve to the right have a delta of 38° 54' 30", a radius of 200', a chord bearing of N 33° 29' 45" W, a chord length of 133.22 and a curve length of 135.82' to a point of tangency;

THENCE N 14° 02' 30" W 319.00' to an interior point;

THENCE S 79° 51' W 678.95' to a point for the most southwesterly corner of this tract;

THENCE N 10° 09' W 818.25' along the east right of way of an existing UTPB Entrance Road;

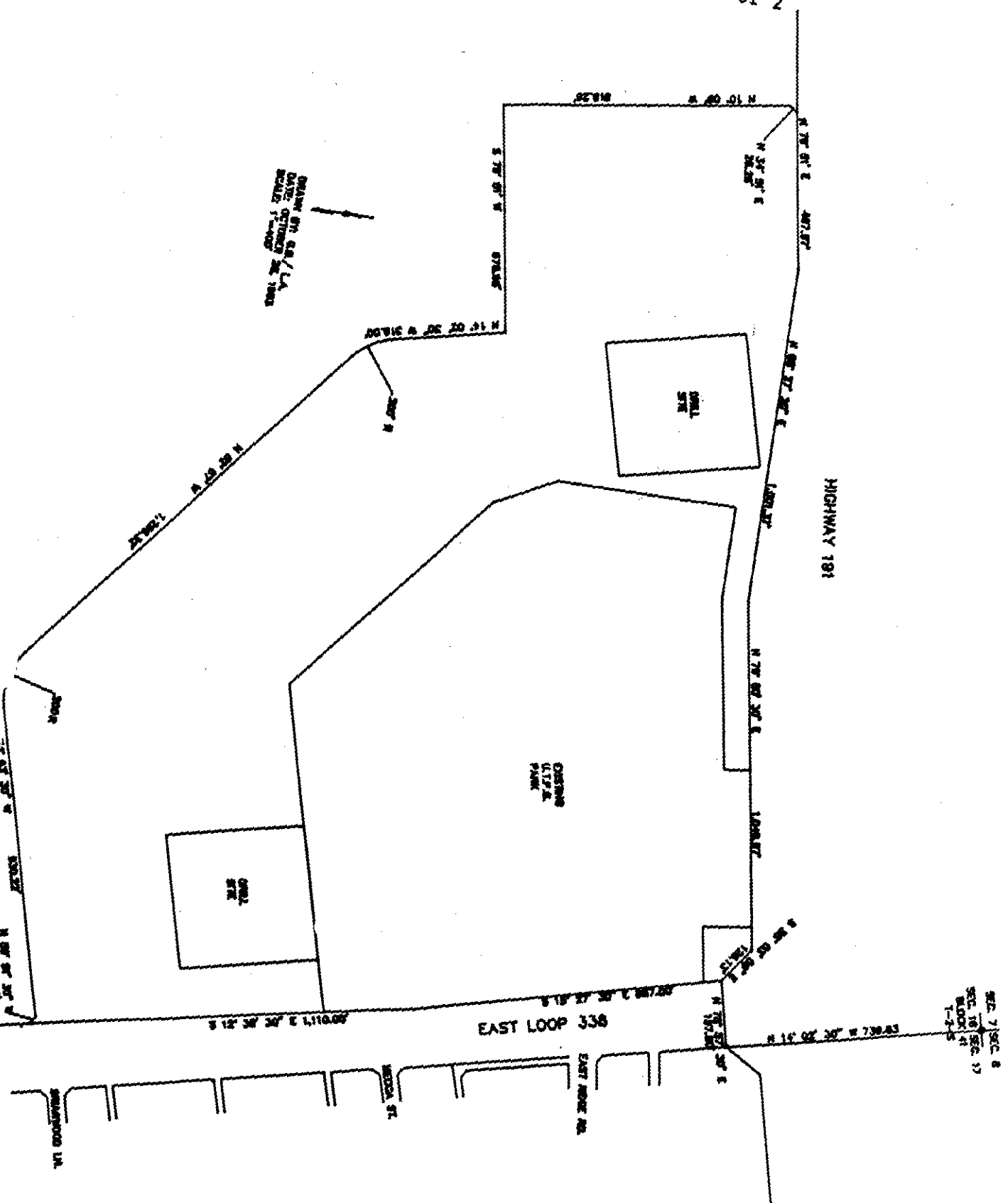
THENCE N 34° 51' E 28.28' to a point on the south right of way line of Highway 191;

THENCE N 79° 51' E 467.97' to a point along the south right of way line of Highway 191;

THENCE N 88° 27' 20" E 1,001.37' to a point along the south right of way line of Highway 191;

THENCE N 79° 50' 30" E 1048.97' along the south right of way of Highway 191;

THENCE S 55° 03' 09" E 126.13' to the place of beginning containing 99.27 acres of land, more or less.



Business Aff. And Audit Com.

BUSINESS AFFAIRS AND AUDIT COMMITTEE
Committee Chairman Loeffler

Date: February 10, 1994
Time: Following the meeting of the Executive Committee
Place: Conference Rooms A & B, Tenth Floor
R. Lee Clark Clinic Building
U. T. M.D. Anderson Cancer Center

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1. U. T. System: Recommendation to Approve Chancellor's Docket No. 74.--

RECOMMENDATION

It is recommended that Chancellor's Docket No. 74 be approved.

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

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter V, Section 2, Subsection 2.3, Subdivision 2.31 (Overtime).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that the Regents' Rules and Regulations, Part Two, Chapter V, Section 2, Subsection 2.3, Subdivision 2.31 related to overtime be amended as set forth below in congressional style:

2.3 Overtime.

2.31

The schedule of activities shall be so organized that non-exempt employees are not required to work in excess of forty hours within an established work week [periods] except when required by operating necessities [demand-it]. Any overtime services [actually required] must be justified in writing and have the advance [written] approval of the chief administrative officer, [or] the chief business officer[7] or designee [both].

BACKGROUND INFORMATION

The proposed amendments to Section 2, Subsection 2.3, Subdivision 2.31 of the Regents' Rules and Regulations, Part Two, Chapter V, are intended to clarify that delegation of the approval authority is appropriate and to delete the requirement in the Rules and Regulations that all advance approvals for overtime work be in writing. Individual components may retain the more restrictive requirements for overtime approval if desired.

3. U. T. System: Recommendation to Approve 1995 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations.--

RECOMMENDATION

With the concurrence of the Executive Officers, the Chancellor recommends that the U. T. Board of Regents approve the following Budget Preparation Policies and Limitations and Calendar for use in preparing the 1995 Operating Budget for the U. T. System:

U. T. System 1995 Budget Preparation Policies

General Guidelines - The regulations and directives included in the General Appropriations Act serve as the basis for these guidelines and policies. In preparing the draft of the 1995 operating budget, the Chief Administrative Officer of each component institution should adhere to guidelines and policies as detailed below. Overall budget totals, including reasonable reserves, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, and limited use of institutional unappropriated balances.

Salary Guidelines - Recommendations regarding salary policy are subject to the following directives of the General Appropriations Act.

Article V, Section 150. 1993 Employee Salary Increase Guarantee.

Notwithstanding other provisions in this Act, for all state employees employed prior to September 1, 1993, the salary increase provided by Section 146, of House Bill 1, Acts of the Seventy-second Legislature, First Called Session, 1991, shall be continued by all agencies and institutions during the 1994-95 biennium and shall not be rolled back nor reduced in any way.

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

It is the intent of the Legislature that unless otherwise restricted payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in V.T.C.A., Education Code, Sec. 51.009 (a) and (c), shall be proportional to the source of funds.

1. **Merit Increases** - Subject to available resources and the accomplishment of legislative budget reduction requirements, merit salary increases for faculty, administrative and professional staff, and classified staff may be implemented within this budget. Merit increases or advances in rank for faculty are to be on the basis of teaching effectiveness, research, and public service.

Merit increases or promotions for administrative and professional staff and classified staff are to be based on evaluation of performance in areas appropriate to work assignments. Merit increases for administrative and professional staff should on average approximate increases available for classified staff and should not exceed on average those available for faculty.

To be eligible for a merit increase, classified staff must have been employed by the institution for at least six months as of August 31, 1994.

2. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments may also be granted in this budget and should also consider merit where appropriate, subject to available resources. Such increases should be noted and explained in the supplemental data accompanying the budget.
3. New Positions - New administrative and professional, classified staff and faculty positions are to be requested only when justified by work loads or to meet needs for developing new programs.

Staff Benefits Guidelines - Recommendations regarding employee staff benefits are subject to the following directives included in the General Appropriations Act.

1. Staff Group Insurance Premiums - The General Revenue contribution for staff group insurance premiums for higher education is included in Article I, pages I-103 through I-105 of the General Appropriations Act. For each full-time active and retired employee enrolled for eligible coverage, the 1995 State's contribution rate is as follows:

Employee Only Category	\$215.18
Employee and Spouse Category	\$337.90
Employee and Children Category	\$297.35
Employee and Family Category	\$420.07

Funds appropriated in Article I for higher education employees' group insurance contributions may not be used for any other purpose. To budget these funds, a "Transfer from Article I - Employees Group Insurance Contribution" should be reflected as a General Revenue item in the "Method of Financing" section of the operating budget summary. Employee group insurance premiums for employees paid from Educational and General Income are included in each institution's appropriation for "Educational and General State Support."

In addition, active and retired employees are authorized to use one-half of the "employee only" state contribution for optional insurance provided that they have health insurance coverage from another source.

2. Teacher Retirement Program - State contribution at 7.31% of payroll is included in the funds appropriated to the Teacher Retirement System to match members' contributions.

3. Optional Retirement Program - State contribution at 7.31% of payroll is included in the funds appropriated to the Teacher Retirement System to match members' contributions. Institutions authorized under state law to provide the Optional Retirement Program to their employees are authorized to use local funds or other sources of funds to supplement the General Revenue Fund appropriation in order to provide an employer contribution of 8.5% of payroll.
4. Other Employee Benefits - Employer contributions to the self-insured Unemployment Compensation Fund will remain at \$.30 per \$100 of the first \$7,000 of salary paid per employee. Workers' Compensation Insurance rates have been experience rated for each component.

Other Operating Expense Guidelines:

1. Increases in Maintenance, Operation, and Equipment items are to be justified by expanded work loads, for developing new programs or for correcting past deferrals or deficiencies.
2. Travel funds are to be budgeted separately from other items. Article V, Section 153 of the General Appropriations Act grants the Comptroller authority to reduce appropriations for 1994 and 1995 for all state agencies and institutions in an amount equal to ten percent (10%) of the fiscal year 1993 expenditures for travel from funds within the state treasury. Institutions should anticipate this reduction in preparing the 1995 budget.

Budget Reductions - Article III and Article V of the General Appropriations Act contain several sections requiring budget reductions, in addition to the travel reduction enumerated above, and which may impact the 1995 operating budget. Although implementation of these riders is uncertain in some cases at this time, such reductions should be anticipated in preparing the 1995 operating budget. Those riders which may have significant impact are:

Article III, Section 38. Reduction in Appropriations Due to Advanced Placement Program.

The Texas Higher Education Coordinating Board shall report the calculation of savings, by institution, of the reduced number of TASP examinations, the reduced number of remedial courses taken and the reduced number of other academic courses taken by virtue of acquiring course credit through the Advanced Placement Testing Program of the College Education Examination Board, to the Comptroller of Public Accounts by December 1, 1993 and December 1, 1994. The amount of the reduction must total not less than \$6,051,421 for fiscal year 1994 and not less than \$6,660,448 for fiscal year 1995, and the Comptroller shall reduce the general revenue funding of those institutions by that amount....

Article III, Section 40. One Biennium Hold-Harmless Transition Funding.

It is the intent of the Legislature that institutions and agencies of higher education benefitting from hold-harmless funding provisions contained in this Act undertake all necessary management and budgetary restructuring to implement the policies and directives from which the institutions are protected in 1994 and 1995...institutions shall adjust their budgetary and personnel policies to make the need for hold-harmless provisions from legislatively instructed policies unnecessary in future funding periods.

Article III, Section 41.2. Delay of Payment and Appropriations Disbursement for Public Education and Public Higher Education.

One-twelfth of the fiscal year 1995 General Revenue Fund appropriations to institutions of higher education are not available for expenditure for obligations incurred for the 1995 fiscal year until September 1, 1995....

Article V, Section 154. ARTICLE II Contingency Reductions.

It is the intent of the Legislature that the recommendations listed below, as developed by the Texas Performance Review (TPR) in Against the Grain, the Governor's Health Care Cost Containment Initiative and/or any related legislation enacted by the Seventy-third Legislature, be implemented by the appropriate agencies....The Governor and Legislative Budget Board shall review the report and may make general revenue budget reductions of \$320,706,251 for the fiscal biennium ending August 31, 1995....In the event the total revenues and budget reductions have not been achieved...seventy-five percent of the total remaining reductions will be made against general revenue appropriations to Article II agencies. The remaining twenty-five percent of the reductions shall be applied across the board to appropriations to all other agencies including institutions of higher education....

BACKGROUND INFORMATION

The 1995 Budget Guidelines and Policies track the provisions contained in the Appropriations Act and are similar to those used in preparing previous budgets. No funds have been specifically identified in the Appropriations Act for salary increases. Thus salary increases for 1995 are limited to equity adjustments, competitive salary offers and essential merit raises all within available resources. Several riders in the General Appropriations Act will likely require adjustments to the 1995 Budget. Instructions will be issued later by the appropriate state agency regarding these reductions.

1994-1995 OPERATING BUDGET CALENDAR

February 10, 1994	U. T. Board of Regents' Approval of Policies via Agenda Item
March 7-11, 1994	Budget Policy/Resource Allocation Hearings
April 1, 1994	<u>Seven</u> Draft Copies of Budgets due to System Administration, including <u>seven</u> copies of supplemental data
April 18-29, 1994	Technical Hearings with System Administration, as needed
May 9, 1994	<u>Seven</u> copies of Budgets due to System Administration with <u>two</u> copies of adjusted supplemental data (Budgets should be bound with a temporary binding such as "Acco" binders.)
May 27, 1994	Budgets mailed to the U. T. Board of Regents
June 1994	Board of Regents' Briefing
June 9, 1994	U. T. Board of Regents' Budget Meeting
June 17, 1994	<u>Four</u> copies of Budgets (unbound) due to System Administration for copying and binding

INFORMATIONAL ITEM

U. T. System: Report on the Progress Made from 1985 to 1993 in Hiring of Women and Minorities for Senior Administrative Positions.--

REPORT

The Chancellor will report on the progress that has been made from 1985 to 1993 in the hiring of women and minorities for senior administrative positions within the U. T. System.

Academic Affairs Com.

ACADEMIC AFFAIRS COMMITTEE
Committee Chairman Holmes

Date: February 10, 1994

Time: Following the meeting of the Business Affairs and
Audit Committee

Place: Conference Rooms A & B, Tenth Floor
R. Lee Clark Clinic Building
U. T. M.D. Anderson Cancer Center

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1. U. T. System: Recommendation to Establish a Requirement that International Students Maintain Approved Comprehensive Health Insurance or Coverage (Catalog Changes).--

RECOMMENDATION

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

- a. Require international students holding nonimmigrant visas and living in the United States to maintain approved comprehensive health insurance or coverage while enrolled at U. T. System component institutions
- b. Authorize each component institution to assess each such international student a health insurance fee (as an incidental fee authorized by Texas Education Code Section 54.504) in the amount of the premium approved for the U. T. System Student Health Insurance Plan for the actual cost of the insurance provided where there is no evidence of continuing coverage under the U. T. System Employee Health Plan, continuing mandatory coverage through a government-sponsored health plan (which covers health care in the United States and complies with the federal Civil Rights Restoration Act of 1987) or continuing coverage that satisfies the requirements of United States Information Agency (USIA) regulations with regard to J-1 and J-2 visaholders. Further, authorize the assessment of the appropriate premium for dependents of J-1 visaholders as required by these federal regulations and require international students to immediately notify the institution should there be a lapse in approved alternative coverage
- c. Encourage all international students to participate in the U. T. System Student Health Insurance Plan
- d. Authorize catalog changes for all component institutions to make this requirement effective for the Fall Semester 1994.

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

The proposed action makes uniform throughout The University of Texas System the requirement of comprehensive health insurance or coverage for certain international students previously approved by the U. T. Board of Regents for U. T. Arlington, U. T. Dallas, U. T. El Paso, U. T. Permian Basin, and U. T. San Antonio.

International students on nonimmigrant visas are not eligible to receive indigent medical care. There have been numerous incidents where international students have incurred serious illness or accidents resulting in major unreimbursed medical expenses.

The proposed requirement has been reviewed by the Office of General Counsel and is found to have a rational relationship to the University's goal of keeping students in school and to the federal government's requirements aimed at preventing visa holders from becoming public charges. The USIA recently enacted regulations mandating that sponsors require J-1 exchange visitors and their dependents to have insurance in effect which covers the exchange visitor for sickness or accident during the period of time that an exchange visitor participates in the sponsor's exchange visitor program. The insurance requirement shall take effect on September 1, 1994. The insurance requirement for students on J-1 visas and their dependents was approved via the August 1993 U. T. System docket to be effective upon finalization of USIA regulations. (Arrangements are also being made to afford the additional required repatriation and death benefit coverages to U. T. System employees holding J-1 visas and their dependents.)

The Civil Rights Restoration Act of 1987 (20 U.S.C. § 1681) requires insurance policies sponsored or endorsed by universities receiving federal funds to comply with the federal Pregnancy Discrimination Act and other federal laws; thus only the System's approved student or employee group health plans, certain mandatory government-sponsored coverages and policies in compliance with requirements of the USIA satisfy the insurance requirement. Assessment of the U. T. System student health insurance policy premium is authorized as an incidental fee by Section 54.504 of the Texas Education Code.

If this recommendation is approved, the Minute Order will reflect that the next appropriate catalogs published at the respective institutions will conform to this action. The cumulative U. T. System Incidental Fees list submitted for approval at the February 1994 meeting via the U. T. System docket includes the proposed health insurance fee, pending this approval.

2. U. T. Arlington: Request for Authorization to Establish a Master of Arts Degree in Communication and to Submit the Proposed Degree Program to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Amacher that authorization be granted to establish a Master of Arts degree in Communication at U. T. Arlington and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The degree program is consistent with the institution's strategic plan and the approved Table of Programs. A description of the degree program is included in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Arlington will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

The proposed Master of Arts degree in Communication contains two options, a thesis option requiring 30 semester credit hours and a nonthesis plan requiring 36 semester credit hours. The program will be administered by the Department of Communication of the College of Liberal Arts and the dean of the Graduate School. The proposed degree program will offer specialized education on the management of media resources, the changing role of the media in an information society and a theoretical and ethical framework for considering the impact of the media upon society. U. T. Arlington is prepared to admit the first students to this program upon Coordinating Board approval.

Need

A need for educational programs of this type for media personnel and media relations personnel within businesses and corporations has been recognized both nationally and locally. A strong potential market for this type of graduate program exists in the Dallas/Fort Worth Metroplex. Texas is second only to New York in the number of Fortune 500 companies headquartered within its borders, and the majority of those companies are located within the Dallas/Fort Worth area. Managers of these companies know that the explosion in information technology has made expertise in communication critical to success or failure of the company. Growth patterns of U. T. Arlington's undergraduate program in communication and population projections for the Dallas/Fort Worth Metroplex suggest that the master's program in communication at U. T. Arlington would develop rapidly by tapping a market not reached by existing master's programs at Texas Woman's University and the University of North Texas. It is estimated that the number of majors will be 10 full-time and 10 part-time in the first year of implementation, rising to 15 full-time and 30 part-time in the fifth year.

Program Quality

U. T. Arlington's proposed communication degree represents a continuation and expansion of a proven record established at the undergraduate level since the department's creation in 1972. The department has twelve full-time faculty. Eleven hold the Ph.D., and all are well qualified to teach at the master's level.

Cost

Only one and one-third new tenure track faculty positions are needed beginning with implementation of the program. Few additional library materials and no new equipment will be required. Estimated additional cost in the fifth year is \$55,000.

Summary

U. T. Arlington is requesting authorization to establish a Master of Arts in Communication and to submit the proposed degree program to the Texas Higher Education Coordinating Board for approval. There is a strong need for this program in the region and the proposed degree will help fill this need.

A copy of the proposal for the Master of Arts in Communication is on file in the U. T. System Office of Academic Affairs.

3. U. T. Arlington: Recommendation to Approve Theme and Logo for Centennial Celebration (Regents' Rules and Regulations, Part Two, Chapter I, Section 9, Subsection 9.4).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Amacher that the U. T. Board of Regents approve the adoption of a theme and logo for use by U. T. Arlington during its centennial observance. This request is in accordance with the Regents' Rules and Regulations, Part Two, Chapter I, Section 9, Subsection 9.4 relating to approval of official themes and logos.

The proposed theme is "A tradition of excellence. A future of opportunity." A graphic representation of the logo is set out on Page AAC - 7.

BACKGROUND INFORMATION

U. T. Arlington will be observing its centennial during the 1995-96 academic year. A university-wide planning committee developed the proposed theme and conducted a competition for the logo design for use during the centennial observance. Upon Regental approval of the logo, the graphic representation will be submitted by the Office of General Counsel for trademark registration.

CENTENNIAL LOGO
The University of Texas
at Arlington



Blue (PMS 293)

4. U. T. Austin: Request for Permission for Individual to Serve as Chair of the U. S. Commission on Immigration Reform [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that approval be given for Professor Barbara C. Jordan, Lyndon Baines Johnson School of Public Affairs at U. T. Austin, to serve as Chair of the U. S. Commission on Immigration Reform.

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

BACKGROUND INFORMATION

Professor Jordan has been appointed by the President of the United States to serve as Chair of the U. S. Commission on Immigration Reform. This nine-member Commission was created by Congress in 1990 to evaluate the impact of recent changes in immigration policy and to recommend such further changes as may be necessary by September 30, 1994, and again by September 30, 1997. Professor Jordan will serve without compensation.

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

5. U. T. Austin: Request for Authorization to Establish a Graduate Program in Neuroscience and to Submit the Proposed Program to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that authorization be granted to establish a graduate program including Master of Arts (M.A.) and Doctor of Philosophy (Ph.D.) degrees in Neuroscience at U. T. Austin and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The proposed program in neuroscience is consistent with U. T. Austin's broad-based statewide mission and is within its approved Table of Programs. A description of the proposed program is given in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Austin will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

The proposed graduate program in neuroscience leading to M.A. and Ph.D. degrees is an interdisciplinary program based on existing courses in other established programs. The program will be administered by the Institute for Neuroscience which has forty-two faculty from eleven departments and schools. Students will be admitted only to the Ph.D. program, but in certain instances students who have completed basic requirements and do not wish to complete the Ph.D. may be awarded the master's degree.

The program is designed to prepare individuals for teaching, research, and/or administrative positions in colleges, universities, government, industry and private enterprises. The intent of the program is to offer a course of study that provides a fundamental knowledge of the general facts and methods of neuroscience and encourages students to develop specialized knowledge in a particular topic area of neuroscience. The program is designed to allow sufficient flexibility to accommodate students having different educational backgrounds and varied specific interests and career goals. A minimum of 81 semester credit hours is required for the Ph.D. program. The common core includes three one-semester courses, an additional methods course, and four other designated elective courses. U. T. Austin is prepared to admit the first students to the program in the Fall 1994 semester.

Need

The interest in neuroscience and the demand for qualified neuroscientists can only be expected to increase in the foreseeable future. Advances in biotechnology and progress in mapping the human genome will create new demands for trained neuroscientists in industry, which will, in turn, create a need for neuroscientists in academia to provide the necessary training ground. Currently three institutions in Texas offer a Ph.D. degree program in neuroscience -- they are the U. T. Medical Branch - Galveston, the U. T. Southwestern Medical Center - Dallas and the Baylor College of Medicine. U. T. San Antonio offers a Ph.D. in Neurobiology. The programs in the health science centers differ significantly in emphasis and scope from the proposed program. One major difference is that the programs located in health science centers are necessarily more strongly oriented toward the understanding and treatment of disease. In contrast, the proposed program is oriented toward understanding the basic, normal mechanisms of the brain and behavior. U. T. Austin estimates that, when fully operational, 28 to 34 students would choose the interdisciplinary neuroscience degree program in lieu of a traditional program in another department.

Program Quality

The objectives of the program will be achieved by providing a broad base of didactic training in basic neuroscience through a two-semester survey course; offering a broad knowledge of the core methods in neuroscience through a combination of formal and informal laboratory rotations, plus participation in methods courses offered through existing departments; providing thorough training in the fundamentals of research statistics and experimental design through course work and experience; and conducting a comprehensive series of written and oral examinations given by an examination committee constituted of members from different departments. Training in a specific research specialty will be achieved through participation in on-going work in the laboratories of supervising professors, participation in seminars and didactic courses within the individual's area(s) of specialization, and completion of a dissertation project which entails comprehensive studies focused on significant research questions.

Cost

The cost of establishing the proposed degree program is minimal. No new faculty, facilities, equipment or library additions are required. Funds will be necessary to hire an Administrative Assistant to the Graduate Adviser and for the purchase of office supplies and equipment for this position. Estimated additional cost in the fifth year is \$20,000.

While an additional \$20,000 per year will be budgeted from existing sources to support the Institute for Neuroscience, the proposed program is expected to effect substantial savings per graduate. With the more focused programs in neuroscience, students will be able to complete degree requirements more quickly than they currently do in a variety of related programs. The result will be more graduates per year with very little additional cost per year.

Summary

U. T. Austin is requesting authorization to establish a graduate program (M.A. and Ph.D. degrees) in neuroscience and to submit the proposed program to the Texas Higher Education Coordinating Board for approval. The existing relationships among faculty on the U. T. Austin campus with a professional interest in neuroscience provide a strong base upon which to build the proposed degree program. The breadth and strength of this neuroscience faculty are competitive with faculty at leading institutions in the U. S. This proposed program will allow U. T. Austin to capitalize on a strength that has evolved along with the new discipline of neuroscience during the past twenty years. With programs focused on neuroscience, students can pursue their intellectual interests more efficiently and effectively than if they are required to meet the requirements of another established master's or Ph.D. program.

A copy of the proposal for the Master of Arts and Doctor of Philosophy degrees in Neuroscience is on file in the U. T. System Office of Academic Affairs.

6. U. T. Austin: Recommendation to (a) Approve Increases in Differential Graduate Tuition Rates Effective with the Fall Semester 1994 and (b) Authorize Subsequent Increases as Statutory Tuition Rates Increase (Catalog Change).--

RECOMMENDATION

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

- a. Approve increases in differential graduate tuition rates at U. T. Austin effective with the Fall Semester 1994 as set out below:

1. Colleges of Business Administration (Ph.D. program), Communication, Education, Engineering, Fine Arts, Liberal Arts, Natural Sciences and Pharmacy; the Schools of Architecture, Nursing and Social Work; the Lyndon Baines Johnson School of Public Affairs; and the Graduate School of Library and Information Science

	Current Graduate Tuition Rates* 1993-94	Proposed Graduate Tuition Rates* 1994-95
Resident	\$ 52	\$ 56
Nonresident	182	201

*Amount per semester credit hour of registration

2. Graduate School of Business (MBA, MPA, and PPA programs)

	Current Graduate Tuition Rates* 1993-94	Proposed Graduate Tuition Rates* 1994-95
Resident	\$ 52	\$ 56
Nonresident	192	221

*Amount per semester credit hour of registration

3. School of Law

	Current Graduate Tuition Rates* 1993-94	Proposed Graduate Tuition Rates* 1994-95
Resident	\$120	\$120
Nonresident	260	300

*Amount per semester credit hour of registration

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

- b. Authorize the Executive Vice Chancellor for Academic Affairs to approve subsequent increases in differential graduate tuition at U. T. Austin as the statutory tuition rates increase with the following understandings:
1. Resident graduate tuition rates may not exceed double the statutory rate
 2. Nonresident and foreign graduate tuition rates may not exceed double the cost of education as determined by the Texas Higher Education Coordinating Board
 3. The rates approved by the Executive Vice Chancellor for Academic Affairs will be reported in the institutional docket for ratification by the U. T. Board of Regents
 4. Allocation of differential tuition funds will be approved by the U. T. Board of Regents through either the annual operating budget or docketing procedures, as appropriate.

BACKGROUND INFORMATION

Section 54.008 of the Texas Education Code provides that governing boards of institutions of higher education may set differential tuition rates for graduate programs in an institution provided that such rates are at least equal to the minimum rates established by statute and not more than double the statutory rate.

Section 54.052(b) of the Texas Education Code provides for resident tuition to be the greater of \$100 per semester or twelve-week summer session or \$26 per semester credit hour (SCH) in 1993-94 and \$28 per SCH in 1994-95. This rate will increase \$2 per year until it reaches \$32 per SCH in 1996-97. For nonresidents, the Texas Education Code provides for the Texas Higher Education Coordinating Board to determine the cost of education which constitutes the tuition rate to be charged for nonresident and foreign students. That rate is \$162 for 1993-94 and \$171 for 1994-95. Section 54.051(i) of the Texas Education Code establishes law school tuition at \$60 per SCH for residents and \$150 per SCH for nonresidents.

The U. T. Board of Regents most recently approved establishment of and/or increases in existing differential graduate tuition rates at U. T. Austin at the February 1992 meeting. The proposed differential rates of \$56 per SCH for 1994-95 are double the statutory rate of \$28 per SCH for residents. For nonresident and foreign students, the proposed rate is the cost of education (\$171 per SCH) plus \$30 per SCH for a total of \$201 per SCH for the Colleges of Business Administration (Ph.D. program), Communication, Education, Engineering, Fine Arts, Liberal Arts, Natural Sciences and Pharmacy; the Schools of Architecture, Nursing and Social Work; the Lyndon Baines Johnson School of Public Affairs; and the Graduate School of Library and Information Science. For nonresident and foreign students in the Graduate School of Business (MBA, MPA, and PPA programs), the proposed rate is the cost of education (\$171 per SCH) plus \$50 for a total

of \$221 per SCH. For resident students in the School of Law, the rate will remain at double the statutory rate of \$60 per SCH for a total of \$120. For nonresident and foreign students in the School of Law, the proposed rate of \$300 per SCH is double the statutory rate (\$150 per SCH). The proposed new rates for the 1994-95 academic year are within the legislatively established limits.

The U. T. Austin administration has consulted with students regarding the proposed increases and the proposed uses of the additional revenue derived from the differential tuition charges. Priority uses for the additional funds derived from differential tuition charges are to provide for instructional program support, student support, and faculty salaries, and in the School of Law, support for the Law Library. Specific allocation of differential tuition funds is approved by the U. T. Board of Regents through either the annual operating budget or docketing procedures, as appropriate, in compliance with all applicable statutes and budget policies of the U. T. Board of Regents.

The proposed procedure for subsequent administrative approval of differential graduate tuition rates will allow for changes to be made as the statutory rate increases and as the Coordinating Board's determination of the cost of education changes. The U. T. Board of Regents has previously approved this procedure for other component institutions, beginning in April 1993.

7. U. T. Austin: Recommendation to Approve Voluntary Student Services Fees Effective with the Fall Semester 1994 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that the U. T. Board of Regents approve Voluntary Student Services Fees at U. T. Austin to be effective with the Fall Semester 1994 as set out below. Current and proposed fees are listed for comparative purposes.

	1993-94		1994-95	
	Academic Year	Spring Semester	Academic Year	Spring Semester
Athletics	\$57.00	\$28.50	\$60.00	\$30.00
Department of Theatre and Dance	12.00	6.00	15.00	7.50
Performing Arts	25.00	12.50	25.00	12.50
<u>Cactus</u> Yearbook	35.00	35.00	35.00	35.00
Official Directory	3.00	*	3.00	*
<u>Peregrinus</u> Yearbook	25.00	25.00	25.00	25.00
<u>Analecta</u> Literary Journal	5.00	5.00	5.00	5.00
Locker/Basket and Shower (per semester)	6.00**	6.00	6.00**	6.00

*Not offered.

**Represents Fall Semester charge only.

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

BACKGROUND INFORMATION

In accordance with Sections 54.513 and 54.514 of the Texas Education Code, the proposed amounts for Voluntary Student Services Fees have been recommended to President Berdahl by the Student Services Fees Committee at U. T. Austin. The recommended fees represent increases for Athletics and the Department of Theatre and Dance. All other voluntary fees will remain at the 1993-94 level.

8. U. T. Austin: Recommendation for Approval of a Proposed Memorandum of Understanding with FIPSE/Regional Academic Mobility Consortium and Request for Authorization to Execute Document.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that approval be given to the proposed memorandum of understanding set out on Pages AAC 16 - 18 between U. T. Austin and FIPSE/Regional Academic Mobility Consortium. FIPSE is an acronym for the Foundation for Improvement of Post Secondary Education, which operates through the U. S. Department of Education.

It is further recommended that President Berdahl be authorized to execute this document with the understanding that any and all specific agreements arising from the document are to be submitted for prior administrative review and approval as required by the Regents' Rules and Regulations.

BACKGROUND INFORMATION

The proposed memorandum of understanding for a student tri-lateral exchange program is designed to establish and develop relations among universities of North America and provide students in engineering programs with the opportunity to familiarize themselves with the curricula, language, and culture of other North Americans by enabling students registered on a full-time basis with a university (home university) to take courses in another university (host university) in order to satisfy part of the credit requirements necessary to qualify for the degree at the home university. The requirement that a participant be a citizen of the country of the home university is a nonnegotiable feature of the consortium.

Initially, three to five students from the College of Engineering are to pursue a semester or year of full-time, pre-approved studies at a participating host institution while continuing to pay tuition and fees at U. T. Austin.

Other parties to the consortium are Boston University, Boston, Massachusetts; California State University - Sacramento, Sacramento, California; Tulane University, New Orleans, Louisiana; University of Maryland, Adelphi, Maryland; University of Pittsburg, Pittsburgh, Pennsylvania; and several institutions in Canada and Mexico.

The proposed memorandum of understanding contains terms and conditions similar to exchange agreements previously approved by the U. T. Board of Regents and has been reviewed by the Office of General Counsel.

MEMORANDUM OF UNDERSTANDING
STUDENT TRILATERAL EXCHANGE PROGRAM
between
FIPSE/REGIONAL ACADEMIC MOBILITY CONSORTIUM
and
THE UNIVERSITY OF TEXAS AT AUSTIN

Between:

THE UNIVERSITY OF TEXAS AT AUSTIN, represented by President Robert M. Berdahl, and FIPSE/REGIONAL ACADEMIC MOBILITY CONSORTIUM* hereby agree to the following terms:

Given the importance of establishing and developing relations among universities of North America and providing students in engineering programs with the opportunity to familiarize themselves with the curricula, language and culture of other North Americans, the FIPSE/REGIONAL ACADEMIC MOBILITY CONSORTIUM and THE UNIVERSITY OF TEXAS AT AUSTIN (hereafter UT Austin) hereby agree to set up a student exchange program with a view to enable a student registered on a full-time basis with a university (home university) to follow courses in another university (host university) in order to satisfy part of the credit requirements necessary to qualify for the degree at the home university.

1. PROVISIONS

Qualified students from each university system will be accepted at the other for the purpose of pursuing an approved course of instruction. To be eligible for this exchange program, the students must:

- be citizens of the country of their home university;
- meet all specific requirements set down by the home university and host university.

2. OBLIGATIONS AND PRIVILEGES OF THE PARTICIPANTS

The students admitted to the exchange program:

- shall remain registered full-time and pay tuition and other fees at the home university;
- shall agree to study at least one semester, but no more than one year full-time at the host university, in a program of studies approved by the appropriate authorities of the home university; and
- shall benefit from financial aid programs they are entitled to as registered students of the home university.
- shall provide for miscellaneous expenses required by the host university (e.g., registration fees and health insurance), the cost of which shall be known in advance;

* Membership in Engineering Exchanges as of October 1993:

Dalhousie University
Ecole Polytechnique
McGill University
Universite Laval
University of Calgary
University of New Brunswick
University of Ontario

Boston University
California State University, Sacramento
Tulane University
University of Maryland
University of Pittsburg
The University of Texas at Austin

Instituto Tecnologico y de Estudios
Superiores de Monterrey
Universidad Autonoma de Nuevo Leon
Universidad Autonoma Metropolitana-
Unidad Azcapotzalco
Universidad de Guadalajara
Universidad de Las Americas Puebla
Universidad Iberoamericana

- shall provide for transportation, room and board and other living expenses for themselves, including additional expenses incurred by spouses or dependents accompanying the participants; and
- shall obtain adequate medical insurance that will provide appropriate health care protection according to the standards set out by contracting host universities.

3. IMPLEMENTATION

Each university shall appoint a person in charge of the exchange in that institution and shall advise the FIPSE/REGIONAL ACADEMIC MOBILITY Project Director of the name, title, address, and telephone and fax numbers of this person. The Project Director shall be responsible for distributing to the interested parties the list of persons in charge of the exchange program in each university.

APPLICATIONS SHALL INCLUDE THE FOLLOWING:

- a copy of the candidate's academic record;
- an evaluation of the candidate's knowledge of the host university's language (except for candidates following a program of studies in this language);
- a letter from the candidate stating the reasons for participation in the exchange program and setting out his or her study objectives;
- a recommendation from the president, the dean, director of studies or advisor of the candidate as well as approval for the proposed program of study.

Each university shall be in charge of promoting the exchange program to its student body; to this end, the universities agree to exchange all documents providing information to the candidates on the programs of study available in the universities.

The number of students to be admitted to the exchange program for the following academic year will be determined by mutual agreement between contracting parties and will be based on the number of qualified applications. Every effort will be made to achieve parity in the numbers of students exchanged, but it is recognized that small imbalances may occur periodically; and

The host universities agree to assist the visiting students in finding adequate housing.

4. TERM OF THE AGREEMENT

This agreement shall take effect upon the date of its signing by both parties and shall run until September 30, 1995. The agreement may be amended in writing by mutual consent of the parties at any time.

FOR THE FIPSE/REGIONAL ACADEMIC MOBILITY CONSORTIUM

DULCIE L. SCHACKMAN
PROJECT DIRECTOR

DATE

Student Trilateral Exchange Program
Page 3 of 3

FOR THE UNIVERSITY OF TEXAS AT AUSTIN

ROBERT M. BERDAHL
PRESIDENT

DATE

9. U. T. El Paso: Proposed Appointment to the Texas Commerce Bank Professorship in Business Administration Effective Immediately.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Natalicio that Dr. Frank Hoy, Professor and Dean of the College of Business Administration at U. T. El Paso, be appointed as initial holder of the Texas Commerce Bank Professorship in Business Administration effective immediately.

BACKGROUND INFORMATION

Dr. Hoy joined the U. T. El Paso faculty in 1991 as a Professor and Dean. He has been instrumental in developing the areas of small business development, entrepreneurship and new venture management at U. T. El Paso. Dr. Hoy is an established scholar, researcher, and consultant in business administration and has been active in the Central European Small Business Enterprise Development Commission and in developing links between El Paso and Mexico.

The Texas Commerce Bank Professorship in Business Administration was established by the U. T. Board of Regents at the April 1991 meeting.

10. U. T. El Paso: Recommendation to Approve an Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1994 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Natalicio that the U. T. Board of Regents approve an increase in the Compulsory Student Services Fee at U. T. El Paso from \$9.75 per semester credit hour with a maximum fee of \$117 per semester or summer session to \$10.70 per semester credit hour with a maximum fee of \$128.40 per semester or summer session to be effective with the Fall Semester 1994.

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

BACKGROUND INFORMATION

Section 54.503 of the Texas Education Code authorizes a maximum compulsory student services fee of \$150 per semester or summer session. Any increase in excess of 10% of the current fee at any institution requires approval by a favorable vote in a general student election or by the student government.

Since the proposed fee increase of 9.7% does not exceed 10%, it does not require student approval. In accordance with the statute, however, the proposed fee increase has been endorsed by a student fee advisory committee. The additional revenue will be used to maintain the quality and availability of essential services for students.

11. U. T. El Paso: Recommendation to (a) Approve Increases in Differential Graduate Tuition Rates Effective with the Fall Semester 1994 and (b) Authorize Subsequent Increases as Statutory Tuition Rates Increase (Catalog Change).--

RECOMMENDATION

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

- a. Approve increases in differential graduate tuition rates at U. T. El Paso effective with the Fall Semester 1994 as set out below:

	<u>Current Graduate Tuition Rates*</u> <u>1993-94</u>	<u>Proposed Graduate Tuition Rates*</u> <u>1994-95</u>
<u>College of Business</u>		
<u>Administration</u>		
Resident	\$ 48	\$ 56
Nonresident	172	191
<u>College of Engineering</u>		
Resident	48	56
Nonresident	172	191
<u>College of Nursing and Allied Health</u>		
Resident	42	56
Nonresident	172	191

*Amount per semester credit hour of registration

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

- b. Authorize the Executive Vice Chancellor for Academic Affairs to approve subsequent increases in differential graduate tuition at U. T. El Paso as the statutory tuition rates increase with the following understandings:
1. Resident graduate tuition rates may not exceed double the statutory rate
 2. Nonresident and foreign graduate tuition rates may not exceed double the cost of education as determined by the Texas Higher Education Coordinating Board
 3. The rates approved by the Executive Vice Chancellor for Academic Affairs will be reported in the institutional docket for ratification by the U. T. Board of Regents
 4. Allocation of differential tuition funds will be approved by the U. T. Board of Regents through either the annual operating budget or docketing procedures, as appropriate.

BACKGROUND INFORMATION

Section 54.008 of the Texas Education Code provides that governing boards of institutions of higher education may set differential tuition rates for graduate programs in an institution provided that such rates are at least equal to the minimum rates established by statute and not more than double the statutory rate.

Section 54.052(b) of the Texas Education Code provides for resident tuition to be the greater of \$100 per semester or twelve-week summer session or \$26 per semester credit hour (SCH) in 1993-94 and \$28 per SCH in 1994-95. This rate will increase \$2 per year until it reaches \$32 per SCH in 1996-97. For nonresidents, the Texas Education Code provides for the Texas Higher Education Coordinating Board to determine the cost of education which constitutes the tuition rate to be charged for nonresident and foreign students. That rate is \$162 for 1993-94 and \$171 for 1994-95.

The U. T. Board of Regents approved differential graduate tuition rates at U. T. El Paso at the February 1992 meeting. The proposed differential rates for 1994-95 are double the statutory rate of \$28 per SCH for residents. For nonresident and foreign students, the proposed rate is the cost of education (\$171 per SCH) plus \$28 for a total of \$191 per SCH. The proposed new rates for the 1994-95 academic year are within the legislatively established limits.

The U. T. El Paso administration has consulted with students regarding the proposed increases and the proposed uses of the additional revenue derived from the differential tuition charges. Priority uses for the additional funds derived from differential tuition charges are for meeting the higher costs associated with offering graduate programs in these areas and

for faculty support. Specific allocation of differential tuition funds is approved by the U. T. Board of Regents through either the annual operating budget or docketing procedures, as appropriate, in compliance with all applicable statutes and budget policies of the U. T. Board of Regents.

The proposed procedure for subsequent administrative approval of differential graduate tuition rates will allow for changes to be made as the statutory rate increases and as the Coordinating Board's determination of the cost of education changes. The U. T. Board of Regents has given such authorization to other component institutions beginning in April 1993.

12. U. T. El Paso: Recommendation to Approve an Increase in Rental Rates for Student Family Housing Effective with the Fall Semester 1994 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Natalicio that the U. T. Board of Regents approve an increase in rental rates for Student Family Housing at U. T. El Paso to be effective with the Fall Semester 1994 as set out below:

	<u>Current 1993-94 Rate</u>	<u>Proposed 1994-95 Rate</u>
<u>Student Family Housing</u> (Rates include utilities)		
Apartment (Per Month)	\$300	\$350

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

BACKGROUND INFORMATION

U. T. El Paso offers 60 apartment units to married couples and/or students with families. The proposed increase in rental rates is recommended in order to keep pace with rising utility and staff benefit costs and to help offset recent investments in renovations and improvements to the Student Family Apartments. The proposed rental rates will still be below market. The last rate increase was approved by the U. T. Board of Regents at the June 1985 meeting.

13. U. T. Pan American: Request for Authorization to Establish a Master of Arts Degree in Psychology and to Submit the Proposed Degree Program to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nevarez that authorization be granted to establish a Master of Arts degree in Psychology with options in Experimental Psychology and Clinical Psychology at U. T. Pan American and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The proposed degree program is consistent with U. T. Pan American's mission and Table of Programs and its plans for offering quality degree programs to meet student needs. A description of this degree program is included in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Pan American will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

The proposed Master of Arts degree in Psychology is composed of two options: Clinical Psychology, which requires 48 semester credit hours, and Experimental Psychology, which requires 38 semester credit hours. Both share an eighteen hour core and a six hour thesis requirement. Students in the clinical option are required to complete an additional course, six hours of practicum experience, and three hours of internship. The program will be administered by the Department of Psychology and Anthropology. The first group of students will be admitted in Fall 1994.

Need

Graduates may be expected to serve as psychological associates in the Rio Grande Valley, providing essential health-care services to an area which historically has been significantly underserved. The ratio of practicing psychologists to the general population in the rest of the state is three times greater than the Valley's ratio. Graduates may also provide basic research in bicultural settings and pursue doctoral degrees at other universities, thereby increasing the number of minority doctorates in psychology, particularly Hispanics, awarded annually. With the growing emphasis on access to health care for all individuals, the need for bilingual, bicultural psychologists will escalate. The program conservatively is expected to enroll 15 students per year with a total enrollment of 43 students when fully operational. The fact that the number of undergraduate psychology majors is large and that 86% of upper-division psychology majors surveyed indicated an interest in pursuing a master's degree at U. T. Pan American suggests that the numbers may be significantly larger. Other area citizens have also indicated interest in the proposed program.

Quality

The ten current faculty in psychology have been actively involved in research for at least the last ten years. Several have had funded research projects supported by the National Institutes of Health and other external agencies and have supervised undergraduates in the research arena. The faculty have developed a core of graduate service courses which have been offered as service to other areas. These courses will form the nucleus of the proposed master's program. The clinical option has been designed to meet the standards of the Texas State Board of Examiners of Psychologists for licensure in clinical psychology. Admission standards are consistent with other graduate programs at U. T. Pan American. The program will be systematically evaluated by the faculty, academic committees, students, graduates and employers.

Cost

The program will require the addition of three faculty (cost is estimated at \$97,000 by the fourth year), three graduate assistantships (1.5 FTE), and equipment and supplies to support the clinical option (primarily audiovisual equipment for recording client interactions, psychological assessment instruments, and computers for analyzing data). Equipment for the experimental psychology option has been acquired through external funding over a period of several years and is not in need of expansion or replacement. Library resources, particularly monographs, need to be augmented significantly during the first two years of the program. Electronic resources acquired to support the programs in health sciences and as part of the overall planned transition to greater reliance on electronic media provide existing access to materials needed for psychology.

No new facilities will be required and only minimal renovation will be needed to support supervised clinical practice. Ongoing yearly costs are expected to be \$127,000; total five-year implementation costs are estimated at \$562,000. Equipment, renovation, and library expenditures are expected to be provided from HEAF funds, while personnel and other operating costs are expected to come from South Texas/Border Initiative special item funding for the first three years. Formula funds will contribute to meeting costs in the latter two years. Once the program has been implemented, regular costs, other than for personnel, are expected to be minimal.

Summary

U. T. Pan American is requesting authorization to establish a Master of Arts in Psychology degree program. There is a strong need for psychologists in the Rio Grande Valley region of Texas. The proposed program will help to fill a strong need in the community and fulfill the desire by U. T. Pan American to meet the educational needs of students and community constituents in its region.

A copy of the proposed degree program is on file in the U. T. System Office of Academic Affairs.

14. U. T. Permian Basin: Request for Authorization to Reorganize the Academic Administrative Structure and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Sorber that three of the five existing academic Divisions at U. T. Permian Basin be regrouped as Departments of a new College of Arts and Sciences and the remaining two Divisions be designated Schools of Business Administration and Education, respectively, and approval be given to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Permian Basin will be amended to reflect this action.

BACKGROUND INFORMATION

For several years, U. T. Permian Basin has used a nontraditional organizational structure for its academic units. Five administrative units referred to as Divisions have reported directly to the Vice President for Academic Affairs. With the development of a lower-division program, a more traditional structure which places greater emphasis on the integration of the arts and sciences in the core curriculum seems appropriate. The more traditional titles associated with the traditional structure will also improve the off-campus image of U. T. Permian Basin.

The proposed College of Arts and Sciences, School of Business Administration, and School of Education would each be headed by a Dean. While the title of Dean would replace the title of Division Director, no change in compensation or work load in either Business Administration or Education would be associated with the change in titles. Administrative functions of the other three Divisions would, to a large extent, be consolidated at the Dean level for Arts and Sciences. It is estimated that total expenditures on administration for the three consolidated units would remain essentially unchanged for the next five years.

A copy of the proposal to change the academic administrative structure is on file in the U. T. System Office of Academic Affairs.

INFORMATIONAL ITEMS

1. U. T. System: Report on the Educational Economic Policy Center.--

REPORT

Mrs. Janey Lack, Chairman of the Educational Economic Policy Center Board, will make a progress report on the Center's activities.

2. U. T. System: Report on University/Public School Collaborative Efforts.--

REPORT

The Chancellor will provide a report on the activities by the U. T. System and its component institutions concerning the University/Public School Collaborative Efforts.

Health Affairs Committee

HEALTH AFFAIRS COMMITTEE
Committee Chairman Ramirez

Date: February 10, 1994
Time: Following the meeting of the Academic Affairs
Committee
Place: Conference Rooms A & B, Tenth Floor
R. Lee Clark Clinic Building
U. T. M.D. Anderson Cancer Center

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1. U. T. System: Recommendation for Approval to Increase the Institutional Premium Charges of The University of Texas System Plan for Professional Medical Liability Self-Insurance Effective September 1, 1994.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the Office of General Counsel that the premium rates for The University of Texas System Plan for Professional Medical Liability Self-Insurance be increased by 6% effective September 1, 1994, as follows:

<u>Risk Class</u>	<u>CURRENT RATES</u>		<u>RECOMMENDED RATES</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
1	\$ 2,868	\$ 1,764	\$ 3,036	\$ 1,872
2	4,800	2,916	5,088	3,096
3	8,184	5,004	8,676	5,304
4	13,308	8,124	14,112	8,616
5	22,116	13,488	23,448	14,292

It is further recommended that an additional 3% increase in the premium rate be effective March 1, 1995, for all faculty and residents who have not completed 15 hours of risk management training prior to this date. However, the additional 3% rate charge will be waived for new faculty and residents until they have participated in the Plan for one year.

BACKGROUND INFORMATION

Pursuant to the authority of Chapter 59 of the Texas Education Code, the U. T. Board of Regents adopted the Professional Medical Liability Self-Insurance Plan to provide coverage for certain medical staff and medical students of the U. T. System. The Plan went into effect on April 1, 1977, and is funded by the payment of premiums from the Medical Services, Research and Development Plans (MSRDP) of the component health institutions of the U. T. System. The last rate increase, of 9% over the rates established in April 1991, was approved by the Board in June 1992.

The total number of U. T. System physicians covered by the Plan currently is 4,872 staff and resident physicians, with basic liability limits of \$500,000 per claim for staff physicians and \$100,000 for interns, residents and fellows.

Actuaries from Tillinghast, Inc., the nation's largest medical liability self-insurance plan actuarial firm, have reviewed the Plan's sixteen-year experience and recommend a differential rate increase as an incentive for physicians to comply with S. B. 1410 (Chapter 110, Civil Practice and Procedure Code) that allows insurers to offer a premium reduction to physicians who complete 15 hours of annual risk management training.

Although the U. T. System Medical Liability Plan experience is following a state and national increase in frequency in the number of new claims, the recommended rate increase will result in the Plan's premium rates remaining well below those of commercial insurers for Harris County as illustrated below:

RATE COMPARISON

	APIE (mature claims made) \$500,000/ <u>1,000,000</u>	Medical Protective (claims made) \$500,000/ <u>1,000,000</u>	Current U. T. Staff (occurrence) \$500,000/ <u>1,500,000</u>	Recommended U. T. Staff (occurrence) \$500,000/ <u>1,500,000</u>
General Practice, No Surgery	\$ 6,888	\$ 8,885	\$ 2,868	\$ 3,036
General Practice, Minor Surgery	14,639	14,748	4,800	5,088
Cardiology	14,639	18,836	8,184	8,676
General Surgery	32,442	39,050	13,308	14,112
Anesthe- siology	23,173	31,698	13,308	14,112
Orthopedic Surgery	32,442	61,101	22,116	23,448
OB/GYN	60,249	69,829	22,116	23,448

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

RECOMMENDATION

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

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
James Frank Huth, M.D. Chief of Surgical Oncology	The George and Carol Poston Professorship in Breast Cancer Research (See Item <u>42</u> on Page <u>AMC - 35</u> for establishment.)
Robert W. Bucholz, M.D. Professor and Chairman, Department of Orthopaedic Surgery	The Doctor Charles F. Gregory Chair in Orthopaedic Surgery (See Item <u>32</u> on Page <u>AMC - 28</u> for establishment.)

Name of Proposed Appointee

Endowed Academic Position

Peter P. Antich, Ph.D.
Professor of Radiology
Chairman, Graduate Program of
Radiological Sciences

The Wechan Pak Professorship of Bone Biophysics
(See Item 41 on
Page AMC - 34 for establishment.)

Vinay Kumar, M.D.
Professor of Pathology

The Vernie Stembridge, M.D.,
Chair in Pathology (See
Item 43 on Page AMC - 36
for establishment.)

Dennis K. Stone, M.D.
Associate Professor of Internal
Medicine and Physiology; Chief,
Molecular Transport Division

The NCH Corporation Chair
in Molecular Transport
(See Item 38 on
Page AMC - 32 for establishment.)

Robert J. Alpern, M.D.
Professor of Medicine
Chief, Nephrology Division

Ruth W. and Milton P.
Levy, Sr. Chair in
Molecular Nephrology
(See Item 38 on
Page AMC - 32 for establishment.)

Charles M. Ginsburg, M.D.
Professor and Chairman,
Department of Pediatrics

The Marilyn R. Corrigan
Distinguished Chair in
Pediatric Research (See
Item 29 on Page AMC - 26
for establishment.)

Khashayar Sakhaee, M.D.
Associate Professor of Internal
Medicine

BeautiControl Cosmetics,
Inc. Professorship in
Mineral Metabolism and
Osteoporosis (See Item 28
on Page AMC - 25 for
establishment.)

James E. Griffin, M.D.
Professor of Internal Medicine

The Diana and Richard C.
Strauss Professorship in
Biomedical Research (See
Item 44 on Page AMC - 37
for establishment.)

David Scott Miller, M.D.
Associate Professor of
Obstetrics and Gynecology

The Dallas Foundation Chair
in Gynecologic Oncology
(See Item 30 on
Page AMC - 27 for establishment.)

BACKGROUND INFORMATION

Dr. Huth joined the faculty at U. T. Southwestern Medical Center - Dallas in July 1993, as Chief of Surgical Oncology. He has held Clinical Cancer Fellowships at the National Institute of Health, Bethesda, Maryland; University of California, San Francisco, California; and Middlesex Hospital, London, England.

Dr. Bucholz is Chairman of the Department of Orthopaedic Surgery. He has made major contributions to the surgical treatment of hip, knee, and shoulder disabilities.

Dr. Antich joined the U. T. Southwestern Medical Center - Dallas faculty in 1983 and is currently Professor of Radiology and Chairman of the Graduate Program of Radiological Sciences.

Dr. Kumar is Vice-Chairman for Education in the Department of Pathology. He is a renowned researcher in immunopathology and is regularly elected by the students for the Outstanding Teacher Award.

Dr. Stone is a graduate of the U. T. Southwestern Medical Center - Dallas and currently serves as Associate Professor of Internal Medicine and Physiology and Chief of the Molecular Transport Division.

Dr. Alpern joined the faculty at the U. T. Southwestern Medical Center - Dallas in 1987 and serves as Professor of Medicine and Chief of the Nephrology Division.

Dr. Ginsburg has been a member of the U. T. Southwestern Medical Center - Dallas faculty since 1975. He is a national authority in the area of pediatric infectious diseases and pediatric toxicology and has served in a number of leadership positions in national pediatric organizations.

Dr. Sakhaee is Associate Professor of Internal Medicine at the U. T. Southwestern Medical Center - Dallas and Director of the Mineral Metabolism Clinic at Parkland Memorial Hospital. He has attained national prominence as a leader in the field of osteoporosis.

Dr. Griffin, Professor of Internal Medicine, is an authority in the field of molecular endocrinology. His work on the cellular effects of testosterone metabolism has led to major insights into the mechanisms of hormonal disorders. In addition to his research, teaching, and clinical activities, Dr. Griffin serves as Associate Dean for Academic Planning for the U. T. Southwestern Medical Center - Dallas.

Dr. Miller joined the faculty at U. T. Southwestern Medical Center - Dallas in 1991 and serves as Chief of the Division of Gynecologic Oncology. He is a noted physician and researcher who has made major contributions in the field of ovarian and uterine malignancies.

3. U. T. Southwestern Medical Center - Dallas: Recommendation to Establish Differential Graduate Tuition Rates Effective June 1994 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that the U. T. Board of Regents approve the establishment of differential graduate tuition rates for the Biomedical Engineering Program at the U. T. Southwestern Medical Center - Dallas effective June 1994, as shown on Page HAC - 6.

<u>Biomedical Engineering</u>	<u>Current Graduate Tuition Rates*</u>	<u>Proposed Graduate Tuition Rates*</u>
Resident	\$ 26	\$ 52
Nonresident	\$162	\$188

*Per semester credit hour of registration

Upon Regental approval, the Minute Order will reflect that the next appropriate catalog published at the U. T. Southwestern Medical Center - Dallas will be amended to conform to this action.

BACKGROUND INFORMATION

The U. T. Southwestern Medical Center - Dallas offers the Biomedical Engineering Program jointly with U. T. Arlington. The U. T. Board of Regents previously granted approval for U. T. Arlington to increase graduate tuition in their College of Engineering to \$52 per SCH for residents and \$188 per SCH for nonresidents effective with the Fall Semester 1993. This request is intended to eliminate the disparity between the tuition depending on which of the two institutions the student designates as "home institution." If approved, the proposed new rates will be effective June 1994 for the Biomedical Engineering Program at the U. T. Southwestern Medical Center - Dallas. The tuition in all other graduate programs at the U. T. Southwestern Medical Center - Dallas will remain unchanged.

The proposed new rates are within the authority granted under Section 54.008 of the Texas Education Code and the limits established by Section 54.0512(b) of the Texas Education Code. Specific allocation of differential tuition funds is approved by the U. T. Board of Regents through either the annual operating budget or docketing procedures, as appropriate, in compliance with all applicable statutes and budget policies of the U. T. Board of Regents.

4. U. T. Medical Branch - Galveston: Request for Approval of an Extended Leave of Absence (Regents' Rules and Regulations, Part One, Chapter III, Section 16, Subsection 16.2).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James for approval of an extended leave of absence (January 1, 1994 through August 31, 1994), without pay, to Dr. Lee E. Moore, Professor of Physiology and Biophysics at the U. T. Medical Branch - Galveston, in accordance with Part One, Chapter III, Section 16, Subsection 16.2 of the Regents' Rules and Regulations.

BACKGROUND INFORMATION

Dr. Moore has been on leave during the past fiscal year working with the University of Rennes, Rennes, France, to develop a joint research program with exchanges of students and faculty as well as collaborative research between the University of Rennes and the U. T. Medical Branch - Galveston. Completion of this joint effort could result in major developments in the field of Neural Networks and the awarding of substantial research grants for the benefit of the U. T. Medical Branch - Galveston.

5. U. T. Medical Branch - Galveston: Recommendation to Approve Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1994 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that the U. T. Board of Regents approve an increase in the Compulsory Student Services Fee at the U. T. Medical Branch - Galveston effective with the Fall Semester 1994 as follows:

U. T. Medical School - Galveston

	<u>Current Fee</u>	<u>Proposed Fee</u>
Year 1	\$145.00	\$160.00
Year 2	218.00	240.00
Year 3	218.00	240.00
Year 4	218.00	240.00

U. T. G.S.B.S. - Galveston, U. T. Allied Health Sciences School - Galveston, and U. T. Nursing School - Galveston

Increase from \$6.00 per credit hour with a maximum charge per semester of \$72.00 to \$6.50 per credit hour with a maximum charge per semester of \$78.00

Upon Regental approval, the next appropriate catalog published at the U. T. Medical Branch - Galveston will be amended to conform to this action.

BACKGROUND INFORMATION

Compulsory Student Services Fees for the U. T. Medical Branch - Galveston are levied in accordance with Section 54.503 of the Texas Education Code. The proposed increases are in accordance with the relevant provisions of that statute and are supported by the President's Student Fees Advisory Committee. The increase is requested in order to provide adequate funding for student activities.

6. U. T. M.D. Anderson Cancer Center: University Cancer Foundation Board of Visitors - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre for approval of the nomination of Mr. Max S. Levit, Chief Executive Officer and Executive Vice President, Grocers Supply Company, Inc., Houston, Texas, to the University Cancer Foundation Board of Visitors at the U. T. M.D. Anderson Cancer Center for a three-year term to expire in 1997.

BACKGROUND INFORMATION

The nomination of Mr. Levit is to an unfilled vacancy.

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

Fac. Plan. & Const. Com.

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
Committee Chairman Temple

Date: February 10, 1994

Time: Following the meeting of the Health Affairs
Committee

Place: Conference Rooms A & B, Tenth Floor
R. Lee Clark Clinic Building
U. T. M.D. Anderson Cancer Center

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9. U. T. Health Science Center - San Antonio - Health Sciences Building Program - Allied Health/Public Health/Research Building: Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans; and Appropriation Therefor 15

1. U. T. Austin - Expansion of the Animal Resources Center (Project No. 102-707): Request for Approval of Final Plans; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; and Approval of Project Funding.--

RECOMMENDATION

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

- a. Approve the final plans and specifications for the Expansion of the Animal Resources Center at U. T. Austin at an estimated total project cost of \$3,300,000
- b. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and the Executive Committee to award all contracts associated with this project within the authorized total project cost
- c. Approve total project funding of \$3,300,000 with \$1,600,000 from General Fee Balances and \$1,700,000 from Permanent University Fund Bond Proceeds previously appropriated for U. T. Austin Reserves for Repair and Rehabilitation from FY 1993 and FY 1994. Approval of this recommendation will amend the FY 1994 Capital Budget accordingly.

BACKGROUND INFORMATION

In accordance with authorization by the U. T. Board of Regents in April 1991, final plans and specifications for the Expansion of the Animal Resources Center at U. T. Austin have been prepared by the Project Architect, The White Budd VanNess Partnership, Austin, Texas.

The expansion will add approximately 20,000 gross square feet to the existing 58,000 square foot building and will enable U. T. Austin to support a growing research program in the biological sciences while meeting federal standards for the care of laboratory animals.

In April 1991, the U. T. Board of Regents approved the \$3,300,000 project cost to be funded with \$1,900,000 from Permanent University Fund Bond Proceeds and \$1,400,000 from U. T. Austin General Fee Balances. The FY 1994 Capital Budget, adopted by the U. T. Board of Regents in August 1993, indicated total project funding from General Fee Balances only. A notation in the FY 1994 Capital Budget indicated that Permanent University Fund Reserve Funds may be used to partially fund this project provided this action does not delay the completion of previously authorized Repair and Rehabilitation projects.

It is recommended that the \$3,300,000 project cost be funded from \$1,600,000 in General Fee Balances and \$1,700,000 in Permanent University Fund Bond Proceeds previously appropriated for U. T. Austin Reserves for Repair and Rehabilitation from FY 1993 and FY 1994. Repair projects affected by this transaction will be funded from other institutional sources. Approval of this recommendation will amend the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget accordingly.

2. U. T. Austin - Parking Facility No. 3 - Phase One: Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--

RECOMMENDATION

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

- a. Authorize a project for Parking Facility No. 3 - Phase One at U. T. Austin at an estimated total project cost of \$6,000,000
- b. Appoint a Project Architect from the list set forth on Page FPCC - 5 to prepare preliminary plans, specifications and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriate \$150,000 from U. T. Austin Auxiliary Enterprise Balances for fees and administrative expenses through completion of preliminary plans.

BACKGROUND INFORMATION

U. T. Austin administration has determined the need for additional parking on the south side of the campus. Parking Lot No. 67 is located immediately south of the Beauford H. Jester Student Residence Hall. The parking lot is bounded on the south by Martin Luther King Boulevard, on the east by Clark Field, and on the west by Speedway. Three additional student residence halls, Brackenridge Hall, Roberts Hall and Prather Hall, are located immediately adjacent to the Jester Center. The four residence halls have a current population of approximately 3,500 students.

Parking Lot No. 67 and Jester Circle have a total parking capacity of approximately 890 spaces for students, faculty and staff. Those students in the Jester Center who are unable to park in Parking Lot No. 67 or Jester Circle must park in remote lots up to 2,000 feet away. Based upon recommendations from parking studies, U. T. Austin administration wishes to construct Parking Facility No. 3 - Phase One at the location of Parking Lot No. 67 to accommodate between 800 and 1,000 vehicles.

In addition to parking, the project will include space on the ground level for an approximate 20,000 gross square foot student store to meet needs in this highly populated area of the campus. A small student store currently located in Jester Center is inadequate to meet basic student needs and does not contain sufficient space for books.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget with total project funding in the amount of \$6,000,000 from \$4,500,000 in Revenue Financing System Bond Proceeds and \$1,500,000 in U. T. Austin Auxiliary Enterprise Balances.

List of Firms for Consideration

<u>Project Architect</u>	<u>Representative Projects</u>
Alan Y. Taniguchi Architect & Associates Inc., Austin, Texas	United States Department of State: United States Embassy Office Building and Garage, Georgetown, Guyana Texas Parks & Wildlife Department: Admiral Nimitz Museum Expansion, Fredericksburg, Texas Texas Department of Transportation: Anthony, Texas Travel and Information Center City of Austin: St. Elmo Vehicle Maintenance Facility - Electric Utility Department Garage
John S. Chase Architect, Inc. Houston, Texas	U. T. Austin: University Parking Garage Number 2 City of Dallas: New Reunion Arena Garage (Joint Venture) Washington Area Metro Transit Authority: Nicholson Lane Garage and Bus Maintenance Facility (As Associate Architect)
Jessen Inc. Architects and Planners Austin, Texas	Washington Technical Institute: University Garage U. T. Austin Ex-Students' Association: Lila B. Etter Alumni Center Alterations and Additions Teacher Retirement System of Texas: Office Building Southern Union Gas Co.: Bank One Plaza Building and Garage Park Terrace Partnership, Austin, Texas: Office Building and Garage

3. U. T. Austin - Sponsored Research Office Building; Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--

RECOMMENDATION

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

- a. Authorize a project for the Sponsored Research Office Building at U. T. Austin at an estimated total project cost of \$4,250,000
- b. Appoint a Project Architect from the list set forth on Page FPCC - 7 to prepare preliminary plans, specifications and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriate \$100,000 from U. T. Austin General Fee Balances for fees and administrative expenses through completion of preliminary plans.

BACKGROUND INFORMATION

The administration at U. T. Austin has identified the need for additional space to house several research departments currently located in leased office space and to provide surge space for departments displaced by pending construction projects.

The Sponsored Research Office Building of approximately 50,000 gross square feet will be constructed on U. T. Austin property located at the Balcones Research Center. The building will provide departments improved access to U. T. Austin research facilities.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget with total project funding in the amount of \$4,250,000 from U. T. Austin General Fee Balances.

List of Firms for Consideration

<u>Project Architect</u>	<u>Representative Projects</u>
BLGY Inc., Architects & Engineers Austin, Texas	Department of Public Safety: Criminal Law Enforcement Building Texas Association of School Boards: Office Building and Computer Facilities U. T. Austin: Bureau of Economic Geology, Administration and Research Building Austin Independent School District: Bowie High School Test Facility and Expansion
Jessen Inc. Architects and Planners Austin, Texas	U. T. Austin - Ex-Students' Association: Lila B. Etter Alumni Center U. T. Medical Branch - Galveston: Texas Department of Corrections Hospital Austin Community College: Northridge Campus Administration, Academic Building Teacher Retirement System of Texas: Office Building
Ponciano Morales III Architect, AIA Austin, Texas	Jack Brown Cleaners: Laundry and Office Facility City of Austin: Brackenridge Professional Office Building Austin Independent School District: Metz Elementary School City of Austin: East Austin Senior Activity Center

4. U. T. Austin - University Interscholastic League Building (Project No. 102-803): Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids; Executive Committee Award of Contracts; and Appropriation Therefor.--

RECOMMENDATION

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

- a. Approve preliminary plans and specifications for the University Interscholastic League Building at U. T. Austin at an estimated total project cost of \$3,225,000
- b. Authorize preparation of final plans and specifications
- c. Authorize submission of the project to the Texas Higher Education Coordinating Board
- d. Upon completion of final review, authorize the Office of Facilities Planning and Construction to advertise for bids
- e. Upon approval of the Coordinating Board, authorize the Executive Committee to award all contracts associated with this project within the authorized total project cost
- f. Appropriate \$3,160,000 from University Interscholastic League reserves for total project funding. Previous appropriations have been \$65,000 from the same source.

BACKGROUND INFORMATION

In accordance with the authorization by the U. T. Board of Regents at the June 1993 meeting, preliminary plans, specifications and a cost estimate for the University Interscholastic League Building have been prepared by the Project Architect, Cotera, Kolar & Negrete Architects, Austin, Texas.

The University Interscholastic League (UIL) is currently housed as a tenant in a temporary building which was acquired by U. T. Austin in 1968. This new facility will be constructed on U. T. Austin property located east of IH 35 near the baseball field. It will contain approximately 31,000 gross square feet to house UIL staff and meet program needs.

The total project cost of \$3,225,000 will be funded from UIL reserves. Construction cost, including site development, is estimated at approximately \$2,650,000 providing a unit price in the range of \$86 per square foot. This project is included in the FY 1994 Capital Budget and the FY 1994-1999 Capital Improvement Plan.

5. U. T. Austin - Welch Hall - Renovation of West Wing; Request for Project Authorization; Appointment of Project Engineer to Prepare Preliminary Plans; and Appropriation Therefor.--

RECOMMENDATION

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

- a. Authorize a project for Welch Hall - Renovation of West Wing at U. T. Austin at an estimated total project cost of \$4,500,000
- b. Appoint a Project Engineer from the list set forth on Page FPCC - 10 to prepare preliminary plans, specifications and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriate \$150,000 from U. T. Austin General Fee Balances for fees and administrative expenses through completion of preliminary plans.

BACKGROUND INFORMATION

The administration at U. T. Austin has identified the need to renovate the west wing of Welch Hall. The west wing was constructed in 1960 and is used exclusively by the Department of Chemistry and Biochemistry. It is a four-story structure with a mechanical penthouse located on the roof, and each floor is approximately 10,000 gross square feet for an approximate 40,000 gross square foot facility. The laboratory casework, utility infrastructure and heating, ventilating and air-conditioning system are no longer adequate to meet the program needs.

The project scope includes replacing laboratory casework and the utility infrastructure including water, wastewater and acid waste systems. The heating, ventilating and air-conditioning system, electrical service, interior lighting and fume hood exhaust system will be replaced. In addition, interior finishes will be replaced where necessary, and the building will be brought into compliance with the federal Americans with Disabilities Act. This will be the first significant renovation of the Welch Hall west wing since it was built in 1960.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget with total project funding in the amount of \$4,500,000 from U. T. Austin General Fee Balances.

List of Firms for Consideration

<u>Project Engineer</u>	<u>Representative Projects</u>
Tom Green & Company Engineers, Inc. Austin, Texas	DFW Medical Center, Grand Prairie, Texas: Pathology Lab Additions/Renovations Carver Academy, Waco, Texas: Carver Labs Additions and Renovations Austin Independent School District: Ridgeview Labs Renovation Ross Technologies, Austin, Texas: Ross Technologies Test Facility and Expansion
Schuchart & Associates Professional Engineers, Inc., San Antonio, Texas	U. T. Austin: Renovation of Art Building U. T. Pan American: Thermal Energy Plant Expansion Texas A&M University: Prairie View A&M Main Library Building Baptist Memorial Hospital System, San Antonio, Texas: North Central Baptist Hospital
Silber + Associates Consulting Engineers Inc. San Antonio, Texas	U. T. Austin: Expansion of Animal Resources Center U. T. San Antonio: University Center Expansion U. T. Health Science Center - San Antonio: Fifth Floor Clinical Sciences Addition Cancer Therapy Research Center, San Antonio, Texas: Bio-Control Laboratory

6. U. T. Dallas - Student Union Building Addition and Renovation; Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--

RECOMMENDATION

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

- a. Authorize a project for the Student Union Building Addition and Renovation at U. T. Dallas at an estimated total project cost of \$3,800,000
- b. Appoint a Project Architect from the list set forth on Page FPCC - 12 to prepare preliminary plans and a cost estimate to be presented to the U. T. Board of Regents at a future meeting
- c. Appropriate \$85,000 from Auxiliary Enterprise Balances for fees and administrative expenses through completion of preliminary plans. This appropriation will be reimbursed from Revenue Bond Proceeds when issued. This action satisfies the official intent requirement set forth in Section 1.103-18 of the Treasury Regulations.

BACKGROUND INFORMATION

The existing Student Union Building at U. T. Dallas contains 28,000 gross square feet and was completed in 1981 when the campus had approximately 6,900 students and no lower-division or resident students. The current student body is approximately 9,000 with over 600 lower-division students. In addition, U. T. Dallas will have 600 campus apartments by Fall 1994.

The proposed Student Union Building Addition and Renovation project will add approximately 28,000 to 30,000 gross square feet of new space and renovate the existing facilities to provide for growth for student programs. Funding for the \$3,800,000 project will be from Revenue Bond Proceeds supported by an increased student union fee approved by student vote and by the 73rd Legislature. The fee is now \$40 per student for a regular academic term and \$26.67 per student during the summer term.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget to be funded by Revenue Bond Proceeds.

List of Firms for Consideration

<u>Project Architect</u>	<u>Representative Projects</u>
MPI Architects Dallas, Texas	U. T. Dallas: Student Center Feasibility Study University of Tulsa: Allen Chapman Activity Center Baylor University: Memorial Hall Dining Facility
HKS Inc. Dallas, Texas	Southern Methodist University: Student Center U. T. Southwestern Medical Center - Dallas: Ambulatory Care Center Expansion Texas A&M University, College Station: Petroleum Engineering Building
Booziotis & Company Architects Dallas, Texas	U. T. Austin: School of Architecture (Goldsmith and Sutton Halls Renovations) Southern Methodist University: Underwood Law Library Fair Park, Dallas, Texas: Orientation Center and Theater

7. U. T. Southwestern Medical Center - Dallas - Research Building - Phase II North Campus Expansion (Project No. 303-755): Request for Approval of Final Plans for Stage Three; Authorization to Advertise for Bids; and Executive Committee Award of Contracts.--

RECOMMENDATION

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

- a. Approve final plans and specifications for the third stage of construction of the Research Building - Phase II North Campus Expansion at the U. T. Southwestern Medical Center - Dallas within the authorized total project cost of \$67,800,000 for all stages, exclusive of institutional equipment
- 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 by the U. T. Board of Regents in October 1992, final plans and specifications for the third stage of construction of the Research Building - Phase II North Campus Expansion at the U. T. Southwestern Medical Center - Dallas have been prepared by the Project Architect, Omniplan, Inc., Dallas, Texas.

Award of the first stage of work for the Intercampus Connector was made by the U. T. Board of Regents in June 1992 and award for the construction contract for General Construction of Research Building NA, Support Building NG, and Expansion of Thermal Energy Plant Building NJ (second stage) was made by the U. T. Board of Regents in February 1993. Award for the prepurchase of Thermal Energy Plant Equipment was made by the U. T. Board of Regents in October 1992.

This third stage of work consists of a construction contract to partially finish out six shell floors of Research Building NA as research space. Research Building NA is the second research building constructed on the North Campus. It is a ten-level facility consisting of approximately 182,913 gross square feet of research space (6 levels); 30,333 gross square feet of research support space (1 level); and 88,933 gross square feet of parking (3 levels). Upon completion of this stage three, Research Building NA will contain approximately 32,000 gross square feet of shell space remaining to be finished out. Requests for approval for additional stages to finish out the remaining shell space will be presented to the U. T. Board of Regents at a future date.

At the October 1992 meeting, the U. T. Board of Regents approved the use of Revenue Financing System Parity Debt and received the certificate and finding of fact with regard to financial capacity. Total project funding was appropriated at that time. Under a Memorandum of Understanding dated December 3, 1992, the U. T. Board of Regents accepted the proposal of U. T. Southwestern Medical Center - Dallas to provide an amount of funds equal to the debt service on Permanent University Fund Bond Proceeds (PUF) issued to provide the allocated PUF support of the project. Payment of these funds is contingent upon the annual income results of the Permanent University Fund.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget for a total project cost of \$67,800,000. Total project funding is \$20,000,000 from Permanent University Fund Bond Proceeds, \$42,300,000 from Revenue Financing System Bond Proceeds, and \$5,500,000 for the Intercampus Connector project as previously appropriated from U. T. Southwestern Medical Center - Dallas Interest on Designated Funds Time Deposits.

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

8. U. T. Medical Branch - Galveston - Lee Hage Jamail Student Center (Project No. 601-808): Presentation of Preliminary Plans; Request for Authorization to Prepare Final Plans and Specifications; Submission to the Coordinating Board; and Additional Appropriation Therefor.--

RECOMMENDATION

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

- a. Approve preliminary plans and specifications for the Lee Hage Jamail Student Center at the U. T. Medical Branch - Galveston at an estimated total project cost of \$2,850,000
- 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 Texas Higher Education Coordinating Board
- d. Appropriate an additional \$90,000 from Gifts and Grants for fees and administrative expenses through completion of final plans and specifications. Previous appropriations have been \$75,000 from the same source.

BACKGROUND INFORMATION

The Lee Hage Jamail Student Center will be a freestanding building designed to serve approximately 2,000 students at the U. T. Medical Branch - Galveston. The University Planning Committee determined the need for a Student Center, identified the student services to be housed and the activities to be accommodated, and designated the site. The Student Center will contain approximately 19,000 gross square feet and include administrative offices for Campus Life, offices for student government and related service areas, student activities space, recreational and leisure reading facilities, meeting rooms, commons area, lobbies, telephones, post office, lockers and food service facilities.

Funding for the total project cost of \$2,850,000 will be made available from private gifts and grants, the most significant of which is the \$2,000,000 gift from Mr. and Mrs. Joseph D. Jamail. Construction cost, including site development, is estimated at approximately \$2,000,000 providing a unit price in the range of \$105 per square foot. This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget.

9. U. T. Health Science Center - San Antonio - Health Sciences Building Program - Allied Health/Public Health/Research Building; Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--

RECOMMENDATION

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

- a. Authorize a project for an Allied Health/Public Health/Research Building as part of the Health Sciences Building Program at the U. T. Health Science Center - San Antonio at an estimated total project cost of \$19,000,000 to be funded from Tuition Revenue Bonds
- b. Appoint a Project Architect from the list set forth on Page FPCC - 16 to prepare preliminary plans and a cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriate \$400,000 from Tuition Revenue Bonds and Notes issued under the Revenue Financing System for fees and administrative expenses through completion of preliminary plans.

BACKGROUND INFORMATION

The 73rd Session of the Texas Legislature authorized the financing of a Health Science Building Program at the U. T. Health Science Center - San Antonio to be funded through Tuition Revenue Bonds in the amount of \$25,000,000 as part of the South Texas/Border Initiative. The first project of the program was the School of Nursing Addition and Renovation authorized by the U. T. Board of Regents in December 1993.

The second and final building under this program will be a multiuse/multidiscipline facility designed to meet the critical needs of the U. T. Allied Health Sciences School - San Antonio, the graduate program operated in cooperation with the U. T. Public Health School - Houston, and the U. T. G.S.B.S. - San Antonio. Each of these programs has outgrown its current facilities due to enrollment growth and associated research activities.

A modern telecommunications system associated with this building project will allow improvement of existing distance learning activities in the South Texas/Border Region and in West Texas. The building will provide approximately 100,000 gross square feet of classrooms, instructional laboratories, faculty offices and research laboratories, with related support facilities.

The U. T. Allied Health Sciences School - San Antonio currently occupies renovated space beneath the auditorium and has some leased space approximately one mile from the main campus. This space is not adequate to accommodate expanding enrollments and programs. The project will also provide needed space for the graduate program which is operated in cooperation with the U. T. Public Health School - Houston and graduates more than half of all Master of Public Health students in the state.

The research and teaching programs of the U. T. G.S.B.S. - San Antonio have increased at a rapid pace in the past 10 years. A substantial portion of the work must be performed in overcrowded conditions in the present quarters. Space is at such a premium that it is difficult to provide for state-of-the-art equipment as it becomes available or for the expansion of programs led by junior faculty as they develop.

Approval of this agenda item will amend the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget to reflect a project for the Allied Health/Public Health/Research Building at a total project cost of \$19,000,000 to be funded by Tuition Revenue Bonds.

List of Firms for Consideration

<u>Project Architect</u>	<u>Representative Projects</u>
Chumney and Associates San Antonio, Texas	U. T. Health Science Center - San Antonio: Expansion of Clinical Science Research Laboratories
	U. T. Health Science Center - San Antonio: Air Flow System
	U. T. Health Science Center - San Antonio: Medical School/ Dental School (Under Previous Firm)
Marmon Mok San Antonio, Texas	U. T. Health Science Center - San Antonio: McDermott Clinical Science Building
	U. T. Brownsville: Science and Technology Building
	Texas A&M University: Chemistry Building Renovation, Phase I
Kell Muñoz Wigodsky San Antonio, Texas	U. T. Health Science Center - San Antonio: Institute of Biotechnology
	U. T. San Antonio: Engineering/ Biotechnology Building - Phases I and II
	U. T. Pan American: Engineering Building

Asset Management Com.

ASSET MANAGEMENT COMMITTEE
Committee Chairman Cruikshank

Date: February 10, 1994
Time: Following the meeting of the Facilities Planning
and Construction Committee
Place: Conference Rooms A & B, Tenth Floor
R. Lee Clark Clinic Building
U. T. M.D. Anderson Cancer Center

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AMC

I. Permanent University Fund

Investment Matter

Report on Clearance of Monies to the
Permanent University Fund for Novem-
ber and December 1993 and Report on
Oil and Gas Development as of Decem-
ber 31, 1993

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II. Trust and Special Funds

Gifts, Bequests and Estates

U. T. SYSTEM

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U. T. AUSTIN

2. Thomas M. Burke Student Job Program
Endowment in the College of Natural
Sciences - Recommendation to Redesignate
as the Thomas and Ray Burke Stu-
dent Job Program

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3. Recommendation to Accept Bequest from
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California, for the Harry Ransom
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4. Recommendation to Accept Gifts and
Accumulated Income to Establish the
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U. T. AUSTIN

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U. T. AUSTIN

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U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS

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I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTER

Report on Clearance of Monies to the Permanent University Fund for November and December 1993 and Report on Oil and Gas Development as of December 31, 1993.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for November and December 1993 and (b) Oil and Gas Development as of December 31, 1993, are submitted by the Executive Vice Chancellor for Business Affairs:

Permanent University Fund	November 1993	December 1993	Cumulative Through December of this Fiscal Year (1993-1994)	Cumulative Through December of Preceding Fiscal Year (1992-1993)	Percent Change
Royalty					
Oil	\$ 3,132,366.31	\$ 3,467,659.81	\$ 12,916,989.79	\$ 16,868,437.51	-23.43%
Gas	1,520,770.24	1,215,834.36	5,743,267.06	5,631,598.52	1.98%
Sulphur	0.00	0.00	0.00	0.00	--
Water	51,414.74	38,979.33	301,839.37	270,748.57	11.48%
Brine	4,755.37	5,274.47	29,213.80	24,851.30	17.55%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Lease	139,929.27	4,076.31	178,730.20	299,676.91	-40.36%
Other	(4,660.00)	100.00	(3,708.00)	(4,812.30)	22.95%
Sale of Sand, Gravel, Etc.	0.00	0.00	0.00	0.00	--
Total University Lands Receipts Before Bonuses	4,844,575.93	4,731,924.28	19,166,332.22	23,090,500.51	-16.99%
Bonuses					
Oil and Gas Lease Sales	0.00	3,480,202.48	3,480,202.48	69,887.70	--
Amendments and Extensions to Mineral Leases	1,500.57	1,260.57	38,242.14	10.00	--
Total University Lands Receipts	4,846,076.50	8,213,387.33	22,684,776.84	23,160,398.21	-2.05%
Gain or (Loss) on Sale of Securities	2,175,603.72	5,995,444.85	15,884,154.12	22,332,596.20	-28.87%
TOTAL CLEARANCES	\$7,021,680.22	\$14,208,832.18	\$38,568,930.96	\$45,492,994.41	-15.22%

Oil and Gas Development - December 31, 1993

Acreage Under Lease - 756,278

Number of Producing Acres - 524,113

Number of Active Leases - 2,454

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. System: Recommendation to Accept Gift to Establish the Stella and Charles Mullins Endowment Fund.--

RECOMMENDATION

The Office of the Chancellor recommends the acceptance of a \$10,000 gift from Dr. and Mrs. Charles B. (Stella) Mullins, Austin, Texas, to establish the Stella and Charles Mullins Endowment Fund at the U. T. System.

Ninety percent of the income earned from the endowment will be for the unrestricted use of the Chancellor with the remaining ten percent being reinvested into the corpus of the endowment.

BACKGROUND INFORMATION

Charles B. Mullins, M.D., Austin, Texas, currently serves as the Executive Vice Chancellor for Health Affairs at the U. T. System.

2. U. T. Austin: Thomas M. Burke Student Job Program Endowment in the College of Natural Sciences - Recommendation to Redesignate as the Thomas and Ray Burke Student Job Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that the Thomas M. Burke Student Job Program Endowment in the College of Natural Sciences at U. T. Austin be redesignated as the Thomas and Ray Burke Student Job Program.

This recommendation is being made in accordance with a request from Mr. Thomas M. Burke.

BACKGROUND INFORMATION

The Thomas M. Burke Student Job Program Endowment was established at the April 1991 meeting of the U. T. Board of Regents with \$10,278.59 in gifts from various donors. Both Mr. Thomas M. Burke, Houston, Texas, and his brother, Mr. Ray A. Burke, Dana Point, California, have served on the Geology Foundation Advisory Council and have been the primary donors to this endowment. Mr. Thomas M. Burke received his B.S. in Geology from U. T. Austin in 1949. Mr. Ray A. Burke received his B.S. in Geology from U. T. Austin in 1947.

3. U. T. Austin: Recommendation to Accept Bequest from the Estate of Carvel Collins, Vista, California, for the Harry Ransom Humanities Research Center.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that a specific bequest of a collection of materials by and concerning William Faulkner with an undetermined value from the Estate of Carvel Collins, Vista, California, be accepted for the use and benefit of the Harry Ransom Humanities Research Center at U. T. Austin.

Per Mr. Collins' Will, the bequest is made subject to conditions that the materials be kept sealed in several packages for twenty-one years after Mr. Collins' date of death, April 10, 1990, or until the deaths of certain individuals named on some of the packages, whichever is longer.

BACKGROUND INFORMATION

Mr. Carvel Collins, a professor and author, was a William Faulkner scholar and biographer.

4. U. T. Austin: Recommendation to Accept Gifts and Accumulated Income to Establish the Ethel V. Loving de Diaz Scholarship Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that gifts from various donors and accumulated income totaling \$12,433.25 be accepted to establish the Ethel V. Loving de Diaz Scholarship Fund at U. T. Austin.

Pursuant to authority granted under Section 65.36(f) of the Texas Education Code, it is further recommended that income earned from the endowment be used to provide scholarship support to deserving students. This recommendation has been reviewed and approved by the U. T. System Office of General Counsel.

BACKGROUND INFORMATION

A gift of cash and property was received from various donors in 1966 to establish a scholarship endowment in memory of Mrs. Ethel V. Loving de Diaz. From time to time, other donors have added gifts for the same purpose. The original gifts, additional gifts, and earnings on the monies are now at an amount justifying the establishment of an endowment. In accordance with the original donors' intent, the Scholarship will be administered with a preference among equally qualified applicants for students from Mexico.

5. U. T. Austin: Recommendation to Accept Gift and Transfer of Funds to Establish the Frank Denius Endowed Scholarship in the Department of Intercollegiate Athletics for Men.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that a \$66,667 gift from The Cain Foundation, Austin, Texas, and a \$33,333 transfer of Second Century Fund matching funds for a total of \$100,000 be accepted to establish the Frank Denius Endowed Scholarship in the Department of Intercollegiate Athletics for Men at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes participating in the men's athletics program.

BACKGROUND INFORMATION

The Cain Foundation, Austin, Texas, a member of the Littlefield Society, is funding this endowment in honor of Mr. Frank Denius, Austin, Texas. Mr. Denius received his LL.B. from U. T. Austin in 1949. A Director and Vice President of The Cain Foundation, Mr. Denius is a member of The President's Associates, The Chancellor's Council, and The Ex-Students' Association. The Cain Foundation and Mr. Denius have been supporters of Longhorn athletics for many years.

The Departments of Intercollegiate Athletics for Women and Intercollegiate Athletics for Men have jointly initiated a \$10,000,000 scholarship fund raising effort known as The Second Century Fund which was authorized at the April 1993 meeting of the U. T. Board of Regents. Within The Second Century Fund, the Departments have adopted a program to match private gifts designated for student support endowments. Matching funds are being generated from gifts and other unrestricted funds available to the Departments.

6. U. T. Austin: Recommendation to Accept Gift to Establish the Robert C. Drummond Endowed Presidential Scholarship in the College of Business Administration and Graduate School of Business.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that 700 shares of Mobil Corporation common stock valued at \$53,812.50 from Mrs. Fred Moore, Austin, Texas, be accepted to establish the Robert C. Drummond Endowed Presidential Scholarship in the College of Business Administration and Graduate School of Business at U. T. Austin.

Income earned from the endowment will be used to provide annual scholarships for students enrolled in the College of Business Administration and Graduate School of Business.

BACKGROUND INFORMATION

This endowment is being funded by Mrs. Fred Moore, Austin, Texas, in honor of her long-time friend, Mr. Robert Drummond. Mr. Drummond, a Certified Public Accountant, retired as General Auditor of Mobil Corporation in 1986. He received his B.B.A. from U. T. Austin in 1948. Mr. Drummond received the Distinguished Alumni Award from the College of Business Administration and Graduate School of Business at U. T. Austin in 1975. He is a member of The Chancellor's Council and a Senior Active Member of the College of Business Administration Foundation Advisory Council.

7. U. T. Austin: Royal B. Embree, Jr. Scholarship in the College of Education - Recommendation to Redesignate as the Royal B. Embree, Jr. Endowed Presidential Scholarship.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that the Royal B. Embree, Jr. Scholarship in the College of Education at U. T. Austin be redesignated as the Royal B. Embree, Jr. Endowed Presidential Scholarship.

This recommendation is being made with the concurrence of Dr. Embree's daughters.

BACKGROUND INFORMATION

The Royal B. Embree, Jr. Scholarship was established at the December 1985 meeting of the U. T. Board of Regents with \$10,723 in gifts from family, friends, former students and colleagues of Dr. Royal B. Embree, Jr. Through additional donations and reinvestment of income the endowment has a current balance of \$53,463.

Dr. Embree joined the U. T. Austin faculty in 1947 as an associate professor of educational psychology and became a professor in 1970. He was designated Professor Emeritus in 1978. Dr. Embree supervised over forty doctoral dissertations and more than 150 Master's theses and research reports.

8. U. T. Austin: Recommendation to Accept Gift and Corporate Matching Funds to Establish the Kelly Fearing Endowed Presidential Scholarship in Art in the College of Fine Arts.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that sales proceeds in the amount of \$17,500 from a gift of Time Warner Corporation common stock from Dr. Lorene L. Rogers, Austin, Texas, and \$20,000 in corporate matching funds from the Texaco Foundation, White Plains, New York, for a total of \$37,500 be accepted to establish the Kelly Fearing Endowed Presidential Scholarship in Art in the Department of Art and Art History, College of Fine Arts, at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support to students in the Department of Art and Art History.

BACKGROUND INFORMATION

This endowment is being funded by Dr. Lorene L. Rogers, Austin, Texas, President Emeritus of U. T. Austin, to honor Mr. William Kelly Fearing, Austin, Texas, Ashbel Smith Professor Emeritus in Art at U. T. Austin.

9. U. T. Austin: Recommendation to Accept Gifts to Establish the Anna Mae Ford Memorial Fund in the College of Liberal Arts.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that \$27,066 in gifts from various donors be accepted to establish an endowment in the Institute of Latin American Studies, College of Liberal Arts, at U. T. Austin to be named the Anna Mae Ford Memorial Fund.

Income earned from the endowment will be used to provide fellowship support to second year graduate students in the Institute of Latin American Studies who have shown evidence of good academic progress and who indicate a scholarly or professional interest in Latin America. Preference shall be given to female students.

BACKGROUND INFORMATION

This endowment is being funded in memory of Miss Anna Mae Ford by her niece, Mrs. Louise Saxon, Austin, Texas, and various friends and family. Mrs. Saxon received her B.F.A. in Art and Art History in 1960 and her M.F.A. in Theatre and Dance in 1971 from U. T. Austin. Miss Ford also attended U. T. Austin.

10. U. T. Austin: Getty Oil Company Centennial Chair in Petroleum Engineering in the College of Engineering - Recommendation to Redesignate as the Texaco Centennial Chair in Petroleum Engineering.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that the Getty Oil Company Centennial Chair in Petroleum Engineering in the Department of Petroleum Engineering, College of Engineering, at U. T. Austin be redesignated as the Texaco Centennial Chair in Petroleum Engineering.

This recommendation is being made with the concurrence of the donor in order to reflect the current name of the corporation.

BACKGROUND INFORMATION

The Getty Oil Company Centennial Chair in Geological Sciences in the College of Natural Sciences was established by the U. T. Board of Regents at the February 1982 meeting, with a \$500,000 pledge from the Getty Oil Company, Los Angeles, California. At the August 1982 meeting of the U. T. Board of Regents, the gift was matched with \$500,000 under The Centennial Teachers and Scholars Program and the matching was used to establish the Getty Oil Company Centennial Chair in Petroleum Engineering in the College of Engineering. The Chair in Natural Sciences will retain the Getty Oil Company name.

11. U. T. Austin: Recommendation to Accept Gift and Transfer of Funds to Establish the Graves, Dougherty, Hearon & Moody Endowed Presidential Scholarship for Intercollegiate Athletics for Women in the Department of Intercollegiate Athletics for Women.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that a \$25,000 gift from Graves, Dougherty, Hearon & Moody, Austin, Texas, and a \$12,500 transfer of Second Century Fund matching funds for a total of \$37,500 be accepted to establish

the Graves, Dougherty, Hearon & Moody Endowed Presidential Scholarship for Intercollegiate Athletics for Women in the Department of Intercollegiate Athletics for Women at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes on the women's athletics varsity soccer team.

BACKGROUND INFORMATION

The law firm of Graves, Dougherty, Hearon & Moody, Austin, Texas, is funding this endowment in support of the athletic program for women at U. T. Austin being expanded to include soccer. Many of the partners of Graves, Dougherty, Hearon & Moody are alumni of U. T. Austin.

The Departments of Intercollegiate Athletics for Women and Intercollegiate Athletics for Men have jointly initiated a \$10,000,000 scholarship fund raising effort known as The Second Century Fund which was authorized at the April 1993 meeting of the U. T. Board of Regents. Within The Second Century Fund, the Departments have adopted a program to match private gifts designated for student support endowments. Matching funds are being generated from gifts and other unrestricted funds available to the Departments.

12. U. T. Austin: Recommendation to Accept Gift to Establish the Mary Winton Green Endowed Presidential Scholarship in Music in the College of Fine Arts.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that a \$25,000 gift from Mrs. David (Mary Winton) Green, Naples, Florida, through the David Green and Mary Winton Green Foundation, Winnetka, Illinois, be accepted to establish the Mary Winton Green Endowed Presidential Scholarship in Music in the Department of Music, College of Fine Arts, at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support to undergraduate string students who have demonstrated talent and promise in rigorous auditions, with preference given to citizens or permanent residents of the U. S.

BACKGROUND INFORMATION

Mrs. David (Mary Winton) Green, Naples, Florida, received her Bachelor's degree in Music in 1944 from U. T. Austin. She is funding this endowment because of her profound love of music, her lifelong commitment to education, and her high regard for the fine arts program and faculty at U. T. Austin.

13. U. T. Austin: Recommendation to Accept Bequest from the Estate of Cornelia Hood, Fort Worth, Texas, for the Texas Memorial Museum.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that a specific bequest of an antique flax spinning wheel with an undetermined value from the Estate of Cornelia Hood, Fort Worth, Texas, be accepted for the use and benefit of the Texas Memorial Museum at U. T. Austin.

BACKGROUND INFORMATION

Ms. Cornelia Hood received her B.A. in 1924 and her M.A. in 1938 in History from U. T. Austin. Per Ms. Hood's Last Will and Testament, her antique flax spinning wheel had been passed from one generation to the next of the Hood family since the early part of the eighteenth century.

14. U. T. Austin: Recommendation to Accept Grant to Establish the Houston Endowment President's Excellence Scholarships and the Houston Endowment Graduate Fellowship in the Graduate School of Library and Information Science and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that a \$700,000 grant, of which \$350,000 has been received and \$350,000 is to be paid by December 31, 1994, from Houston Endowment Inc., Houston, Texas, be accepted for the benefit of U. T. Austin.

It is further recommended that \$300,000 of the received grant funds and \$300,000 of the pledged grant funds for a total of \$600,000 be used to establish the Houston Endowment President's Excellence Scholarships. Income earned from the endowment will be used to provide support to undergraduate and graduate students in any academic area according to the President's judgement related to changing student and institutional needs. The students holding awards will be designated "Houston Endowment Scholars" or "Fellows," depending on undergraduate or graduate status.

Additionally, it is recommended that \$50,000 of the received grant funds and \$50,000 of the pledged grant funds for a total of \$100,000 be used to establish the Houston Endowment Graduate Fellowship in the Graduate School of Library and Information Science. Income earned from the endowment will be used to provide fellowship support to graduate students concentrating in the School's Preservation and Conservation Education Programs.

Also, it is recommended that matching funds in the amount of \$50,000 be reserved under The Brackenridge Matching Program #2 to be allocated proportionately as gifts are received to increase the endowment to a total of \$150,000.

BACKGROUND INFORMATION

Houston Endowment Inc., Houston, Texas, has made numerous contributions to U. T. Austin, having funded 35 endowments. Houston Endowment Inc. is a member of the Littlefield Society.

15. U. T. Austin: Recommendation to Accept Grant to Establish the John S. and James L. Knight Foundation Chair in International Journalism in the College of Communication.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that a grant comprised of \$45,897.50 in cash and Knight-Ridder, Inc. common stock valued at \$954,102.50 from the John S. and James L. Knight Foundation, Miami, Florida, for a total of \$1,000,000 be accepted to establish the John S. and James L. Knight Foundation Chair in International Journalism in the Department of Journalism, College of Communication, at U. T. Austin.

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

BACKGROUND INFORMATION

The John S. and James L. Knight Foundation, Miami, Florida, was incorporated in Ohio in 1950 by Messrs. John S. and James L. Knight, deceased, and their families.

16. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the R. W. and Kathleen Lindsey Endowed Presidential Scholarship.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that \$19,045 in gifts and \$6,000 in pledges, payable by August 31, 1995, from various donors for a total of \$25,045 be accepted to establish the R. W. and Kathleen Lindsey Endowed Presidential Scholarship at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support to students of any academic major who are from Fort Bend County, Texas. Recipients must not be current participants in varsity athletics and must not have signed an employment agreement with a professional sports club.

BACKGROUND INFORMATION

Mr. Robert Wesley Lindsey, Rosenberg, Texas, received his LL.B. from U. T. Austin in 1948. Mr. Lindsey is a partner with the law firm of Lindsey & Lindsey, Rosenberg, Texas, and is also the Chairman and Chief Executive Officer of the Fort Bend Federal Savings & Loan Association, Rosenberg, Texas. His wife, Mrs. Kathleen Joerger Lindsey, Rosenberg, Texas, received her LL.B. from U. T. Austin in 1939. She is retired from the law firm of Joerger, Lindsey & Lindsey, Rosenberg, Texas. Mr. and Mrs. Lindsey are Life Members of The Ex-Students' Association.

17. U. T. Austin: David A. Lingle Endowed Scholarship in Engineering in the College of Engineering - Recommendation to Accept Additional Gifts and Corporate Matching Funds and Redesignate as the David A. Lingle Endowed Presidential Scholarship in Engineering and Eligibility for Matching Funds Under The Regents' Endowment Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that \$3,750 in gifts from Mr. David A. Lingle, Houston, Texas, and \$11,250 in corporate matching funds from the Exxon Education Foundation, Irving, Texas, for a total of \$15,000 be accepted for addition to the David A. Lingle Endowed Scholarship in Engineering in the College of Engineering at U. T. Austin for a total endowment of \$25,000 and that the Scholarship be redesignated as the David A. Lingle Endowed Presidential Scholarship in Engineering.

This recommendation is being made with the concurrence of the donor.

It is further recommended that \$7,500 in matching funds be allocated under The Regents' Endowment Program and used to increase the endowment to a total of \$32,500.

BACKGROUND INFORMATION

The David A. Lingle Endowed Scholarship in Engineering was established at the February 1991 meeting of the U. T. Board of Regents with gifts and corporate matching funds totaling \$10,000.

Mr. David A. Lingle, Houston, Texas, received his B.S.P.E. in 1983 and his M.B.A. in 1985 from U. T. Austin. He is an employee of Exxon Exploration Company, Houston, Texas, and a member of The Chancellor's Council and the Littlefield Society.

18. U. T. Austin: Recommendation to Accept Gift, Pledge, and Transfer of Funds to Establish the Georgia B. Lucas Endowed Presidential Scholarship in Music in the College of Fine Arts.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that a \$10,000 gift and a \$15,000 pledge, payable by August 31, 1995, from Ms. Georgia B. Lucas, Austin, Texas, and a \$12,500 transfer of funds from President's designated funds for a total of \$37,500 be accepted to establish the Georgia B. Lucas Endowed Presidential Scholarship in Music in the Department of Music, College of Fine Arts, at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support to an undergraduate or graduate student in music who has demonstrated talent, promise, and academic excellence, with preference given to an opera or orchestra student.

BACKGROUND INFORMATION

Ms. Georgia B. Lucas, Austin, Texas, attended U. T. Austin and studied journalism and geology. She is a Life Member of The President's Associates and a member of the Littlefield Society.

19. U. T. Austin: Recommendation to Accept Gift and Transfer of Funds to Establish the Pat and Homer L. Luther, Jr. Endowed Presidential Scholarship in the College of Business Administration and the Graduate School of Business.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that 1,020 shares of CML common stock valued at \$24,416.25 from Mr. and Mrs. Homer L. (Pat) Luther, Jr., Houston, Texas, and a \$583.75 transfer of discretionary funds for a total of \$25,000 be accepted to establish the Pat and Homer L. Luther, Jr. Endowed Presidential Scholarship in the College of Business Administration and the Graduate School of Business at U. T. Austin.

Income earned from the endowment will be used to provide scholarships for students enrolled in the College of Business Administration and the Graduate School of Business.

BACKGROUND INFORMATION

Mr. Homer L. Luther, Jr., Houston, Texas, received his B.B.A. in 1961 and his M.B.A. in 1963 in Accounting from U. T. Austin. Mr. and Mrs. Luther are Life Members of The President's Associates and members of The Chancellor's Council and the Littlefield Society.

20. U. T. Austin: Recommendation to Accept Grant and Transfer of Funds to Establish the Bernard and Audre Rapoport Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that a \$25,000 grant from The Bernard and Audre Rapoport Foundation, Waco, Texas, and a \$12,500 transfer of Second Century Fund matching funds for a total of \$37,500 be accepted to establish the Bernard and Audre Rapoport Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes participating in the women's athletics program who have served as excellent role models for young children in the community, with preference given to participants in the women's tennis program.

BACKGROUND INFORMATION

This endowment is being funded by The Bernard and Audre Rapoport Foundation, Waco, Texas, in honor of Mr. and Mrs. Rapoport's granddaughters, Abby and Emily. The Foundation has been a strong supporter of U. T. Austin for many years and is a member of the Littlefield Society. Mr. Bernard Rapoport, Waco, Texas, a Trustee of the Foundation, is the current Chairman of the U. T. Board of Regents.

The Departments of Intercollegiate Athletics for Women and Intercollegiate Athletics for Men have jointly initiated a \$10,000,000 scholarship fund raising effort known as The Second Century Fund which was authorized at the April 1993 meeting of the U. T. Board of Regents. Within The Second Century Fund, the Departments have adopted a program to match private gifts designated for student support endowments. Matching funds are being generated from gifts and other unrestricted funds available to the Departments.

21. U. T. Austin: Lorene L. Rogers Endowed Presidential Scholarship in Music in the College of Fine Arts - Recommendation to Redesignate as the Verna M. Harder Endowed Presidential Scholarship in Music.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that the Lorene L. Rogers Endowed Presidential Scholarship in Music in the Department of Music, College of Fine Arts, at U. T. Austin be redesignated as the Verna M. Harder Endowed Presidential Scholarship in Music.

This recommendation is being made with the concurrence of the donor, Dr. Lorene L. Rogers, to honor Ms. Verna M. Harder, a former U. T. Austin employee.

BACKGROUND INFORMATION

The Lorene L. Rogers Centennial Endowed Scholarship was established at the April 1982 meeting of the U. T. Board of Regents with gifts totalling \$10,000 from Dr. Lorene L. Rogers, Austin, Texas, and matching funds from various corporations. At the February 1993 meeting, the U. T. Board of Regents accepted gifts and corporate matching funds totalling \$15,000 from Dr. Rogers and the Texaco Foundation, White Plains, New York, approved \$7,500 in matching funds from The Regents' Endowment Program for a total endowment of \$32,500, and redesignated the scholarship as the Lorene L. Rogers Endowed Presidential Scholarship in Music.

Dr. Rogers, Professor Emeritus and President Emeritus of U. T. Austin, received her M.A. in Chemistry in 1946 and her Ph.D. in Biochemistry in 1948 from U. T. Austin and held various faculty and administrative posts prior to service as President from 1975 to 1979. She is a member of The Chancellor's Council, the Littlefield Society, a Life Member of The President's Associates, and a Distinguished Alumnus.

Ms. Verna M. Harder, Austin, Texas, joined the faculty of the Department of Music at U. T. Austin in 1946 as an instructor of piano. She became a professor in 1973 and retired in 1977. In recognition of her contributions to the Department, the Scholarship will be administered with a preference among equally qualified applicants for piano students.

22. U. T. Austin: Tobi and Tina Taub Endowed Scholarship in the Department of Intercollegiate Athletics for Women - Recommendation to Amend Scholarship Criteria.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that the scholarship criteria for the Tobi and Tina Taub Endowed Scholarship in the Department of Intercollegiate Athletics for Women at U. T. Austin be amended to include a

preference for students majoring in kinesiology. The Department of Intercollegiate Athletics for Women wishes to expand the stated preference to include students majoring in kinesiology. This amendment is permissible under Section 163.008 of the Texas Property Code and is acceptable to the donors.

BACKGROUND INFORMATION

The Tobi and Tina Taub Endowed Scholarship was established at the October 1987 meeting of the U. T. Board of Regents with a \$10,000 gift from Mr. and Mrs. Albert Taub, Arlington, Texas. Income earned from the endowment was dedicated to awarding scholarships to student athletes majoring in business administration or natural sciences. The field of kinesiology correlates to natural sciences in the study of applied anatomy and human biochemistry, although it is housed within the College of Education at U. T. Austin. Including students of kinesiology within the applicant pool for this Scholarship will more fully cover the natural science interests of student athletes and the donors.

23. U. T. Austin: Recommendation to Accept Grant to Establish the Marshall F. Wells Scholarship and Fellowship Endowment in the College of Fine Arts and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that a \$250,000 grant, of which \$125,000 has been received and \$125,000 is to be paid by December 31, 1994, from Houston Endowment Inc., Houston, Texas, be accepted to establish the Marshall F. Wells Scholarship and Fellowship Endowment in the College of Fine Arts at U. T. Austin.

It is further recommended that matching funds in the amount of \$125,000 be reserved under The Brackenridge Matching Program #2 to be allocated proportionately as gifts are received to increase the endowment to a total of \$375,000.

Income earned from the endowment will be used to provide scholarship and fellowship support to undergraduate and graduate students in the College of Fine Arts.

BACKGROUND INFORMATION

This endowment is being funded by Houston Endowment Inc., Houston, Texas, to honor Mr. Marshall Foch Wells, Houston, Texas, who received his B.J. in 1939 from U. T. Austin. He is an Honorary Member of the College of Fine Arts Foundation Advisory Council.

24. U. T. Austin: Recommendation to Accept Grant to Establish the H. W. Wilson Scholarship in the Graduate School of Library and Information Science.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Berdahl that a \$10,000 grant from The H. W. Wilson Foundation, Bronx, New York, be accepted to establish the H. W. Wilson Scholarship in the Graduate School of Library and Information Science at U. T. Austin.

Income earned from the endowment will be used to provide scholarship support to deserving students who intend to pursue careers in library education.

BACKGROUND INFORMATION

In March 1991, the Board of Directors of The H. W. Wilson Foundation, Bronx, New York, announced it would renew and expand its program of grants in support of scholarships for library education. The grant to fund this endowment is a result of that expansion.

25. U. T. El Paso: Recommendation to Accept Gift to Establish the John C. Birkhead and Dick Shinaut Memorial Scholarship in Kinesiology or Sports Studies.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Natalicio that a \$10,968.53 gift from various donors be accepted to establish the John C. Birkhead and Dick Shinaut Memorial Scholarship in Kinesiology or Sports Studies at U. T. El Paso.

Income earned from the endowment will be used to award scholarships to students who are majoring in kinesiology or sports studies with the intention to teach and/or coach.

BACKGROUND INFORMATION

This endowment is being funded in memory of Mr. John Birkhead and Mr. Dick Shinaut by the El Paso Athletic Hall of Fame and family and friends of Messrs. Birkhead and Shinaut. Mr. Birkhead received his B.S. in Physical Education in 1953 from Texas Western College (now U. T. El Paso) and Mr. Shinaut received his B.A. in History from Texas Western College in 1954. As members of the Texas Western College football team, both made outstanding contributions and were later honored for their contributions by the El Paso Athletic Hall of Fame.

26. U. T. El Paso: Recommendation to Accept Gift to Establish The Downtown Lions/John Phelan Endowed Athletic Scholarship Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Natalicio that a \$10,000 gift from the El Paso Downtown Lions Club, El Paso, Texas, be accepted to establish The Downtown Lions/John Phelan Endowed Athletic Scholarship Fund at U. T. El Paso.

Income earned from the endowment will be used to provide a scholarship to a full-time student athlete with a minimum grade point average of 3.0.

BACKGROUND INFORMATION

The El Paso Downtown Lions Club, El Paso, Texas, was formed in 1923 and has a long history of support of U. T. El Paso athletics. Mr. John Phelan, El Paso, Texas, a member of the Downtown Lions Club since 1953, inspired the fund raising project, Dinner with the Miners, which began in 1974. Originally designed to honor the football team and its coaches, it was expanded to include all U. T. El Paso athletes and coaches. It is the hope of the El Paso Downtown Lions Club that this endowment will reach \$100,000 through continuing contributions and future proceeds from the annual dinner.

Mr. Phelan received his B.A. in Broadcasting from the Texas College of Mines and Metallurgy (now U. T. El Paso) in 1948. A well known El Paso sportscaster for KTSM TV/Radio, he did the play-by-play commentary for the Miner football games and later became Sports Director of the station. He continues to support U. T. El Paso through membership in the Alumni Association, the President's Associates, and the Matrix Society, of which he is an executive committee member.

27. U. T. El Paso: Recommendation to Accept Gift and Pledge to Establish the Jack and Dorothy Hunt Endowment for Entrepreneurship.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Natalicio that a \$20,000 gift and an \$80,000 pledge, payable by December 31, 1998, from The Cimarron Foundation, El Paso, Texas, for a total of \$100,000 be accepted to establish the Jack and Dorothy Hunt Endowment for Entrepreneurship at U. T. El Paso.

Income earned from the endowment will be used at the discretion of the Dean of the College of Business Administration to promote and enhance formal and informal activities which support the development of entrepreneurs.

BACKGROUND INFORMATION

It is the desire of Mr. Woody L. Hunt, El Paso, Texas, President of The Cimarron Foundation, El Paso, Texas, to create this endowment. Mr. Hunt is Chairman of the Board of the Hunt Building Corporation, El Paso, Texas. Founded in 1947, the company is primarily a government contractor. Mr. Hunt attended U. T. El Paso and has been a generous contributor to U. T. El Paso for numerous years.

28. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift and Pledge and Allocate Funds from the Private Fund Development Campaign to Establish the BeautiControl Cosmetics, Inc. Professorship in Mineral Metabolism and Osteoporosis and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$20,000 gift and an \$80,000 pledge, payable by December 31, 1997, from BeautiControl Cosmetics, Inc. and W.H.O., Inc., both of Carrollton, Texas, for a total of \$100,000 be accepted to establish the BeautiControl Cosmetics, Inc. Professorship in Mineral Metabolism and Osteoporosis at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$100,000 be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and used to increase the endowment to a total of \$200,000.

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

Additionally, it is recommended that the actual income that will be earned on the \$100,000 gift and pledge, 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

BeautiControl Cosmetics, Inc., Carrollton, Texas, was founded in 1981 by Mr. and Mrs. Richard W. (Jinger) Heath, Dallas, Texas. Under their direction, the firm has grown into a highly successful, publicly traded company. W.H.O., Inc., Carrollton, Texas, established by Mrs. Heath, was founded on the company's philosophy of Women Helping Others.

See Item 2 on Page HAC - 3 related to a proposed appointment to this Professorship.

29. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift and Pledge and Allocate Funds from the Private Fund Development Campaign to Establish The Marilyn R. Corrigan Distinguished Chair in Pediatric Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$250,000 gift and a \$250,000 pledge, payable by January 31, 1997, from Mr. and Mrs. Leo F. (Marilyn R.) Corrigan, Jr., Dallas, Texas, for a total of \$500,000 be accepted to establish The Marilyn R. Corrigan Distinguished Chair in Pediatric Research at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$500,000 be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$1,000,000.

Income earned from the endowment will be used to support the work of a faculty member involved in research in pediatric disease.

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

BACKGROUND INFORMATION

Mr. Leo F. Corrigan, Jr., Dallas, Texas, is Chief Executive Officer of Corrigan Properties. This endowment is being funded in honor of his wife, Marilyn. Mr. and Mrs. Corrigan are charter members of the U. T. Southwestern Medical Center - Dallas' Friends of Human Nutrition and are long-term supporters of the medical school.

See Item 2 on Page HAC - 3 related to a proposed appointment to this Chair.

30. U. T. Southwestern Medical Center - Dallas: Recommendation to Establish The Dallas Foundation Chair in Gynecologic Oncology.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that The Dallas Foundation Chair in Gynecologic Oncology be established at the U. T. Southwestern Medical Center - Dallas. Funds for the endowment will be held and administered by the Southwestern Medical Foundation (an external foundation), Dallas, Texas.

BACKGROUND INFORMATION

This endowment is being funded with a \$250,000 grant from The Dallas Foundation, Dallas, Texas, and a \$250,000 gift from the Southwestern Medical Foundation, Dallas, Texas.

The Dallas Foundation, founded in 1929, is supported by gifts from generous Dallasites whose objective is to improve the quality of life in the Dallas community. Reverend Zan W. Holmes, Jr., Dallas, Texas, a member of the U. T. Board of Regents, serves as a current member of the Board of Governors for The Dallas Foundation.

See Item 2 on Page HAC - 3 related to a proposed appointment to this Chair.

31. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gifts and Allocate Funds from the Private Fund Development Campaign to Establish The Norman F. Gant Research Fund in Obstetrics & Gynecology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that \$145,620 in gifts from various donors be accepted to establish The Norman F. Gant Research Fund in Obstetrics & Gynecology at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$145,620 be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and used to increase the endowment to a total of \$291,240.

Income earned from the endowment will be used to support the work of faculty involved in obstetrical and gynecological research.

Additionally, it is recommended that the actual income that will be earned on the \$145,620 in gifts be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Norman F. Gant, M.D., is a graduate of the U. T. Southwestern Medical School - Dallas and served as Professor and Chairman of the Department of Obstetrics & Gynecology at the U. T. Southwestern Medical Center - Dallas from 1977 to 1983. Dr. Gant is currently serving as the Executive Director of the American Board of Obstetrics & Gynecology.

32. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gifts and Pledge and Allocate Funds from the Private Fund Development Campaign to Establish The Doctor Charles F. Gregory Chair in Orthopaedic Surgery and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that \$250,000 in gifts and \$139,250 in pledges, payable by December 31, 1997, from various donors for a total of \$389,250 be accepted to establish The Doctor Charles F. Gregory Chair in Orthopaedic Surgery at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$389,250 be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and used to increase the endowment to a total of \$778,500.

Additionally, it is recommended that the actual income that will be earned on the \$389,250 in gifts and pledges, as received, be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

This endowment is being funded in memory of Charles F. Gregory, M.D., who was recruited by the U. T. Southwestern Medical Center - Dallas in 1956 and served as Professor and Chairman of the Division of Orthopaedic Surgery until his death in 1976.

See Item 2 on Page HAC - 3 related to a proposed appointment to this Chair.

33. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gifts and Pledge and Allocate Funds from the Private Fund Development Campaign to Establish The Patrick E. Haggerty Distinguished Chair in Basic Biomedical Science and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$100,000 gift and a \$150,000 pledge, payable by December 31, 1995, from The Patrick and Beatrice Haggerty Foundation, Dallas, Texas, and a \$50,000 gift and a \$200,000 pledge, payable by March 31, 1997, from Texas Instruments Foundation, Dallas, Texas, for a total of \$500,000 be accepted to establish The Patrick E. Haggerty Distinguished Chair in Basic Biomedical Science at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$500,000 be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$1,000,000.

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

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

BACKGROUND INFORMATION

This endowment is being funded in memory of Mr. Patrick E. Haggerty by his family and company. Mr. Haggerty, former Chief Executive Officer of Texas Instruments, Dallas, Texas, was a prominent national leader in the electronics industry and in medical research through his service as Chairman of the Board of Rockefeller University.

34. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Bequest from the Estate of Alison McDaniel Bisgood Harwood, Charleston, South Carolina.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$100,000 specific bequest and a residual bequest consisting of \$78,457.93 from the Estate of Alison McDaniel Bisgood Harwood, Charleston, South Carolina, for a total of \$178,457.93 be accepted to support medical research at the U. T. Southwestern Medical Center - Dallas.

BACKGROUND INFORMATION

Mrs. Alison McDaniel Bisgood Harwood, Charleston, South Carolina, was a patient of William M. Lee, M.D., before he came to the U. T. Southwestern Medical Center - Dallas. This bequest was made in support of Dr. Lee's research program at the U. T. Southwestern Medical Center - Dallas.

35. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift and Allocate Funds from the Private Fund Development Campaign to Establish The Robert T. Hayes Center for Mineral Metabolism Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$1,000,000 gift from Mr. Robert T. Hayes, Dallas, Texas, be accepted to establish The Robert T. Hayes Center for Mineral Metabolism Research at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$1,000,000 be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$2,000,000.

Income earned from the endowment will be used to support the work of faculty involved in mineral metabolism research.

Additionally, it is recommended that the actual income that will be earned on the \$1,000,000 gift and the \$1,000,000 in challenge funds 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. Robert T. Hayes, Dallas, Texas, serves as Chief Executive Officer of Hayes Leasing Company, the largest Avis Car Rental franchise in the Southwest. Mr. Hayes became actively involved as a supporter of the U. T. Southwestern Medical Center - Dallas when he served as a member of the Board of Managers of the Dallas County Hospital District in the early 1980s.

36. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift and Pledge and Allocate Funds from the Private Fund Development Campaign to Establish the Carolyn P. and S. Roger Horchow Research Fund and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$50,000 gift and a \$150,000 pledge, payable by January 31, 1997, from Mr. and Mrs. S. Roger (Carolyn) Horchow, Dallas, Texas, for a total of \$200,000 be accepted to establish the Carolyn P. and S. Roger Horchow Research Fund at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$200,000 be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$400,000.

Income earned from the endowment will be used to support the work of faculty members involved in immunology research in the area of AIDS and related diseases.

It is further recommended that the actual income that will be earned on the \$50,000 gift, the \$150,000 pledge, as received, and the \$200,000 allocation of challenge funds 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. S. Roger Horchow has served as President of the U. T. Southwestern Medical Center - Dallas' Friends of the Center for Human Nutrition. Mrs. Carolyn Horchow has served on the Zale Lipshy University Hospital Board of Directors.

37. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift and Allocate Funds from the Private Fund Development Campaign to Establish The Komen Alliance Center for Breast Cancer Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$500,000 gift from the Susan G. Komen Breast Cancer Foundation, Dallas, Texas, be accepted to establish The Komen Alliance Center for Breast Cancer Research at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$500,000 be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$1,000,000.

Income earned from the endowment will be used to support the work of faculty involved in breast cancer research.

Additionally, it is recommended that the actual income that will be earned on the \$500,000 gift and the \$500,000 in challenge funds 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 Komen Alliance is a collaborative effort of the Susan G. Komen Breast Cancer Foundation, Dallas, Texas, Baylor University Medical Center, Dallas, Texas, and the U. T. Southwestern Medical Center - Dallas.

38. U. T. Southwestern Medical Center - Dallas: Recommendation to Establish the Ruth W. and Milton P. Levy, Sr. Chair in Molecular Nephrology and Allocate Funds from the Private Fund Development Campaign to Establish The NCH Corporation Chair in Molecular Transport.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that the Ruth W. and Milton P. Levy, Sr. Chair in Molecular Nephrology be established at the U. T. Southwestern Medical Center - Dallas. Funds for the endowment will be held and administered by the Southwestern Medical Foundation (an external foundation), Dallas, Texas.

It is further recommended that \$500,000 be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and be used to establish The NCH Corporation Chair in Molecular Transport at the U. T. Southwestern Medical Center - Dallas.

Income earned on The NCH Corporation Chair in Molecular Transport will be used to support the Chair.

BACKGROUND INFORMATION

The Ruth W. and Milton P. Levy, Sr. Chair in Molecular Nephrology is being funded in memory of Mr. and Mrs. Milton P. (Ruth) Levy, Sr. with a \$500,000 gift from the NCH Corporation, Irving, Texas, to the Southwestern Medical Foundation. Mr. Levy founded the NCH Corporation in 1919, and his three

sons, Mr. Lester Levy, Mr. Irving Levy, and Mr. Milton Levy, Jr., all of Irving, Texas, have continued to serve as the company's Executive Committee since their father's death. NCH Corporation has been a model of corporate philanthropy in education, medicine, and the arts in the Dallas community.

See Item 2 on Page HAC - 3 related to proposed appointments to these Chairs.

39. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift and Corporate Matching Funds and Allocate Funds from the Private Fund Development Campaign to Establish the Paul and Betty Meek - FINA Professorship in Molecular Immunology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$25,000 gift from Mr. and Mrs. Paul D. (Betty) Meek, Dallas, Texas, and \$25,000 in corporate matching funds from FINA, Inc., Dallas, Texas, for a total of \$50,000 be accepted to establish the Paul and Betty Meek - FINA Professorship in Molecular Immunology at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$50,000 be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$100,000.

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

Additionally, it is recommended that the actual income that will be earned on the \$50,000 gift and corporate matching funds and the \$50,000 allocation of challenge funds 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. Paul D. Meek, Dallas, Texas, is Chairman of the Board and former Chief Executive Officer of FINA, Inc., Dallas, Texas. He and his wife, Betty, are leading supporters of education and research in Dallas and have served in a number of civic leadership positions. FINA, Inc. has long been a major corporate supporter of the U. T. Southwestern Medical Center - Dallas.

40. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift and Allocate Funds from the Private Fund Development Campaign to Establish the W. A. "Tex" and Deborah Moncrief, Jr. Center for Cancer Genetics and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$1,000,000 gift from Mr. W. A. Moncrief, Jr., Fort Worth, Texas, be accepted to establish the W. A. "Tex" and Deborah Moncrief, Jr. Center for Cancer Genetics at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$1,000,000 be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$2,000,000.

Income earned from the endowment will be used to support the work of faculty involved in cancer genetics research.

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

BACKGROUND INFORMATION

Mr. and Mrs. W. A. "Tex" (Deborah) Moncrief, Fort Worth, Texas, have been generous supporters of several component institutions of the U. T. System. Mr. Moncrief served on the U. T. Board of Regents from 1987 to 1993.

41. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift and Pledge and Allocate Funds from the Private Fund Development Campaign to Establish The Wechan Pak Professorship of Bone Biophysics and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$25,000 gift and a \$25,000 pledge, payable by September 1, 1994, from Dr. and Mrs. Charles Y. C. Pak, Dallas, Texas, for a total of \$50,000 be accepted to establish The Wechan Pak Professorship of Bone Biophysics at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$50,000 be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$100,000.

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

Additionally, it is recommended that the actual income that will be earned on the \$50,000 gift and pledge, 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

Charles Y. C. Pak, M.D., Dallas, Texas, is a world authority on mineral metabolism. He has been on the faculty at the U. T. Southwestern Medical Center - Dallas since 1972 and has developed and directed the Center for Mineral Metabolism and Clinical Research. Dr. and Mrs. Pak are funding this Professorship in honor of his mother.

See Item 2 on Page HAC - 3 related to a proposed appointment to this Professorship.

42. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gifts and Allocate Funds from the Private Fund Development Campaign to Establish The George and Carol Poston Professorship in Breast Cancer Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that \$50,000 in gifts from various donors be accepted to establish The George and Carol Poston Professorship in Breast Cancer Research at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$50,000 be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$100,000.

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

It is further recommended that the actual income that will be earned on the \$50,000 in gifts and the \$50,000 allocation of challenge funds 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. George Poston, Dallas, Texas, is a leading real estate executive in Dallas and has served as a director of several civic cultural boards and as Honorary Consul of France.

Mr. and Mrs. (Carol) Poston have been generous supporters of the U. T. Southwestern Medical Center - Dallas and have been active in several recent fund raising initiatives, resulting in gifts to the U. T. Southwestern Medical Center - Dallas of over \$4,000,000.

See Item 2 on Page HAC - 3 related to a proposed appointment to this Professorship.

43. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gifts and Pledges and Allocate Funds from the Private Fund Development Campaign to Establish The Vernie Stenbridge, M.D., Chair in Pathology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that \$180,000 in gifts and \$162,000 in pledges, payable by December 31, 1997, from various donors for a total of \$342,000 be accepted to establish The Vernie Stenbridge, M.D., Chair in Pathology at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$342,000 be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$684,000.

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

Additionally, it is recommended that the actual income that will be earned on the \$342,000 in gifts and pledges, as received, be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Vernie Stenbridge, M.D., Dallas, Texas, served on the faculty of the U. T. Southwestern Medical Center - Dallas from 1959 until his retirement in 1993. His career included 21 years as Chairman of Pathology and two years as Dean of the U. T. Southwestern A.H.S.S. - Dallas. Dr. Stenbridge was the national president of the American Society of Clinical Pathologists and is regarded as an outstanding teacher and scholar.

See Item 2 on Page HAC - 3 related to a proposed appointment to this Chair.

44. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift and Allocate Funds from the Private Fund Development Campaign to Establish The Diana and Richard C. Strauss Professorship in Biomedical Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$50,000 gift from Mr. and Mrs. Richard C. (Diana) Strauss, Dallas, Texas, be accepted to establish The Diana and Richard C. Strauss Professorship in Biomedical Research at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$50,000 be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$100,000.

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

Additionally, it is recommended that the actual income that will be earned on the \$50,000 gift and the \$50,000 in challenge funds be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Mr. and Mrs. Richard C. (Diana) Strauss, Dallas, Texas, are actively involved in civic affairs in the Dallas community. Mr. Strauss is Chief Executive Officer of RCS Investments.

See Item 2 on Page HAC - 3 related to a proposed appointment to this Professorship.

45. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift and Pledge and Allocate Funds from the Private Fund Development Campaign to Establish The Pauline Gill Sullivan Distinguished Chair in Neuroscience Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$250,000 gift and a \$250,000 pledge, payable no later than December 31, 1997, from the Pauline Allen Gill Foundation, Dallas, Texas, for a total of \$500,000 be accepted to establish The Pauline Gill Sullivan Distinguished Chair in Neuroscience Research at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$500,000 be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$1,000,000.

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

Additionally, it is recommended that the actual income that will be earned on the \$500,000 gift and pledge, as received, and the \$500,000 in challenge funds 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

Mrs. Pauline Gill Sullivan, Dallas, Texas, President of the Pauline Allen Gill Foundation, Dallas, Texas, is an active civic leader in Dallas and a longtime supporter of neurological science at the U. T. Southwestern Medical Center - Dallas.

46. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Gift and Pledge and Allocate Funds from the Private Fund Development Campaign to Establish the W. Ray Wallace Distinguished Chair in Molecular Oncology Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$100,000 gift and a \$400,000 pledge, payable by December 31, 1997, from Trinity Industries, Inc., Dallas, Texas, for a total of \$500,000 be accepted to establish the W. Ray Wallace Distinguished Chair in Molecular Oncology Research at the U. T. Southwestern Medical Center - Dallas.

It is further recommended that \$500,000 be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and be used to increase the endowment to a total of \$1,000,000.

Additionally, it is recommended that the actual income that will be earned on the \$500,000 gift and pledge, as received, and the \$500,000 allocation of challenge funds 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. W. Ray Wallace, Dallas, Texas, is President and Chief Executive Officer of Trinity Industries, Inc., Dallas, Texas, and has for many years been a leader in a variety of Dallas civic activities. In recognition of his approaching retirement, the directors of Trinity Industries, Inc. voted to make a \$500,000 corporate donation in his honor to the U. T. Southwestern Medical Center - Dallas' campaign for Molecular Research.

47. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept a Gift of Real Property from Mrs. Betty Reed Woodward, Dallas, Texas.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for Asset Management, and President Wildenthal to accept a gift of property described as 11.05 acres in the Smith Elkins Survey, Abstract 430, Lancaster, Dallas County, Texas, from Mrs. Betty Reed Woodward, Dallas, Texas, for the benefit of the U. T. Southwestern Medical Center - Dallas.

It is the intention of Mrs. Woodward that proceeds from the sale of the gift be used to fund the Betty Reed Woodward Endowment for the benefit of the U. T. Southwestern Medical Center - Dallas in a program involving the research and treatment of abused women and children. Based on an appraisal provided by the donor, the estimated value of the property is \$486,000.

BACKGROUND INFORMATION

At the February 1988 meeting, the U. T. Board of Regents accepted a gift of 11.023 acres adjacent to the 11.05 acres in Lancaster, Texas, from Mrs. Betty Reed Woodward, Dallas, Texas. The previous gift of land was donated to fund the Betty Reed Woodward Charitable Remainder Unitrust for the same purpose.

48. U. T. Medical Branch - Galveston: Recommendation to Accept Gift to Establish the Edward D. and Sally M. Futch Professorship in Cardiology.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$100,000 gift from Dr. and Mrs. Edward D. (Sally) Futch, Galveston, Texas, be accepted to establish the Edward D. and Sally M. Futch Professorship in Cardiology at the U. T. Medical Branch - Galveston.

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

BACKGROUND INFORMATION

Edward D. Futch, M.D., received his medical degree from the U. T. Medical Branch - Galveston in 1945. Board certified in Internal Medicine, he is currently a clinical professor in the Department of Medicine at the U. T. Medical Branch - Galveston where he has been a faculty member since 1954. In his private practice, Dr. Futch was one of four founding partners of Internal Medicine Associates, Galveston, Texas. He is now partner emeritus, having retired in 1993.

49. U. T. Medical Branch - Galveston: Recommendation to Accept Transfer of Funds to Establish the Clarence S. Livingood Scholar Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$50,000 transfer from designated funds be accepted to establish a quasi-endowment at the U. T. Medical Branch - Galveston to be named the Clarence S. Livingood Scholar Program.

Income earned from the endowment will be used to advance the goals and objectives of the Department of Dermatology.

BACKGROUND INFORMATION

This quasi-endowment is being funded to honor Clarence S. Livingood, M.D., Chairman of the Department of Dermatology at the U. T. Medical Branch - Galveston from 1949 to 1953.

50. U. T. Medical Branch - Galveston: Recommendation to Accept Transfer of Funds to Establish The Charles Marc Pomerat Scholar Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$50,000 transfer of designated funds be accepted to establish a quasi-endowment at the U. T. Medical Branch - Galveston to be named The Charles Marc Pomerat Scholar Program.

Income earned from the endowment will be used to advance the goals and objectives of the Department of Anatomy and Neurosciences.

BACKGROUND INFORMATION

This quasi-endowment is being funded to honor Charles Marc Pomerat, M.D., Ph.D., who joined the faculty of the U. T. Medical Branch - Galveston in 1943 as a professor of anatomy. Dr. Pomerat later founded and was appointed Director of the Tissue Culture Laboratory at the U. T. Medical Branch - Galveston.

51. U. T. Medical Branch - Galveston: Recommendation to Accept Gifts to Establish The University of Texas Medical Branch Hospital Auxiliary Scholarship in Memory of Rosa Mae Pietsch.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that \$11,264.51 in gifts from The University of Texas Medical Branch Hospital Auxiliary, Galveston, Texas, be accepted to establish The University of Texas Medical Branch Hospital Auxiliary Scholarship in Memory of Rosa Mae Pietsch at the U. T. Medical Branch - Galveston.

Income earned from the endowment will be used to provide scholarships for students enrolled in the undergraduate and graduate nursing programs of the U. T. Nursing School - Galveston.

BACKGROUND INFORMATION

This endowment is being funded in memory of Mrs. Rosa Mae Pietsch who was a member of the John Sealy Hospital Auxiliary.

52. U. T. Health Science Center - Houston: Recommendation to Accept Gifts to Establish the Leslie A. Chambers Endowed Scholarship Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Low that \$10,000 in gifts from various donors be accepted to establish a quasi-endowment in the U. T. Public Health School - Houston at the U. T. Health Science Center - Houston to be named the Leslie A. Chambers Endowed Scholarship Fund.

Ninety percent of the income earned from the endowment will be used to support a continuing Environmental Science student in the U. T. Public Health School - Houston. The remaining ten percent of income earned will be reinvested in the corpus of the endowment.

BACKGROUND INFORMATION

The late Dr. Leslie A. Chambers came to the U. T. Public Health School - Houston in the start-up phase of the School as an Associate Dean. He assisted in recruiting the early faculty and initiated the Environmental Health program. Dr. Chambers worked with the U. S. Public Health Service, was a member of a scientific group that studied post-war German technical achievements, and served as the Director of Research for the Los Angeles Air Pollution Control District. Dr. Chambers exhibited the highest standards of professional integrity and was a friend and valued counsellor to all with whom he came into contact.

53. U. T. Health Science Center - Houston: Recommendation to Accept Gifts to Establish the Richard K. Severs Endowed Scholarship Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Low that a \$10,000 transfer of previously reported gifts be accepted to establish a quasi-endowment in the U. T. Public Health School - Houston at the U. T. Health Science Center - Houston to be named the Richard K. Severs Endowed Scholarship Fund.

Ninety percent of the income earned from the endowment will be used to support a continuing Environmental Science student in the U. T. Public Health School - Houston. The remaining ten percent of the income earned will be reinvested in the corpus of the endowment.

BACKGROUND INFORMATION

After working as a research physicist for many years, Dr. Richard K. Severs enrolled in the Ph.D. program in the U. T. Public Health School - Houston where he was involved in important research in the fundamentals of air pollution. On completion of the academic program, Dr. Severs joined the School as an Assistant Professor. He continued to work in the field of air pollution and was responsible for the creation of the City of Houston Air Monitoring Station. Dr. Severs' ability to inspire students was recognized by the U. T. Health Science Center - Houston by promoting him to Associate Professor.

54. U. T. Health Science Center - San Antonio: Report on Final Distribution from the A. B. Alexander Charitable Annuity Trust, San Antonio, Texas, and Recommendation to Accept Trust Distribution and Transfer of Funds to Establish the A. B. Alexander Distinguished Chair in Oncology.--

REPORT AND RECOMMENDATION

The Chancellor reports that the final distribution from the A. B. Alexander Charitable Annuity Trust, San Antonio, Texas, has been received for a total distribution of \$865,000 for the benefit of the U. T. Health Science Center - San Antonio.

The Chancellor concurs with the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that a \$135,000 distribution from the Alexander Living Trust, San Antonio, Texas, and a transfer of previously reported funds from the A. B. Alexander Charitable Annuity Trust and accumulated earnings totalling \$893,995.39 for a total of \$1,028,995.39 be accepted to establish the A. B. Alexander Distinguished Chair in Oncology at the U. T. Health Science Center - San Antonio.

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

BACKGROUND INFORMATION

An initial distribution from the A. B. Alexander Charitable Annuity Trust, San Antonio, Texas, of \$200,000 was accepted at the June 1989 meeting of the U. T. Board of Regents.

55. U. T. Health Science Center - San Antonio: Recommendation to Accept a Gift of Real Property with Life Estate from Gene Riley Barker, San Antonio, Texas.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for Asset Management, and President Howe to accept a gift of real estate with a retained life estate described as 5059 Bernadine, Lot 48, Block 21, New City Block 13, 150, Dell Crest Subdivision, Unit 6, Bexar County, Texas, from Mr. Gene Riley Barker, San Antonio, Texas, for the benefit of the U. T. Health Science Center - San Antonio. Based on an appraisal provided by the donor, the estimated total value of the property is \$36,500, with an estimated remainder interest value of 7,931.

Upon the termination of Mr. Barker's life estate, a request will be made to establish an endowed scholarship in the U. T. Nursing School - San Antonio, funded with sale proceeds from the real estate.

BACKGROUND INFORMATION

Mr. Gene Riley Barker, San Antonio, Texas, received his B.S.N. from the U. T. Nursing School - San Antonio in 1985.

Mr. Barker's interest in providing educational opportunities for undergraduate nursing students is evidenced by his generous gift.

56. U. T. Health Science Center - San Antonio: Recommendation to Accept Gifts to Establish the Ruth M. Glickman Memorial Research Endowment Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that \$13,615 in gifts from various donors be accepted to establish the Ruth M. Glickman Memorial Research Endowment Fund in the Department of Ophthalmology at the U. T. Health Science Center - San Antonio.

Income earned from the endowment will be used to help support promising research projects in the Department of Ophthalmology in their critical initial stages.

BACKGROUND INFORMATION

This endowment is being funded in memory of Mrs. Ruth M. Glickman to commemorate her life and the set of values she instilled in her family. Mrs. Glickman, a nurse and homemaker, was married to Stanley I. Glickman, M.D. Their son, Randolph D. Glickman, M.D., is an Associate Professor of Ophthalmology in the Department of Ophthalmology at the U. T. Health Science Center - San Antonio.

57. U. T. Health Science Center - San Antonio: Recommendation to Accept Gift to Establish the Thomas F. Hogan, Jr. Professorship in Comprehensive Ophthalmology and Ethics.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that a \$25,000 gift from Mr. and Mrs. Rugeley (Kittie) Ferguson, San Antonio, Texas, be accepted to establish the Thomas F. Hogan, Jr. Professorship in Comprehensive Ophthalmology and Ethics in the Department of Ophthalmology at the U. T. Health Science Center - San Antonio.

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

BACKGROUND INFORMATION

This endowment, which is being funded by Mr. and Mrs. Rugeley (Kittie) Ferguson, San Antonio, Texas, is intended to fulfill the increasing need of ethics teaching and research in medicine. Mr. and Mrs. Ferguson are naming the endowment in honor of their friend Tom Hogan, M.D., a stellar example of a selfless and ethical physician.

58. U. T. M.D. Anderson Cancer Center: Recommendation to Accept Bequest from the Estate of Ruth Craven McMillan Attaway, Waco, Texas, to Establish the Ruth Craven McMillan Attaway Endowment Fund in Honor of Dr. Lyn Anderson Goodin.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that a specific bequest of \$50,000 from the Estate of Ruth Craven McMillan Attaway, Waco, Texas, be accepted to establish the Ruth Craven McMillan Attaway Endowment Fund in Honor of Dr. Lyn Anderson Goodin at the U. T. M.D. Anderson Cancer Center.

Income earned from the endowment will be used in cancer research, treatment, and prevention programs at the U. T. M.D. Anderson Cancer Center.

BACKGROUND INFORMATION

In her Last Will and Testament, Ms. Ruth Craven McMillan Attaway specified that this bequest become a permanent endowment in honor of her friend, Dr. Lyn Anderson Goodin, Alexandria, Louisiana.

59. U. T. M.D. Anderson Cancer Center: Recommendation to Accept Bequest from the Estate of Dolly Maude Harris Fowler, Austin, Texas.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that a bequest of real estate, described as Lot No. 3 in the Resubdivision of Lots 1, 2, and 3, Block "H," in Balcones Park Addition, Section Two, known as 4102 Balcones, Austin, Travis County, Texas, with a value estimated to be in excess of \$176,000, be accepted from the Estate of Dolly Maude Harris Fowler, Austin, Texas, with the proceeds from the sale of the property to be used for cancer research at the U. T. M.D. Anderson Cancer Center.

BACKGROUND INFORMATION

Although Mrs. Dolly Maude Harris Fowler had no known affiliation with the U. T. M.D. Anderson Cancer Center, her sister was a victim of cancer.

60. U. T. M.D. Anderson Cancer Center: Report on Final Distribution from the Estate of Betty B. Marcus, Dallas, Texas, and Recommendation to Accept Transfer of Funds and Accumulated Earnings to Establish the Betty B. Marcus Chair in Cancer Prevention.--

REPORT AND RECOMMENDATION

The Chancellor reports that the final distribution from the Estate of Betty B. Marcus, Dallas, Texas, comprised of cash and real estate holdings, has been received for a total bequest of approximately \$900,000 for the benefit of the U. T. M.D. Anderson Cancer Center.

The Chancellor concurs with the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that a transfer of previously reported funds from the Estate of Betty B. Marcus and accumulated earnings totaling \$798,377.18 be accepted to establish a quasi-endowment at the U. T. M.D. Anderson Cancer Center to be named the Betty B. Marcus Chair in Cancer Prevention.

Income earned from the endowment will be reinvested in the corpus of the endowment until it reaches \$800,000. After such time, income earned will be used to support the Chair.

BACKGROUND INFORMATION

A ten percent remainder interest in the Estate of Betty B. Marcus, Dallas, Texas, was accepted at the June 1988 meeting of the U. T. Board of Regents for the benefit of the U. T. M.D. Anderson Cancer Center to be used for cancer research.

Executive Session of the Board

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

Date: February 10, 1994

Time: Following the meeting of the Asset Management Committee

Place: Conference Rooms A & B (Open Session) and Allan Shivers Conference Room (Executive Session), Tenth Floor, R. Lee Clark Clinic Building U. T. M.D. Anderson Cancer Center

1. Pending and/or Contemplated Litigation - Section 2(e)
 - a. U. T. Southwestern Medical Center - Dallas: Proposed Settlement of Medical Liability Claim
 - b. U. T. Medical Branch - Galveston: Proposed Settlement of Medical Liability Litigation
 - c. U. T. Medical Branch - Galveston: Proposed Settlement of Medical Liability Claim
 - d. U. T. Health Science Center - Houston: Proposed Settlement of Medical Liability Litigation

2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)
 - a. U. T. Austin: Request for Authorization to Acquire the South 8.5' of Lot 9, Block 8, Outlot 45, Division B, Brass Subdivision, Austin, Travis County, Texas
 - b. U. T. Dallas - Trust Fund Lands: Request for Authorization to Sell Approximately 25.7 Acres of Trust Fund Land in Plano, Collin County, Texas
 - c. U. T. El Paso: Request for Authorization to Lease Approximately 4.662 Acres of Campus Land and Improvements in El Paso, El Paso County, Texas
 - d. U. T. Southwestern Medical Center - Dallas: Estate of Gertrude M. Gillespie - Request for Authorization to Sell Approximately 3.734 Acres of Improved Property in Dallas, Dallas County, Texas

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