

MATERIAL SUPPORTING THE AGENDA

VOLUME XXXVIIb

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

February 8, 1990
April 12, 1990

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.: 847

Date: April 12, 1990

Location: Tyler, Texas



BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Place: Auditorium (Room 119), Biomedical Research Building
The University of Texas Health Center at Tyler
Highway U. S. 271 North and State Highway 155
Tyler, Texas

Host Institution: The University of Texas Health Center
at Tyler

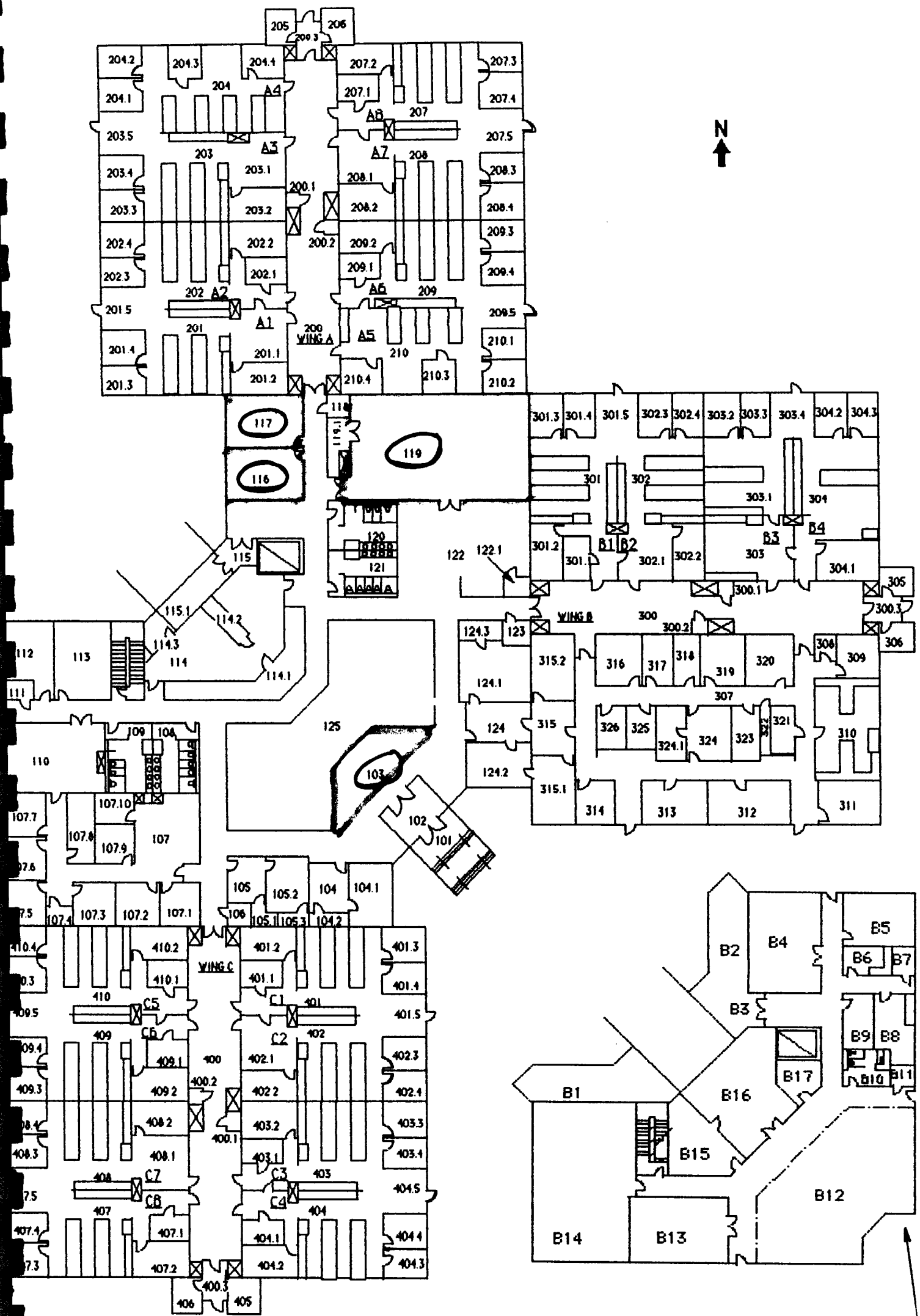
Thursday, April 12, 1990

9:00 a.m. Convene in Open Session with
recess to Executive Session
as per the agenda

See Pages B of R 1 - 173,
Items A - O

Telephone Numbers

Director Hurst	(214) 877-7750
Biomedical Research Building (for calls during the meeting)	(214) 877-7552
Ramada Hotel (5701 South Broadway)	(214) 561-5800



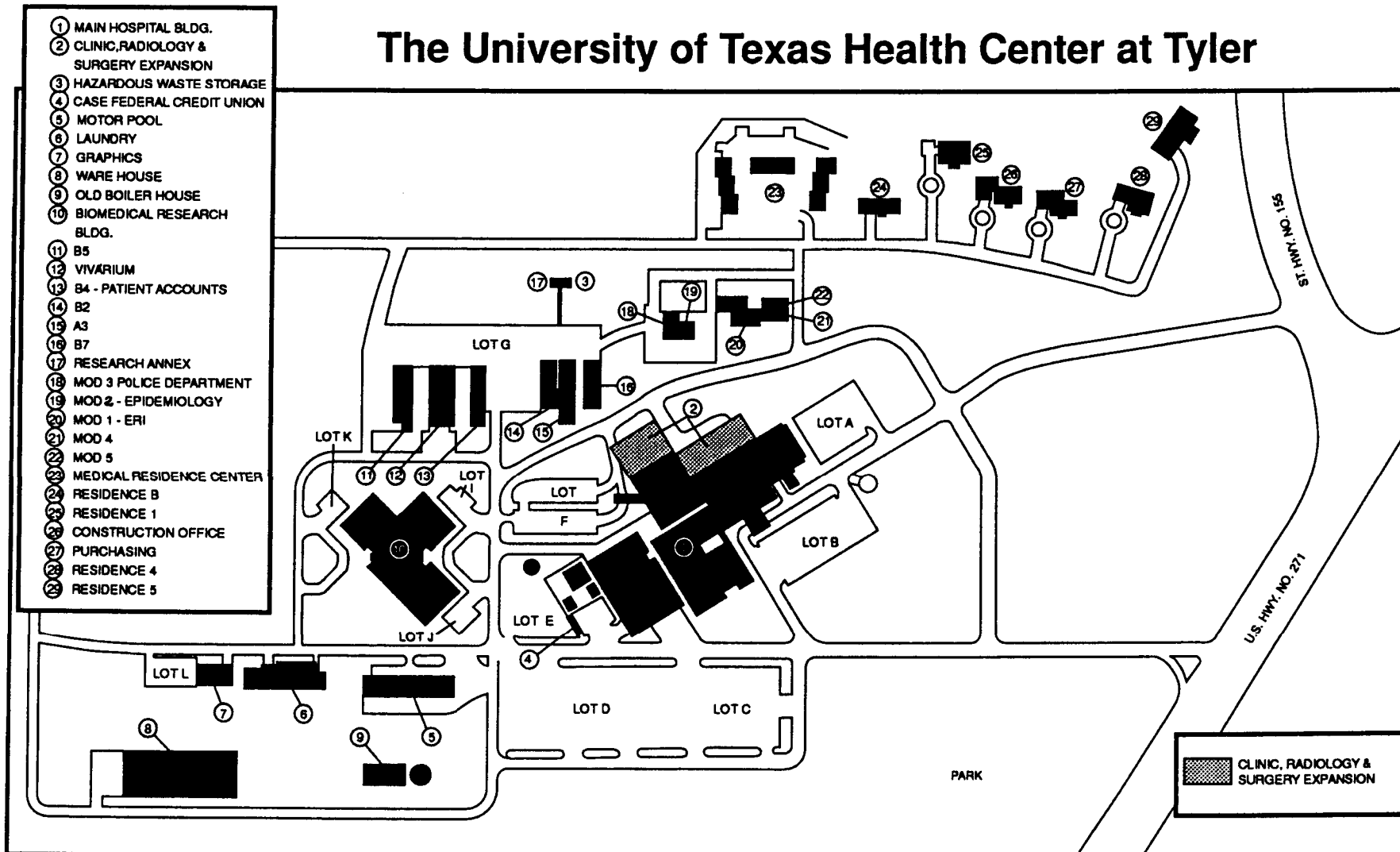
BASEMENT - BIOMEDICAL RESEARCH BUILDING

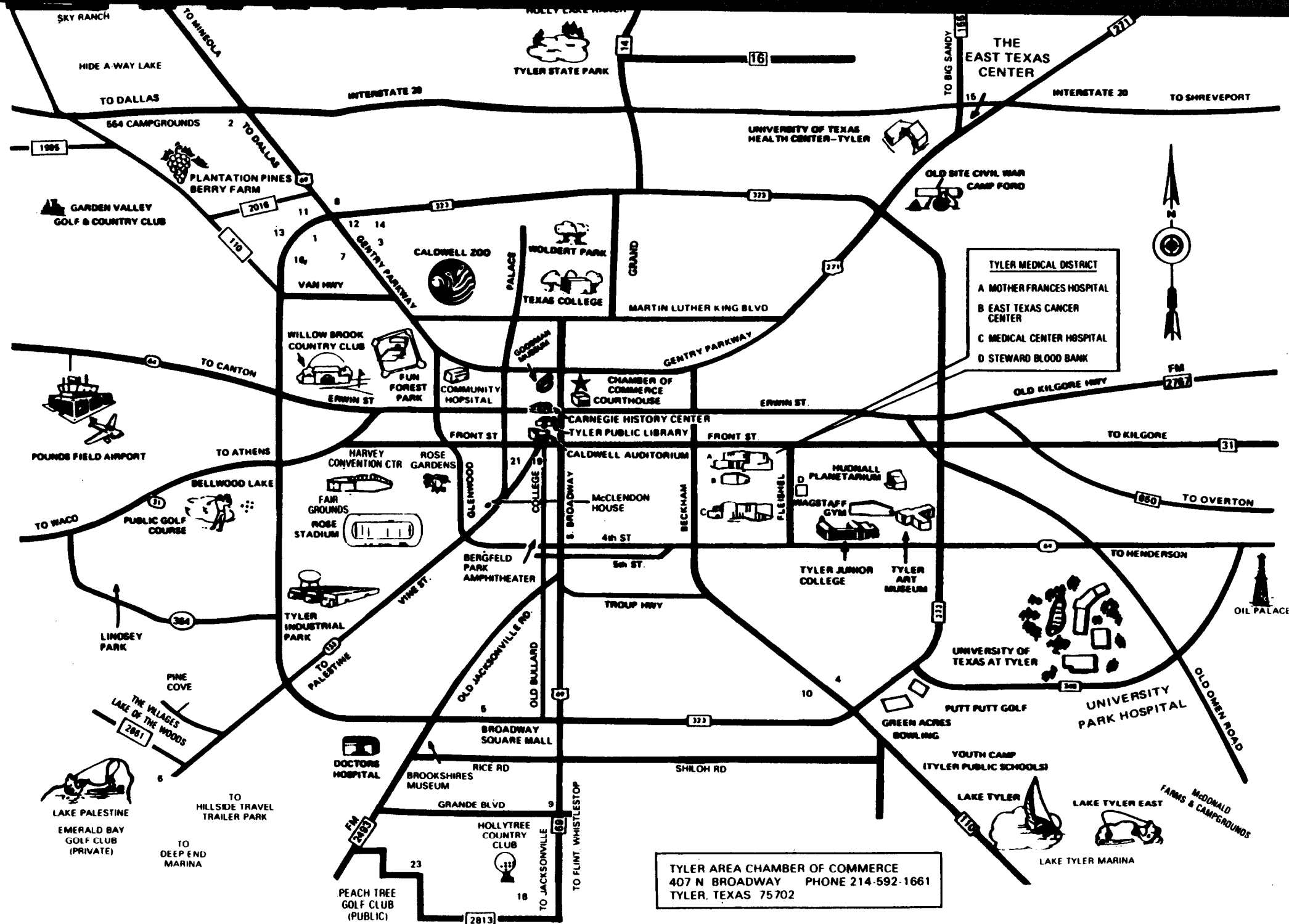
LEVEL 2 - BIOMEDICAL RESEARCH BUILDING

Auditorium (Room 119)
 Room 117
 Room 116
 Atrium (103)

Meeting Room
 Executive Session
 Regents' Secretarial Office
 Telephones for Press and Staff

The University of Texas Health Center at Tyler





TYLER AREA CHAMBER OF COMMERCE
 407 N BROADWAY PHONE 214-592-1661
 TYLER, TEXAS 75702

Meeting of
the Board

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

Date: Thursday, April 12, 1990

Time: 9:00 a.m. Convene in Open Session with
recess to Executive Session
as per the agenda

Place: Auditorium, Room 119 (Open Session) and Con-
ference Room 117 (Executive Session), Biomedical
Research Building, U. T. Health Center - Tyler

A. CALL TO ORDER

B. WELCOME BY DIRECTOR HURST

C. APPROVAL OF MINUTES OF REGULAR MEETING HELD
FEBRUARY 8, 1990

D. SPECIAL ITEMS

1. U. T. Board of Regents: Recommendation for Ratifica-
tion of Cash Defeasance of \$86,630,000 in Aggregate
Principal Amount of Permanent University Fund Refund-
ing Bonds, Series 1985, Maturing July 1, 2005;
Authorization of the Execution and Delivery by the
Executive Vice Chancellor for Asset Management of an
Escrow Agreement Relating to the Cash Defeasance; and
Call for Redemption Prior to Maturity of Bonds Being
Defeased.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Execu-
tive Vice Chancellor for Asset Management and the Pricing
Committee that the U. T. Board of Regents:

- a. Ratify the cash defeasance of \$86,630,000
in aggregate principal amount of the Board
of Regents of The University of Texas
System Permanent University Fund Refunding
Bonds, Series 1985, maturing July 1, 2005
- b. Authorize the execution and delivery by the
Executive Vice Chancellor for Asset Manage-
ment of the Escrow Agreement and related
Exhibits set out on Pages B of R 3 - 38
- c. Call for redemption prior to maturity on
July 1, 1995, the bonds being defeased.

BACKGROUND INFORMATION

On July 1, 1995, in accordance with Section 7 of the Resolution for the Permanent University Fund Refunding Bonds, Series 1985, the bonds of this Series may be redeemed prior to their scheduled maturities at a redemption price equal to par plus accrued interest.

At the October 1989 meeting, the U. T. Board of Regents approved the defeasance in whole or in part of the Permanent University Fund Refunding Bonds, Series 1985, maturing July 1, 2005, subject to appropriate market conditions and appointed the Executive Committee as a Pricing Committee to approve the transaction and determine the price of the securities. On March 9, 1990, market conditions were favorable and the Pricing Committee approved the transfer of \$89,996,607 from Available University Fund (AUF) balances to Ameritrust Texas, N. A., Austin, Texas, the Escrow Agent, to purchase the escrowed securities. The escrowed securities have been deposited with Ameritrust Texas, N. A., for deposit in the Escrow Fund.

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of March 16, 1990 (herein, together with all exhibits and attachments hereto and any amendments or supplements hereto, called the "Agreement"), is entered into by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (herein called the "Board") and AMERITRUST TEXAS NATIONAL ASSOCIATION, AUSTIN, TEXAS, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The addresses of the Board and the Escrow Agent are shown on Exhibit "A" attached hereto and made a part hereof.

W I T N E S S E T H:

WHEREAS, the Board heretofore has issued its \$345,970,000 Permanent University Fund Refunding Bonds, Series 1985 (the "Bonds"); and

WHEREAS, when firm banking arrangements have been made for the payment or redemption of all principal and interest of a portion of the Bonds maturing on July 1, 2005, as described in Exhibit "B" attached hereto (the "Defeased Obligations"), then the Defeased Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Vernon's Ann. Tex. Civ. St. Article 717k, as amended, authorizes the Board to deposit any available funds or resources, directly with any place of payment (paying agent) for any of the Defeased Obligations, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Defeased Obligations; and

WHEREAS, Article 717k further authorizes the Board to enter into an escrow agreement with any such paying agent for any of the Defeased Obligations with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Board and such paying agent may agree, provided that such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the payment or redemption of principal of and interest on the Defeased Obligations; and

WHEREAS, the Escrow Agent is a place of payment (paying agent) for the Defeased Obligations and this Agreement constitutes an escrow agreement of the kind authorized and required by said Article 717k; and

WHEREAS, Article 717k makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the other places of payment (paying agents) for the Defeased Obligations the amounts required to provide for the payment or redemption of the principal of and interest on such obligations, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, The University of Texas System has funds available in the Available University Fund for the purpose of providing for the payment of the principal of the Defeased Obligations upon maturity or redemption and interest on the Defeased Obligations when due; and

WHEREAS, the Board desires that the certain available funds of the Board within the Available University Fund shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Defeased Obligations as it accrues and becomes payable and the principal of the Defeased Obligations upon redemption or maturity; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Board desires to establish the Escrow Fund at the corporate trust office of the Escrow Agent shown on Exhibit "A"; and

WHEREAS, the Escrow Agent is a party to this Agreement to acknowledge its acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the Defeased Obligations, the Board and the Escrow Agent mutually undertake, promise, and agree

for themselves and their respective representatives and successors,
as follows:

[END OF RECITALS]

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Code" means the Internal Revenue Code of 1954, as amended, and the rules and regulations thereunder.

"Escrow Fund" means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Escrow Funding Date" means the date on which the Escrowed Securities and cash are deposited with the Escrow Agent, as described in Section 2.01 hereof.

"Escrowed Securities" means the noncallable United States Treasury obligations to be purchased with funds other than bonds of the Board, as more fully described on pages 4 and 7 of the Report, together with all reinvestments of the proceeds thereof as contemplated and required by the provisions of this Escrow Agreement and the Report.

"Legal Defeasance Date" means the date on which the Board (a) ratifies the execution of this Agreement and the call for redemption of the Defeased Obligation and (b) Vinson & Elkins, as special defeasance counsel to the Board, delivers its opinion to the Board to the effect that firm banking arrangements have been made for the payment or redemption of the Defeased Obligations.

"Paying Agent for the Defeased Obligations" means Ameritrust Texas National Association and any successor to its duties under the resolution of the Board authorizing the issuance of the Bonds.

"Report" means the verification report prepared by Ernst & Young, independent certified public accountants, relating to the defeasance of the Defeased Obligations, a copy of which is attached hereto as Exhibit "C".

Section 1.02. Other Definitions. The terms "Agreement," "Board," "Defeased Obligations," "Bonds" and "Escrow Agent," when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part

hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the defeasance of the Defeased Obligations in accordance with applicable law.

[END OF ARTICLE I]

ARTICLE II

DEPOSIT OF FUNDS
AND ESCROWED SECURITIES

Section 2.01. Deposits in the Escrow Fund. On the Escrow Funding Date, the Board shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described on pages 4 and 7 of the Report, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Board in writing.

[END OF ARTICLE II]

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Board of Regents of The University of Texas System Permanent University Fund Refunding Bonds, Series 1985 (July 1, 2005 Maturity) Escrow Fund (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described on pages 4 and 7 of the Report. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Defeased Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof; provided, however, that nothing contained in this Section 3.01 shall prohibit the transfer to the Board of any income or increment earned from the reinvestments of the proceeds of Escrowed Securities, as provided in Section 4.02 of this Agreement. When the final transfers have been made for the payment of such principal of and interest on the Defeased Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Board, and the Escrow Agent thereupon shall be discharged from any further duties hereunder.

Section 3.02. Payment of Principal and Interest. (a) The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Defeased Obligations, when due at their stated maturity or upon the redemption date shown on page 8 of the Report, and interest on the Defeased Obligations when due, in the amounts and at the times shown on page 8 of the Report.

(b) Money transferred in accordance with the provisions hereof shall be held by the Paying Agent for the Defeased Obligations as a separate trust fund for the account of the respective holders of the Defeased Obligations in connection with which such money is held; provided, however, that money so held remaining unclaimed by the owners of such Defeased Obligations for ten (10) years after the dates on which payment thereon was due, payable and available for payment shall be paid to the Board to be used for any lawful purpose. Thereafter, neither the Board, the Escrow Agent, the Paying Agent for the Defeased Obligations nor any other person shall be liable or responsible to any holders of such Defeased Obligations for any further payment of such unclaimed

money or on account of any such Defeased Obligations. On and after the Legal Defeasance Date, the Paying Agent for the Defeased Obligations shall maintain books of registration and for the Defeased Obligations separate from those otherwise maintained for the Bonds and shall establish such regulations as may be necessary to ensure that (i) owners of Defeased Obligations, at the time of any transfer or exchange thereof are provided notice, through a separate CUSIP identification number and otherwise, of the defeasance of, and redemption date established for, the Defeased Obligations and (ii) no merger is effected between the Defeased Obligations and any Bonds remaining outstanding after the Legal Defeasance Date and subject to the lien established under the Resolution authorizing the Bonds.

(c) Except as provided in Section 3.06 hereof, the Board hereby covenants and agrees that it will not exercise any right that it may have to redeem any of the Defeased Obligations prior to their scheduled maturity.

Section 3.03. Sufficiency of Escrow Fund. The Board represents (based on the Report) that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Defeased Obligations as such interest comes due and the principal or redemption price of the Defeased Obligations as the Defeased Obligations mature or are redeemed, all as more fully set forth on page 8 of the Report. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by each place of payment (paying agent) for the Defeased Obligations to make the payments set forth in Section 3.02 hereof, the Board shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Board's failure to make additional deposits thereto.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow

Agent as trust funds for the benefit of the owners of the Defeased Obligations; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Defeased Obligations shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Defeased Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Board, and the Escrow Agent shall have no right to title with respect thereto except as a constructive trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrant, drafts or checks drawn by the Board or, except to the extent expressly herein provided, by the Paying Agent.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

Section 3.06. Optional Redemption of Defeased Obligations. The Board will, on the Legal Defeasance Date, irrevocably exercise its option to call the Defeased Obligations for redemption prior to maturity on July 1, 1995. Such optional redemption shall be carried out in accordance with the resolution authorizing the issuance of the Bonds. The Escrow Agent is hereby authorized to provide funds therefor as set forth in Section 3.02(a) hereof.

Section 3.07. Substitution for Escrowed Securities on Escrow Funding Date. (a) On the Escrow Funding Date, the Board, at its option, may substitute cash or non-interest bearing direct obligations of the United States Treasury (i.e., Treasury obligations which mature and are payable in a stated amount on the maturity date thereof, and for which there are no payments other than the payment made on the maturity date) for non-interest bearing Escrowed Securities, if any, listed on pages 4 and 7 of the Report, but only if such cash and/or substituted non-interest bearing direct obligations of the United States Treasury -

- (i) are in an amount, and/or mature in an amount, which, together with any cash substituted for such obligations, is equal to or greater than the amount payable on the maturity date of the obligation listed on pages 4 and 7 of the Report for which such obligation is substituted, and

(ii) mature on or before the maturity date of the obligation listed on pages 4 and 7 of the Report for which such obligation is substituted.

If any such cash and/or obligations are so substituted for any Escrowed Securities, the Board may, at any time thereafter, substitute for such cash and/or obligations the same Escrowed Securities for which such cash and/or obligations originally were substituted.

[END OF ARTICLE III]

ARTICLE IV

LIMITATION ON INVESTMENTS

Section 4.01. Limitation on Disposition and Substitution of Escrowed Securities. Except as otherwise expressly provided herein, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

Section 4.02. Reinvestment of Proceeds of Escrow by Escrow Agent. The Escrow Agent is hereby authorized and directed to reinvest the proceeds of the Escrowed Securities including interest received and maturing principal, in direct obligations of the United States of America maturing no later than the date on which the proceeds are needed for transfer to the Paying Agent for the Defeased Obligations, as contemplated by the Report, all as set out in, and in accordance with, written instructions to the Escrow Agent from the Board. Any income or increment earned from such reinvestment which is not required according to the schedules contained in the Report for the payment of the Defeased Obligations (that is, any amount which on any payment date, after making all required transfers to the Paying Agent for the Defeased Obligations, is in excess of the amount shown in the "Ending Balance" column on page 6 of the Report as the ending balance for such date) shall be transferred to the Board.

For purposes of this Section 4.02, the term Report shall include any supplement to the Report, if such supplement is accompanied by the opinions described in clauses (a) and (b) of Section 4.03.

Section 4.03. Substitution of Securities. At the written request of the Board, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of all or any portion of the Escrowed Securities and apply the proceeds therefrom to purchase Defeased Obligations or direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America and which do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if (a) the Escrow Agent shall have received a written opinion from a recognized firm of certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount which will be sufficient, when added to the interest to accrue thereon, to provide for the payment of principal or redemption price of and interest on the remaining Defeased Obligations as they become due,

and (b) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel acceptable to the Board and the Escrow Agent to the effect that such transaction will not cause any of the Defeased Obligations to be an "arbitrage bond" within the meaning of Section 103(c) of the Code.

Section 4.04. Arbitrage. The Board hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Defeased Obligations to be an "arbitrage bond" within the meaning of Section 103(c) of the Code.

[END OF ARTICLE IV]

ARTICLE V

APPLICATION OF CASH BALANCES

Section 5.01. In General. Except as provided in Sections 3.02, 4.02, and 4.03 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

[END OF ARTICLE V]

ARTICLE VI

RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Board and the owners of the Defeased Obligations.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Board a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Defeased Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

[END OF ARTICLE VI]

ARTICLE VII

CONCERNING THE PAYING AGENT AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it is a Paying Agent for the Defeased Obligations, that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Defeased Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor the Paying Agent shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Board promptly of any such occurrence.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Board thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Board with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and

deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency, the Escrow Agent may request from the Board or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Board at any time.

Section 7.03. Compensation. On the Escrow Funding Date, the Board shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the sum of \$ _____, the sufficiency of which is hereby acknowledged by the Escrow Agent. The Escrow Agent shall not require compensation or remuneration in addition to the sum stated in this Section 7.03 for fees or expenses that may be incurred during the term of this Agreement relating to the performance of its services as Escrow Agent hereunder or as Paying Agent for the Defeased Obligations. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Board hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Board for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) Upon receipt of the aforesaid specific sums stated in subsection (a) of this Section 7.03 for Escrow Agent and paying agency fees, expenses and services, the Escrow Agent shall acknowledge such receipt to the Board in writing.

Section 7.04. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Board, by appropriate action,

promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Board within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Defeased Obligations then outstanding by an instrument or instruments in writing filed with the Board, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Defeased Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Texas, authorized under such laws to exercise corporate trust powers, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$5,000,000 and subject to the supervision or examination by federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Board and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Board shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties. The Escrow Agent shall pay over to its successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder.

[END OF ARTICLE VII]

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Board or the Escrow Agent at the address shown on Exhibit "A" attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Board, the owners of the Defeased Obligations or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Board and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Defeased Obligations, the Board, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this 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 provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective Date of Agreement. This Agreement shall be effective on the Escrow Funding Date upon receipt by the Escrow Agent of the cash described in the Report and the Escrowed Securities, together with the specific sums stated in subsections

(a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses and services.

[END OF ARTICLE VIII]

EXECUTED as of the date first written above.

BOARD OF REGENTS OF THE UNIVERSITY
OF TEXAS SYSTEM

By: M. E. P. P.
Executive Vice Chancellor for
Asset Management

AMERITRUST TEXAS NATIONAL ASSOCIATION
AUSTIN, TEXAS

By: Janina Hill
Title: Assistant Vice President

\UNI918\58003\ESCROW.AGT

EXHIBIT "A"

ADDRESSES OF THE BOARD AND
ESCROW AGENT

The Board of Regents of The University of Texas System
210 West 6th Street
Austin, Texas 78701
Attn: John A. Roan

Ameritrust Texas, N.A.
P.O. Box 149036
Austin, Texas 78714-9036
Attn: Peterson Foster

EXHIBIT "B"

DESCRIPTION OF THE DEFEASED OBLIGATIONS

BONDS MATURING ON JULY 1, 2005

<u>Certificate Number</u>	<u>Principal Amount of Certificate</u>	<u>Principal Amount Defeased</u>
4608	\$ 150,000.00	\$ 95,000.00
5120	50,000.00	35,000.00
5480	50,000.00	45,000.00
5793	10,000.00	5,000.00
4709	20,000.00	15,000.00
4879	25,000.00	20,000.00
5313	50,000.00	25,000.00
5078	25,000.00	20,000.00
5880	100,000.00	55,000.00
6027	15,000.00	5,000.00
4511	9,000,000.00	5,880,000.00
4512	9,000,000.00	5,780,000.00
4513	9,000,000.00	6,010,000.00
4514	9,000,000.00	5,965,000.00
4516	9,000,000.00	6,005,000.00
4594	175,000.00	115,000.00
4904	7,900,000.00	5,140,000.00
5266	3,600,000.00	2,430,000.00
5424	3,100,000.00	2,045,000.00
5514	1,000,000.00	685,000.00
5517	1,000,000.00	670,000.00
6048	2,700,000.00	1,780,000.00
5811	175,000.00	120,000.00
5858	1,800,000.00	1,135,000.00
5902	2,950,000.00	2,000,000.00
5904	5,000.00	5,000.00
5908	3,000,000.00	2,035,000.00
5948	50,000.00	35,000.00
5965	8,460,000.00	5,685,000.00
5966	50,000.00	35,000.00
5967	50,000.00	35,000.00
5968	50,000.00	25,000.00
5971	50,000.00	35,000.00
5972	25,000.00	10,000.00
5973	25,000.00	25,000.00
5974	25,000.00	10,000.00
5975	25,000.00	20,000.00
5976	25,000.00	15,000.00
5977	25,000.00	20,000.00
5978	10,000.00	10,000.00
5979	10,000.00	5,000.00

<u>Certificate Number</u>	<u>Principal Amount of Certificate</u>	<u>Principal Amount Defeased</u>
5980	\$ 10,000.00	\$ 5,000.00
5983	10,000.00	10,000.00
6005	100,000.00	60,000.00
6049	10,000.00	10,000.00
6487	50,000.00	45,000.00
6030	11,000,000.00	7,420,000.00
6490	300,000.00	205,000.00
6475	390,000.00	310,000.00
6031	50,000.00	40,000.00
6478	1,110,000.00	820,000.00
6034	30,000.00	20,000.00
6492	85,000.00	70,000.00
6481	1,000,000.00	665,000.00
6465	6,000,000.00	3,970,000.00
6482	10,000.00	10,000.00
6016	175,000.00	125,000.00
6036	17,000,000.00	11,190,000.00
5117	25,000.00	15,000.00
5856	100,000.00	75,000.00
5857	100,000.00	65,000.00
6011	100,000.00	75,000.00
6008	100,000.00	70,000.00
4708	5,000.00	5,000.00
5153	100,000.00	75,000.00
5154	100,000.00	75,000.00
5155	100,000.00	80,000.00
5156	100,000.00	65,000.00
5157	100,000.00	55,000.00
5158	100,000.00	60,000.00
5159	100,000.00	75,000.00
5160	100,000.00	70,000.00
5161	100,000.00	65,000.00
5162	100,000.00	45,000.00
5115	10,000.00	5,000.00
5229	10,000.00	10,000.00
5481	50,000.00	30,000.00
6032	15,000.00	5,000.00
6477	90,000.00	65,000.00
6344	25,000.00	20,000.00
6345	25,000.00	15,000.00
6346	25,000.00	20,000.00
6347	25,000.00	25,000.00
6348	25,000.00	25,000.00
6349	25,000.00	25,000.00
6350	25,000.00	25,000.00
6351	25,000.00	15,000.00
6352	25,000.00	20,000.00
6353	25,000.00	15,000.00
6354	25,000.00	15,000.00
6356	25,000.00	15,000.00
6357	25,000.00	15,000.00

<u>Certificate Number</u>	<u>Principal Amount of Certificate</u>	<u>Principal Amount Defeased</u>
6358	\$ 25,000.00	\$ 20,000.00
6359	25,000.00	15,000.00
6360	25,000.00	15,000.00
6361	25,000.00	20,000.00
6362	25,000.00	25,000.00
6363	25,000.00	20,000.00
6364	25,000.00	15,000.00
6365	25,000.00	20,000.00
6366	25,000.00	5,000.00
6367	25,000.00	15,000.00
6368	25,000.00	25,000.00
6369	25,000.00	15,000.00
6370	25,000.00	15,000.00
6371	25,000.00	20,000.00
6372	25,000.00	25,000.00
6373	25,000.00	20,000.00
6374	25,000.00	20,000.00
6375	25,000.00	10,000.00
6376	25,000.00	20,000.00
6377	25,000.00	10,000.00
6378	25,000.00	20,000.00
6379	25,000.00	15,000.00
6380	25,000.00	20,000.00
6381	25,000.00	15,000.00
6382	25,000.00	15,000.00
6383	25,000.00	25,000.00
6384	25,000.00	15,000.00
6385	25,000.00	15,000.00
6386	25,000.00	20,000.00
6387	25,000.00	15,000.00
6388	25,000.00	5,000.00
6389	25,000.00	20,000.00
6390	25,000.00	25,000.00
6391	25,000.00	15,000.00
6392	25,000.00	10,000.00
6393	25,000.00	20,000.00
6394	25,000.00	15,000.00
6395	25,000.00	10,000.00
6396	25,000.00	25,000.00
6397	25,000.00	15,000.00
6398	25,000.00	10,000.00
6399	25,000.00	20,000.00
6400	25,000.00	15,000.00
6401	25,000.00	10,000.00
6402	25,000.00	15,000.00
6403	25,000.00	25,000.00
6404	25,000.00	25,000.00
6405	25,000.00	15,000.00
6406	25,000.00	15,000.00
6407	25,000.00	25,000.00
6408	25,000.00	15,000.00

<u>Certificate Number</u>	<u>Principal Amount of Certificate</u>	<u>Principal Amount Defeased</u>
6409	\$ 25,000.00	\$ 25,000.00
6410	25,000.00	15,000.00
6411	25,000.00	20,000.00
6412	25,000.00	20,000.00
6413	25,000.00	10,000.00
6414	25,000.00	25,000.00
6415	25,000.00	10,000.00
6416	25,000.00	15,000.00
6417	25,000.00	15,000.00
6418	25,000.00	10,000.00
6419	25,000.00	20,000.00
6420	25,000.00	10,000.00
6421	25,000.00	10,000.00
6422	25,000.00	20,000.00
6423	25,000.00	15,000.00
6424	25,000.00	25,000.00
6425	25,000.00	10,000.00
6426	25,000.00	20,000.00
6427	25,000.00	25,000.00
6428	25,000.00	20,000.00
6429	25,000.00	10,000.00
6430	25,000.00	15,000.00
6431	25,000.00	10,000.00
6432	25,000.00	20,000.00
6433	25,000.00	15,000.00
6434	25,000.00	10,000.00
6435	25,000.00	20,000.00
6436	25,000.00	20,000.00
6437	25,000.00	20,000.00
6438	25,000.00	15,000.00
6439	25,000.00	20,000.00
6440	25,000.00	10,000.00
6441	25,000.00	25,000.00
6442	25,000.00	20,000.00
6443	25,000.00	20,000.00
6444	25,000.00	20,000.00
6445	25,000.00	20,000.00
6446	25,000.00	15,000.00
6447	25,000.00	20,000.00
6448	25,000.00	25,000.00
6449	25,000.00	10,000.00
6450	25,000.00	15,000.00
6451	25,000.00	20,000.00
6452	25,000.00	15,000.00
6453	25,000.00	10,000.00
6454	25,000.00	20,000.00
6455	25,000.00	15,000.00
6456	25,000.00	15,000.00
6457	25,000.00	15,000.00
6458	25,000.00	20,000.00
6459	25,000.00	15,000.00

<u>Certificate Number</u>	<u>Principal Amount of Certificate</u>	<u>Principal Amount Defeased</u>
6460	\$ 25,000.00	\$ 15,000.00
6461	25,000.00	20,000.00
6462	25,000.00	15,000.00
6464	10,000.00	10,000.00
6001	100,000.00	85,000.00
5312	100,000.00	50,000.00
6483	25,000.00	20,000.00
6015	100,000.00	55,000.00
6473	30,000.00	15,000.00
6472	25,000.00	15,000.00
5243	25,000.00	15,000.00
5523	50,000.00	50,000.00
5524	50,000.00	20,000.00
5874	10,000.00	5,000.00
4522	50,000.00	10,000.00
4909	35,000.00	20,000.00
6471	50,000.00	35,000.00
5479	50,000.00	30,000.00
6485	275,000.00	190,000.00
6480	40,000.00	25,000.00
5370	10,000.00	5,000.00
5315	20,000.00	15,000.00
6006	100,000.00	65,000.00
5232	45,000.00	35,000.00
6489	20,000.00	15,000.00
5995	25,000.00	15,000.00
5963	25,000.00	20,000.00
5906	10,000.00	10,000.00
4915	65,000.00	50,000.00
6023	25,000.00	15,000.00
5456	50,000.00	35,000.00
5072	10,000.00	5,000.00
4679	1,000,000.00	680,000.00
4680	1,000,000.00	695,000.00
4681	1,000,000.00	690,000.00
4682	1,000,000.00	685,000.00
5119	35,000.00	25,000.00
5435	10,000.00	5,000.00
5079	75,000.00	40,000.00
5432	25,000.00	20,000.00
5116	20,000.00	20,000.00
6476	20,000.00	20,000.00
5314	20,000.00	15,000.00
5274	100,000.00	80,000.00
4921	100,000.00	70,000.00
4922	100,000.00	80,000.00
4923	100,000.00	60,000.00
4924	50,000.00	30,000.00
5419	10,000.00	10,000.00
5076	20,000.00	15,000.00
5073	50,000.00	30,000.00

<u>Certificate Number</u>	<u>Principal Amount of Certificate</u>	<u>Principal Amount Defeased</u>
4593	\$ 25,000.00	\$ 10,000.00
6491	25,000.00	20,000.00
6033	20,000.00	10,000.00
5854	25,000.00	15,000.00
5233	100,000.00	85,000.00
6493	15,000.00	15,000.00
6051	15,000.00	15,000.00
5792	40,000.00	35,000.00
5077	10,000.00	5,000.00
5810	25,000.00	20,000.00
4598	25,000.00	<u>20,000.00</u>
TOTAL		\$ 86,630,000.00

EXHIBIT "C"

SCHEDULE OF DEBT SERVICE ON DEFEASED OBLIGATIONS

The University of Texas
Austin, Texas

Vinson & Elkins
Austin, Texas

J.P. Morgan Securities Inc.
New York, New York

We have completed our engagement to verify the mathematical accuracy of certain computations contained in schedules prepared on behalf of the Board of Regents of the University of Texas System by J.P. Morgan Securities Incorporated and provided to us by that firm. The bond issue to be defeased (the "Defeased Bonds") is as follows:

\$345,970,000
Board of Regents of the University of Texas System
Permanent University Fund Refunding Bonds,
Series 1985

Dated Date	Principal Amount Issued	Principal to be Defeased	Description
October 15, 1985	\$345,970,000	\$86,630,000	Term Bonds due on and after July 1, 2004

The scope of our engagement consisted of verification of the mathematical accuracy of:

- (1) the computations contained in such schedules to determine that the anticipated receipts from the United States Treasury Notes and United States Treasury STRIPS (collectively, the "Open-Market Securities") will be sufficient to pay, when due, the principal, at early redemption, and the related interest requirements of the Defeased Bonds; and

Board of Regents of the University of Texas System
Vinson & Elkins
J.P. Morgan Securities Inc.

- (2) the computations contained in such schedules to determine that the "yield", on the Open Market Securities does not exceed the yield on the Series 1985 Bonds of 8.90287% as shown in our special report dated November 21, 1985.

The term "yield", as used herein, means that yield which, when used in computing the present worth of all payments of principal and interest to be paid on an obligation, produces an amount equal to, in the case of the Open Market Securities, the purchase price.

We were provided by J.P. Morgan Securities Incorporated with the Trade Confirmations for the purchase of the Open-Market Securities and the Official Statement for the Defeased Bonds. We compared the information contained in the schedules provided to us and used in the preparation of such schedules by J.P. Morgan Securities Incorporated with information set forth in such documents with respect to principal maturity dates and amounts, coupon rates, interest payment dates, dated dates, mandatory and early redemption provisions and purchase prices. We found that the information provided to us and used in the preparation of such schedules by J.P. Morgan Securities Incorporated was in agreement with the above-mentioned information set forth in such documents.

In the course of our verification of the mathematical accuracy of the computations contained in the schedules provided to us by J.P. Morgan Securities Incorporated, we prepared similar schedules based upon the information and assumptions provided to us by that firm. The schedules we prepared are included with this report.

Certain assumptions used in preparation of the schedules are described in the Summary of Assumptions.

In our opinion, the computations contained in the schedules provided to us by J.P. Morgan Securities Incorporated are mathematically accurate. The schedules provided to us by J.P. Morgan Securities Incorporated, and those prepared by us as part of our engagement to verify the mathematical accuracy of the computations contained in such schedules, reflect that:

- (1) the anticipated receipts from the Open-Market Securities will be sufficient to pay, when due, the principal, at early redemption, and the related interest requirements of the Defeased Bonds.
- (2) the yield on the Open-Market Securities is 8.70413%.

Board of Regents of the University of Texas System
Vinson & Elkins
J.P. Morgan Securities Inc.

We express no opinion as to the reasonableness of the assumptions used in preparing such schedules. The terms of our engagement are such that we have no obligation to update this report because of events occurring, or data or information coming to our attention, subsequent to the date of this report.

Tucson, Arizona
March 16, 1990

SUMMARY OF ASSUMPTIONS

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

1. For cash flow purposes, all receipts and payments are assumed to be received or paid, respectively, on the scheduled due date, except that:
 - Defeased Bonds due on and after July 1, 2004 are assumed to be redeemed on July 1, 1995 at a redemption price equal to the principal amount and accrued interest thereon.
2. The following information was used to compute the purchase price of the Open-Market Securities placed in the escrow on March 16, 1990:

Description	Maturity Date	Coupon Rate	Principal Amount Purchased	Price	Purchase Price	Accrued Interest	Total Cost
Treasury Notes	6/30/90	7.250%	\$2,867,000.00	99.671875%	\$2,857,592.66	\$43,064.40	\$2,900,657.06
Treasury Notes	12/31/90	6.625%	\$2,968,000.00	98.703125%	\$2,929,508.75	\$40,738.26	\$2,970,247.01
Treasury Notes	6/30/91	8.250%	\$3,070,000.00	99.671875%	\$3,059,926.56	\$52,474.10	\$3,112,400.66
Treasury Notes	12/31/91	7.625%	\$3,195,000.00	98.437500%	\$3,145,078.13	\$49,127.54	\$3,194,205.67
Treasury Notes	6/30/92	8.250%	\$3,313,000.00	99.312500%	\$3,290,223.13	\$56,627.59	\$3,346,850.72
Treasury Notes	12/31/92	9.125%	\$3,430,000.00	101.281250%	\$3,494,203.13	\$65,223.58	\$3,559,426.71
Treasury Notes	6/30/93	8.125%	\$3,607,000.00	98.593750%	\$3,556,276.56	\$60,718.66	\$3,616,995.22
Treasury Notes	12/31/93	7.625%	\$3,733,000.00	96.781250%	\$3,634,135.94	\$57,738.31	\$3,691,874.25
STRIPS	5/15/94	0.000%	\$3,898,000.00	70.134000%	\$2,733,823.32	\$0.00	\$2,733,823.32
STRIPS	11/15/94	0.000%	\$3,898,000.00	67.211000%	\$2,619,884.78	\$0.00	\$2,619,884.78
STRIPS	5/15/95	0.000%	\$90,528,000.00	64.345000%	\$58,250,241.60	\$0.00	\$58,250,241.60
			\$124,549,000.00		\$89,570,894.56	\$425,712.44	\$89,996,607.00

3. No reinvestment interest earnings are assumed on cash held in the escrow from receipt date until used to pay debt service requirements on the Defeased Bonds.
4. Sources and uses of funds are assumed to be as shown on the schedule entitled "Sources and Uses of Funds".

SOURCES AND USES OF FUNDS

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

March 16, 1990

SOURCES

Amount to be made available by the University of Texas	\$89,996,607.00
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USES

Purchase price of the Open-Market Securities	\$89,996,607.00
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CASH FLOW

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

Date	Beginning Balance	Total Receipts From the Open-Market Securities	Total Debt Service Requirements of the Defeased Bonds	Ending Balance
7/01/90	\$0.00	\$3,898,524.06	\$3,898,350.00	\$174.06
1/01/91	174.06	3,898,523.14	3,898,350.00	347.20
7/01/91	347.20	3,902,208.14	3,898,350.00	4,205.34
1/01/92	4,205.34	3,900,570.64	3,898,350.00	6,425.98
7/01/92	6,425.98	3,896,761.26	3,898,350.00	4,837.24
1/01/93	4,837.24	3,897,100.01	3,898,350.00	3,587.25
7/01/93	3,587.25	3,896,693.76	3,898,350.00	1,931.01
1/01/94	1,931.01	3,898,159.38	3,898,350.00	1,740.39
7/01/94	1,740.39	3,898,000.00	3,898,350.00	1,390.39
1/01/95	1,390.39	3,898,000.00	3,898,350.00	1,040.39
7/01/95	1,040.39	90,528,000.00	90,528,350.00	690.39
		<u>\$129,512,540.39</u>	<u>\$129,511,850.00</u>	

(1) Actual receipt dates are as shown on our schedule entitled "Receipts from the Open-Market Securities".

RECEIPTS FROM THE OPEN-MARKET SECURITIES

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

Receipt Date	Coupon Rate	Principal	Interest	Total Receipts from the Open-Market Securities
6/30/90	7.250%	\$2,867,000.00(1)	\$1,031,524.06	\$3,898,524.06
12/31/90	6.625%	2,968,000.00(1)	930,523.14	3,898,523.14
6/30/91	8.250%	3,070,000.00(1)	832,208.14	3,902,208.14
12/31/91	7.625%	3,195,000.00(1)	705,570.64	3,900,570.64
6/30/92	8.250%	3,313,000.00(1)	583,761.26	3,896,761.26
12/31/92	9.125%	3,450,000.00(1)	447,300.01	3,897,100.01
6/30/93	8.125%	3,607,000.00(1)	289,693.76	3,896,693.76
12/31/93	7.625%	3,755,000.00(1)	143,159.38	3,898,159.38
5/15/94	0.000%	3,898,000.00(2)	0.00	3,898,000.00
11/15/94	0.000%	3,898,000.00(2)	0.00	3,898,000.00
5/15/95	0.000%	90,528,000.00(2)	0.00	90,528,000.00
		<u>\$124,549,000.00</u>	<u>\$4,963,540.39</u>	<u>\$129,512,540.39</u>

- (1) United States Treasury Notes.
 (2) United States Treasury STRIPS.

DEBT SERVICE REQUIREMENTS OF THE DEFEASED BONDS

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

Debt Service Payment Date	Defeased Bonds \$345,970,000 Issue Dated October 15, 1985			Total Debt Service Requirements of the Defeased Bonds
	Coupon Rate	Principal	Interest	
7/01/90			\$3,898,350.00	\$3,898,350.00
1/01/91			3,898,350.00	3,898,350.00
7/01/91			3,898,350.00	3,898,350.00
1/01/92			3,898,350.00	3,898,350.00
7/01/92			3,898,350.00	3,898,350.00
1/01/93			3,898,350.00	3,898,350.00
7/01/93			3,898,350.00	3,898,350.00
1/01/94			3,898,350.00	3,898,350.00
7/01/94			3,898,350.00	3,898,350.00
1/01/95			3,898,350.00	3,898,350.00
7/01/95	(1)	\$86,630,000.00	3,898,350.00	90,528,350.00
		<u>\$86,630,000.00</u>	<u>\$42,881,850.00</u>	<u>\$129,511,850.00</u>

Mandatory Redemption Date	Coupon Rate	Principal Amount
7/01/04	9.00%	\$37,685,000.00
7/01/05	9.00%	48,945,000.00
		<u>\$86,630,000.00</u>

(1) Early redemption provisions are as shown in the Summary of Assumptions. Original principal mandatory redemption dates, amounts, and coupon rates are as shown above.

COMPUTATION OF YIELD ON THE OPEN-MARKET SECURITIES
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

Receipt Date	Total Receipts from the Open-Market Securities	Present Value of Future Receipts at March 16, 1990, Using a Semiannually Compounded Yield of 8.70413%
6/30/90	\$3,898,524.06	\$3,803,739.11
12/31/90	3,898,523.14	3,644,238.44
6/30/91	3,902,208.14	3,496,381.64
12/31/91	3,900,570.64	3,348,364.37
6/30/92	3,896,761.26	3,206,343.86
12/31/92	3,897,100.01	3,072,161.29
6/30/93	3,896,693.76	2,944,424.82
12/31/93	3,898,159.38	2,822,019.11
5/15/94	3,898,000.00	2,733,815.41
11/15/94	3,898,000.00	2,619,799.99
5/15/95	90,528,000.00	58,305,318.96
	<u>\$129,512,540.39</u>	<u>\$89,996,607.00</u>

The present value of the
future receipts is equal
to the purchase price of
the Open-Market Securities

\$89,996,607.00

2. U. T. Board of Regents: Recommendation to Adopt Master Resolution Establishing The University of Texas System Revenue Financing System; Adopt Supplemental Resolution Approving and Authorizing Issuance of Commercial Paper Notes in an Aggregate Principal Amount at Any One Time Outstanding Not to Exceed \$100,000,000 (Except for a Promissory Note Under the Credit Agreement); Approval of a Credit Agreement with Morgan Guaranty Trust Company of New York, New York; Appointment of McCall, Parkhurst & Horton, Dallas, Texas, as Bond Counsel, Goldman Sachs & Co., New York, New York, as Dealer/Remarketing Agent, and Morgan Guaranty Trust Company of New York, New York, as Paying Agent/Registrar; and Authorization for Officers of U. T. System to Complete Transactions.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Asset Management that the U. T. Board of Regents:

- a. Adopt the Master Resolution substantially in the form set out in the supplemental material
 - (1) Establishing a new System-wide financing structure for all revenue supported capital improvement projects
 - (2) Pledging, subject to prior encumbrances, all of the revenues and fund balances now or hereafter lawfully available to the U. T. Board of Regents for payments on debt service including the Tuition Fee and the General Fee but not including (a) the interest of the U. T. System in the Available University Fund; (b) HEAF funding available to U. T. Pan American; (c) general appropriations; (d) MSRDP; and (e) the building use fee pledged to the U. T. Austin Building Revenue Refunding Bonds, Series 1986
 - (3) Providing for the use of supplemental resolutions for the authorization and sale of parity debt under the Resolution
 - (4) Providing for the release and admission of Members of the financing system
 - (5) Providing for certain covenants and agreements and resolving other matters related to the establishment of the financing system.
- b. Adopt the Supplemental Resolution set out in the supplemental material
 - (1) Authorizing the issuance of commercial paper notes in an aggregate principal amount at any one time outstanding not to exceed \$100,000,000 except for a promissory note under the credit agreement to finance principal and accrued interest which may not exceed \$108,000,000

- (2) Authorizing the Executive Vice Chancellor for Asset Management to act on behalf of the Board in the selling and delivery of such commercial paper notes and to approve and execute (a) the Credit Agreement (Exhibit A to Supplemental Resolution) between the U. T. Board of Regents and Morgan Guaranty Trust Company of New York for up to \$108,000,000 to provide a credit facility to cover principal and interest on outstanding commercial paper notes; (b) the Dealer Agreement (Exhibit B to Supplemental Resolution) with Goldman Sachs & Co., New York, New York, providing for the sale and remarketing of commercial paper; and (c) the Paying Agent/Registrar Agreement (Exhibit C to Supplemental Resolution) with Morgan Guaranty Trust Company of New York providing for payment of principal and interest on commercial paper
 - (3) Providing for certain covenants and agreements and resolving other matters related to the establishment of the commercial paper program
- c. Appoint McCall, Parkhurst & Horton, Dallas, Texas, as Bond Counsel
 - d. Appoint Goldman Sachs & Co., New York, New York, as Dealer/Remarketing Agent
 - e. Appoint Morgan Guaranty Trust Company of New York, New York, as Paying Agent/Registrar
 - f. Authorize certain officers and employees of the U. T. System to take any and all steps necessary to carry out the intentions of the U. T. Board of Regents to establish the Revenue Financing System as provided in the Master Resolution and the Supplemental Resolution.

Note: The Master Resolution and the Supplemental Resolution are being developed and will be distributed on yellow paper as supplemental material in advance of the Board meeting.

BACKGROUND INFORMATION

At the October 1989, December 1989, and February 1990 meetings of the U. T. Board of Regents, the Executive Vice Chancellor for Asset Management briefed the U. T. Board of Regents regarding the creation of a new financing program for revenue supported capital improvement projects. In 1986, the General Revenue Financing program was established which initiated the concept of a combined pledge of revenues by the U. T. System component institutions in revenue bond financing. Currently, \$105.8 million in revenue bond financing has been approved as part of \$153.8 million of Capital Improvement Program (CIP) projects. The present revenue bond financing program is not structured to finance projects such as research buildings since they are not auxiliary enterprises. The new program expands the pledge to include all legally available revenues and fund balances and is designed to provide for reduced costs and

SPECIAL ITEM

SUPPLEMENTAL MATERIAL

APRIL 12, 1990

2. U. T. Board of Regents: Recommendation to Adopt Master Resolution Establishing The University of Texas System Revenue Financing System; Adopt Supplemental Resolution Approving and Authorizing Issuance of Commercial Paper Notes in an Aggregate Principal Amount at Any One Time Outstanding Not to Exceed \$100,000,000 (Except for a Promissory Note Under the Credit Agreement); Approval of a Credit Agreement with Morgan Guaranty Trust Company of New York, New York; Appointment of McCall, Parkhurst & Horton, Dallas, Texas, as Bond Counsel, Goldman Sachs & Co., New York, New York, as Dealer/Remarketing Agent, and Morgan Guaranty Trust Company of New York, New York, as Paying Agent/Registrar; and Authorization for Officers of U. T. System to Complete Transactions.--

Set forth on the following pages are the Master Resolution and the Supplemental Resolution and Exhibits A, B and C relating to The University of Texas System Revenue Financing System.

**MASTER RESOLUTION ESTABLISHING THE UNIVERSITY OF
TEXAS SYSTEM REVENUE FINANCING SYSTEM**

TABLE OF CONTENTS

	<u>Page</u>
Section 1. ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY DEBT	1
Section 2. SECURITY AND PLEDGE	1
(a) Pledge	1
(b) Additional Members	1
Section 3. RATE COVENANT: PLEDGED GENERAL FEE	2
(a) Rate Covenant	2
(b) Pledged General Fee	2
(c) Annual Obligation	3
(d) Anticipated Deficit	3
(e) Economic Effect of Adjustments	3
Section 4. GENERAL COVENANTS	4
(a) Payment of Parity Debt	4
(b) Performance	4
(c) Redemption	4
(d) Lawful Title	4
(e) Lawful Authority	4
(f) Preservation of Lien	4
(g) No Additional Encumbrance	5
(h) Investments and Security	5
(i) Records	5
(j) Inspection of Books	5
(k) Annual and Direct Obligations	5
Section 5. ISSUANCE OF PARITY DEBT	6
(a) Parity Debt	6
(b) Non-Recourse Debt and Subordinated Debt	6
Section 6. DISPOSITION OF ASSETS ATTRIBUTABLE TO FINANCING SYSTEM MEMBERS	6
(a) Ordinary Course	6
(b) Disposition Upon Board Determination	6
Section 7. COMBINATION, DIVISION, RELEASE, AND ADMISSION OF FINANCING SYSTEM MEMBERS	7
(a) Combination and Division	7
(b) Release	7
(c) Admission of Members	8
Section 8. WAIVER OF CERTAIN COVENANTS	8
Section 9. INDIVIDUALS NOT LIABLE	8
Section 10. SPECIAL OBLIGATIONS; ABSOLUTE OBLIGATION TO PAY PARITY DEBT	8
Section 11. REMEDIES	9

Section 12. DEFEASANCE OF BONDS	9
(a) Deemed Paid	9
(b) Investments	10
(c) Government Obligations	10
(d) Continuing Duty of Paying Agent and Registrar	10
Section 13. AMENDMENT OF RESOLUTION	10
(a) Amendment Without Consent	10
(b) Amendments With Consent	10
(c) Notice	11
(d) Receipt of Consents	11
(e) Effect of Amendments	11
(f) Consent Irrevocable	12
(g) Ownership	12

**MASTER RESOLUTION ESTABLISHING THE UNIVERSITY OF
TEXAS SYSTEM REVENUE FINANCING SYSTEM**

WHEREAS, the Board of Regents of The University of Texas System, through the authorization of its Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986, established a System-wide financing structure combining all of its institutions and branches under one revenue financing system; and

WHEREAS, it is now deemed necessary and desirable to establish a new System-wide financing structure for revenue supported indebtedness which will provide reduced costs and increased borrowing capacity to the components of the System, additional security to the credit markets, and greater financial flexibility to the Board of Regents; and

WHEREAS, the terms used in this Resolution and not otherwise defined shall have the meaning given in Exhibit A to this Resolution attached hereto and made a part hereof;

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

Section 1. ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY DEBT. There is hereby established The University of Texas System Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of components of The University of Texas System included as Members of the Financing System. This Resolution is intended to establish a master plan under which revenue supported indebtedness of the Financing System can be incurred. Each Supplement shall provide for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of each issue or series of Parity Debt and any other matters related to Parity Debt not inconsistent with the Constitution and laws of the State of Texas or the provisions of this Resolution.

Section 2. SECURITY AND PLEDGE; (a) Pledge. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, Parity Debt shall be secured by and payable from a lien on the Pledged Revenues, and the Board hereby assigns and pledges the Pledged Revenues to the payment of the principal of and interest on Parity Debt, and the Pledged Revenues are further pledged to the establishment and maintenance of any funds which may be provided to secure the repayment of Parity Debt in accordance with this Resolution and any Supplement.

(b) Additional Members. As provided in Section 7 of this Resolution, institutions which are not now Members of the Financing System may hereafter become Members and such institutions may, at such time, have outstanding obligations

secured by the Prior Encumbered General Fee, the Prior Encumbered Revenues, the Prior Encumbered Tuition Fee and/or the Prior Encumbered Practice Plan Funds and that, therefore, the lien on and pledge of the Pledged Revenues established pursuant to this Resolution and effective when such institutions become Members of the Financing System will be subject and subordinate only to such institutions' outstanding Prior Encumbered Obligations.

(c) Restriction on Issuance of Additional Debt on a Parity with Prior Encumbered Obligations. Except as provided in Section 4(g), no additional bonds or obligations may be issued or incurred by the Board on a parity with any Prior Encumbered Obligations.

Section 3. RATE COVENANT: PLEDGED GENERAL FEE. (a) Rate Covenant. In each Fiscal Year, the Board shall establish, charge, and use its reasonable efforts to collect at each Member the Pledged Tuition Fee, the Pledged General Fee, the Pledged Practice Plan Funds (but only to the extent that the Practice Plan Funds are pledged to secure Parity Debt) and other rates, fees, and charges for goods and services furnished by, and for the use of, properties of the Financing System which, if collected, would be sufficient to meet all financial obligations of the Board relating to the Financing System including all deposits or payments due on or with respect to Outstanding Parity Debt for such Fiscal Year.

(b) Pledged General Fee. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations and to the other provisions of this Resolution and any Supplement, the Board covenants and agrees at all times to fix, levy, charge, and collect at each Member the Pledged General Fee from each student (excepting, with respect to each series or issue of Parity Debt, any student in a category which, at the time of the adoption of the Supplement relating to such Parity Debt, is exempt by law from paying fees) enrolled at each Member, respectively, at each regular fall and spring semester and at each term of each summer session, for the use and availability of such institution or branch thereof, respectively, in such amounts, without any limitation whatsoever, as will be at least sufficient at all times, together with other legally available funds, including other Pledged Revenues, to provide the money, to make or pay the principal of, interest on, and other payments or deposits with respect to Outstanding Parity Debt when and as required. The Pledged General Fee shall be adjusted, if and when permitted or required by this Resolution or any Supplement, to provide Pledged Revenues sufficient to make when due all payments and deposits in connection with Outstanding Parity Debt. The Board may fix, levy, charge, and collect the Pledged General Fee in any manner it may determine within its discretion, and in different amounts from students enrolled in different

Members, respectively, and in addition it may totally suspend the collection of the Pledged General Fee from the students enrolled in any Member, so long as total Pledged Revenues are sufficient, together with other legally available funds, to meet all financial obligations of the Board relating to the Financing System including all payments and deposits in connection with Outstanding Parity Debt. All changes in the Pledged General Fee shall be made by a resolution of the Board, but such procedure shall not constitute or be regarded as an amendment of this Resolution or any Supplement, but merely the carrying out of the provisions and requirements hereof.

(c) Annual Obligation. If, in the judgment of the Board, any Member has been or will be unable to satisfy its Annual Obligation, the Board shall fix, levy, charge, and collect the Pledged General Fee at such Member effective at the next succeeding regular semester or semesters or summer term or terms, in amounts sufficient, without limit (subject to the provisions of (e) below), together with other legally available funds, including other Pledged Revenues attributable to such Member, to enable it to make its Annual Obligation payments.

(d) Anticipated Deficit. If the Board determines, for any reason whatsoever, that there are not anticipated to be sufficient legally available funds, including Pledged Revenues, to meet all financial obligations of the Board relating to the Financing System including the deposits and payments due on or with respect to Outstanding Parity Debt as the same mature or come due, or that any Member will be unable to pay its Annual Direct Obligation in full, then the Board shall fix, levy, charge, and collect the Pledged General Fee at each Member, effective at the next succeeding regular semester or semesters or summer term or terms, in such amounts, without any limitation whatsoever (other than as provided in (e) below), as will be at least sufficient to provide, together with other legally available funds, including Pledged Revenues, the money for making when due all financial obligations of the Board relating to the Financing System including all payments and deposits due on or with respect to Outstanding Parity Debt when and as required by this Resolution or any Supplement.

(e) Economic Effect of Adjustments. Any adjustments in the rate of the Pledged General Fee at any of the Members pursuant to (c) or (d) above will be based upon a certificate and recommendation of a U.T. System Representative, delivered to the Board, as to the rates and anticipated collection of the Pledged General Fee at the various Members (after taking into account the anticipated effect the proposed adjustments in the Pledged General Fee would have on enrollment and the receipt of Pledged Revenues and other funds at each Member) which will be anticipated to result in (i) Pledged Revenues

attributable to each Member being sufficient (to the extent possible) to satisfy the Annual Obligation of such Member and (ii) Pledged Revenues being sufficient, together with other legally available funds, to meet all financial obligations of the Board relating to the Financing System including all deposits and payments due on or in connection with Outstanding Parity Debt when and as required by this Resolution and any Supplement.

Section 4. GENERAL COVENANTS. The Board further represents, covenants and agrees that while Parity Debt or interest thereon is Outstanding:

(a) Payment of Parity Debt. On or before each payment date it shall make available to the Paying Agent for such Parity Debt or to such other party as required by a Supplement, money sufficient to pay the interest on, principal of, and premium, if any, on the Parity Debt as will accrue or mature, or be subject to mandatory redemption prior to maturity, on such date.

(b) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and in each Supplement, and in each and every Parity Debt or evidence thereof.

(c) Redemption. It will duly cause to be called for redemption prior to maturity, and will cause to be redeemed prior to maturity, all Parity Debt which by its terms is mandatorily required to be redeemed prior to maturity, when and as so required.

(d) Lawful Title. It lawfully owns, has title to, or is lawfully possessed of the lands, buildings, and facilities now constituting The University of Texas System, and it will defend said title and title to any lands, buildings, and facilities which may hereafter become part of the Financing System, whether by the addition to the Financing System of a new institution or institutions, or otherwise, for the benefit of the owners of Parity Debt against the claims and demands of all persons whomsoever.

(e) Lawful Authority. It is lawfully qualified to pledge the Pledged Revenues herein pledged in the manner prescribed herein, and has lawfully exercised such right.

(f) Preservation of Lien. Subject to the conditions set forth in Sections 5, 6, and 7 of this Resolution, it will not do or suffer any act or thing whereby the Financing System might or could be impaired, and that it will at all times maintain, preserve, and keep the real and tangible property of the Financing System and every part thereof in good condition, repair, and working order and operate, maintain,

preserve, and keep the facilities, buildings, structures, and equipment pertaining thereto in good condition, repair, and working order.

(g) No Additional Encumbrance. It shall not incur additional Debt secured by the Pledged Revenues in any manner, except as permitted by this Resolution in connection with Parity Debt, unless said Debt is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution and any Supplement. Notwithstanding anything to the contrary contained herein, and in addition to the right hereunder to refund the Prior Encumbered Obligations with Parity Debt, the Board reserves the right to issue bonds to refund any Prior Encumbered Obligations and to secure the refunding bonds with the same source or sources securing the Prior Encumbered Obligations being refunded. Upon the defeasance of the refunded Prior Encumbered Obligations, the refunding bonds will be Prior Encumbered Obligations (unless the refunding bonds are made Parity Debt in accordance with the terms of this Resolution) under this Resolution and any Supplement for all purposes.

(h) Investments and Security. It will invest and secure money in all accounts and funds established pursuant to this Resolution and any Supplement in the manner prescribed by law for such funds and in accordance with written policies adopted by the Board.

(i) Records. It will keep proper books of record and account in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to The University of Texas System. Each year while Parity Debt is Outstanding, the Board will cause to be prepared from such books of record and account an annual financial report of The University of Texas System and shall furnish such report to the principal municipal bond rating agencies and any owner of Parity Debt who shall request same. In addition, the Board shall submit such financial report and other information required by law for examination in connection with financial compliance and other audits required to be conducted by the office of the Auditor of the State of Texas.

(j) Inspection of Books. It will permit any owner or owners of twenty-five per centum (25%) or more of the then Outstanding Principal Amount, at all reasonable times to inspect all records, accounts, and data of the Board relating to The University of Texas System.

(k) Annual and Direct Obligations. In establishing the annual budget for each Member, it shall provide for the satisfaction by each Member of its Annual Obligation. The Direct Obligation shall represent the financial responsibility of each Member with respect to Outstanding Parity Debt. Each Member's Direct Obligation and Annual Obligation shall be

evidenced by a financing agreement between the Board and each Member.

Section 5. ISSUANCE OF PARITY DEBT.

(a) Parity Debt. The Board reserves and shall have the right and power to issue or incur Parity Debt for any purpose authorized by law pursuant to the provisions of this Resolution and a Supplement to be hereafter authorized. The Board may incur, assume, guarantee, or otherwise become liable in respect of any Parity Debt if the Board shall have determined, that it will have sufficient funds to meet the financial obligations of The University of Texas System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System.

In addition, the Board shall not issue or incur Parity Debt unless (i) it shall determine that the Member or Members for whom the Parity Debt is being issued or incurred possess the financial capacity to satisfy their respective Direct Obligations after taking into account the then proposed additional Parity Debt, and (ii) a U.T. System Representative shall deliver to the Board an Officer's Certificate stating that, to the best of his or her knowledge, the Board is in compliance with all covenants contained in this Resolution and any Supplement, and is not in default in the performance and observance of any of the terms, provisions, and conditions hereof or thereof.

(b) Non-Recourse Debt and Subordinated Debt. Non-Recourse Debt and Subordinated Debt may be incurred by the Board without limitation.

Section 6. DISPOSITION OF ASSETS ATTRIBUTABLE TO FINANCING SYSTEM MEMBERS.

The Board may convey, sell, or otherwise dispose of any properties of the Board attributable to a Member of the Financing System provided:

(a) Ordinary Course. Such conveyance, sale, or disposition shall be in the ordinary course of business of a Member of the Financing System which uses, operates, owns, or is otherwise responsible for such properties; or

(b) Disposition Upon Board Determination. The Board shall determine that after the conveyance, sale, or other disposition of such properties, the Board shall have sufficient funds during each Fiscal Year during which Parity Debt is to be Outstanding to meet the financial obligations of The University of Texas System, including

sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System.

Section 7. COMBINATION, DIVISION, RELEASE, AND ADMISSION OF FINANCING SYSTEM MEMBERS. (a) Combination and Division. Notwithstanding anything to the contrary contained herein, it is recognized that certain Members or institutions which may be made Members of the Financing System may be combined or divided and that so long as such combined or divided institutions continue to be governed by the Board such action shall not be in violation of the provisions of this Resolution or require any amendments of the provisions hereof.

(b) Release. Subject to the conditions set forth below, any Member or portion thereof may be closed and abandoned by law or may be removed from the Financing System (thus deleting the revenues, income, funds, and balances attributable to said Member or portion thereof from Pledged Revenues) without violating the terms of this Resolution provided:

(1) the Board approves an Officers' Certificate to the effect that, to the best of his knowledge, after the release of the Member or portion thereof, the Board will have sufficient funds during each Fiscal Year in which Parity Debt shall thereafter be Outstanding to meet the financial obligations of The University of Texas System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System; and

(2) a U.T. System Representative shall have delivered to the Board an Opinion of Counsel which shall state that such release will not affect the status for Federal Income Tax purposes of interest on any Outstanding Parity Debt and that all conditions precedent provided in this Resolution or any Supplement relating to such release have been complied with; and

(3) (A) if the Member or portion thereof to be released from the Financing System is to remain under the governance and control of the Board of The University of Texas System, the Board must either (i) provide, from lawfully available funds, including Pledged Revenues attributable to said withdrawing Member, for the payment or discharge of said Member's Direct Obligation; or (ii) pledge to the payment of Parity Debt, additional resources not then pledged in an amount sufficient to satisfy such withdrawing Member's Direct Obligation; or

(B) if the Member or portion thereof to be released from the Financing System is to no longer be under the

governance and control of the Board of The University of Texas System, the Board must enter into a binding obligation with the new governing body of the withdrawing institution or the portion thereof being withdrawn, obligating said governing body to make payments to the Board at the times and in the amounts equal to said Member's Annual Obligation or to pay or discharge said Member's Direct Obligation, or, in the case of a portion of a Member being withdrawn, the proportion of the Member's Annual Obligation or Direct Obligation, as the case may be, attributable to the withdrawing portion of the Member.

(c) Admission of Members. If, after the date of the adoption of this Resolution, the Board desires for a component of The University of Texas System to become a Member of the Financing System, it may include said institution in the Financing System with the effect set forth in this Resolution by the adoption of a Supplement to this Resolution.

Section 8. WAIVER OF CERTAIN COVENANTS. The Board may omit in any particular instance to comply with any covenant or condition set forth in Sections 3 through 7 hereof if before or after the time for such compliance the Holders of the same percentage in principal amount of all Parity Debt then Outstanding, the consent of which would be required to amend the provisions hereof to permit such noncompliance, shall either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived and, until such waiver shall become effective, the obligations of the Board and the duties of the Board in respect of any such covenant or condition shall remain in full force and effect.

Section 9. INDIVIDUALS NOT LIABLE. All covenants, stipulations, obligations, and agreements of the Board contained in this Resolution and any Supplement shall be deemed to be covenants, stipulations, obligations, and agreements of the Financing System and the Board to the full extent authorized or permitted by the Constitution and laws of the State of Texas. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or agent or employee of the Board in his individual capacity and neither the members of the Board nor any officer thereof shall be liable personally on Parity Debt when issued, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 10. SPECIAL OBLIGATIONS; ABSOLUTE OBLIGATION TO PAY PARITY DEBT. All Parity Debt and the interest thereon shall constitute special obligations of the Board payable from the Pledged Revenues, and the owners thereof shall never have

the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in this Resolution or any Supplement. The obligation of the Board to pay or cause to be paid the amounts payable under this Resolution and each Supplement out of the Pledged Revenues shall be absolute, irrevocable, complete, and unconditional, and the amount, manner, and time of payment of such amounts shall not be decreased, abated, rebated, setoff, reduced, abrogated, waived, diminished, or otherwise modified in any manner or to any extent whatsoever, regardless of any right of setoff, recoupment, or counterclaim that the Board might otherwise have against any owner or any other party and regardless of any contingency, force majeure, event, or cause whatsoever and notwithstanding any circumstance or occurrence that may arise or take place before, during, or after the issuance of Parity Debt while any Parity Debt is Outstanding.

Section 11. REMEDIES. Any owner of Parity Debt in the event of default in connection with any covenant contained herein or in any Supplement, or default in the payment of said obligations, or of any interest due thereon, or other costs and expenses related thereto, may require the Board, its officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of this Resolution or any Supplement, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings in any court of competent jurisdiction against the Board, its officials and employees, or any appropriate official of the State of Texas.

Section 12. DEFEASANCE OF BONDS. (a) Deemed Paid. Any Parity Debt and the interest thereon shall be deemed to be paid, retired, and no longer Outstanding (a "Defeased Debt") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when the payment of all principal and interest payable with respect to such Parity Debt to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or provision for the giving of same having been made) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent for such Parity Debt for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) noncallable Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the Board with each such Paying Agent for the payment of its services until after all Defeased Debt

shall have become due and payable. At such time as Parity Debt shall be deemed to be Defeased Debt hereunder, as aforesaid, such Parity Debt and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Pledged Revenues, and such principal and interest shall be payable solely from such money or Government Obligations, and shall not be regarded as Outstanding for any purposes other than payment, transfer, and exchange.

(b) Investments. Any money so deposited with or made available to a Paying Agent may at the written direction of the Board also be invested in Government Obligations maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent which is not required for the payment of the Parity Debt and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Board, or deposited as directed in writing by the Board.

(c) Government Obligations. The term "Government Obligations" as used in this Section, shall mean direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, which may be United States Treasury obligations such as its State and Local Government Series, which may be in book-entry form.

(d) Continuing Duty of Paying Agent and Registrar. Until all Defeased Debt shall have become due and payable, the Paying Agent and Registrar for such Defeased Debt shall perform the services of Paying Agent and Registrar for such Defeased Debt the same as if they had not been defeased, and the Board shall make proper arrangements to provide and pay for such services.

Section 13. AMENDMENT OF RESOLUTION. (a) Amendment Without Consent. This Resolution and any Supplement and the rights and obligations of the Board and of the owners of the Outstanding Parity Debt may be modified or amended at any time without notice to or the consent of any owners of the Outstanding Parity Debt, but only to the extent permitted by law, and subject to the conditions set forth in each Supplement relating to a series or issue of Parity Debt.

(b) Amendments With Consent. The owners of Parity Debt aggregating 51% in Outstanding Principal Amount shall have the right from time to time to approve any other amendment to this Resolution or any Supplement which may be deemed necessary or desirable by the Board, provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Parity Debt, the amendment of the terms and conditions in the Resolution or any Supplement or in the Parity Debt so as to:

- (1) Make any change in the maturity of the Outstanding Parity Debt;
- (2) Reduce the rate of interest borne by Outstanding Parity Debt;
- (3) Reduce the amount of the principal payable on Outstanding Parity Debt;
- (4) Modify the terms of payment of principal of or interest on the Outstanding Parity Debt, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all Parity Debt then Outstanding; or
- (6) Change the minimum percentage of the Outstanding Principal Amount necessary for consent to such amendment.

(c) Notice. If at any time the Board shall desire to amend this Resolution or a Supplement under this Section, the Board shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Registrar for the Parity Debt for inspection by all owners of Parity Debt. Such publication is not required, however, if notice in writing, by certified mail, is given to each owner of Parity Debt.

(d) Receipt of Consents. Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice of the proposed amendment the Board shall receive an instrument or instruments executed by all of the owners or the owners of at least 51% in Outstanding Principal Amount, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Board may adopt the amendatory resolution in substantially the same form.

(e) Effect of Amendments. Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, the Resolution or Supplement being amended shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then Outstanding Parity Debt and all future Parity Debt shall thereafter be

determined, exercised, and enforced hereunder, subject in all respects to such amendment.

(f) Consent Irrevocable. Any consent given by the owner of Parity Debt pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Parity Debt during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar for such Parity Debt and the Issuer, but such revocation shall not be effective if the owners of 51% in Outstanding Principal Amount, prior to the attempted revocation, consented to and approved the amendment.

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Parity Debt shall be determined from the registration books kept for such Parity Debt by the Registrar therefor.

EXHIBIT "A"

DEFINITIONS

As used in this Resolution the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Annual Debt Service Requirements" means, for any Fiscal Year, the principal of and interest on all Parity Debt coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the Board on such Debt, or be payable in respect of any required purchase of such Debt by the Board) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the Board:

(1) Committed Take Out. If the Board has entered into a Credit Agreement constituting a binding commitments within normal commercial practice, from any bank, savings and loan association, insurance company, or similar institution to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the Board's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(2) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the Board) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at

an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(3) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (2) above), if an U. T. System Representative shall deliver to the Board an Officer's Certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such Officer's Certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the Board has elected to apply the rule set forth in clause (2) above;

(4) Prepaid Debt. Principal of and interest on Parity Debt, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(5) Variable Rate. As to any Parity Debt that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the Board, either (1) an interest rate equal to the average rate borne by such Parity Debt (or by comparable debt in the event that such Parity Debt has not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (2) an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of tax-exempt revenue bonds with maturities of at least 20 years which is

published in a newspaper or journal with national circulation may be used for this purpose;

(6) Guarantees. In the case of any guarantee, as described in clause (3) of the definition of Debt, no obligation will be counted if the Board does not anticipate in its annual budget that it will make any payments on the guarantee. If, however, the Board is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Debt and calculations of annual debt service requirements with respect to such guarantee shall be made assuming that the Board will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the Board no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements; and

(7) Commercial Paper. With respect to any Parity Debt issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Parity Debt shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition.

"Annual Direct Obligation" means the amount budgeted each Fiscal Year by the Board with respect to each Financing System Member to satisfy the Member's proportion of debt service (calculated based on the Member's Direct Obligation) due by the Board in such Fiscal Year on Outstanding Parity Debt.

"Annual Obligation" means, with respect to each Member and for each Fiscal Year, the Member's Annual Direct Obligation plus the amount budgeted by the Board for such Fiscal Year to allow the Member to retire its obligation for intra-System advances made to it to satisfy part or all of a previous Annual Direct Obligation payment.

"Board" and "Issuer" mean the Board of Regents of The University of Texas System or any successor thereto.

"Credit Agreement" means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Debt, purchase or sale agreements or commitments or other contracts or agreements authorized, recognized and approved by the Board as a Credit Agreement in connection with the authorization, issuance, security, or payment of Parity Debt and on a parity therewith.

"Debt" of the Board payable from Pledged Revenues means all:

(1) indebtedness incurred or assumed by the Board for borrowed money (including indebtedness arising under Credit Agreements) or for the acquisition, construction or improvement of property other than goods or services that are acquired in the ordinary course of business of the Board;

(2) lease obligations of the Board that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(3) Credit Agreements and all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the Board, or that is in effect guaranteed, directly or indirectly, by the Board through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(4) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the Board whether or not the Board has assumed or become liable for the payment thereof;

For the purpose of determining the "Debt" of the Board, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of The University of Texas System in prior Fiscal Years.

"Direct Obligation" means the proportionate share of Outstanding Parity Debt attributable to and the responsibility of each respective Financing System Member.

"Financing System Member" or "Member" means each of the institutions currently constituting components of The University of Texas System and such institutions hereafter designated by the Board to be a Member of the Financing System.

"Fiscal Year" means the fiscal year of the Board which currently ends on August 31 of each year.

"Funded Debt" of the Financing System means all Parity Debt created, assumed, or guaranteed by the Board and payable from Pledged Revenues that matures by its terms (in the absence of the exercise of any earlier right of demand), or is renewable at the option of the Board to a date, more than one year after the original creation, assumption, or guarantee of such Debt by the Board.

"Health Institutions" means The University of Texas Southwestern Medical Center at Dallas, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas M.D. Anderson Cancer Center, The University of Texas Health Center at Tyler, and any other health institutions which become part of The University of Texas System and are made a part of the Financing System subsequent to the date of adoption of this Resolution by the Board.

"Holder" or "Bondholder" or "owner" means the registered owner of any Parity Debt registered as to ownership and the holder of any Parity Debt payable to bearer.

"Maturity" when used with respect to any Debt means the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

"Non-Recourse Debt" means any Debt secured by a lien (other than a lien on Pledged Revenues), liability for which is effectively limited to the property subject to such lien with no recourse, directly or indirectly, to any other property of the Board attributable to the System, provided that such Debt is being incurred in connection with the acquisition of property only, which property is not, at the time of such incurrence, owned by the Board and being used in the operations of a Member.

"Officer's Certificate" means a certificate signed by a U.T. System Representative.

"Opinion of Counsel" means a written opinion of counsel which shall be acceptable to the Board.

"Outstanding" when used with respect to Parity Debt means, as of the date of determination, all Parity Debt theretofore delivered under this Resolution or any Supplement, except:

(1) Parity Debt theretofore cancelled and delivered to the Board or delivered to the Paying Agent or the Registrar for cancellation;

(2) Parity Debt deemed paid pursuant to the provisions of Section 12 of this Resolution or any comparable section of any Supplement;

(3) Parity Debt upon transfer of or in exchange for and in lieu of which other Parity Debt has been authenticated and delivered pursuant to this Resolution or any Supplement; and

(4) Parity Debt under which the obligations of the Board have been released, discharged or extinguished in accordance with the terms thereof;

provided, that, unless the same is acquired for purposes of cancellation, Parity Debt owned by the Board shall be deemed to be Outstanding as though it was owned by any other owner.

"Outstanding Principal Amount" means the outstanding and unpaid principal amount of Parity Debt paying interest on a current basis and the outstanding and unpaid principal and compounded interest on Parity Debt paying accrued and compounded interest only at maturity.

"Pan American University Bonds" means the Board of Regents of Pan American College Utility Plant Student Fee Revenue Bonds, Series 1968 and Student Fee Revenue Bonds Series 1969 and the Board of Regents of Pan American University Combined Fee Revenue Bonds, Series 1971 and Auxiliary Enterprise System Revenue Bonds, Series 1968A, 1968B, 1968C, 1968D, 1973 and 1977.

"Parity Debt" means all Debt of the Board which may be issued or assumed in accordance with the terms of this Resolution and a Supplement, secured by a pledge of the Pledged Revenues subject only to the liens securing Prior Encumbered Obligations.

"Paying Agent" shall mean each entity designated in a Supplement as the place of payment of a series or issue of Parity Debt.

"Pledged General Fee" means the gross collections of a student use fee to be fixed, charged, and collected pursuant to Section 55.16, Texas Education Code from the students (excepting, with respect to each series or issue of Parity Debt, any student in a category which, at the time of the adoption of the Supplement relating to such Parity Debt, is exempt by law from paying fees) regularly enrolled at the institutions and branches thereof now or hereafter constituting a Member of the Financing System, respectively, for the general use and availability of such institutions or branches thereof, respectively, in the manner and amounts, at the times, and to the extent provided in this Resolution, and including, subject to the provisions of the Prior Encumbered Obligations, the Prior Encumbered General Fee.

"Pledged Practice Plan Funds" means that portion of the Practice Plan income and fund balances of a Member (or an institution which becomes a Member after the date of adoption of this Resolution) which has been pledged to the payment of Parity Debt by the Board by the adoption of a Supplement; provided, however, that any such pledge may be limited in any manner, extent or duration as provided in the Supplement.

"Pledged Revenues" means, subject to the provisions of the Prior Encumbered Obligations, collectively (i) the Pledged Tuition Fee, (ii) the Pledged General Fee, (iii) the Pledged Practice Plan Funds, and (iv) any or all of the revenues, funds, and balances now or hereafter lawfully available to the Board and derived from or attributable to any Member of the Financing System which are lawfully available to the Board for payments on Parity Debt; provided, however, that the following shall not be included in Pledged Revenues unless and to the extent set forth in a Supplement: (a) the interest of The University of Texas System in the Available University Fund under Article 7, Section 18 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; (b) amounts received on behalf of any Member under Article 7, Section 17 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; (c) except to the extent so appropriated, general revenue funds appropriated to the Board by the Legislature of the State of Texas; and (d) Practice Plan income of any Member, including the income therefrom and any fund balances relating thereto not included in Pledged Practice Plan Funds.

"Pledged Tuition Fee" means, as authorized by Section 55.17, Texas Education Code, the following specified amounts (or such increased amounts as hereafter authorized by law) out of the tuition charges now or hereafter required or permitted by law to be imposed on each tuition paying student enrolled at each and every institution or branch thereof now or hereafter constituting a Member of the Financing System,

(excepting the Health Institutions until and unless the Board authorizes the pledge of such tuition charges at any such institution to the payment of Parity Debt) and including, subject to the provisions of the Prior Encumbered Obligations, the Prior Encumbered Tuition Fees, respectively:

\$5.00 from each enrolled student for each regular semester and \$2.50 from each enrolled student for each summer term of each summer session.

"Practice Plan" means any agreement entered into by and between a Member and faculty appointees of that Member that: (a) assigns to the Member patient fees collected for professional services rendered by the appointee and (b) regulates the collection and expenditure of such patient fees. Practice Plan also includes such agreements existing between an institution which becomes a Member after the date of the adoption of this Resolution and such institution's faculty.

"Prior Encumbered General Fee" means the Pledged General Fee securing Prior Encumbered Obligations and that portion of the student use fee charged and collected at an institution which becomes a Member of the Financing System after the date of adoption of this Resolution and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a Member of the Financing System.

"Prior Encumbered Obligations" means the Series 1986 Bonds, the Subordinate Lien Notes, the M.D. Anderson Hospital and Tumor Institute at Houston Endowment and Hospital Revenue Bonds, Series 1972 and 1976, the M.D. Anderson Hospital Revenue Subordinate Lien Bonds, Series 1976, the Pan American University Bonds and those bonds or other obligations of an institution outstanding on the date it becomes a Member of the Financing System and which are secured by a lien on and pledge of the Prior Encumbered General Fee, the Prior Encumbered Revenues, the Prior Encumbered Tuition Fee and/or the Prior Encumbered Practice Plan Funds charged and collected at such institution and all existing obligations of the Board secured by a lien on a portion of the Pledged Revenues which is superior to the lien established by this Resolution on behalf of Parity Debt.

"Prior Encumbered Practice Plan Funds" means the Pledged Practice Plan Funds which are pledged to the payment of bonds or other obligations of an institution which becomes a Member of the Financing System after the date of adoption of this Resolution.

"Prior Encumbered Revenues" means the revenues pledged to the payment of Prior Encumbered Obligations and the revenues of any revenue producing system or facility of an institution which hereafter becomes a Member of the Financing

System and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a Member of the Financing System.

"Prior Encumbered Tuition Fee" means the Pledged Tuition Fee securing Prior Encumbered Obligations and that portion of the tuition charges in the maximum amount permitted in the definition of Pledged Tuition Fee charged and collected at an institution which becomes a Member of the Financing System after the date of adoption of this Resolution and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a Member of the Financing System.

"Registrar" shall mean the entity designated in a Supplement as the Registrar of a series or issue of Parity Debt.

"Resolution" means this Master Resolution establishing the Financing System.

"Series 1986 Bonds" means the Outstanding Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986, originally issued in the aggregate principal amount of \$222,040,000.

"Stated Maturity" when used with respect to any Debt or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

"Subordinated Debt" means any Debt which expressly provides that all payments thereon shall be subordinated to the timely payment of all Parity Debt then Outstanding or subsequently issued.

"Subordinate Lien Notes" means The University of Texas System General Revenue Subordinate Lien Notes Series 1987A, 1988A, 1988B, 1989A, 1989B, 1989C, and 1990A.

"Supplement" or "Supplemental Resolution" means a resolution supplemental to, and authorized and executed pursuant to the terms of, this Resolution.

"Term of Issue" means with respect to any Balloon Debt a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the maximum maturity date in the case of commercial paper or (ii) twenty-five years.

"The University of Texas System" means and includes each of the following existing and operating institutions, respectively:

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

together with every other institution or branch thereof now or hereafter operated by or under the jurisdiction of the Board pursuant to law.

"The University of Texas System Revenue Financing System" or "Financing System" or "System" means the institutions now or hereafter constituting components of The University of Texas System which are designated "Members" of the Financing System by action of the Board and initially consisting of the present components of The University of Texas System.

"U.T. System Representative" means one or more of the following officers or employees of The University of Texas System, to-wit: the Chancellor, any Executive Vice Chancellor, the General Counsel, the Executive Director--Endowment Management and Administration, the Executive Director of Finance, the Manager--Finance, the Comptroller, or such other officer or employee of The University of Texas System, authorized by the Board to act as a U.T. System Representative.

* * * * *

FIRST SUPPLEMENTAL RESOLUTION ESTABLISHING AN INTERIM FINANCING PROGRAM; APPROVING AND AUTHORIZING THE ISSUANCE OF MASTER RESOLUTION PARITY DEBT IN AN AGGREGATE PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING OF NOT TO EXCEED \$100,000,000 (EXCEPT FOR A PROMISSORY NOTE WHICH MAY BE IN THE PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING OF NOT TO EXCEED \$108,000,000) TO PROVIDE INTERIM FINANCING TO PAY PROJECT COSTS FOR ELIGIBLE PROJECTS; AUTHORIZING SUCH OBLIGATIONS TO BE ISSUED, SOLD, AND DELIVERED IN VARIOUS FORMS, INCLUDING COMMERCIAL PAPER NOTES, VARIABLE RATE NOTES, AND A PROMISSORY NOTE, AND PRESCRIBING THE TERMS, FEATURES, AND CHARACTERISTICS OF SUCH INSTRUMENTS; APPROVING AND AUTHORIZING CERTAIN AUTHORIZED OFFICERS AND EMPLOYEES TO ACT ON BEHALF OF THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM IN THE SELLING AND DELIVERY OF SUCH OBLIGATIONS, WITHIN THE LIMITATIONS AND PROCEDURES SPECIFIED HEREIN; MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, SECURITY, AND DELIVERY OF SUCH OBLIGATIONS, INCLUDING THE APPROVAL OF AN ISSUING AND PAYING AGENT/REGISTRAR AGREEMENT, CREDIT AGREEMENT, OFFERING MEMORANDUM, AND DEALER AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Board of Regents (the "Board") of The University of Texas System heretofore has authorized, issued, and delivered the following described Series of bonds and notes:

Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986 (the "Series 1986 Bonds");

Board of Regents of The University of Texas System General Revenue Subordinate Lien Notes, Series 1988A

Board of Regents of The University of Texas System General Revenue Subordinate Lien Notes, Series 1988B

Board of Regents of The University of Texas System General Revenue Subordinate Lien Notes, Series 1989A

Board of Regents of The University of Texas System General Revenue Subordinate Lien Notes, Series 1989B

Board of Regents of The University of Texas System General Revenue Subordinate Lien Notes, Series 1989C

Board of Regents of the University of Texas System General Revenue Subordinate Lien Notes, Series 1990A (the foregoing series of Notes are collectively, the "Subordinate Lien Notes"); and

WHEREAS, there are currently outstanding the following series of bonds which were issued for the benefit of an institution which has become a component of The University of Texas System, to-wit:

Board of Regents of Pan American College Utility Plant Student Fee Revenue Bonds, Series 1968

Board of Regents of Pan American College Student Fee Revenue Bonds, Series 1969

Board of Regents of Pan American University Combined Fee Revenue Bonds, Series 1971

Board of Regents of Pan American University Auxiliary Enterprise System Revenue Bonds, Series 1968A

Board of Regents of Pan American University Auxiliary Enterprise System Revenue Bonds, Series 1968B

Board of Regents of Pan American University Auxiliary Enterprise System Revenue Bonds, Series 1968C

Board of Regents of Pan American University Auxiliary Enterprise System Revenue Bonds, Series 1968D

Board of Regents of Pan American University Auxiliary Enterprise System Revenue Bonds, Series 1973

Board of Regents of Pan American University Auxiliary Enterprise System Revenue Bonds, Series 1977 (the foregoing series of bonds issued for the benefit of Pan American College or University are collectively, the "Pan American Bonds");

M.D. Anderson Hospital and Tumor Institute at Houston Endowment and Hospital Revenue Bonds, Series 1972

M.D. Anderson Hospital and Tumor Institute at Houston Endowment and Hospital Revenue Bonds, Series 1976

M.D. Anderson Hospital Revenue Subordinate Lien Bonds, Series 1976 (the foregoing series of bonds issued for the benefit of M.D. Anderson Hospital and Tumor Institute are collectively, the "M.D. Anderson Bonds"); and

WHEREAS, the Series 1986 Bonds, the Subordinate Lien Notes, the Pan American Bonds and the M.D. Anderson Bonds are now outstanding; and

WHEREAS, the Board, through the authorization of the Series 1986 Bonds, established a System-wide financing structure combining all of its institutions and branches under one revenue financing system; and

WHEREAS, it is has been deemed necessary and desirable to establish a new System-wide financing structure for revenue supported indebtedness which will provide reduced costs and increased borrowing capacity to the components of the System, additional security to the credit markets, and greater financial flexibility to the Board; and

WHEREAS, on April 12, 1990, in order to establish such new System-wide financing structure, the Board adopted a Master Resolution Establishing The University of Texas System Revenue Financing System (referred to herein as the "Resolution"); and

WHEREAS, the Board has adopted this First Supplement in accordance with provisions of the Resolution; and

WHEREAS, the notes to be issued hereunder shall be junior and subordinate to the Prior Encumbered Obligations with respect to certain revenues pledged to their payment; and

WHEREAS, the Board hereby determines to issue notes pursuant to the provisions of the Resolution, Article 717q, V.A.T.C.S., as amended ("Article 717q"), and Chapter 55 of the Texas Education Code, as amended, to provide interim financing for Eligible Projects (hereinafter defined); and

WHEREAS, the Board hereby finds that the purposes for which the Board may issue such notes constitute a "public utility," as contemplated by Article 717q; and

WHEREAS, arrangements relating to such interim financing have been settled and the Board hereby finds and determines that the issuance of obligations, including commercial paper notes, variable rate notes, and a promissory note, subject to the terms, conditions, and limitations hereinafter prescribed, should be approved and authorized at this time;

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

ARTICLE I DEFINITIONS

Section 1.01. DEFINITIONS. In addition to the definitions set forth in the preamble of this First Supplement, the terms used in this First Supplement and not otherwise defined shall have the meanings given in the Resolution or in Exhibit "A" to this First Supplement attached hereto and made a part hereof.

ARTICLE II AUTHORIZATION OF NOTES

Section 2.01. GENERAL AUTHORIZATION. Pursuant to authority conferred by and in accordance with the provisions of the Constitution and laws of the State of Texas, particularly the Acts, Project Notes shall be and are hereby authorized to be issued in an aggregate principal amount not to exceed ONE HUNDRED MILLION DOLLARS (\$100,000,000) at any one time Outstanding for the purpose of financing Project Costs of Eligible Projects and to refinance, renew, or refund Notes, including interest thereon; and a Promissory Note shall be and is hereby authorized to be issued in an aggregate principal amount not to exceed ONE HUNDRED EIGHT MILLION DOLLARS (\$108,000,000) at any one time Outstanding for the purpose of evidencing Advances under the Series A Credit Agreement relating thereto; all in accordance with and subject to the terms, conditions, and limitations contained herein and, with respect to the Promissory Note, in the Series A Credit Agreement. For purposes of this Section 2.01, any portion of Outstanding Notes to be paid from money on deposit in the Series A Note Payment Fund and from the available proceeds of Parity Debt or other obligations of the Board issued on the day of calculation shall not be considered Outstanding. The authority to issue Project Notes from time to time under the provisions of this Supplement shall exist until the Maximum Maturity date, regardless of whether prior to the Maximum Maturity Date there are at any time no Project Notes Outstanding. Until such time as the "Commitment" under the Series A Credit Agreement is increased as provided in Section 2.05 hereof, Project Notes shall not be issued to exceed at any one time Outstanding \$60,000,000 in principal amount.

Section 2.02. TERMS APPLICABLE TO NOTES - GENERAL. Subject to the limitations contained herein, Commercial Paper Notes herein authorized shall be dated as of their date of issuance or prior thereto, but within 30 days of the date of issuance as determined herein or as

otherwise determined by a U.T. System Representative, and Variable Rate Notes herein authorized shall be dated as of the date of authentication of such Variable Rate Notes (the "Note Date"), and Project Notes shall bear no interest or bear interest at such rate or rates (either fixed, variable, floating, adjustable, or otherwise) per annum computed either on the basis of (i) actual days elapsed and on a 365-day year or 366-day year, as applicable, or (ii) a 360-day year composed of twelve 30-day months (but in no event to exceed the Maximum Interest Rate in effect on the date of issuance thereof), as provided herein or otherwise as may be determined by a U.T. System Representative, and shall mature on or prior to the Maximum Maturity Date. Subject to the provisions of Articles III and IV, a U.T. System Representative may establish a formula, index, or other method for establishing the interest rates.

Project Notes issued hereunder may contain terms and provisions for the redemption or prepayment thereof prior to maturity, subject to any applicable limitations contained herein, as provided herein or otherwise as shall be determined by a U.T. System Representative.

Subject to applicable terms, limitations, and procedures contained herein and to the provisions of Articles III and IV, Project Notes may be sold in such manner at public or private sale and at par or at such discount or premium (within the interest rate and yield restrictions provided herein) as a U.T. System Representative shall approve at the time of the sale thereof; provided, however, that if any Project Notes are sold through competitive bidding, such Project Notes shall be sold in accordance with the procedures set forth in Section 5.01.

The Project Notes shall be issued in registered form, without coupons, provided, however, Commercial Paper Notes may be registered to bearer. Both principal of and interest on the Project Notes shall be payable in the manner provided in the forms of such Notes set forth in Exhibit B to this First Supplement for Commercial Paper Notes and Variable Rate Notes, respectively.

The selection and appointment of Morgan Guaranty Trust Company of New York, New York, New York to serve as Paying Agent/Registrar for the Project Notes is hereby confirmed and the Board covenants and agrees to keep and maintain the Registration Books at the principal corporate office of the Paying Agent/Registrar, all as provided herein and pursuant to such reasonable rules and regulations as the Paying Agent/Registrar may prescribe. The Board covenants to maintain and provide a Paying Agent/Registrar at all times while the Project Notes are Outstanding, which shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any State and authorized under such laws to exercise trust powers. Should a change in the Paying Agent/Registrar for the Project Notes occur, the Board agrees to promptly cause a written notice thereof to be (i) sent to each Registered Owner of the Project Notes then Outstanding by United States Mail, first class, postage prepaid and (ii) published in a financial newspaper or journal of general circulation in The City of New York, New York, once during each calendar week for at least two calendar weeks, provided, however, the publication of such notice shall not be required if notice is given to each Holder. Such notice shall give the address of the successor Paying Agent/Registrar. A successor Paying Agent/Registrar may be appointed without the consent of the Holders.

A copy of the Registration Books and any change thereto shall be provided to the Board by the Paying Agent/Registrar, by means of telecommunications equipment or such other means as may be mutually agreeable thereto, within two Business Days of the opening thereof or any change therein, as the case may be.

The Board and the Paying Agent/Registrar may treat the bearer (in the case of Commercial Paper Notes so registered) or the Registered Owner of any Project Note as the absolute owner thereof for the purpose of receiving payment thereof and for all other purposes, and the Board and the Paying Agent/Registrar shall not be affected by any notice or knowledge to the contrary.

Section 2.03. **COMMERCIAL PAPER NOTES.** Under and pursuant to the authority granted hereby and subject to the limitations contained herein, Commercial Paper Notes to be designated "Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series A" are hereby authorized to be issued and sold and delivered from time to time in such principal amounts as determined by a U.T. System Representative in denominations of any multiple of \$1,000, with a minimum denomination of \$100,000, numbered in ascending consecutive numerical order in the order of their issuance and to mature and become due and payable on such dates as a U.T. System Representative shall determine at the time of sale; provided, however, that no Commercial Paper Note shall (i) mature after the Maximum Maturity Date or (ii) have a term in excess of 270 days.

Interest, if any, on Commercial Paper Notes shall be payable at maturity with principal.

Section 2.04. **VARIABLE RATE NOTES.** Under and pursuant to authority granted hereby and subject to the limitations contained herein, Variable Rate Notes to be designated "Board of Regents of The University of Texas System Revenue Financing System Variable Rate Notes, Series A", are hereby authorized to be issued, sold, and delivered from time to time in such principal amounts as determined by a U.T. System Representative, such Variable Rate Notes to be in denominations provided in the Form of Variable Rate Notes in Exhibit B, to be numbered in ascending consecutive numerical order in the order of their issuance and to mature and become due and payable on the date selected by a U.T. System Representative in accordance with this First Supplement but not later than the Maximum Maturity Date. Variable Rate Notes shall be payable and subject to purchase on demand of the Holder and redemption prior to maturity under the terms and conditions and at the redemption price or prices as set forth in Exhibit B and Articles III and IV or as otherwise determined by a U.T. System Representative; provided, however, any premium associated with a redemption prior to maturity of a Variable Rate Note shall not exceed three percent (3%) of the principal amount thereof.

Variable Rate Notes are hereby authorized to be issued bearing interest at a variable, floating, or adjustable rate not to exceed the Maximum Interest Rate and interest thereon shall be payable at maturity and at such intervals prior to maturity all as determined in accordance with the provisions of Articles III and IV and in the Form of Variable Rate Notes set forth in Exhibit B or as otherwise determined by a U.T. System Representative.

To exercise its option to redeem Variable Rate Notes, the U.T. System Representative shall deliver notice to the Paying Agent of its intention to redeem the Variable Rate Notes, which notice shall specify the principal amount of the Notes to be redeemed, and, if less than all of the Notes are to be called, the Notes or portions thereof to be redeemed, (a) with respect to Variable Rate Notes bearing interest at Flexible, Daily, Weekly, or Monthly Rates at least fifteen (15) days prior to the proposed redemption date; and (b) with respect to Variable Rate Notes bearing interest at Quarterly, Semiannual, or Term Rates or at a Fixed Rate at least thirty five (35) days prior to the proposed redemption date. The Paying Agent shall cause notice of any redemption of Variable Rate Notes to be mailed to each Registered Owner of Variable Rate Notes to be redeemed at the respective addresses appearing in the Registration Books. If such notice shall (i) be mailed at least ten (10) days prior to the redemption date with respect to Variable Rate Notes bearing interest at Flexible, Daily, Weekly, or Monthly Rates and at least thirty (30) days prior to the redemption date with respect to Variable Rate Notes bearing interest at Quarterly, Semiannual, or Term Rates or at a Fixed Rate, (ii) identify the Variable Rate Notes to be redeemed (specifying the CUSIP numbers (as defined herein), if any, assigned to the Variable Rate Notes), (iii) specify the redemption date and the redemption price, and (iv) state that (a) on the redemption date the Variable Rate Notes called for redemption will be payable at the principal corporate trust office of the Paying Agent, (b) from the redemption date interest will cease to accrue, and (c) no

representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Variable Rate Notes, and, if due provision for the payment of the redemption price is made, then the Variable Rate Notes which are to be redeemed thereby automatically shall be deemed to have been redeemed prior to their scheduled maturities, and they shall not bear interest after the redemption date, and they shall not be regarded as being Outstanding except for the right of the Registered Owner thereof to receive the redemption price from the Paying Agent. No defect affecting the giving of notice of redemption of any Variable Rate Notes, whether in the notice of redemption or mailing thereof (including any failure to mail such notice) shall affect the validity of the redemption provisions for any other Variable Rate Notes.

Section 2.05. SERIES A CREDIT AGREEMENT. The Series A Credit Agreement, substantially in the form attached hereto as Exhibit C, is hereby approved, and shall be entered into with the Bank. The form of Promissory Note contained in the Credit Agreement is also approved, including the interest rate to be determined as set forth therein. A U.T. System Representative is hereby authorized to execute and deliver the Series A Credit Agreement and any other documents called for thereunder; and the Chairman of the Board and the Executive Secretary of the Board are hereby authorized and directed to execute and deliver the Promissory Note and the Executive Secretary of the Board is authorized to place the Board seal thereon. In addition, in the event that the "Available Bank Loan Commitment" (as defined in the Series A Credit Agreement) is increased by the Bank to enable the Board to issue and have at any one time Outstanding Project Notes in an amount in excess of \$60,000,000, but no greater than \$100,000,000, the U.T. System Representative is hereby authorized to execute and deliver an amendment, and the Executive Secretary is authorized to place the Board seal on such amendment to the Series A Credit Agreement evidencing such an increase in the amount of the Available Bank Loan Commitment, without further action being taken by this Board upon (i) the approval by the General Counsel of The University of Texas System of such amendment and (ii) the delivery to the Bank and the Dealer of an approving opinion of Bond Counsel governing the issuance of Project Notes in excess of \$60,000,000, addressing the matters described in the first sentence of Section 6.05 hereof.

Section 2.06. PROMISSORY NOTE. Under and pursuant to authority granted hereby and by the Series A Credit Agreement and subject to the limitations contained herein and in the Series A Credit Agreement, the Promissory Note to be designated "Board of Regents of The University of Texas System Revenue Financing System Credit Agreement Promissory Note" is hereby authorized to refund Outstanding Notes and interest thereon in accordance with the terms of this First Supplement, the Series A Credit Agreement, and the form of Promissory Note set forth in Exhibit A to the Series A Credit Agreement.

Section 2.07. FORMS OF PROJECT NOTES. The Project Notes and the Certificate of Authentication to appear on each of the Project Notes shall be substantially in the forms set forth in Exhibit B to this First Supplement with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this First Supplement and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Banks Association) ("CUSIP" numbers) and such legends and endorsements thereon as may, consistently herewith, be approved by a U.T. System Representative. Any portion of the text of any Project Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Project Notes. The approving legal opinion of Bond Counsel and a legend relating to any insurance policy issued with respect to the Project Notes may also be printed thereon.

The Project Notes shall be printed, lithographed, or engraved or produced in any other similar manner, or typewritten, all as determined and approved by a U.T. System Representative.

Section 2.08. EXECUTION - AUTHENTICATION. The Notes shall be executed on behalf of the Board by the Chairman of the Board under its seal reproduced or impressed thereon and attested by the Executive Secretary of the Board. The signature of said officers on the Notes may be manual or facsimile. Notes bearing the manual or facsimile signatures of individuals who are or were the proper officers of the Board on the date of passage of this First Supplement shall be deemed to be duly executed on behalf of the Board, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of the initial sale and delivery of Notes authorized to be issued hereunder and with respect to Notes delivered in subsequent sales, exchanges and transfers, all as authorized and provided in Article 717k-6, V.A.T.C.S., as amended.

No Project Note shall be entitled to any right or benefit under this First Supplement, or be valid or obligatory for any purpose, unless there appears on such Project Note a certificate of authentication substantially in the applicable form provided in Exhibit B, executed by the Paying Agent/Registrar by manual signature, and such certificate upon any Project Note shall be conclusive evidence, and the only evidence, that such Project Note has been duly certified or registered and delivered.

Section 2.09. NOTES MUTILATED, LOST, DESTROYED, OR STOLEN. If any Note shall become mutilated, the Board, at the expense of the Holder of said Note, shall execute and the Paying Agent/Registrar shall authenticate and deliver a new Note of like tenor and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Paying Agent/Registrar of the Note so mutilated. If any Note shall be lost, destroyed, or stolen, evidence of such loss, destruction, or theft may be submitted to the Board and the Paying Agent/Registrar and if such evidence be satisfactory to them and indemnity satisfactory to them shall be given, the Board, at the expense of the Holder, shall execute and the Paying Agent/Registrar shall authenticate and deliver a new Note of like tenor in lieu of and in substitution for the Note so lost, destroyed, or stolen. In the event any such Note shall have matured, the Paying Agent/Registrar, instead of issuing a duplicate Note, may pay the same without surrender thereof after making such requirement as it deems fit for its protection, including a lost instrument bond. Neither the Board nor the Paying Agent/Registrar shall be required to treat both the original Note and any duplicate Note as being Outstanding for the purpose of determining the principal amount of Notes which may be issued hereunder, but both the original and the duplicate Note shall be treated as one and the same. The Board and the Paying Agent may charge the Holder of such Note with their reasonable fees and expenses for such service.

Section 2.10. NEGOTIABILITY, REGISTRATION AND EXCHANGEABILITY. The Notes issued hereunder shall be, and shall have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas, and each successive Holder, in accepting any of the obligations, shall be conclusively deemed to have agreed that such Notes shall be and have all of the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

Registration Books relating to the registration, payment, and transfer or exchange of the Project Notes shall at all times be kept and maintained by the Board at the corporate trust office of the Registrar, and the Registrar shall obtain, record, and maintain in the Registration Books the name and, to the extent provided by or on behalf of such Registered Owner, the address of each Registered Owner of the Project Notes, except for Commercial Paper Notes registered to bearer, issued under and pursuant to the provisions of this First Supplement. In addition, in accordance with the terms of the Issuing and Paying Agent Agreement, a copy of the records reflected in the Registration Books shall be maintained at the System office in Austin, Texas. Any Project Note may, in accordance with its terms and the terms hereof, be transferred or exchanged for Project Notes of like tenor and character and of other authorized denominations upon the Registration Books by the Holder thereof in person or by his duly authorized agent, upon surrender of such Project Note to the Registrar for cancellation, accompanied by a written instrument of transfer or

request for exchange duly executed by the Holder thereof or by his duly authorized agent, in form satisfactory to the Registrar.

Upon surrender for transfer of any Project Note at the corporate trust office of the Registrar, the Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Project Notes, executed on behalf of and furnished by the Board, of like tenor and character and of authorized denominations, and having the same maturity, bearing interest at the same rate, and of a like aggregate principal amount as the Project Note or Project Notes surrendered for transfer.

Furthermore, Project Notes may be exchanged for other Project Notes of like tenor and character and of authorized denominations and having the same maturity, bearing the same rate of interest, and of like aggregate principal amount as the Project Notes surrendered for exchange, upon surrender of the Project Notes to be exchanged at the corporate trust office of the Registrar. Whenever any Project Notes are so surrendered for exchange, the Registrar shall register and deliver new Project Notes of like tenor and character as the Project Notes exchanged, executed on behalf of, and furnished by, the Board to the Holder thereof requesting the exchange.

The Board and the Registrar may charge the Holder a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer after the first such exchange or transfer. The Registrar or the Board may also require payment from the Holder of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Project Note shall be delivered.

The Board and the Paying Agent/Registrar shall not be required to transfer or exchange any Project Note selected, called or being called for redemption in whole or in part unless said Project Note has been tendered for purchase and remarketed for a period which ends no later than the redemption date.

New Project Notes delivered upon any transfer or exchange shall be valid special obligations of the Board, evidencing the same debt as the Project Notes surrendered, shall be secured by this First Supplement and shall be entitled to all of the security and benefits hereof to the same extent as the Project Notes surrendered.

The Board reserves the right to change the above registration and transferability provisions of the Project Notes at any time on or prior to the delivery thereof in order to comply with applicable laws and regulations of the United States of America in effect at the time of issuance thereof. In addition, to the extent that the provisions of this Section conflict with or are inconsistent with the provisions of the Form of Variable Rate Note set forth in Exhibit B or Articles III and IV, such other provisions shall control.

Section 2.11. SERIES A NOTE PAYMENT FUND. The Board hereby establishes with the Issuing and Paying Agent a separate and special fund designated as the "Board of Regents of The University of Texas System Revenue Financing System Series A Note Payment Fund" (the "Series A Note Payment Fund"). The proceeds from the sale of Parity Debt issued for the purpose of refunding and retiring Notes Outstanding under this First Supplement shall be deposited to the credit of the Series A Note Payment Fund and used for such purpose. In addition, all amounts required to be deposited by the Board pursuant to Section 2.12 shall be deposited to the Series A Note Payment Fund and shall be used to pay principal of, premium, if any, and interest on Notes at the respective interest payment, maturity, redemption, or purchase dates of each issue of such Notes as provided herein, including the repayment of any amounts owed with respect to the Promissory Note in evidence of Advances under the Credit Agreement. Amounts remaining in the

Series A Note Payment Fund not then necessary for the purposes thereof may be withdrawn by the Board and used for any lawful purpose upon the request of a U.T. System Representative.

Additionally, all Advances under the Credit Agreement shall be deposited into the Series A Note Payment Fund and used to pay the principal of, premium, if any, and interest on the Project Notes, including the purchase price pursuant to Articles III and IV.

Pending the expenditure of moneys in the Series A Note Payment Fund for authorized purposes, moneys deposited therein may be invested at the direction of a U.T. System Representative in accordance with Section 7.04(h) of this First Supplement.

Section 2.12. SECURITY AND PAYMENTS. (a) The Notes are special obligations of the Board payable from and secured solely by the Pledged Revenues pursuant to the Resolution and this First Supplement. The Board agrees to make payments into the Series A Note Payment Fund at such times and in such amounts as are necessary to provide for the full payment of the principal of, premium, if any, and the interest on the Notes when due, whether by reason of maturity, redemption, or tender for purchase. Payments from the Series A Note Payment Fund shall be made from the first moneys deposited to the account of the Series A Note Payment Fund. Unless paid from the proceeds from the sale of Parity Debt or other obligations of the Board or, with respect to the Project Notes, the Advances under and pursuant to the Credit Agreement, such payments are to be made from the amounts required to be deposited in the Series A Note Payment Fund.

(b) To provide security for the payment of the principal of and interest on the Notes as the same shall become due and payable, there is hereby pledged, subject only to the provisions of this First Supplement permitting the application thereof for purposes and on the terms and conditions set forth herein, (i) subject to the liens securing the Prior Encumbered Obligations, the Pledged Revenues, (ii) Advances under the Credit Agreement, and (iii) the amounts held in the Series A Note Payment Fund, provided, however, amounts in the Series A Note Payment Fund attributable to and derived from Advances under and pursuant to the Credit Agreement are pledged to, and shall be used to pay, the principal of, premium, if any, and interest on the Project Notes, and it is hereby resolved and declared that the principal of and interest on the Notes shall be and are hereby equally and ratably secured by and payable from a lien on and pledge of the sources hereinabove identified in clauses (i), (ii), and (iii).

(c) If there is not on deposit an amount in the Series A Note Payment Fund in ample time to pay the principal of and interest and any premium on the Project Notes as such principal, interest and premium respectively come due, a U.T. System Representative shall implement the procedures necessary to make an Advance under the Credit Agreement in such amount.

Section 2.13. CANCELLATION. All Project Notes which at maturity are surrendered to the Paying Agent/Registrar for the collection of the principal and interest thereof or are surrendered for transfer or exchange pursuant to the provisions hereof or are purchased on behalf of the Board through an Advance shall, upon payment or issuance of new Project Notes, be cancelled by the Paying Agent/Registrar and forthwith transmitted to the Board, and the Board thereafter shall have the custody of all thereof.

Section 2.14. FISCAL AND OTHER AGENTS. In furtherance of the purposes of this First Supplement, the Board may from time to time appoint and provide for the payment of such additional fiscal, paying or other agents or trustees as it may deem necessary or appropriate in connection with the Notes.

ARTICLE III

INTEREST RATES ON VARIABLE RATE NOTES

Section 3.01. **INTEREST RATES AND RATE PERIODS.** The Variable Rate Notes issued hereunder shall bear interest as determined by a U.T. System Representative and the Rate Period applicable to the Variable Rate Notes may be converted to or from Variable Rate Periods, Flexible Rate Periods, or to the Fixed Rate Period pursuant to Section 3.02, 3.03, or 3.04.

Section 3.02. **VARIABLE RATES; CONVERSIONS TO VARIABLE RATE PERIODS.**

(a) **Determination by Remarketing Agent.** Subject to the further provisions of this Article III with respect to particular Variable Rates or conversions between Rate Periods, the Variable Rate to be applicable to Variable Rate Notes during any Variable Rate Period shall be determined by the Remarketing Agent. The Remarketing Agent shall determine the Variable Rate in accordance with this section on the Rate Determination Date and shall notify the U.T. System Representative of such determination of the Variable Rate by providing telephonic notice of such rate to a U.T. System Representative. The Variable Rate so determined shall become effective on the first day of the next succeeding Rate Period.

(i) In each case the Variable Rate for the Variable Rate Period in question shall be determined by the Remarketing Agent on the date or dates ("Rate Determination Date") and at the time or times required pursuant to Section 3.02(b), (c), (d), (e), (f), or (g) below, whichever is applicable.

(ii) The Variable Rate so to be determined shall be the lowest rate of interest which, in the judgment of the Remarketing Agent, would cause the Variable Rate Notes to have a market value equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the date of determination; provided that: (A) if the Remarketing Agent fails for any reason to determine or notify the U.T. System Representative or the Paying Agent of the Variable Rate for any Variable Rate Period when required hereunder, the Variable Rate for such period shall be deemed to be determined as the Variable Rate then in effect; and (B) in no event shall the Variable Rate for any Variable Rate Period exceed the Maximum Interest Rate.

(iii) All determinations of Variable Rates pursuant to this Section shall be conclusive and binding upon the Board, the Paying Agent, the Bank, and the Holders of the Variable Rate Notes to which such rates are applicable. The Board, the Paying Agent, and the Remarketing Agent shall not be liable to any Holders for failure to give any notice required above or for failure of any Holders to receive any such notice.

(b) **Daily Rates.** A Daily Rate shall be determined for each Daily Rate Period as follows:

(i) Daily Rate Periods shall commence on each Business Day and shall extend to, but not include, the next succeeding Business Day.

(ii) The Daily Rate for each Daily Rate Period shall be effective from and including the commencement date thereof and shall remain in effect to, but not including, the next succeeding Business Day. Each such Daily Rate shall be determined between 1:00 p.m. and 4:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of the Daily Rate Period to which it relates and made available to the Paying Agent by the Remarketing Agent by the close of business on the day such rate is determined. If the Daily

Rate is not determined for any day the Daily Rate determined for the preceding day shall remain in effect.

(iii) Notice of Daily Rates determined for each Daily Rate Period shall be given by the Paying Agent by first class mail to each Registered Owner by monthly statement within 7 Business Days after each Interest Payment Date on which Interest at a Daily Rate or Rates is to be paid.

(c) Weekly Rates. A Weekly Rate shall be determined for each Weekly Rate Period as follows:

(i) Weekly Rate Periods shall commence on Wednesday of each week and end on Tuesday of the following week; except that (A) in the case of a conversion to a Weekly Rate Period from a different Variable Rate Period or from a Flexible Rate Period, the initial Weekly Rate Period shall commence on the Conversion Date from such other Variable Rate Period and end on Tuesday of the following week; and (B) in the case of a conversion from a Weekly Rate Period to a different Rate Period or to the Fixed Rate, the last Weekly Rate Period prior to conversion shall end on the last day immediately preceding the Conversion Date.

(ii) The Weekly Rate for each Weekly Rate Period shall be effective from and including the commencement date of such period and shall remain in effect through and including the last day thereof. Each such Weekly Rate shall be determined by the Remarketing Agent on the eighth (8th) day prior to the commencement date of the Weekly Rate Period to which it relates or the immediately succeeding Business Day, if such eighth (8th) day is not a Business Day, and made available to the Paying Agent by the Remarketing Agent by the close of business on the day such rate is determined.

(iii) Notice of Weekly Rates determined for each Weekly Rate Period shall be given by the Paying Agent by first class mail to each Registered Owner by monthly statement within 7 Business Days after each Interest Payment Date on which interest at a Weekly Rate or Rates is to be paid.

(d) Monthly Rates. A Monthly Rate shall be determined for each Monthly Rate Period as follows:

(i) Monthly Rate Periods shall commence on the first Business Day of each calendar month and end on the last day prior to the first Business Day of the following month.

(ii) The Monthly Rate for each Monthly Rate Period shall be effective from and including the commencement date of such period and shall remain in effect through and including the last day thereof. Each such Monthly Rate shall be determined by the Remarketing Agent not later than 12:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period and made available to the Paying Agent by the Remarketing Agent by the close of business on the day such rate is determined.

(iii) Notice of Monthly Rates determined for each Monthly Rate Period shall be given by the Paying Agent by first class mail to each Registered Owner within 7 Business Days after its determination pursuant to Section 3.02(d)(ii) above.

(e) Quarterly Rates. A Quarterly Rate shall be determined for each Quarterly Rate Period as follows:

(i) Quarterly Rate Periods shall (A) commence initially on a Quarterly Rate Conversion Date; and (B) end on the last day preceding either the commencement date of the following Quarterly Rate Period or the Conversion Date on which a different type of Rate Period shall become effective.

(ii) The Quarterly Rate for each Quarterly Rate Period shall be effective from and including the commencement date of such period and shall remain in effect through and including the last date thereof. Each such Quarterly Rate shall be determined by the Remarketing Agent not later than 12:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period and made available to the Paying Agent by the Remarketing Agent by the close of business on the same day.

(iii) Notice of a Quarterly Rate shall be given by the Paying Agent by first class mail to each Registered Owner promptly after such actual Quarterly Rate is determined pursuant to Section 3.02(e)(ii) above.

(f) Semiannual Rates. A Semiannual Rate shall be determined for each Semiannual Rate Period as follows:

(i) Semiannual Rate Periods shall (A) commence initially on the Conversion Date to a Semiannual Rate Period from a different type of Rate Period and on the first day of each sixth (6th) calendar month thereafter; and (B) end on the last day preceding either the commencement date of the following Semiannual Rate Period or the Conversion Date on which a different type of Rate Period shall become effective.

(ii) The Semiannual Rate for each Semiannual Rate Period shall be effective from and including the commencement date of such period and shall remain in effect through and including the last day thereof. Each such Semiannual Rate shall be determined by the Remarketing Agent for each Semiannual Rate Period shall be determined not later than 12:00 p.m., New York City time, on the Business Day immediately preceding the commencement date of such period and made available to the Paying Agent by the Remarketing Agent by the close of business on the day such rate is determined.

(iii) Notice of each Semiannual Rate shall be given by the Paying Agent by first class mail to each Registered Owner promptly after such actual Semiannual Rate is determined pursuant to Section 3.02(f)(ii) above.

(g) Term Rates. A Term Rate shall be determined for each Term Rate Period as follows:

(i) Term Rate Periods shall (A) commence initially on the Term Rate Conversion Date and on the first day of a calendar month which is an integral multiple of twelve (12) calendar months thereafter; and (B) end on the last day preceding either the commencement date of the following Term Rate Period or the Conversion Date on which a different Rate Period, shall become effective.

(ii) The Term Rate for each Term Rate Period shall be effective from and including the commencement date of such period and remain in effect through and including the last day thereof. Each such Term Rate shall be determined for each Term Rate Period not later than 12:00 p.m., New York City time, on the day immediately preceding the commencement date of such period and made available to the Paying Agent by the Remarketing Agent by the close of business on the day such rate is determined.

(iii) Notice of each Term Rate shall be given by the Paying Agent by first class mail to each Registered Owner promptly after such actual Term Rate is determined pursuant to Section 3.02(g)(ii) above.

(h) Conversions between Variable Rate Periods. At the option of a U.T. System Representative, the Variable Rate Notes may be converted from one Variable Rate Period to another. To accomplish the proposed conversion, the U.T. System Representative shall give written notice of the proposed conversion together with a copy of the opinion referred to in Section 3.02(h)(v), if applicable, to the Remarketing Agent not fewer than one day prior to the date that notice is required to be given pursuant to Section 3.02(h)(ii). The conversion shall be accomplished as follows:

(i) The Conversion Date of a conversion to a different Variable Rate Period shall be an Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that if the conversion is from a Term Rate Period to a different Variable Rate Period, the Conversion Date shall be limited to an Interest Payment Date on which a new Term Rate Period would otherwise have commenced pursuant to Section 3.02(g) above; and provided, further, that if the conversion is between Daily and Weekly Rate Periods, the Conversion Date may be any Wednesday, regardless of whether the Wednesday is an Interest Payment Date.

(ii) The U.T. System Representative shall give written notice of any such conversion to the Paying Agent and the Bank, not fewer than forty-five (45) days prior to the proposed Conversion Date, or twenty (20) days in the case of conversions between Daily and Weekly Rate Periods. Such notice shall specify the proposed Conversion Date and the Variable Rate Period to which the conversion will be made, and in the case of conversion to a Term Rate Period, or to a new Term Rate Period if the previous Rate Period is a Term Rate Period, the number of years to be included within such Term Rate Period.

(iii) Not fewer than fifteen (15) days prior to the Conversion Date in the case of conversions between Daily and Weekly Rate Periods and not fewer than thirty (30) days prior to the Conversion Date in all other cases (including Flexible Rate Periods), the Paying Agent, except as provided in Section 3.05, shall mail (by first class mail) a written notice of the conversion to the Registered Owners. Such notice shall

(A) contain the information set forth in the notice from the U.T. System Representative pursuant to Section 3.02(h)(ii) above,

(B) set forth the dates by which the Remarketing Agent will determine and the Paying Agent will notify the Registered Owners of the Variable Rate for the Variable Rate Period commencing on the Conversion Date pursuant to Section 3.02(h)(iv) below, and

(C) set forth the matters required to be stated pursuant to Section 4.03 with respect to purchases of Variable Rate Notes governed by such Section.

(iv) The Variable Rate for the Variable Rate Period commencing on the Conversion Date shall be determined by the Remarketing Agent in the manner provided in Section 3.02(a) above on the date set forth in Section 3.02(b), (c), (d), (e), (f), or (g) above, whichever is applicable to the Variable Rate Period to which the conversion shall be made.

(v) Any conversion pursuant to this Section 3.02(h) from a Flexible, Daily, Weekly, Monthly, Quarterly, or Semiannual Rate Period to a Term Rate Period; or from a Term Rate Period to another Term Rate Period; or from a Term Rate Period to a Flexible, Daily, Weekly,

Monthly, Quarterly, or Semiannual Rate Period; or from a Flexible, Daily, Weekly, Monthly, Quarterly, Semiannual or Term Rate Period to a Fixed Rate shall be subject to the condition that on or before the date of such conversion, a U.T. System Representative shall have delivered to the Paying Agent and the Remarketing Agent an opinion of nationally recognized bond counsel to the effect that the conversion is authorized hereunder and will not adversely affect the exemption of interest on the Variable Rate Notes from federal income taxation. If said opinion is not delivered, the conversion shall not occur and the Variable Rate Notes shall remain in the same Rate Period.

(i) Conversions from Flexible Periods. At the option of a U.T. System Representative, the Variable Rate Notes may be converted from Flexible Rate Periods to a Variable Rate Period. To accomplish the proposed conversion, a U.T. System Representative shall give written notice of the proposed conversion together with a copy of the opinion referred to in Section 3.02(h)(v), if applicable, to the Remarketing Agent not fewer than one day prior to the date that notice is required to be given pursuant to subparagraph 3.02(i)(ii). The conversion shall be accomplished as follows:

(i) The Conversion Date shall be both (A) the first Business Day of a calendar month, and (B) the last Interest Payment Date on which interest is payable for any Flexible Rate Periods theretofore established for the Variable Rate Notes to be converted pursuant to Section 3.03.

(ii) The U.T. System Representative shall give written notice of any such conversion to the Paying Agent and the Bank no fewer than forty-five (45) days prior to the proposed Conversion Date. Such notice shall specify the proposed Conversion Date and the type of Rate Period to which the conversion will be made, and in the case of conversion to a Term Rate Period, the number of years to be included within such Term Rate Period. The Paying Agent shall give notice of conversion to Registered Owners prior to the Conversion Date in the manner prescribed by Section 3.02(h)(iii). Notwithstanding the foregoing, however, no conversion shall be effected unless, prior to the date on which such notice is required to be given, the Paying Agent shall have received written confirmation from the Remarketing Agent to the effect that it has not established and will not establish any Flexible Rate Periods extending beyond the Conversion Date and, if applicable, the opinion required by Section 3.02(h)(v) above shall be delivered prior to the Conversion Date. If said opinion is not delivered, the conversion shall not occur and the Variable Rate Notes shall remain in the same Rate Period.

(iii) The Variable Rate for the Variable Rate Period commencing on the Conversion Date shall be established and notice thereof shall be given in the same manner as is provided for conversions from one Variable Rate Period to another pursuant to Section 3.02(h)(iii) above, except as provided in Section 3.05.

Section 3.03. FLEXIBLE RATES; CONVERSIONS TO FLEXIBLE RATE PERIODS.

(a) Flexible Rates. A Flexible Rate for each Flexible Rate Period shall be determined as follows:

(i) The Flexible Rate Period for each Variable Rate Note shall be of such duration, not exceeding 180 days, as may be offered by the Remarketing Agent and specified by the purchaser pursuant to Section 4.02 or 4.03 hereof and any Variable Rate Note may bear interest at a Flexible Rate for a Flexible Rate Period different from any other Variable Rate Note; provided that each such Flexible Rate Period shall (A) commence on a Business Day (initially, the Flexible Rate Conversion Date), and (B) end on a day which is a Business Day.

(ii) The Flexible Rate for each Flexible Rate Period shall be effective from and including the commencement date of such period through but not including the last day thereof. Each such Flexible Rate shall be determined by the Remarketing Agent in connection with the sale of the Variable Rate Note or Variable Rate Notes to which it relates pursuant to Section 4.02 or 4.03 hereof. Flexible Rates shall be determined for Variable Rate Notes prior to the commencement of each Flexible Rate Period with respect to such Variable Rate Note by the Remarketing Agent in connection with the remarketing of Variable Rate Notes, by the offer and acceptance of purchase commitments for such Variable Rate Notes at a rate or rates it deems to be advisable in order to minimize the net interest cost on the Variable Rate Notes under prevailing market conditions and shall notify a U.T. System Representative of the Flexible Rate Period and the Flexible Rate for each Variable Rate Note by providing telephonic notice of such period and rate to a U.T. System Representative. If the Flexible Rate Period is approved by a U.T. System Representative (and it will be deemed to be approved if it is not rejected by a U.T. System Representative within thirty minutes after such telephonic notice), it shall become effective on the first day of the next Rate Period. If the period is rejected by the U.T. System Representative, the next succeeding Rate Period shall be a Flexible Rate Period of one day's duration. Longer Flexible Rate Periods may be established pursuant to Section 4.02(b) hereof.

(b) Conversions to Flexible Rate Periods. At the option of a U.T. System Representative, the Variable Rate Notes may be converted from a Variable Rate Period to Flexible Rate Periods. To accomplish the proposed conversion, the U.T. System Representative shall give written notice of the proposed conversion together with a copy of the opinion referred to in Section 3.02(h)(v), if applicable, to the Remarketing Agent not fewer than one day prior to the date that notice is required to be given pursuant to Section 3.03(b)(ii). The conversion shall be accomplished as follows:

(i) In any such case, the Flexible Rate Conversion Date shall be an Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that in the case of a conversion from a Term Rate Period, the Conversion Date shall be an Interest Payment Date on which a new Term Rate Period would otherwise have commenced pursuant to Section 3.02(g).

(ii) The U.T. System Representative shall give written notice of any such conversion to the Paying Agent and the Bank in the manner and at the times prescribed by Sections 3.02(h)(ii) and (iii) above.

(iii) Not fewer than thirty (30) days prior to the Conversion Date, the Paying Agent, except as provided in Section 3.05, shall mail (by first class mail) a written notice of the conversion to the Registered Owner of all Variable Rate Notes, specifying the Conversion Date and setting forth the matters required to be stated pursuant to Section 4.03 with respect to purchases of Variable Rate Notes governed by such Section.

(iv) Any conversion at the direction of a U.T. System Representative pursuant to this Section 3.03(b) shall be subject to the condition, if required by Section 3.02(h)(v), that on or before the date of such conversion, the U.T. System Representative shall have delivered to the Paying Agent and the Remarketing Agent an opinion of nationally recognized bond counsel to the effect that the conversion is authorized hereunder and will not adversely affect the exemption of interest on the Variable Rate Notes from federal income taxation. If said opinion is not delivered or if conversion is to be made on the determination of the Remarketing Agent and is rejected by the U.T. System Representative, the conversion shall not occur and the Variable Rate Notes shall remain in the same Rate Period.

Section 3.04. FIXED RATE CONVERSION AT OPTION OF U.T. SYSTEM REPRESENTATIVE. At the option of a U.T. System Representative, the Variable Rate Notes bearing interest at a Variable Rate or Flexible Rates may be converted to bear interest at a Fixed Rate to their final maturity. Any such conversion, shall be made as follows:

(a) The Fixed Rate Conversion Date shall be an Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made or an Interest Payment Date on which interest is payable for all Variable Rate Notes during Flexible Rate Periods.

(b) (i) The U.T. System Representative shall give written notice of any such conversion to the Remarketing Agent, the Paying Agent, and the Bank, not fewer than forty-five (45) days prior to the proposed Conversion Date. Such notice shall specify the Fixed Rate Conversion Date.

(ii) Not fewer than thirty (30) days prior to the Fixed Rate Conversion Date, the Paying Agent shall mail (by first class mail) a written notice of the conversion to the Holder of all Variable Rate Notes, specifying the Conversion Date and setting forth the matters required to be stated pursuant to Section 3.04(c) hereof.

(c) Notice of conversion shall be given by first class mail by the Paying Agent to the Holders of all Variable Rate Notes. Such notice shall inform the Holders of:

(i) the proposed Fixed Rate Conversion Date;

(ii) the dates by which the U.T. System Representative will determine and the Paying Agent will notify the Holders of the Fixed Rate pursuant to Section 3.04(d) below;

(iii) the conditions to the conversion pursuant to Section 3.04(e) below; and

(iv) the matters required to be stated pursuant to Section 4.04 hereof with respect to purchases of Variable Rate Notes governed by such Section.

(d) Not later than 12:00 p.m., New York City time, on the Business Day prior to the Fixed Rate Conversion Date a U.T. System Representative shall determine the Fixed Rate for the Variable Rate Notes and make the Fixed Rate available to the Paying Agent. Such determination shall be conclusive and binding upon the Board, the Paying Agent and the Holders of the Variable Rate Notes to which such rate will be applicable. Promptly after the date of determination, the Paying Agent shall give notice of such Fixed Rate by first class mail to the Board, the Remarketing Agent, the Bank and the Holders (as of the Fixed Rate Conversion Date).

(e) Any conversion to a Fixed Rate pursuant to this Section 3.04 shall be subject to the following conditions:

(i) on or before the Fixed Rate Conversion Date, a U.T. System Representative shall have delivered to the Paying Agent and the Remarketing Agent an opinion of nationally recognized bond counsel to the effect that the conversion is authorized hereunder and will not adversely affect the exemption of interest on the Variable Rate Notes from federal income taxation; and

(ii) as of the Fixed Rate Conversion Date, sufficient funds shall be available to purchase Variable Rate Notes which are then required to be purchased pursuant to Section 4.04 hereof. If the foregoing conditions are not met for any reason, the conversion shall not be effective, the Variable Rate Notes shall continue to bear interest at the last effective Variable Rate (if

the conversion was to have been made from a Variable Rate Period), at Flexible Rates determined by the Remarketing Agent pursuant to the provisions of Section 3.03(a) as of the date on which the conversion was to occur (if the conversion was to have been made from Flexible Rate Periods). The Paying Agent shall promptly notify the Registered Owners of such fact and shall give all additional notices and take all further actions required pursuant to Section 4.06.

Section 3.05. NOTICES TO REGISTERED OWNERS.

In the event that the Remarketing Agent has not provided the Registrar with complete registration information, including the name and address of any Registered Owner of a Variable Rate Note, any notice which the Paying Agent is required to give to such Registered Owner with respect to such Variable Rate Note shall be sent by the Paying Agent to the Remarketing Agent and it shall be the sole responsibility of the Remarketing Agent to furnish such notice to the Registered Owner. Where the Registrar has not been provided with complete registration information, including name and address of any Registered Owner, the Registrar and Paying Agent shall have no responsibility nor incur any liability in connection with the giving of such notice.

ARTICLE IV

TENDER AND PURCHASE OF VARIABLE RATE NOTES

Section 4.01. TENDERS DURING VARIABLE RATE PERIODS.

(a) Purchase Dates. The Holders of Variable Rate Notes bearing interest at Variable Rates may elect to have their Variable Rate Notes (or portions thereof in amounts equal to the lowest denomination then authorized pursuant to Section 2.07 hereof or whole multiples of such lowest denomination) purchased at a purchase price equal to 100 percent of the principal amount of such Variable Rate Notes (or portions), plus accrued interest, if any, on the following purchase dates and upon the giving of the following telephonic or written notices meeting the further requirements of subsection (b) below:

(i) Variable Rate Notes bearing interest at Daily Rates may be tendered for purchase at a price payable in immediately available funds on any Business Day prior to conversion from a Daily Rate Period to a different Rate Period, upon telephonic notice of tender given to the Paying Agent and the Remarketing Agent not later than 11:00 a.m., New York City time, on the purchase date.

(ii) Variable Rate Notes bearing interest at Weekly Rates may be tendered for purchase at a price payable in immediately available funds on any Business Day prior to conversion from a Weekly Rate Period to a different Rate Period upon delivery of a written notice of tender to the Paying Agent not later than 5:00 p.m., New York City time, on a Business Day not fewer than seven (7) days prior to the purchase date.

(iii) Variable Rate Notes bearing interest at Monthly Rates may be tendered for purchase on any Interest Payment Date for such Variable Rate Notes at a price payable in immediately available funds upon delivery of a written notice of tender not later than 5:00 p.m., New York City time, on a Business Day which is not fewer than three (3) Business Days prior to the purchase date.

(iv) Variable Rate Notes bearing interest at a Quarterly or Semiannual Rate may be tendered for purchase on any Interest Payment Date for such Variable Rate Notes at a price

payable in clearing house funds upon delivery of a written notice of tender not later than 5:00 p.m., New York City time, on a Business Day which is not fewer than seven (7) days prior to the purchase date.

(v) Variable Rate Notes bearing interest at a Term Rate may be tendered for purchase on the commencement date the following Rate Period for such Variable Rate Notes at a price payable in clearing house funds upon delivery of a written notice of tender not later than 5:00 p.m., New York City time, on a Business Day which is not fewer than seven (7) days prior to the purchase date.

(vi) Notwithstanding any provision in this subsection to the contrary, any Registered Owner who has elected to retain Variable Rate Notes upon a conversion from one Rate Period to another in the manner prescribed in Section 4.03 or Section 4.04 may no longer elect to have their Variable Rate Notes purchased as provided in this Section 4.01.

(b) Notice of Tender. Each notice of tender:

(i) shall, in the case of a written notice, be delivered to the Paying Agent at its corporate trust office and be in form satisfactory to the Paying Agent;

(ii) shall state, whether delivered in writing or by telephone (A) the principal amount of the Variable Rate Note to which the notice relates, (B) that the Holder irrevocably demands purchase of such Variable Rate Note or a specified portion thereof in an amount equal to the lowest denomination then authorized pursuant to Section 2.07(b) hereof or a whole multiple of such lowest denomination, (C) the date on which such Variable Rate Note or portion is to be purchased, and (D) payment instructions with respect to the purchase price; and

(iii) shall automatically constitute, whether delivered in writing or by telephone, (A) an irrevocable offer to sell the Variable Rate Note (or portion thereof) to which the notice relates on the purchase date to any purchaser selected by the Remarketing Agent, at a price equal to the principal amount of such Variable Rate Note (or portion thereof) plus any interest thereon accrued and unpaid as of the purchase date, (B) an irrevocable authorization and instruction to the Paying Agent to effect transfer of such Variable Rate Note (or portion thereof) upon payment of such price to the Paying Agent on the purchase date, (C) an irrevocable authorization and instruction to the Paying Agent to effect the exchange of the Variable Rate Note to be purchased in whole or in part for other Variable Rate Notes in an equal aggregate principal amount so as to facilitate the sale of such Variable Rate Note (or portion thereof to be purchased), and (D) an acknowledgement that such Registered Owner will have no further rights with respect to such Variable Rate Note (or portion thereof) upon payment of the purchase price thereof to the Paying Agent on the purchase date, except for the right of such Registered Owner to receive such purchase price upon surrender of such Variable Rate Note to the Paying Agent and that after the purchase date such Registered Owner will hold an undelivered certificate as agent for the Paying Agent.

The determination of the Paying Agent as to whether a notice of tender has been properly delivered pursuant to the foregoing shall be conclusive and binding upon the Registered Owner. The Paying Agent may waive nonconforming tenders.

(c) Variable Rate Notes to be Remarketed. Not later than 11:00 a.m., New York City time, on the Business Day immediately following the date of receipt of any notice of tender (or immediately upon such receipt, in the case of Variable Rate Notes bearing interest at Daily Rates), the Paying Agent shall notify, by telephone promptly confirmed in writing, in the case of a Daily or Weekly Rate, and in writing in all other cases a U.T. System Representative, the Remarketing

Agent and the Bank of the principal amount of Variable Rate Notes (or portions thereof) to be purchased and the date of purchase.

(d) Remarketing of Tendered Variable Rate Notes. Unless otherwise instructed by a U.T. System Representative, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all Variable Rate Notes or portions thereof for which notice of tender has been received pursuant to Section 4.01(c) above. The terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price for tendered Variable Rate Notes by the Remarketing Agent to the Paying Agent (in exchange for new registered Variable Rate Notes) (i) in immediately available funds at or before 2:00 p.m., New York City time, on the purchase date, in the case of Variable Rate Notes bearing interest at Daily, Weekly, Monthly, or Quarterly Rates, and (ii) in clearing house funds at or before 12:00 p.m., New York City time, on the purchase date, in the case of Variable Rate Notes bearing interest at Semiannual or Term Rates. Notwithstanding the foregoing, the Remarketing Agent shall not sell any Variable Rate Note for which a notice of conversion from one type of Variable Rate Period to another, to Flexible Rate Periods or to a Fixed Rate Period has been given by the Paying Agent unless the Remarketing Agent has advised the person to whom the sale is made of the conversion.

(e) Purchase of Tendered Variable Rate Notes.

(i) Notice. At or before 3:00 p.m., New York City time, on the Business Day immediately preceding the date fixed for purchase of tendered Variable Rate Notes (or 12:45 p.m., New York City time, on the purchase date in the case of Variable Rate Notes bearing interest at Daily Rates), the Remarketing Agent shall give notice by telephone, telegram, teletype, telex, or other similar communication to the a U.T. System Representative and the Paying Agent of the principal amount of tendered Variable Rate Notes which were remarketed. Not later than 5:00 p.m. (or 1:30 p.m., in the case of Variable Rate Notes bearing interest at Daily Rates), New York City time, on the date of receipt of such notice the Paying Agent shall give notice by telephone, telegram, teletype, or other similar communication to a U.T. System Representative and the Bank specifying the principal amount of tendered Variable Rate Notes as to which the Remarketing Agent has not found a purchaser. At or before 3:00 p.m., New York City time on the day prior to the purchase date to the extent known to the Remarketing Agent, but in any event, no later than 11:00 a.m. (or 1:00 p.m., in the case of Variable Rate Notes bearing interest at Daily Rates), New York City time, on the date fixed for purchase, the Remarketing Agent shall give notice to the Paying Agent by telephone (promptly confirmed in writing) of any change in the names, and taxpayer identification numbers of the purchasers, the denominations of Variable Rate Notes to be delivered to each purchaser, and, if available, payment instructions for regularly scheduled interest payments.

(ii) Sources of Payment. The Remarketing Agent shall cause to be paid to the Paying Agent for deposit in the Series A Note Payment Fund on the date fixed for purchase of tendered Variable Rate Notes, all amounts representing proceeds of the remarketing of such Variable Rate Notes, such payments to be made in the manner and at the time specified in Section 4.01(d) above. If such amounts, plus all other amounts received by the Paying Agent for the purchase of tendered Variable Rate Notes, are not sufficient to pay the principal amount plus the accrued and unpaid interest thereon to the purchase date (if any), the Paying Agent shall immediately notify the U.T. System Representative and the Bank, of any deficiency. The Board shall deliver or through Advances under the Credit Agreement (provided that any Advance under the Credit Agreement shall be in an amount equal to an authorized denomination of the Notes being purchased) cause to be delivered to the Paying Agent (A) immediately available funds in an amount at least equal to such deficiency prior to 3:00 p.m., New York City time, on the date set for purchase of tendered Variable Rate Notes bearing interest at Daily, Weekly, Monthly, or Quarterly Rates, and (B) clearing house funds in an amount at

least equal to such deficiency prior to 3:00 p.m., New York City time on the date set for purchase of tendered Variable Rate Notes bearing interest at Semiannual or Term Rates. All monies received by the Paying Agent as remarketing proceeds and additional amounts, if any, received from the Board or the Bank, if any, shall be deposited by the Paying Agent in the Series A Note Payment Account to be used solely for the payment of the purchase price of tendered Variable Rate Notes and shall not be commingled with other funds held by the Paying Agent; if any such monies exceed the amounts required to pay the purchase price of tendered Variable Rate Notes, such excess shall be paid to the Bank to the extent necessary to repay any Advance under the Credit Agreement and then to the Board.

(iii) Payments by the Paying Agent. At or before 3:00 p.m., New York City time, on the date set for purchase of tendered Variable Rate Notes and upon receipt by the Paying Agent of 100 percent of the aggregate purchase price of the tendered Variable Rate Notes, the Paying Agent shall pay the purchase price of such Variable Rate Notes to the Holders thereof at its corporate trust office or by bank wire transfer. Such payments shall be made in immediately available funds, unless the Variable Rate Notes to be purchased bear interest at Semiannual or Term Rates, in which event such payments shall be made in clearing house funds. The Paying Agent shall apply in order (A) moneys paid to it by the Remarketing Agent as proceeds of the remarketing of such Variable Rate Notes by the Remarketing Agent, (B) moneys made available by the Board, and (C) moneys drawn on the Credit Agreement, if any. If sufficient funds are not available for the purchase of all tendered Variable Rate Notes, no purchase shall be consummated.

(iv) Registration and Delivery of Tendered or Purchased Variable Rate Notes. On the date of purchase, the Paying Agent shall register and deliver (or hold) or cancel all Variable Rate Notes purchased on any purchase date as follows: (A) Variable Rate Notes purchased or remarketed by the Remarketing Agent shall be registered and made available (delivered in the case of Variable Rate Notes bearing interest at Flexible Rates) to the Remarketing Agent by 2:00 p.m. in accordance with the instructions of the Remarketing Agent; (B) Variable Rate Notes purchased with amounts drawn under the Credit Agreement, if any, or purchased for cancellation upon the directions of a U.T. System Representative shall be cancelled; and (C) Variable Rate Notes purchased with amounts provided by the Board shall be registered in the name of the Board and shall be held in trust by the Paying Agent on behalf of the Board and shall not be released from such trust unless the Paying Agent shall have received written instructions from a U.T. System Representative.

(v) Sale of Variable Rate Notes to Refund Advances Under Promissory Note. In the event that any Variable Rate Notes are purchased with amounts drawn under the Credit Agreement or are registered to the Board pursuant to subparagraph (iv) above to the extent requested by a U.T. System Representative, the Remarketing Agent shall offer for sale and use its best efforts to sell such Variable Rate Notes registered to the Board or new Variable Rate Notes in a principal amount equal to the principal amount of Variable Rate Notes purchased and cancelled pursuant to a draw under the Credit Agreement, as the case may be, at a price equal to the principal amount thereof plus accrued interest. Variable Rate Notes to be sold to refund the amounts due under the Promissory Note shall not be delivered upon remarketing unless the Credit Agreement is reinstated for the principal amount thereof and interest thereon in accordance with its terms and the Remarketing Agent has been advised of such reinstatement by the Bank.

(vi) Delivery of Variable Rate Notes; Effect of Failure to Surrender Variable Rate Notes. All Variable Rate Notes to be purchased on any date shall be required to be delivered to the corporate trust office of the Paying Agent at or before 1:00 p.m. New York City time, on the purchase date except for Variable Rate Notes delivered in accordance with Section 4.07 hereof

which may be delivered on the purchase date. If the Registered Owner of any Variable Rate Note (or portion thereof) that is subject to purchase pursuant to this Section fails to deliver such Variable Rate Note to the Paying Agent for purchase on the purchase date, and if the Paying Agent is in receipt of the purchase price therefor, such Variable Rate Note (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such Variable Rate Note (or portion thereof) shall be transferred to the purchaser thereof as provided in Section 4.01(e)(iv) above. Any Registered Owner who fails to deliver such Variable Rate Note for purchase shall have no further rights thereunder except the right to receive the purchase price thereof upon presentation and surrender of said Variable Rate Note to the Paying Agent. The Paying Agent shall, as to any tendered Variable Rate Notes which have not been delivered to it (i) promptly notify the Remarketing Agent of such nondelivery and (ii) place a stop transfer against an appropriate amount of Variable Rate Notes registered in the name of such Registered Owner(s) on the Registration Books. The Paying Agent shall place such stop(s) commencing with the lowest serial number Variable Rate Note registered in the name of such Registered Owner(s) until stop transfers have been placed against an appropriate amount of Variable Rate Notes until the appropriate tendered Variable Rate Notes are delivered to the Paying Agent. Upon such delivery, the Paying Agent shall make any necessary adjustments to the Registration Books.

Section 4.02. TENDERS DURING FLEXIBLE RATE PERIODS.

(a) Purchase Dates. Each Variable Rate Note bearing interest at a Flexible Rate shall be subject to mandatory tender for purchase, on the last day of each Flexible Rate Period applicable to such Variable Rate Note at a purchase price equal to 100 percent of the principal amount thereof, plus interest accrued during such Flexible Rate Period, subject, however, to the right of the Registered Owner to elect to retain his investment in the Variable Rate Note by irrevocable telephonic or written notice delivered to the Paying Agent or the Remarketing Agent, if authorized to receive such notice by the Paying Agent not later than 3:00 p.m. on the Business Day before the expiration of the then current term of such Flexible Rate for that Variable Rate Note. In the event a Registered Owner of a Variable Rate Note bearing interest at a Flexible Rate desires to retain his investment, the Registered Owner must present his Variable Rate Note to the Paying Agent in exchange for payment of principal and accrued interest in immediately available funds and the Paying Agent will authenticate and deliver to the Remarketing Agent for redelivery to such Registered Owner a substitute Variable Rate Note for the term of the succeeding Flexible Rate Period in replacement of the old Variable Rate Note. Each such Flexible Rate Period and mandatory tender date for a Variable Rate Note shall be established on the date of purchase of such Variable Rate Note as hereinafter provided. The Registered Owner of any Variable Rate Note bearing interest at a Flexible Rate and tendered for purchase as provided in this Section 4.02(a) shall provide the Paying Agent with payment instructions for the purchase price of its Variable Rate Note upon tender thereof to the Paying Agent. The Paying Agent shall notify by telephone the Remarketing Agent immediately upon receipt of notice of any election to retain Variable Rate Notes.

(b) Remarketing of Tendered Variable Rate Notes. Not later than 3:00 p.m., New York City time, on the Business Day immediately preceding each purchase date, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all Variable Rate Notes bearing interest at Flexible Rates required to be purchased on the ensuing purchase date. Subject to the provisions of Section 3.03, in remarketing the Variable Rate Notes, the Remarketing Agent shall offer and accept purchase commitments for the Variable Rate Notes for such Flexible Rate Periods and at such Flexible Rates as it deems to be advisable in order to minimize the net interest cost on the Variable Rate Notes under prevailing market conditions; provided, however, that the foregoing shall not prohibit the Remarketing Agent from accepting purchase commitments for longer Flexible Rate Periods (and at higher Flexible Rates) than are otherwise available at the time of any remarketing

if the Remarketing Agent determines that, under prevailing market conditions, a lower net interest cost on the Variable Rate Notes can be achieved over the longer Flexible Rate Period. Notwithstanding the foregoing, no Flexible Rate Period may be established which exceeds 180 days or, if the Remarketing Agent has given or received notice of any conversion to a Variable Rate Period or Fixed Rate Period, the remaining number of days prior to the Conversion Date. The terms of any sale by the Remarketing Agent shall provide for the authorization of the payment of the purchase price by the Remarketing Agent to the Paying Agent in immediately available funds in exchange for Variable Rate Notes registered in the name of the new Registered Owner delivered to the Remarketing Agent at or before 2:15 p.m., New York City time, on the purchase date. Such payment by the Remarketing Agent pursuant to authorization shall be made no later than 2:45 p.m., New York City time on such date, unless the Remarketing Agent shall notify the Paying Agent that the Variable Rate Notes are to be reauthenticated in accordance with instructions from the Remarketing Agent.

(c) Purchase of Tendered Variable Rate Notes. The provisions of Section 4.01(e) shall apply to tenders pursuant to this Section 4.02; provided that, for the purpose of so applying such provisions;

(i) The notices required pursuant to Section 4.01(e)(i) shall be given on the date of purchase at or before (A) 1:00 p.m., New York City time, in the case of the notice from the Remarketing Agent as to the principal amount of Variable Rate Notes remarketed, (B) 1:30 p.m., New York City time, in the case of the notice from the Paying Agent of the principal amount of Variable Rate Notes remarketed, and (C) 1:00 p.m., New York City time, in the case of the notice from the Remarketing Agent providing information concerning the purchasers of the Variable Rate Notes;

(ii) the manner and time of payment of remarketing proceeds shall be as specified in subsection 4.02(b) above;

(iii) all payments to tendering Holders shall be paid in immediately available funds on the purchase date; and

(iv) the deliveries of Variable Rate Notes under Section 4.02(a) shall be required to be made at or before 3:00 p.m., New York City time, on each purchase date.

Section 4.03. TENDER UPON VARIABLE OR FLEXIBLE RATE CONVERSION.

(a) Conversions to Variable Rate Periods. On any Variable Rate Conversion Date pursuant to Section 3.02(h) or 3.02(i) hereof, the Variable Rate Notes shall be subject to optional or mandatory tender on such date as follows:

(i) Variable Rate Notes to be converted from Flexible Rate Periods to a Variable Rate Period or from any Variable Rate Period to a different type of Variable Rate Period (other than Variable Rate Notes to be converted from a Weekly Rate Period to a Daily Rate Period or from a Daily Rate Period to a Weekly Rate Period) are subject to mandatory tender for purchase on the Conversion Date at a purchase price equal to the principal amount thereof;

(ii) Holders of Variable Rate Notes may elect to retain their Variable Rate Notes (or authorized portions as described above) notwithstanding a mandatory tender pursuant to this subparagraph and Section 4.05 hereof, as follows:

(A) Upon a conversion to a Daily Rate Period or Weekly Rate Period from any Variable Rate Period (other than a Daily or Weekly Rate Period) or Flexible Rate Periods,

a Registered Owner may elect to retain its Variable Rate Notes by delivering a written notice to the Paying Agent at its corporate trust officer of such election no later than 5:00 p.m. New York City time on a Business Day which is at least fifteen (15) days (or seven (7) days in the case of conversion from Flexible Rate Periods) prior to the Conversion Date; or

(B) Upon a conversion to a Variable Rate Period (other than a Daily or Weekly Rate Period) from a different type of Rate Period or from Flexible Rate Periods, a Registered Owner may elect to retain its Variable Rate Notes by delivering a written notice to the Paying Agent at its corporate trust office of such election no later than 5:00 p.m., New York City time on a Business Day which is at least (i) seven (7) days prior to the Conversion Date in the event of a conversion to a Monthly Rate Period; or (ii) thirteen (13) days in the case of a conversion to a Quarterly Rate Period; or (iii) fifteen (15) days in the case of a conversion to a Semiannual or Term Rate Period.

(C) Promptly upon receipt of any such notices, the Paying Agent shall notify the Remarketing Agent of the Variable Rate Notes to be retained pursuant to such notices.

(b) Conversion To Flexible Rate Periods From Variable Rate Periods. On any Flexible Rate Conversion Date pursuant to Section 3.03(b) hereof, the Variable Rate Notes are subject to mandatory tender for purchase on the applicable Conversion Date at a purchase price equal to the principal amount thereof, subject, however, to the right of the Registered Owner to elect to retain his investment in his Variable Rate Notes as provided in Section 4.02(a) by irrevocable written notice delivered to the Paying Agent not later than 5:00 p.m., New York City time, at least three (3) Business Days prior to the Flexible Rate Conversion Date.

(c) Mandatory Denomination Tender. On any conversion to a Daily, Weekly, Monthly, or Quarterly Rate Period, any Variable Rate Note in a denomination which is not a whole multiple of \$100,000 is subject to mandatory tender for purchase on the applicable Conversion Date at a purchase price equal to the principal amount thereof; provided, however, that any Registered Owner may elect to retain any portion of its Variable Rate Notes which is in the denominations of any multiple of \$100,000 in the manner described in Section 4.03(d) hereof. On any conversion to a Semiannual or Term Rate period, any Variable Rate Note in a denomination which is not a whole multiple of \$5,000 is subject to mandatory tender for purchase on the applicable Conversion Date at a purchase price equal to the principal amount thereof; provided, however, that any Registered Owner may elect to retain any portion of its Variable Rate Notes which is in the denomination of any multiple of \$5,000 in the manner described in Section 4.03(d) hereof. On any conversion to Flexible Rate Periods, any Variable Rate Note which is not in the denomination of \$100,000 or a whole multiple of \$1,000 above \$100,000 is subject mandatory tender for purchase on the Flexible Rate Conversion Date at a purchase price equal to the principal amount thereof; provided, however, that any Registered Owner may elect to retain any portion of its Variable Rate Note which is in the denomination of \$100,000 or a whole multiple of \$1,000 above \$100,000 in the manner described in Section 4.03(d) hereof. To the extent that any Variable Rate Note is not in an authorized denomination on a Mandatory Tender Date the excess amount shall be cancelled and retired.

(d) Notice of Election to Retain. Notices of elections to retain Variable Rate Notes pursuant to Sections 4.03(a), (b) and (c) above shall state the name of the Registered Owner, specify the principal amount of the Variable Rate Notes (or portions thereof) to which such notice relates, and direct the Paying Agent not to purchase the Variable Rate Notes (or portions) so specified. Any such notice delivered to the Paying Agent shall be irrevocable and binding upon the Registered Owner delivering the same and all subsequent Holders of the Variable Rate Notes to be retained,

including any Variable Rate Notes to be issued in exchange therefor or upon transfer thereof. Any Registered Owner who elects to retain its Variable Rate Notes pursuant to this Section shall no longer have the right to tender its Variable Rate Notes for optional purchase pursuant to Section 4.01 hereof prior to the applicable Conversion Date.

(e) Notice to Holders. Any notice of a Conversion Date given to Holders pursuant to Section 3.02(h)(iii), 3.02(i)(iii) or 3.03(b)(iii) hereof shall, in addition to the requirements of such Section: (i) state whether the Variable Rate Notes to be converted will be subject to mandatory tender for purchase on the Conversion Date and the time at which Variable Rate Notes are to be tendered for purchase; (ii) specify the date and time by which any notice of a tender or of an election to retain Variable Rate Notes pursuant to this Section must be received; and (iii) if appropriate, specify the matters required to be stated in notices of elections to retain Variable Rate Notes (or contain a form thereof).

(f) Remarketing. Promptly after receipt of any election to retain Variable Rate Notes, but in any event not later than 1:00 p.m., New York City time, on the Business Day immediately following the last day on which notices of elections to retain Variable Rate Notes may be delivered to the Paying Agent pursuant to Section 4.03(a) or (b) above, the Paying Agent shall notify a U.T. System Representative, the Remarketing Agent, and the Bank by telephone, telegram, telecopy, or other similar communication, of the principal amount of Variable Rate Notes to be tendered for purchase on the Conversion Date. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for such Variable Rate Notes. The terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price of tendered Variable Rate Notes by the Remarketing Agent to the Paying Agent in immediately available funds (or clearing house funds if Variable Rate Notes are converted from a Term or Semiannual Rate Period) at or before 2:00 p.m., New York City time, on the Conversion Date.

(g) Purchase of Tendered Variable Rate Notes. The provisions of Section 4.01(e) shall apply to tenders pursuant to this Section 4.03 with respect to Variable Rate Notes bearing interest at Variable Rates; provided that, for the purpose of so applying such provisions:

(i) the notices required pursuant to Section 4.01(e) shall be given as therein described, except that the provisions relating specifically to Variable Rate Notes bearing interest at Daily Rates shall be disregarded;

(ii) the manner and time of payment of remarketing proceeds referred to in Section 4.01(e)(ii) shall be as specified in Section 4.03(f) above;

(iii) all payments to tendering Holders referred to in Section 4.01(e)(iii) shall be made in immediately available funds unless the Variable Rate Notes to be purchased bear interest at Semiannual or Term Rates, in which event such payments shall be made in clearing house funds; and

(iv) the deliveries of Variable Rate Notes under Section 4.01(e)(vi) shall be required to be made at or before 1:00 p.m., New York City time, on the Conversion Date (or 5:00 p.m., New York City time, on the second (2nd) Business Day prior to the Conversion Date in the case of Variable Rate Notes bearing interest at Semiannual or Term Rates).

The provisions of Section 4.02(c) shall apply to tenders pursuant to this Section 4.03 with respect to Variable Rate Notes bearing interest at Flexible Rates.

Section 4.04. TENDER UPON FIXED RATE CONVERSION.

(a) Mandatory Tender Upon Conversion. Any Variable Rate Notes to be converted to bear interest at the Fixed Rate pursuant to Section 3.04 hereof shall be subject to mandatory tender for purchase on the Fixed Rate Conversion Date at a price equal to the principal amount thereof; provided that the Holders of any such Variable Rate Notes may elect to retain their Variable Rate Notes notwithstanding a mandatory tender pursuant to this Section by delivering to the Paying Agent at its corporate trust office not later than 5:00 p.m., New York City time, on a Business Day which is not fewer than fifteen (15) days prior to the Fixed Rate Conversion Date a written notice of such election. Such written notice shall:

(i) state that the person delivering the same is a Registered Owner (specifying the numbers and denominations of the Variable Rate Notes of such Registered Owner);

(ii) state that the Registered Owner is aware of the fact that, after the Fixed Rate Conversion Date, the Variable Rate Notes will no longer be subject to tender at the option of the Registered Owner;

(iii) direct the Paying Agent not to purchase the Variable Rate Notes of such Registered Owner; and

(iv) be irrevocable and binding upon the Registered Owner delivering such notice and all subsequent Holders of the Variable Rate Notes to be retained, including any Variable Rate Notes issued in exchange therefor or upon transfer thereof.

(b) Notice to Holders. Any notice of conversion given to Holders pursuant to Section 3.04(c) hereof shall, in addition to the requirements of such Section, specify the date and time by which any notice of election to retain Variable Rate Notes pursuant to this Section must be received, and specify the matters required to be stated in such notices (or contain the form thereof).

(c) Remarketing. At or before 4:00 p.m., New York City time, on the Business Day immediately following the last day on which notices of elections to retain Variable Rate Notes may be delivered to the Paying Agent pursuant to Section 4.04(a) above, the Paying Agent shall notify a U.T. System Representative, the Remarketing Agent, and the Bank by telephone, telegraph, telecopy, telex, or other similar communication, of the principal amount of Variable Rate Notes to be tendered for purchase on the Fixed Rate Conversion Date. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for such Variable Rate Notes; provided that in no event shall the Remarketing Agent sell any such Variable Rate Note for sale to any person unless the Remarketing Agent has advised such person of the fact that, after the Fixed Rate Conversion Date, the Variable Rate Notes will no longer be subject to tender at the option of the Registered Owner. The terms of any sale by the Remarketing Agent shall provide for the payment of the purchase price to the Paying Agent of the tendered Variable Rate Notes in immediately available funds (or clearinghouse funds in the event of conversion from a Term Rate or Semiannual Rate) at or before 3:00 p.m., New York City time.

(d) Purchase of Tendered Variable Rate Notes. The provisions of Section 4.01(e) shall apply to mandatory tenders pursuant to this Section 4.04; provided that, for the purpose of so applying such provisions:

(i) the notices required pursuant to Section 4.01(e)(i) shall be given as therein described, except that the provisions relating specifically to Variable Rate Notes bearing interest at Daily Rates shall be disregarded;

(ii) the manner and time of payment of remarketing proceeds referred to in Section 4.01(e)(ii) shall be as specified in subsection 4.04(c) above; and

(iii) the deliveries of Variable Rate Notes under Section 4.01(e)(vi) shall be required to be made at or before 1:00 p.m., New York City time, (3:00 p.m., New York City time in the case of Variable Rate Notes bearing interest at Flexible Rate), on the Conversion Date (or 5:00 p.m., New York City time, on the second (2nd) Business Day prior to the Conversion Date in the case of Variable Rate Notes bearing interest at Semiannual or Term Rates).

Section 4.05. MANDATORY TENDER UPON EXPIRATION OF CREDIT AGREEMENT.

(a) At all times prior to conversion to a Fixed Rate, the Variable Rate Notes shall be subject to mandatory purchase upon the expiration or termination of the Credit Agreement, subject to the right of the Registered Owner to retain his Variable Rate Note, which purchase shall occur:

(i) on the last Business Day prior to the termination or expiration of the Credit Agreement, provided that no such tender and purchase shall be required if the Credit Agreement is renewed prior to the date of notice to Registered Owner pursuant to subsection 4.05(b) below; or

(ii) on the last Business Day prior to the substitution of a new Credit Agreement, for such Variable Rate Notes, provided that no such tender and purchase shall be required if prior to the date of notice to the Registered Owner pursuant to subsection 4.05(b) below, the Remarketing Agent and the Paying Agent shall have received written confirmation from Standard & Poor's and Moody's and Fitch to the effect that the rating or ratings, if any, assigned by such agency to the Variable Rate Notes will not be lowered or withdrawn as a result of the expiration or substitution.

(b) Not later than thirty (30) days prior to the purchase date, the Paying Agent shall mail a written notice of the purchase to the Holders of all Variable Rate Notes subject to purchase, which notice shall specify (i) the purchase date, (ii) the event requiring the purchase pursuant to subsection (a) above, and (iii) state whether any ratings assigned by Standard & Poor's, Moody's or Fitch have been lowered or withdrawn as a result of the expiration or substitution of the Credit Agreement.

(c) The Holders of any Variable Rate Notes may elect to retain their Variable Rate Notes notwithstanding a mandatory tender pursuant to this Section by delivering to the Paying Agent at its corporate trust office not later than 5:00 p.m., New York City time, on a Business Day which is not fewer than fifteen (15) days prior to the mandatory tender date a written notice of such election. Such written notice shall:

(i) state that the person delivering the same is a Registered Owner (specifying the numbers and denominations of the Variable Rate Notes of such Registered Owner);

(ii) state that the Registered Owner is aware of the fact that after the Credit Agreement termination or expiration date, the Credit Agreement will no longer be in effect;

(iii) state that the Registered Owner is aware of the status of any ratings which had been assigned to the Variable Rate Notes by Standard & Poor's, Moody's or Fitch prior to the expiration or substitution of the Credit Agreement;

(iv) direct the Paying Agent not to purchase the Variable Rate Notes of such Holders; and

(v) be irrevocable and binding upon the Holder delivering such notice and all subsequent Holders of the Variable Rate Notes to be retained, including Variable Rate Notes issued in exchange therefor or upon transfer thereof.

Section 4.06. **INADEQUATE FUNDS FOR TENDERS.** If the funds available for purchases of Variable Rate Notes pursuant to this Article IV are inadequate for the purchase of all Variable Rate Notes tendered on any purchase date, the Paying Agent shall, after any applicable grace period: (a) return all tendered Variable Rate Notes to the Holders thereof; (b) return all moneys received for the purchase of such Variable Rate Notes to the Persons providing such moneys; and (c) notify a U.T. System Representative of the return of such Variable Rate Notes and moneys and the failure to make payment for tendered Variable Rate Notes.

Section 4.07. **TENDERS OR WAIVERS BY INVESTMENT COMPANIES.** The Registered Owner of any Variable Rate Note issued hereunder may, at its option, notify the Remarketing Agent and the Paying Agent in writing that it is an Investment Company, or is holding Note(s) on behalf of an Investment Company and in such notice either (a) irrevocably waive its option to retain its Note(s) subject to mandatory tender pursuant to Section 4.03(a), (b) or (c) and 4.04(a) hereof or (b) irrevocably elect to have its Note(s) purchased on the next date on which such Note(s) may be purchased pursuant to Section 4.01 hereof. In the event of a notice under clause (b) above, the notice from the purchaser shall contain the information required under Section 4.01(b) hereof. Any notice delivered by an Investment Company with respect to its Note(s) shall be irrevocable with the same effect described in Section 4.01(b)(iii).

ARTICLE V

ISSUANCE AND SALE OF NOTES

Section 5.01. **ISSUANCE AND SALE OF NOTES.** (a) Project Notes may be sold in the manner determined by a U.T. System Representative to be most economically advantageous to the Board. If Project Notes are sold by competitive bidding, a U.T. System Representative shall prepare a Notice to Bidders and Bidding Instructions with respect thereto.

(b) The Commercial Paper Notes shall be completed and delivered by the Issuing and Paying Agent in accordance with telephonic, computer, or written instructions of any U.T. System Representative and in the manner specified below and in the Issuing and Paying Agent Agreement. To the extent such instructions are not written, they shall be confirmed in writing within 24 hours. Said instructions shall specify such principal amounts, dates of issue, maturities, rates of discount or interest, and other terms and conditions which are hereby authorized and permitted to be fixed by any U.T. System Representative at the time of sale of the Commercial Paper Notes. Such instructions shall also specify the accounts into which the proceeds of such issue of Commercial Paper Notes are to be deposited. Such instructions shall also contain provisions representing that all action on the part of the Board necessary for the valid issuance of the Commercial Paper Notes then to be issued, or the incurring of Advances under the Promissory Note then to be incurred, has been taken, that all provisions of Texas and federal law necessary for the valid issuance of such Commercial Paper Notes with provision for original issue discount and interest exemption from federal income taxation have been complied with, and that such Commercial Paper Notes in the hands of the Holders thereof will be valid and enforceable special obligations of the Board according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that, based upon the advice of Bond Counsel, the earned original issue discount on the

Commercial Paper Notes or stated interest on the Commercial Paper Notes, as the case may be, is exempt from federal income tax. Such instructions shall also certify that:

(i) if the Commercial Paper Notes are being issued to pay the first Project Costs of an Eligible Project, (A) attached to such instructions is (1) a No-Arbitrage Certificate (as described in Section 6.04), (2) an approving opinion of Bond Counsel, and (3) an opinion of the general counsel of the University that the Commercial Paper Notes are being issued to pay Project Costs for Eligible Projects;

(ii) no "Event of Default" under the Series A Credit Agreement has occurred and is continuing as of the date of such Certificate;

(iii) the Board is in compliance with the covenants set forth in Article VI as of the date of such instructions; and

(iv) that the sum of the interest payable on such Commercial Paper Note and any discount established for such Commercial Paper Note will not exceed a yield (calculated on the principal amount of the Commercial Paper Note on the basis of a 365-day year and actual days elapsed) to the maturity date of such Commercial Paper Note in excess of the Maximum Interest Rate in effect on the date of issuance of such Commercial Paper Note.

(c) The Promissory Note shall be delivered to the Bank and thereafter Advances may be made thereunder in accordance with the terms of the Series A Credit Agreement.

(d) Variable Rate Notes shall be issued and sold at public or private sale in the same manner provided for the issuance and sale of Commercial Paper Notes in subsections (a) and (b) of this Section 5.01 and pursuant to the provisions of Articles III and IV; except that the certification described in Section 5.01(b)(iv) shall be calculated on the basis of a 360-day year of twelve 30-day months or a 365-day year and actual days elapsed, as applicable.

Section 5.02. PROCEEDS OF SALE OF PROJECT NOTES. The proceeds of the sale of any Project Notes (net of all expenses and costs of sale and issuance) shall be applied for any or all of the following purposes as directed by a U.T. System Representative:

(i) used for the payment and redemption or purchase of Outstanding Project Notes at or before maturity and the refunding of any Advances (evidenced by the Promissory Note) under the Series A Credit Agreement; or

(ii) used for the purpose of financing Project Costs of Eligible Projects.

Section 5.03. ISSUING AND PAYING AGENT AGREEMENT. The Issuing and Paying Agent Agreement by and between the Board and Morgan Guaranty Trust Company of New York, New York, New York, relating to the Project Notes is hereby approved as to form and content by the Board. A U.T. System Representative is hereby authorized and directed to approve, execute and deliver to the Issuing and Paying Agent any such changes, additions, or amendments thereto as may be necessary and proper to carry out the purpose and intent of the Board in authorizing the increase in the amount of Notes at any time Outstanding as authorized by the First Supplement. A U.T. System Representative is hereby authorized to enter into any supplemental agreements with the Issuing and Paying Agent or with any successor Issuing and Paying Agent.

Section 5.04. DEALER AGREEMENT. The Dealer Agreement by and between the Board and Goldman, Sachs & Co. Inc. (the "Dealer") pertaining to the sale, from time to time, of Project Notes or the purchase of Project Notes from the Board, all for a fee as set forth in said Dealer

Agreement, is hereby approved as to form and content. A U.T. System Representative is hereby authorized and directed to approve, execute and deliver to the Dealer such changes, additions, or amendments thereto as may be necessary and proper to carry out the purpose and intent of the Board in authorizing the increase in the amount of Notes at any time Outstanding as authorized by this First Supplement. A U.T. System Representative is hereby authorized to enter any supplemental agreements with the Dealer or with any successor Dealer selected by the Board.

ARTICLE VI

COVENANTS OF THE BOARD

Section 6.01. **Limitation on Issuance.** Unless this First Supplement and the Series A Credit Agreement are amended and modified by the Board in accordance with the provisions of Section 8.03, the Board covenants that there will not be issued and Outstanding at any time more than \$100,000,000 in principal amount of Project Notes. The Board, however, does reserve the right to issue additional Parity Debt in excess of said amount by a Supplement duly adopted by the Board.

Additionally, the Board covenants and agrees that the total principal amount of all Project Notes Outstanding at any one time and the total amount of interest accrued or to accrue thereon in the succeeding 90 days following such date of calculation shall not exceed the sum total of the "Available Bank Loan Commitment" (as defined in the Series A Credit Agreement) plus the amount on deposit in the Series A Note Payment Fund.

Section 6.02. **MAINTENANCE OF AN AVAILABLE CREDIT AGREEMENT REQUIREMENT.** (a) The Board agrees and covenants that at all times while there are Outstanding Commercial Paper Notes or Variable Rate Notes which have not been converted to a Fixed Rate it will maintain a Credit Agreement in amounts such that, assuming that all then Outstanding Commercial Paper Notes and Variable Rate Notes which have not been converted to a Fixed Rate were to become due and payable immediately, the amount available for borrowing under the Credit Agreement would be sufficient at that time to pay principal of all such Commercial Paper Notes and Variable Rate Notes which have not been converted to a Fixed Rate, and interest thereon for 90 days computed at the rate of 15 percent per annum. No Commercial Paper Notes or Variable Rate Notes which have not been converted to a Fixed Rate shall be issued which if, after giving effect to the issuance thereof and, if applicable, the immediate application of the proceeds thereof to retire other Commercial Paper Notes and Variable Rate Notes which have not been converted to a Fixed Rate covered by the Credit Agreement, the aggregate principal amount of all Commercial Paper Notes and Variable Rate Notes which have not been converted to a Fixed Rate and interest thereon covered by the Credit Agreement would exceed the amount of the credit commitment under the Credit Agreement. The availability for borrowing of such amounts under the Credit Agreement may be subject to reasonable conditions precedent, including but not limited to, bankruptcy of the Board. In furtherance of the foregoing covenant, the Board agrees that it will not issue any Project Notes or make any borrowings which will result in a violation of such covenant, will not amend the Series A Credit Agreement in a manner which will cause a violation of such covenant and, if and to the extent necessary to maintain compliance with such covenant, and will arrange for new Credit Agreements prior to, or contemporaneously with, the expiration of the Series A Credit Agreement or any subsequent Credit Agreement.

(b) The Series A Credit Agreement presently satisfies the covenant contained in paragraph (a) above with respect to the issuance of up to \$60,000,000 in aggregate principal amount at any one time Outstanding of Commercial Paper Notes.

Section 6.03. AVAILABLE FUNDS. To the extent Notes cannot be issued to renew or refund Outstanding Notes, the Board shall provide funds or shall in good faith endeavor to sell a sufficient principal amount of Parity Debt or other obligations of the Board in order to have funds available, together with other moneys available therefor, to pay the Notes and the interest thereon, or any renewals thereof, as the same shall become due, and other amounts due under the Credit Agreement.

Section 6.04. NOTES TO REMAIN TAX EXEMPT. (a) The Board covenants to refrain from any action which would adversely affect, or to take such action to ensure, the treatment of the Notes as obligations described in section 103 of the Internal Revenue Code of 1986 (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Board covenants as follows:

(i) to take any action to assure that no more than 10 percent of the aggregate proceeds of the Outstanding notes (less amounts deposited to a reserve fund, if any) are used for any "private business use", as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Board, with respect to such private business use, do not, under the terms of this First Supplement or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the aggregate debt service on the Outstanding notes, in contravention of section 141(b)(2) of the Code;

(ii) to take any action to assure that in the event that the "private business use" described in subsection (i) hereof exceeds 5 percent of the aggregate proceeds of the Outstanding notes (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the governmental use;

(iii) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the aggregate proceeds of the Outstanding notes (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(iv) to refrain from taking any action which would otherwise result in the Notes being treated as "private activity bonds" within the meaning of section 141(b) of the Code; and

(v) to refrain from taking any action that would result in the Notes being "federally guaranteed" within the meaning of section 149(b) of the Code.

(b) The Board further covenants that it will execute and deliver to the Issuing and Paying Agent a No-Arbitrage Certificate in the form set forth by Bond Counsel in connection with the original issuance of the Notes, and each issuance of Notes thereafter to pay Project Costs, and that in connection with any other issuance of Notes, it will execute and deliver to the Issuing and Paying Agent a confirmation that the facts, estimates, circumstances and reasonable expectations contained therein continue to be accurate as of such issue date. The Board represents and covenants that it will not expend, or permit to be expended, the proceeds of any Notes in any manner inconsistent with its reasonable expectations as certified in the No-Arbitrage Certificates to be executed from time to time with respect to the Notes; provided, however, that the Board may expend Note proceeds in any manner if the Board first obtains an unqualified opinion of Bond Counsel that such expenditure will not adversely affect the exemption from federal income taxation of interest paid on the Notes. The Board represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The Board further covenants with the Holders of all Notes at any time

Outstanding that no use of the proceeds of any of the Notes or any other funds of the Board will be made which will cause any of such Notes to be "arbitrage bonds" subject to federal income taxation by virtue of being described in section 148 of the Code. In particular, but not by way of limitation, so long as any of the Notes are Outstanding, the Board, with respect to such proceeds and other funds which may be treated as proceeds, will comply with all requirements of section 148 and the regulations of the United States Department of the Treasury issued thereunder, to the extent that such regulations are, at the time, applicable and in effect. In particular, but not by way of limitation, the Board covenants:

(i) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Notes to pay issued Project Costs) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Notes have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(ii) to maintain such records as will enable the Board to fulfill its responsibilities under this section and section 148 of the Code and to retain such records for at least six years following the final payment of principal and interest on the Notes.

(c) It is the understanding of the Board that the covenants contained in this Section 6.04 are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify, or expand provisions of the Code, as applicable to the Notes, the Board will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Notes under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Notes, the Board agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Notes under section 103 of the Code.

Section 6.05. OPINION OF BOND COUNSEL. The Board shall cause the legal opinion of Bond Counsel as to the validity of the Notes and as to the exemption of interest on the Notes from federal income taxation to be furnished to any Holder without cost. In addition, a copy of said opinion may be printed on each of the Project Notes. In addition, in connection with the annual updating of the Offering Memorandum (as provided in accordance with Section 9.06 hereof) as required by the Dealer Agreement, there shall be provided an annual updated opinion of Bond Counsel, at the cost of the Board or the Dealer as agreed to in the Dealer Agreement.

ARTICLE VII

THE FINANCING SYSTEM AND PARITY DEBT

Section 7.01. ESTABLISHMENT OF FINANCING SYSTEM AND ISSUANCE OF PARITY DEBT. By adoption of the Resolution the Board has established The University of Texas System Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of components of The University of Texas System included as Members of the Financing System. The Resolution is intended to establish a master plan under which revenue supported debt of the Financing System can be incurred. This First Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption,

and security of the Notes which are a series of Parity Debt. The Resolution is made a part hereof by reference, except to the extent modified and supplemented hereby.

ARTICLE VIII

AMENDMENTS

Section 8.01. **AMENDMENT OF RESOLUTION AND SUPPLEMENT.** (a) Amendment Without Consent. This First Supplement and the rights and obligations of the Board and of the owners of Notes may be modified or amended at any time without notice to or the consent of any owners of the Outstanding Parity Debt, but only to the extent permitted by law, and, subject to the rights of the owners, only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Board in this First Supplement contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Board; or

(2) to cure any ambiguity, or to cure or correct any defective provision contained in this First Supplement, upon receipt by the Board of an approving opinion of Bond Counsel, that the same is needed for such purpose, and will more clearly express the intent of this First Supplement;

(3) to supplement the security for the Notes, replace or provide additional credit facilities, or change the form of the Notes or make such other changes in the provisions hereof as the Board may deem necessary or desirable and which shall not materially adversely affect the interests of the Owners;

(4) to make any changes or amendments requested by Standard & Poor's, Moody's, or Fitch as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of the Board, materially adversely affect the interests of the Owners; or

(5) to make any changes or amendments with respect to Commercial Paper Notes if there are no Commercial Paper Notes then Outstanding or with respect to any mode of the Variable Rate Notes if there are no Variable Rate Notes then Outstanding in such mode.

(b) Other Amendment Provisions. Except as provided in (a) above, this First Supplement shall be amended only in accordance with the provisions of the Resolution.

ARTICLE IX

MISCELLANEOUS

Section 9.01. **FIRST SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Notes, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this First Supplement shall be deemed to be and shall constitute a contract between the Board and the Holders from time to time of the Notes and the pledge made in this First Supplement by the Board and the covenants and agreements set forth in this First Supplement to be performed by the Board shall be for the equal

and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Notes authorized hereunder over any of the others by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this First Supplement or, with respect to the Promissory Note, the Credit Agreement.

Section 9.02. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Notes issued hereunder.

Section 9.03. PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Except as provided to the contrary in the Form of Notes or in Articles III and IV, whenever under the terms of this First Supplement or the Notes, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Notes, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Notes, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

Section 9.04. LIMITATION OF BENEFITS WITH RESPECT TO THE FIRST SUPPLEMENT. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this First Supplement or the Notes is intended or should be construed to confer upon or give to any person other than the Board, the Holders, the Issuing and Paying Agent/Registrar and the parties to the Dealer Agreement and the Series A Credit Agreement, any legal or equitable right, remedy or claim under or by reason of or in respect to this First Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This First Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the Board, the Noteholders, the Issuing and Paying Agent/Registrar and the parties to the Dealer Agreement and the Series A Credit Agreement as herein and therein provided.

Section 9.05. APPROVAL OF ATTORNEY GENERAL. No Notes herein authorized to be issued shall be sold or delivered by a U.T. System Representative until the Attorney General of the State of Texas shall have approved the Resolution, this First Supplement, the Series A Credit Agreement, and other agreements and proceedings as may be required in connection therewith, and therefor the Notes to be issued in accordance with such proceedings, all as is required by the Acts.

Section 9.06. APPROVAL OF OFFERING MEMORANDUM. A U.T. System Representative is hereby authorized to approve the form of Offering Memorandum, to be used by the Dealer in the offering of the Project Notes, and the use thereof by the Dealer in connection therewith.

Section 9.07. FURTHER PROCEDURES. (a) The Chairman of the Board, the Executive Secretary of the Board, the Executive Vice Chancellor for Asset Management of The University of Texas System, the Executive Director - Finance of The University of Texas System and the Manager - Finance of The University of Texas System, and all other officers, employees, and agents of the Board, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the Board all such

instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this First Supplement, the Series A Credit Agreement, the Dealer Agreement, the Issuing and Paying Agent Agreement and the Notes. In case any officer whose signature appears on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery.

EXHIBIT A

DEFINITIONS

As used in this First Supplement the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Acts" mean, collectively, Article 717q, V.A.T.C.S., as amended, and Chapter 55, Texas Education Code, as amended.

"Advances" shall have the same meaning given said term in the Series A Credit Agreement.

"Bank" means Morgan Guaranty Trust Company of New York, or any subsequent lender which becomes a party to the Credit Agreement.

"Board" and "Issuer" mean the Board of Regents of The University of Texas System or any successor thereto.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commercial Paper Note" means a Note issued pursuant to the provisions of this First Supplement, having the terms and characteristics specified in Section 2.03 and in the form described in Exhibit B hereto.

"Conversion Date" means: (a) when used with respect to the Fixed Rate, the Fixed Rate Conversion Date; (b) when used with respect to any particular type of Variable Rate Period, the Daily Rate Conversion Date, the Weekly Rate Conversion Date, the Monthly Rate Conversion Date, the Quarterly Rate Conversion Date, the Semiannual Rate Conversion Date, and the Term Rate Conversion Date, as applicable; and (c) when used with respect to Flexible Rate Periods, the Flexible Rate Conversion Date.

"Daily Rate Conversion Date" means the day on which the Variable Rate Notes first bear interest at a Daily Rate pursuant to Section 3.02(h) or (i).

"Daily Rate" means the interest rate to be determined for the Variable Rate Notes on each Business Day pursuant to Section 3.02(b).

"Daily Rate Period" means the period during which the Variable Rate Notes bear interest at a Daily Rate pursuant to Section 3.02(b), commencing on a Business Day and extending to but not including the next Business Day.

"Dealer" or "Remarketing Agent" shall have the meaning given said term in Section 5.04.

"Dealer Agreement" means the agreement approved and authorized to be entered into by Section 5.04, as from time to time amended or supplemented.

"Eligible Project" means the acquisition, purchase, construction, improvement, enlargement and/or equipping of any property, buildings, structures, activities, services, operations, or other facilities for and on behalf of of the Financing System or any Member thereof.

"First Supplement" has the meaning set forth in the preambles hereto.

"Fitch" means Fitch Investors Service or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

"Fixed Rate" means the rate at which the Variable Rate Notes shall bear interest from and including the Fixed Rate Conversion Date to the maturity date thereof.

"Fixed Rate Conversion Date" means the date on which the Variable Rate Notes are converted to bear interest at the Fixed Rate pursuant to Section 3.04 which Fixed Rate Conversion Date shall be an Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is made or in the event of conversion from Flexible Rate Periods, the day following an Interest Payment Date on which interest is payable on all Variable Rate Notes.

"Fixed Rate Period" means the period during which the Variable Rate Notes bear interest at the Fixed Rate.

"Flexible Rate" means, when used with respect to any particular Variable Rate Notes, the interest rate determined for each Flexible Rate Period applicable thereto pursuant to Section 3.03.

"Flexible Rate Conversion Date" means the date on which the Variable Rate Notes first begin to bear interest at Flexible Rates which Flexible Rate Conversion Date shall be an Interest Payment Date on which interest is payable for the Variable Rate Period from which the conversion is to be made; provided, however, that in the case of a conversion from a Term Rate Period, the Conversion Date shall be an Interest Payment Date on which a new Term Rate Period would otherwise have commenced pursuant to Section 3.02(g).

"Flexible Rate Period" means each period during which a Variable Rate Note bears interest at a Flexible Rate.

"Holder" or "Noteholder" or "Registered Owner" or "owner" means the registered owner of any Project Notes registered as to ownership and the holder of any Project Notes payable to bearer.

"Interest Payment Date" means (a) when used with respect to Variable Rate Notes bearing interest at the Daily, Weekly or Monthly Rate, the first Business Day of each calendar month to which interest at such rate has accrued; (b) when used with respect to Variable Rate Notes bearing interest at the Quarterly Rate, the first Business Day of the third calendar month following the month in which the Quarterly Rate Conversion Date occurs and the first Business Day of each third calendar month thereafter to which interest at such rate has accrued; (c) when used with respect to Variable Rate Notes bearing interest at the Semiannual Rate or Term Rate or Fixed Rate, the first day of the sixth calendar month following the month in which the Semiannual, Term or Fixed Rate Conversion Date occurs and the first day of each sixth month thereafter to which interest at such rate has accrued; and (d) when used with respect to any particular Variable Rate Note bearing interest at a Flexible Rate, the last day of each Flexible Rate Period applicable thereto.

"Interest Period" means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date.

"Investment Company" means an open-end diversified management investment company registered under the Investment Company Act of 1940, as amended.

"Issuing and Paying Agent", "Paying Agent/Registrar", "Paying Agent" or "Registrar" means the agent appointed pursuant to Section 2.02, or any successor to such agent.

"Issuing and Paying Agent Agreement" or "Paying Agent/Registrar Agreement" means the agreement approved and authorized to be entered into by Section 5.03, as from time to time amended or supplemented.

"Maximum Interest Rate" means the lesser of (a) 15 percent per annum and (b) the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers (prescribed by Article 717k-2, V.A.T.C.S., as amended, or any successor provision).

"Maximum Maturity Date" means April 1, 2020.

"Monthly Rate" means the interest rate to be determined for the Variable Rate Notes on a monthly basis pursuant to Section 3.02(d).

"Monthly Rate Conversion Date" means the day (which is also an Interest Payment Date) on which the Variable Rate Notes first bear interest at a Monthly Rate pursuant to Section 3.02(h) or (i).

"Monthly Rate Period" means each period during which the Variable Rate Notes bear interest at a Monthly Rate commencing on the first Business Day of each calendar month and ending on the last day prior to the first Business Day of the following month.

"Moody's" means Moody's Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

"Note" or "Notes" means the evidences of indebtedness authorized to be issued and at any time Outstanding pursuant to this First Supplement and shall include Commercial Paper Notes, Variable Rate Notes, or the Promissory Note as appropriate.

"Note Date" shall have the meaning given in Section 2.02.

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

"Promissory Note" means the refunding promissory bond issued pursuant to the provisions of this First Supplement and the Series A Credit Agreement in evidence of Advances made by the Bank under the Agreement to refund a Project Note or Notes, or the interest thereon, having the terms and characteristics contained therein and issued in accordance therewith, including any renewals, extensions or modifications thereof.

"Quarterly Rate" means the interest rate to be determined for the Variable Rate Notes on a quarterly basis pursuant to Section 3.02(e).

"Quarterly Rate Conversion Date" means the date on which the Variable Rate Notes first bear interest at a Quarterly Rate pursuant to Section 3.02(h) or (i).

"Quarterly Rate Period" means each period during which the Variable Rate Notes bear interest at a Quarterly Rate (a) commencing initially on a Quarterly Rate Conversion Date and (b) ending on the last day preceding either the commencement date of the following Quarterly Rate Period or the Conversion Date on which a different Rate Period shall become effective.

"Rate Period" means the period during which a particular rate of interest determined for the Variable Rate Notes is to remain in effect pursuant to Article III.

"Registration Books" mean the books or records relating to the registration, payment and transfer or exchange of the Project Notes maintained by the Issuing and Paying Agent pursuant to Section 2.10.

"Regular Record Date" means the close of business on the (a) Business Day immediately preceding the Interest Payment Date in the case of Variable Rate Notes bearing interest at Flexible, Daily, Weekly, Monthly, and Quarterly Rates and (b) fifteenth (15th) day of the month immediately preceding the Interest Payment Date in the case of Variable Rate Notes bearing interest at Semiannual or Term Rates or at the Fixed Rate.

"Resolution" means the Master Resolution establishing the Financing System.

"Semiannual Rate" means the interest rate to be determined for the Variable Rate Notes on a semiannual basis pursuant to Section 3.02(f).

"Semiannual Rate Conversion Date" means the day on which the Variable Rate Notes first bear interest at a Semiannual Rate pursuant to Section 3.02(h) or (i).

"Semiannual Rate Period" means each period during which the Variable Rate Notes bear interest at a Semiannual Rate.

"Series A Credit Agreement" means the Credit Agreement dated as of _____, 1990, between the Board and Morgan Guaranty Trust Company of New York entered into with respect to the Notes as authorized by Section 2.05 and as from time to time amended or supplemented.

"Standard & Poor's" or "S&P" means Standard & Poor's Corporation or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Board.

"Term Rate" means the interest rate to be determined for the Variable Rate Notes of a term of one or more years pursuant to Section 3.02(g).

"Term Rate Conversion Date" means the day on which the Variable Rate Notes first bear interest at a Term Rate pursuant to Section 3.02(h) or (i).

"Term Rate Period" means each period during which the Variable Rate Notes bear interest at a Term Rate.

"Variable Rate" means, as the context requires, the Daily, Weekly, Monthly, Quarterly, Semiannual, or Term Rate applicable to Variable Rate Notes.

"Variable Rate Conversion Date" means the day on which the Variable Rate Notes first bear interest at a Variable Rate pursuant to Section 3.02(h) or (i).

"Variable Rate Note" means a Note issued pursuant to the provisions of this Resolution, having the terms and characteristics specified in Section 2.04 and Articles III and IV and in substantially the form described in Section 2.07(b).

"Variable Rate Period" means each period during which the Variable Rate Notes bear interest at a specific Variable Rate.

"Weekly Rate" means the interest rate to be determined for the Variable Rate Notes on a weekly basis pursuant to Section 3.02(c).

"Weekly Rate Conversion Date" means the day on which the Variable Rate Notes first bear interest at a Weekly Rate pursuant to Section 3.02(h) or (i).

"Weekly Rate Period" means the period during which the Variable Rate Notes bear interest at a Weekly Rate.

* * * * *

EXHIBIT B

FORM OF COMMERCIAL PAPER NOTE

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM REVENUE FINANCING SYSTEM
COMMERCIAL PAPER NOTE, SERIES A

Note Number _____ Interest Rate _____ Date _____ Note \$ _____

On _____ (the "Maturity Date") for value received, THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Board")

Promises To Pay To The Order Of _____
The Principal Sum Of _____
Payable At _____
(the "Issuing and Paying Agent").

on the Maturity Date specified above, and to pay interest, if any, on said principal amount specified above at said Maturity Date, from the above specified Note Date to said Maturity Date at the per annum Interest Rate shown above (computed on the basis of actual days elapsed and a 365-day year) solely from the sources hereinafter identified and as hereinafter stated; both principal and interest on this Commercial Paper Note being payable in immediately available lawful money of the United States of America at the principal corporate office of the Issuing and Paying Agent specified above, or its successor. No interest will accrue on the principal amount hereof after said Maturity Date.

This Commercial Paper Note is one of an issue of commercial paper notes (the "Commercial Paper Notes") which, together with other forms of obligations, including the below-referenced Promissory Note (such other obligations and the Commercial Paper Notes being hereinafter collectively referred to as the "Notes"), has been duly authorized and issued in accordance with the provisions of a master resolution (the "Master Resolution") and a first supplemental resolution thereto (the "First Supplement," the provisions of the Master Resolution are incorporated by reference into the First Supplement and the Master Resolution and the First Supplement shall hereinafter be referred to collectively as the First Supplement) passed by the Board, an agency and political subdivision of the State of Texas, for the purpose of financing Project Costs of Eligible Projects (each as defined in the First Supplement) and to refinance, renew, or refund the Notes issued pursuant to the provisions of the First Supplement; all in accordance and in strict conformity with the provisions of Article 717q, V.A.T.C.S., as amended, and Chapter 55, Texas Education Code, as amended. Capitalized terms used herein and not otherwise defined shall have the meaning given said terms in the First Supplement.

This Commercial Paper Note, together with the other Notes, is payable from and equally secured by (1) the "Pledged Revenues" as defined in the First Supplement, which include (a) the Pledged Tuition Fee, as defined in the First Supplement, being certain tuition charges, (b) the Pledged General Fee, as defined in the First Supplement, being a student use fee, (c) the Pledged Practice Plan Funds, as defined in the First Supplement, being certain income from the Health Institutions, as defined in the First Supplement, of the Financing System, as defined in the First Supplement, to the extent pledged, if at all, and (d) any or all of the revenues, funds, and balances now or hereafter lawfully available to the Board and derived from or attributable to any Member, as defined in the First Supplement, of the Financing System, which are lawfully available to the Board for payments on Parity Debt provided, however, that the following shall not be included in

Pledged Revenues unless and to the extent hereafter pledged by the Board: (i) the interest of The University of Texas System in the Available University Fund under Article 7, Section 18 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; (ii) amounts received on behalf of any Member under Article 7, Section 17 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; (iii) except to the extent so appropriated, general revenue funds appropriated to the Board by the Legislature of the State of Texas; and (iv) Practice Plan income, as defined in the First Supplement, of any Member, including the income therefrom and any fund balances relating thereto not included in Pledged Practice Plan Funds (2) Advances under the Credit Agreement and (3) the amounts held in the Series A Note Payment Fund, and (4) such lien on and pledge of the Pledged Revenues, however, being junior and subordinate to the lien and pledge certain parts thereof securing the payment of the Prior Encumbered Obligations, as defined in the First Supplement, now outstanding.

This Commercial Paper Note, together with the other Notes, is payable solely from the sources hereinabove identified securing the payment thereof. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Board, except with respect to the Pledged Revenues, and the holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the Board except as identified above.

It is hereby certified and recited that all acts, conditions, and things required by law and the First Supplement to exist, to have happened, and to have been performed precedent to and in the issuance of this Commercial Paper Note, do exist, have happened, and have been performed in regular and in due time, form, and manner as required by law and that the issuance of this Commercial Paper Note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the First Supplement.

This Commercial Paper Note has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This Commercial Paper Note shall not be entitled to any benefit under the First Supplement or be valid or become obligatory for any purpose until this Commercial Paper Note shall have been authenticated by the execution by the Issuing and Paying Agent of the Certificate of Authentication hereon.

IN WITNESS WHEREOF, the Board has authorized and caused this Commercial Paper Note to be executed on its behalf by the manual or facsimile signatures of the Chairman of the Board and the Executive Secretary of the Board and its official seal impressed or a facsimile thereof to be printed hereon.

BOARD OF REGENTS OF THE UNIVERSITY
TEXAS SYSTEM

Chairman

ATTEST:

Executive Secretary

(SEAL)

ISSUING AND PAYING AGENT'S
CERTIFICATE OF AUTHENTICATION

This Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to the within mentioned First Supplement.

as Issuing and Paying Agent

By _____
Countersignature

B-3

FORM OF VARIABLE RATE NOTE

\$ _____

Number _____

UNITED STATES OF AMERICA
 STATE OF TEXAS
 BOARD OF REGENTS OF
 THE UNIVERSITY OF TEXAS SYSTEM REVENUE FINANCING SYSTEM
 VARIABLE RATE NOTE, SERIES A

MATURITY DATE:

Interest Rate	Tender Date	Note Date	Principal Amount
_____	_____	_____	_____

INTEREST RATE MODE:

Flexible Daily Weekly Monthly Quarterly Semiannual Term Fixed

REGISTERED OWNER:

THE BOARD OF REGENTS (the "Board") OF THE UNIVERSITY OF TEXAS SYSTEM (the "System") being an agency of the State of Texas, FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and as hereinafter stated, to the order of the registered owner set forth above, or the assignee thereof, on the Maturity Date specified above the principal amount specified above and to pay interest, if any, on said principal amount from the above specified Note Date to said Maturity Date or earlier redemption date or the date of payment pursuant to a demand for payment at the rate determined as herein provided from the most recent Interest Payment Date to which interest has been paid or duly provided for or from the Note Date if no interest has been paid, such payments of interest to be made on each Interest Payment Date until the principal hereof has been paid or provided for as aforesaid. Both principal of and interest on this note are payable in immediately available funds or clearing house funds, depending on the interest rate mode, the principal amount of notes owned and the instructions of the registered owner, in lawful money of the United States of America; the principal hereof being payable upon presentation and surrender of this note at the principal corporate office of the Paying Agent/Registrar executing the Certificate of Authentication appearing hereon, or its successor, and the interest hereon to be payable to the registered owner hereof whose name appears on the registration and transfer books (the "Registration Books") kept by the Paying Agent/Registrar as of the close of business on the record date by check mailed to such registered owner or by such other method requested by and at the risk and expense of the registered owner provided, that (i) if the registered owner has submitted a written request with the Paying Agent/Registrar prior to the record date, interest for any Daily, Weekly, Monthly or Quarterly Rate Period shall be paid by federal funds check, by deposit to the account of the registered owner if such account is maintained by the Paying Agent/Registrar or by wire transfer within the continental United States; or (ii) interest for Flexible Rate Periods will be paid in immediately available funds; provided further that interest accrued during any Flexible Rate Period and at the maturity of this Note shall be paid only upon its presentation and surrender. The record date for any Interest Payment Date shall be the close of business on the Business Day immediately preceding the Interest Payment Date, except

that, while this note bears interest at Semiannual or Term Rates, or at a Fixed Rate the regular record date shall be the close of business on the 15th day of the calendar month immediately preceding such Interest Payment Date.

This Note is one of an issue of variable rate notes (the "Variable Rate Notes") which, together with other forms of obligations, including the below-referenced Promissory Note (such other obligations and the Variable Rate Notes being hereinafter collectively referred to as the "Notes"), has been duly authorized and issued in accordance with the provisions of a master resolution (the "Master Resolution") and a first supplemental resolution thereto (the "First Supplement," the provisions of the Master Resolution are incorporated by reference into the First Supplement and the Master Resolution and the First Supplement shall hereinafter be referred to collectively as the First Supplement) passed by the Board, an agency and political subdivision of the State of Texas, for the purpose of financing Project Costs of Eligible Projects (each as defined in the First Supplement) and to refinance, renew, or refund the Notes issued pursuant to the provisions of the First Supplement; all in accordance and in strict conformity with the provisions of Article 717q, V.A.T.C.S., as amended, and Chapter 55, Texas Education Code, as amended. Capitalized terms used herein and not otherwise defined shall have the meaning given said terms in the First Supplement.

This note, together with the other Notes, is payable from and equally secured by (1) the "Pledged Revenues" as defined in the First Supplement, which include (a) the Pledged Tuition Fee, as defined in the First Supplement, being certain tuition charges, (b) the Pledged General Fee, as defined in the First Supplement, being a student use fee, (c) the Pledged Practice Plan Funds, as defined in the First Supplement, being certain income from the Health Institutions, as defined in the First Supplement, of the Financing System, as defined in the First Supplement, to the extent pledged, if at all, and (d) any or all of the revenues, funds, and balances now or hereafter lawfully available to the Board and derived from or attributable to any Member, as defined in the First Supplement, of the Financing System, which are lawfully available to the Board for payments on Parity Debt provided, however, that the following shall not be included in Pledged Revenues unless and to the extent hereafter pledged by the Board: (i) the interest of The University of Texas System in the Available University Fund under Article 7, Section 18 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; (ii) amounts received on behalf of any Member under Article 7, Section 17 of the Constitution of the State of Texas, including the income therefrom and any fund balances relating thereto; (iii) except to the extent so appropriated, general revenue funds appropriated to the Board by the Legislature of the State of Texas; and (iv) Practice Plan income, as defined in the First Supplement, of any Member, including the income therefrom and any fund balances relating thereto not included in Pledged Practice Plan Funds (2) Advances under the Credit Agreement and (3) the amounts held in the Series A Note Payment Fund, and (4) such lien on and pledge of the Pledged Revenues, however, being junior and subordinate to the lien and pledge certain parts thereof securing the payment of the Prior Encumbered Obligations, as defined in the First Supplement, now outstanding.

This note, together with the other Notes, is payable solely from the sources hereinabove identified securing the payment thereof. The Notes do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any property of the Board, except with respect to the Pledged Revenues, and the holder hereof shall never have the right to demand payment of this obligation from any sources or properties of the Board except as identified above.

INTEREST ON VARIABLE RATE NOTES

The originally issued Variable Rate Notes shall bear interest at the applicable Rate for the applicable Rate Period as determined by a U.T. System Representative. If the Variable Rate Notes

are initially issued to bear interest at a Flexible Rate, at the end of the initial Flexible Rate Period, the Variable Rate Notes shall be subject to mandatory tender, without right of retention by the registered owner, and thereafter the Variable Rate Notes shall continue in the Flexible Rate Mode until converted to another interest rate mode in accordance with the First Supplement.

The rate of interest applicable to any Rate Period shall be determined in accordance with the applicable provisions of the First Supplement and, for Flexible Rate Periods and Rate Periods, as hereinafter defined pursuant to the terms of the Remarketing Agreement between the Board and _____ or any successor thereto (the "Remarketing Agent"). All computations of interest shall be based on 365-day years for the actual number of days elapsed; except for interest at Semiannual or Term Rates, which shall be computed on the basis of 360-day years of twelve 30-day months.

The Variable Rate Notes may bear interest at Flexible Rates or a Variable Rate effective for periods ("Flexible Rate Periods" in the case of Flexible Rates and "Rate Periods" in the case of Variable Rates) established in accordance with the First Supplement, from time to time. The Variable Rate Notes may be converted to bear interest at a Fixed Rate from the conversion date until maturity in accordance with the First Supplement.

The Variable Rate Notes may bear interest as follows:

Flexible Rate Mode.

While the Variable Rate Notes bear interest at Flexible Rates, the interest rate for each particular Variable Rate Note will remain in effect for the duration (not exceeding 180 days) of the Flexible Rate Period. While the Variable Rate Notes are in the Flexible Rate Mode, Variable Rate Notes may have successive Flexible Rate Periods of any duration up to 180 days each and any Variable Rate Note may bear interest at a rate and for a period different from any other Variable Rate Note.

Variable Rate Modes.

The Variable Rate Notes may bear interest at a Variable Rate computed on a Daily, Weekly, Monthly, Quarterly, Semiannual, or Term basis, as follows:

Daily Rate.

While the Variable Rate Notes bear interest at a Daily Rate, the interest rate established for the Variable Rate Notes will be effective from day to day until changed.

Weekly Rate.

While the Variable Rate Notes bear interest at a Weekly Rate, the rate of interest on the Variable Rate Notes will be determined weekly to be effective for a seven-day period commencing on Wednesday of the following week.

Monthly Rate.

While the Variable Rate Notes bear interest at a Monthly Rate, the interest rate will be determined monthly to be effective for a one-month period.

Quarterly Rate.

While the Variable Rate Notes bear interest at a Quarterly Rate, the rate of interest will be determined quarterly to remain in effect for a three-month period.

Semiannual Rate.

While the Variable Rate Notes bear interest at a Semiannual Rate, the rate of interest will be determined semiannually to remain in effect for a six-month period.

Term Rate.

While the Variable Rate Notes bear interest at a Term Rate, the interest rate determined will remain in effect for a term of one year or any whole multiple of one year selected in accordance with the First Supplement.

Fixed Rate Mode.

At the option of a U.T. System Representative, the Variable Rate Notes bearing interest at a Variable Rate or Flexible Rates may be converted to bear interest at a Fixed Rate to the Maturity Date.

An interest rate mode will remain in effect until changed. During each Rate Period, and unless otherwise established by a U.T. System Representative, the rate of interest on the Variable Rate Notes shall be that rate which, in the determination of the Remarketing Agent, if borne by the Variable Rate Notes on the date of such determination under prevailing market conditions, would result in the market value of the Variable Rate Notes being 100 percent of the principal amount thereof. While this Note bears interest at the Flexible Rate Mode, and unless otherwise established by a U.T. System Representative, each Flexible Rate and Flexible Rate Period shall be determined by the Remarketing Agent in connection with the sale of the Variable Rate Notes to which they relate by the offer and acceptance of purchase commitments for such Variable Rate Notes at a Flexible Rate or Rates and for such Flexible Rate Periods as it deems to be advisable in order to minimize the net interest cost on the Variable Rate Notes under prevailing market conditions. In the event that the Remarketing Agent is unable, or fails, to determine the Variable Rate or the Flexible Rates, the Variable Rate or the Flexible Rates shall remain those in effect for the then current Rate Period or Flexible Rate Period.

Variable Rate Notes which bear interest at Flexible Rates will be issued in denominations of any multiple of \$1,000, with a minimum denomination of \$100,000. Variable Rate Notes which bear interest at a Daily, Weekly, Monthly, or Quarterly Rate will be issued in denominations of \$100,000 and whole multiples thereof. Variable Rate Notes which bear interest at a Semiannual, Term or Fixed Rate will be issued in the denomination of \$5,000 and whole multiples thereof. In the event of a change in interest rate mode so that a registered owner owns Variable Rate Notes in an unauthorized denomination, the principal amount of Variable Rate Notes in excess of the authorized denomination is subject to mandatory tender for purchase at the principal amount thereof plus accrued interest on the date of conversion to the new interest rate mode.

OPTIONAL TENDERS

While this Variable Rate Note bears interest at a Variable Rate, the registered owner of this Variable Rate Note has the right to tender this Variable Rate Note to the Paying Agent/Registrar for purchase at the principal amount hereof plus accrued interest (from the same sources from

which the principal and interest hereon are payable) as follows: (i) during a Daily Rate Period on any Business Day upon notice to the Paying Agent/Registrar and Remarketing Agent prior to 11:00 a.m., New York time, on such Business Day, (ii) during a Weekly Rate Period on any Business Day upon notice to the Paying Agent/Registrar given on a Business Day at least 7 days prior to the Tender Date, (iii) during a Monthly Rate Period on any Interest Payment Date upon at least 3 Business Days notice to the Paying Agent/Registrar, (iv) during a Quarterly or Semiannual Rate Period on any Interest Payment Date upon notice to the Paying Agent/Registrar given on a Business Day at least 7 days prior to the Tender Date, and (v) during a Term Rate Period on the first day of the succeeding Rate Period upon notice to the Paying Agent/Registrar given on a Business Day at least 7 days prior to the Tender Date. AFTER THE VARIABLE RATE NOTES HAVE BEEN CONVERTED TO BEAR INTEREST AT A FIXED RATE THEY SHALL NOT BE SUBJECT TO TENDER FOR PURCHASE.

MANDATORY TENDERS

While this Variable Rate Note bears interest at a Flexible Rate or at a Variable Rate, this Variable Rate Note shall be tendered for purchase at the principal amount thereof plus accrued interest (from the same sources from which the principal and interest hereon are payable) to the Paying Agent/Registrar on the effective date of (i) a change from one interest rate mode to a different interest rate mode (except for changes between a Daily Rate and Weekly Rate) and (ii) a change from one Flexible Rate Period to another Flexible Rate Period; provided, however, that the registered owner of this Variable Rate Note may elect to retain this Variable Rate Note (or his investment in this Variable Rate Note in the event this Variable Rate Note bears interest at a Flexible Rate) upon written notice to the Paying Agent/Registrar as provided in the First Supplement.

Interest on any Variable Rate Note as to which a registered owner has not elected to continue to own after a mandatory tender date (as described above) and which is not tendered on the mandatory tender date, but for which there has been irrevocably deposited with the Paying Agent/Registrar an amount sufficient to pay the purchase price thereof, shall cease to accrue on the mandatory tender date, and the registered owner of such Variable Rate Note shall not be entitled to any payment other than the purchase price for such Variable Rate Note and such Variable Rate Note shall no longer be outstanding and entitled to the benefits of the First Supplement, except for the payment of the purchase price of such Variable Rate Note from monies held by the Paying Agent/Registrar for such payment. On the mandatory tender date, the Paying Agent/Registrar shall authenticate and deliver substitute Variable Rate Notes in lieu of such untendered Variable Rate Notes.

WRITTEN NOTICE OF RATE MODE CHANGE

While the Variable Rate Notes bear interest at Flexible Rates or a Variable Rate, the Paying Agent/Registrar shall give notice to the registered owners of all Variable Rate Notes of the conversion from one interest rate mode to another at the times described in the First Supplement. ANY REGISTERED OWNER OF VARIABLE RATE NOTES WHO MAY BE UNABLE TO TAKE TIMELY ACTION ON ANY NOTICE SHOULD CONSIDER WHETHER TO MAKE ARRANGEMENTS FOR ANOTHER PERSON TO ACT IN HIS OR HER STEAD. If a new interest rate mode for the Variable Rate Notes is not selected in a timely fashion in accordance with the First Supplement, the interest rate mode then in effect will continue until changed by timely notice.

INTEREST PAYMENT DATES

While this Variable Rate Note bears interest at a Flexible Rate, interest is payable on the last day of each Flexible Rate Period. While this Variable Rate Note bears interest at Daily, Weekly, or Monthly Rates, interest is payable on the first Business Day of each month. During Quarterly Rate Periods, interest is payable on the first Business Day of the third calendar month after the date each interest rate becomes effective. During any Semiannual or Term Rate Period, interest is payable on the first Business Day of the sixth calendar month after the date each interest rate becomes effective. After the Variable Rate Notes have been converted to bear interest at a Fixed Rate, interest is payable on January 1 and July 1 of each year. Each such date is herein defined as an "Interest Payment Date".

OPTIONAL REDEMPTION

During any Flexible, Daily, Weekly, Monthly, Quarterly, or Semiannual Rate Period, this Variable Rate Note is subject to redemption by the Board on any Interest Payment Date, in whole or in part, at a redemption price equal to the principal amount thereof plus interest accrued to the redemption date.

[Insert - Term or Fixed Rate Redemption Provisions selected by a U.T. System Representative, if any]

It is hereby certified and recited that all acts, conditions, and things required by law and the First Supplement to exist, to have happened, and to have been performed precedent to and in the issuance of this note, do exist, have happened, and have been performed in regular and due time, form, and manner as required by law and that the issuance of this note, together with all other Notes, is not in excess of the principal amount of Notes permitted to be issued under the First Supplement.

This note is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Texas.

This note shall not be entitled to any benefit under the First Supplement or be valid or become obligatory for any purpose until this note shall have been authenticated by the execution by the Paying Agent/Registrar of the Certificate of Authentication hereon.

IN WITNESS WHEREOF, the Board has authorized and caused this note to be executed on its behalf by the manual or facsimile signatures of the Chairman of the Board and the Executive Secretary of the Board and its official seal impressed or a facsimile thereof to be printed hereon.

BOARD OF REGENTS OF THE UNIVERSITY
OF THE TEXAS SYSTEM

Chairman

ATTEST:

Executive Secretary

(SEAL)

PAYING AGENT/REGISTRAR'S
CERTIFICATE OF AUTHENTICATION

This Variable Rate Note is one of the Variable Rate Notes delivered pursuant to the within mentioned First Supplement.

as Paying Agent/Registrar

Registered This Date:

By _____
Countersignature

B-10

EXHIBIT C
FORM OF CREDIT AGREEMENT

EXHIBIT C
FORM OF CREDIT AGREEMENT

\$62,300,000

CREDIT AGREEMENT

dated as of

_____, 1990

between

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

and

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

EFFECTIVE DATE: _____, 1990

TABLE OF CONTENTS

	<u>Page</u>
RECITALS.....	1
ARTICLE I	
DEFINITIONS	
SECTION 1.01	Definitions..... I-1
1.02	Incorporation of Certain Definitions by Reference..... I-7
1.03	Accounting Terms..... I-7
1.04	Rules of Construction..... I-7
1.05	Interpretations..... I-7
ARTICLE II	
REVOLVING CREDIT	
SECTION 2.01	Terms of Revolving Credit..... II-1
2.02	Method of Borrowing..... II-2
2.03	Promissory Note..... II-3
2.04	Interest Rates..... II-3
2.05	Commitment Fees..... II-7
2.06	Termination or Reduction of Commitment..... II-8
2.07	Optional Prepayments..... II-8
2.08	General Provisions as to Payment..... II-9
2.09	Funding Losses..... II-9
2.10	Security for Promissory Note..... II-9
2.11	Extension or Modification of Agreement..... II-10
2.12	Notice of Paying Agent..... II-11
2.13	Failure of the Bank to Advance..... II-11
2.14	Compliance With Law..... II-11
ARTICLE III	
CONDITIONS	
SECTION 3.01	Conditions to Closing..... III-1
3.02	Conditions to Advances..... III-2

ARTICLE IV

REPRESENTATIONS AND WARRANTIES
OF THE BOARD

SECTION 4.01	Organization and Powers.....	IV-1
4.02	Authorization; Contravention.....	IV-1
4.03	Governmental Consent or Approval.....	IV-1
4.04	Binding Effect.....	IV-1
4.05	Restrictions on Use of Proceeds.....	IV-1
4.06	Federal Reserve Regulations.....	IV-2
4.07	Litigation.....	IV-2
4.08	No Event of Default Under the Resolution.....	IV-2

ARTICLE V

REPRESENTATIONS AND WARRANTIES
OF THE BANK

SECTION 5.01	Organization and Powers.....	V-1
5.02	Authorization; Contravention.....	V-1
5.03	Governmental Consent or Approval.....	V-1
5.04	Bank Obligations Valid.....	V-1
5.05	Litigation.....	V-1

ARTICLE VI

COVENANTS

SECTION 6.01	Information.....	VI-1
6.02	Access to Records.....	VI-2
6.03	Proceeds of Project Notes.....	VI-2
6.04	No Amendment of Certain Contracts or Resolutions.....	VI-2
6.05	Other Covenants.....	VI-3
6.06	Taxes and Liabilities.....	VI-3
6.07	Amendments to Resolution; Supple- ments; and Further Assurances.....	VI-3
6.08	Additional Borrowings.....	VI-3
6.09	Efforts to Pay.....	VI-3
6.10	Federal Tax Status of Interest on the Promissory Note.....	VI-3

ARTICLE VII

ADDITIONAL DEBT

SECTION 7.01 Additional Debt..... VII-1

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01 Events of Default..... VIII-1
8.02 Suits at Law or in Equity
and Mandamus..... VIII-3
8.03 Remedies Not Exclusive..... VIII-3

ARTICLE IX

CHANGE IN CIRCUMSTANCES

SECTION 9.01 Basis for Determining Interest
Rate Inadequate or Unfair..... IX-1
9.02 Increased Cost and Reduced
Return..... IX-1

ARTICLE X

SECTION 10.01 Notices and Accounts..... X-1
10.02 No Waivers..... X-1
10.03 Costs, Expenses and Taxes..... X-1
10.04 Amendments or Modification..... X-1
10.05 Severability..... X-1
10.06 Headings..... X-2
10.07 Counterparts..... X-2
10.08 Texas Law; Venue..... X-2
10.09 Successors and Assigns;
Participations..... X-2
Signatures..... X-3

EXHIBITS

Exhibit A..... Credit Agreement
Promissory Note
Exhibit B..... Notice of Advance
Exhibit C..... Opinion of General Counsel
Exhibit D..... Opinion of Bond Counsel

Exhibit E..... Certificate of Executive Vice Chancellor
for Asset Management
Exhibit F..... Certificate of Executive Secretary
Exhibit G..... Certificate of Vice Chancellor and
General Counsel
Exhibit H..... Opinion of Vinson & Elkins

CREDIT AGREEMENT

This Credit Agreement is effective and dated as of , 1990, between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Board") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK.

W I T N E S S E T H:

WHEREAS, The University of Texas System is governed by the Board; and

WHEREAS, the Board has determined to issue obligations pursuant to the provisions of Article 717q, V.A.T.C.S., as amended, and Chapter 55 and Section 65.46, Texas Education Code, as amended, to provide interim financing for Eligible Projects (hereinafter defined); and

WHEREAS, pursuant to its master resolution, adopted April 12, 1990 (the "Master Resolution"), the Board established The University of Texas System Revenue Financing System (hereinafter defined) for the purpose of providing a financing structure for revenue supported indebtedness of components of The University of Texas System included as Financing System Members (hereinafter defined); and

WHEREAS, pursuant to its supplemental resolution, adopted April 12, 1990 (the "Supplemental Resolution"), the Board authorized the issuance of obligations, to be evidenced by Notes (hereinafter defined), in an aggregate principal amount not to exceed Sixty Million Dollars (\$60,000,000) to provide interim financing to pay Project Costs (hereinafter defined) for Eligible Projects and to refinance, renew or refund Notes including interest thereon, including Commercial Paper Notes, Variable Rate Notes and a Promissory Note (as such terms are hereinafter defined), in an aggregate principal amount not to exceed Sixty-Two Million Three Hundred Thousand Dollars (\$62,300,000) at any one time outstanding; and

WHEREAS, the Board and the Bank (hereinafter defined) desire to enter into this Credit Agreement, pursuant to which the Bank will agree to make loans to the Board in the amounts up to, but not exceeding Sixty-Two Million Three Hundred Thousand Dollars (\$62,300,000), such loans to be made to enable the Board to refund Project Notes (hereinafter defined), including interest thereon, which Credit Agreement was authorized and approved by the Supplemental Resolution;

NOW THEREFORE, the parties hereto agree as follows:

[END OF RECITALS]

ARTICLE I

DEFINITIONS

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

"Acts" shall mean, collectively, Article 717q, V.A.T.C.S., as amended, and Chapter 55 and Section 65.46, Texas Education Code, as amended.

"Advance" shall mean a Prime Advance, a CD Advance or a Money Market Advance and "Advances" shall mean Prime Advances, CD Advances or Money Market Advances or a combination thereof.

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

"Annual Debt Requirements" means, for any Fiscal Year, the principal of and interest on all Debt, payable in whole or in part from Pledged Revenues, coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the Board on such Debt, or be payable in respect of any required purchase of such Debt by the Board) in such Fiscal Year, and, for such purposes, the rules set forth for computing Annual Debt Service Requirements for Parity Debt shall apply at the election of the Board for purposes of computing Annual Debt Requirements.

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

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

"Authorized Representative" shall mean one or more of the following officers or employees of The University of Texas System, to-wit: the Chancellor, any Executive Vice Chancellor, the General Counsel, the Executive Director-Endowment Management and Administration, the Executive Director-Finance, the Manager-Finance, and the Comptroller or such other office or employee of The University of Texas System authorized to act as an Authorized Representative or as a University of Texas System Representative as described in the Resolution.

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

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

"Bank Loan Commitment" shall mean Sixty-Two Million Three Hundred Thousand Dollars (\$62,300,000), being the maximum principal amount for which the Bank is committed to make Advances, as such amount may be reduced pursuant to Section 2.06.

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

"Bond Counsel" shall mean an attorney or firm of attorneys which are nationally recognized as having expertise in the practice of tax-exempt municipal finance law and are engaged by The University of Texas System.

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

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

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

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

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commercial Paper Note" shall mean a Note issued pursuant to the provisions of the Resolution, having the terms and characteristics specified in Section 2.03 of the Supplemental Resolution and in the form described in Exhibit B to the Supplemental Resolution.

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

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

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

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

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

"Eligible Project" shall mean the acquisition, purchase, construction, improvement, enlargement and/or equipping of any property, buildings, structures, activities, services, operations or other facilities, for and on behalf of the Financing System or any Member thereof.

"Fiscal Year" shall mean the twelve-month operational period of The University of Texas System, which currently begins on September 1 of each year and ending on the following August 31.

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

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

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

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

(B) if any Interest Period includes a date on which a payment of principal of the Advances is required to be made under Section 2.06 hereof but does not end on such date, then (1) the principal amount (if any) of each CD Advance required to be repaid on such date shall have an Interest Period ending on such date and (2) the remainder (if any) of each such CD

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

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

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

(B) if any Interest Period includes a date on which a payment of principal of the Advances is required to be made under Section 2.06 but does not end on such date, then (1) the principal amount (if any) of each Prime Advance required to be repaid on such date shall have an Interest Period ending on such date and (2) the remainder (if any) of each such Prime Advance shall have an Interest Period determined as set forth above; and

(iii) with respect to each Money Market Advance, the period commencing on the date of such Advance and ending on such date as may be agreed upon by the Bank and an Authorized Representative.

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

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

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

"Master Resolution" shall have the meaning set forth in the recitals to this Agreement.

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

"Maximum Interest Rate" shall mean the lesser of (a) the maximum nonusurious rate of interest permitted to be charged by applicable federal or Texas law (whichever shall permit the higher lawful rate) from time to time in effect and (b) the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Board in the exercise of its borrowing powers (currently prescribed by Article 717k-2, V.A.T.C.S., as amended, or any successor provision).

"Money Market Advance" shall mean an Advance to be made as a Money Market Advance pursuant to the applicable Notice of Advance and Section 2.01(a).

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

"Notice of Advance" shall mean that notice completed and executed by an Authorized Representative in substantially the form attached hereto as Exhibit "B", which notice shall serve as a written request to borrow funds for the purposes and in the manner set forth in this Agreement.

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

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

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

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

"Project Costs" shall mean all costs and expenses incurred in relation to Eligible Projects to the extent the same are lawfully payable from Project Note proceeds, including without limitation design, planning, engineering and legal costs, acquisition costs of land, interests in land, right-of-way and easements, construction costs, costs of machinery, equipment and other capital assets incident and related to the operation, maintenance and administration of an Eligible Project, and financing costs,

including interest during acquisition or construction, underwriter's discount and/or fees, legal, financial and other professional services, and reimbursement for such Project Costs attributable to Eligible Projects incurred prior to the issuance of any Project Notes.

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

"Promissory Note" shall mean the refunding promissory note issued pursuant to the provisions of the Resolution and this Agreement in evidence of Advances made by the Bank under this Agreement to refund a Project Note or Project Notes, such refunding promissory bond to be substantially the form attached hereto as Exhibit "A", with appropriate completions, and any and all renewals, extensions or modifications thereof. The Promissory Note constitutes Parity Debt within the meaning of the Master Resolution and is the "Revolving Note" referred to in the Supplemental Resolution.

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

"Resolution" shall mean the Master Resolution as supplemented by the Supplemental Resolution and each Supplement hereafter adopted.

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

"Supplemental Resolution" shall have the meaning set forth in the recitals to this Agreement.

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

"Term Loan Conversion Date" shall mean July __, 1993, or such later date, if any, as may be agreed to pursuant to Section 2.11(a) hereof.

"Variable Rate Note" shall mean a Note issued pursuant to the provisions of the Resolution, having the terms and characteristics specified in Section 2.04 and Articles III and IV of the Supplemental Resolution and in substantially the form described in Section 2.01(b) of the Supplemental Resolution the interest rate on which is adjusted from time to time in accordance with Article III thereof.

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

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

Section 1.04. Rules of Construction. For all purposes of this Agreement, unless the context requires otherwise, all references to designated Articles, Sections and other subdivisions are to the Articles, Sections and other subdivisions of this Agreement.

Section 1.05. Interpretations. The table of contents, titles and headings of this Agreement have been inserted for convenience of reference only and are not to be considered a part of this Agreement and shall not in any way modify or restrict any of the terms or provisions hereof.

[END OF ARTICLE I]

ARTICLE II

REVOLVING CREDIT

Section 2.01. Terms of Revolving Credit.

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

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

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

such date to the extent required to refund its outstanding Advances of the other type.

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

Section 2.02. Method of Borrowing.

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

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

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

(ii) the amount of such Advance;

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

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

(c) If the Bank makes a new Advance hereunder on a day on which the Board is to repay all or any part of an outstanding Advance from the Bank, the Bank shall apply the proceeds of its new Advance to make such repayment and only an amount equal to the difference (if any) between the amount being borrowed and the amount being repaid shall be made available by the Bank as provided in subsection (d) of this Section, or remitted by the Board as provided in Section 2.08, as the case may be.

(d) Upon receipt by the Bank of the Notice of Advance, the Board's request for an Advance as therein set out shall not be revocable by the Board. At or prior to 3:00 p.m. (local time in New York, New York) on the date for which the Advance is requested,

except as provided in subsection (c) above, and subject to satisfaction of the applicable conditions set forth in Section 3.02, the Bank shall make available, in federal or other immediately available funds, to the Paying Agent, the funds necessary for such Advance, for the account of the holders of Project Notes, as directed by the Board in its Notice of Advance.

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

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

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

(b) Each CD Advance shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the applicable Fixed CD Rate; provided that if any CD Advance or any portion thereof shall, as a result of clause (i) of the definition of Interest Period, have an Interest Period of less than 30 days, such portion shall bear

interest during such Interest Period at the rate applicable to Prime Advances during such period. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than 90 days, at intervals of 90 days after the first day thereof.

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

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

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

$$ACDR = \left[\frac{CDBR}{1.00 - DRP} \right]^* + AR$$

ACDR = Adjusted CD Rate
 CDBR = CD Base Rate
 DRP = Domestic Reserve Percentage
 AR = Assessment Rate

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

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

"Domestic Reserve Percentage" means for any day, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including without limitation any basic, supplemental

or emergency reserves) for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of new non-personal time deposits in dollars in New York City having a maturity comparable to the related Interest Period and in an amount of \$100,000 or more. The Fixed CD Rate shall be adjusted automatically on and as of the effective date of any change in the Domestic Reserve Percentage.

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

(c) Each Money Market Advance shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at such per annum rates as may be agreed upon by the Bank and the Board, acting through an Authorized Representative, at the time of borrowing.

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

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

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

(ii) (x) in the event that the amount of interest accrued in respect of any Advance as of any date, is, as a result of the limitations contained herein on the rate or amount of interest which may accrue on such Advances under the Promissory Note, less than the amount of interest which would have otherwise accrued on such Advance as of such date at the rate determined under this Section 2.04 (without regard to

the provisions of this Subsection (e)), then the Promissory Note will continue to bear interest with respect to such Advance at the Maximum Interest Rate until such date (or the date such Advance is due and payable pursuant to Sections 2.01(d) and 2.06, if earlier) on which the cumulative amount of interest accrued on the Promissory Note with respect to such Advance equals the cumulative amount of interest which would have accrued thereon in accordance with this Section 2.04 (other than the provisions of this subsection (e)), at which date the rate of interest on the Promissory Note with respect to such Advance shall revert to the rates otherwise provided for herein; and (y) to the extent and for such period (or, if earlier, the Maturity Date or the first date after the Term Loan Conversion Date shall occur on which no Advance is outstanding) as is necessary for the Bank to obtain the amount of Interest Recapture as to Advances previously made and repaid or prepaid, each subsequent Advance made prior to the full recovery of the amount of Interest Recapture shall itself bear interest at the Maximum Interest Rate until the Bank shall have recovered the full amount of Interest Recapture in respect of all prior Advances; and

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

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

(g) Computation of the commitment fee, which is provided for in Section 2.05, and, subject to the last sentence of this Section 2.04(g), of interest on Prime Advances and Money Market

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

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

Section 2.05. Commitment Fees. (a) The Board shall pay to the Bank a commitment fee on the Available Bank Loan Commitment for each day during the Revolving Credit Period. The commitment fee (calculated in the manner set out in Section 2.04(g) above) shall be paid on the dates specified in Section 2.05(b) and shall equal the sum of (i) .125 percent (12.5 basis points) per annum times the average principal amount of Project Notes outstanding during the calendar quarter just ended, plus accrued interest on such principal amount for 90 days (calculated in the manner set out in Section 2.04(g)) at the rate of 15 percent per annum, and (ii) .08 percent (8 basis points) per annum times an amount equal to the Available Bank Loan Commitment less the average principal amount of Project Notes outstanding during the calendar quarter just ended, plus accrued interest on such amount for 90 days (calculated in the manner set out in Section 2.04(g)) at the rate of 15 percent per annum. On each date on which the commitment fee is due, the Board will deliver to the Bank a certificate setting out the manner of calculation of such fees and representing that the amount used in such calculation as the average amount of Project Notes outstanding is the true and correct amount thereof.

(b) The commitment fee shall accrue from and including the Effective Date to (but excluding) the Term Loan Conversion Date and

shall be payable (i) on the first Business Day of each January, April, July, and October during the term hereof and (ii) on the Term Loan Conversion Date. No commitment fee shall be payable or accrue in respect of Advances advanced and outstanding under the Bank Loan Commitment.

Section 2.06. Termination or Reduction of Commitment.

(a) During the Revolving Credit Period, the Board may, upon at least three Business Days' notice to the Bank and any rating agency which has issued a rating of the Project Notes, terminate entirely at any time or reduce from time to time by an aggregate amount of \$1,000,000 or any integral multiple thereof, the Bank Loan Commitment at the time; provided that the Board may not reduce the Bank Loan Commitment if such proposed reduction would cause the then Available Bank Loan Commitment to be less than the amount of Available Bank Loan Commitment required to be maintained by the Board under Section 6.02 of the Supplemental Resolution.

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

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

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

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

Section 2.07. Optional Prepayments. (a) The Board may, upon at least two Business Days' notice to the Bank, prepay any Prime Advance in whole at any time, or from time to time in part in an amount equal to \$1,000,000 or any integral multiple thereof, by

paying the principal amount to be prepaid together with accrued interest thereon to (but not including) the date of prepayment.

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

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

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

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

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

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

Section 2.10. Security For Promissory Note. The Promissory Note is a special obligation of the Board and constitutes Parity Debt under the Master Resolution and, subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, the

Promissory Note, ratably with the Project Notes and other Parity Debt, shall be secured by and payable from a lien on the Pledged Revenues, and the Board hereby assigns and pledges the Pledged Revenues to the payment of the principal of and interest on the Promissory Note, the Project Notes and the other Parity Debt and the establishment and maintenance of any funds which may be provided to secure Parity Debt in accordance with the Resolution and this Agreement.

Section 2.11. Extension or Modification of Agreement. This Agreement may be extended or modified in accordance with the following conditions and provisions:

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

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

(c) If the Board shall desire to increase the authorized aggregate principal amount of Project Notes that may be outstanding during the term of this Agreement ("Additional Notes") and to provide for such Additional Notes to have the benefit of a revolving credit agreement to which one or more national banking associations or state-chartered banks would be party ("New Credit Agreement"), then the Board shall notify

the Bank, in writing, of the amount, terms and conditions of such New Credit Agreement and of the Additional Notes.

Section 2.12. Notice of Paying Agent. The Supplemental Resolution appoints Morgan Guaranty Trust Company of New York as the initial Paying Agent. The Board will give notice to the Bank of the appointment of any substitute Paying Agent, which notice shall specify the name and address of the Paying Agent.

Section 2.13. Failure of the Bank to Advance. The failure of the Bank to make any requested Advance required to be made under the Promissory Note shall not release the Bank from its agreement to make such Advances, nor shall receipt and acceptance by the Board of any Advance or portion thereof from the Bank be a release, discharge or waiver of any claim, demand or cause of action of, or for the benefit of, the Board arising out of or in connection with any such failure to advance funds.

Section 2.14. Compliance With Law. Notwithstanding any other term or provision of this Agreement or of the Promissory Note, the maximum amount of interest which may be payable by, charged to, or collected from the Board, or any other person either primarily or conditionally liable for the payment of the Promissory Note, shall be limited to, and shall in no event or under any circumstances exceed, the maximum amount of interest which could be lawfully charged under applicable law (including, to the extent applicable, the provisions of Article 717k-2, V.A.T.C.S., as in effect at the time and the provisions of any applicable amendment thereto or other successor or superseding provision of law) so that, notwithstanding any other term or provision of this Agreement or the Promissory Note, the aggregate of the interest on any Advance, including all fees and other amounts which constitute interest under applicable state law (and any applicable federal statutes), shall never exceed the maximum amount of interest which under said laws could be lawfully charged on or in respect of such Advance. Accordingly, the Board and the Bank stipulate and agree that this Agreement and the Promissory Note shall not be construed to create a contract to pay interest for the use, forbearance or detention of money at a rate in excess of the Maximum Interest Rate or maximum amount permitted to be charged under applicable state law (and any applicable federal statutes), and the Board shall never be liable for interest in excess of the maximum amount or Maximum Interest Rate that could be lawfully charged under such laws.

Specifically and without limiting the generality of the foregoing, it is further agreed between the Board and the Bank that the maximum amount of interest contracted for and payable on or under the Promissory Note, now or hereafter shall be calculated in order that strict compliance may be had with the applicable state

laws (and any applicable federal statutes), and such parties agree that:

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

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

(c) the provisions of this Section 2.14 shall control over any other provisions of this Agreement, the Promissory Note, any other instrument or writing evidencing, respecting or affecting any Advance, and the Bank further agrees that any limitations or restrictions imposed on it, or on payments which it may receive, by reason of this Section 2.14 shall apply and be recognized in all circumstances and to all payments, regardless of the source or payor thereof; and

(d) all commitment fees prescribed in Section 2.05 hereof shall constitute exclusively consideration for the Bank's agreement to have available funds in the amount

committed by the Bank in respect of Advances and to make such Advances in the future as provided herein and shall not constitute or be treated as compensation for the use of, forbearance, or detention of money actually loaned and advanced hereunder.

[END OF ARTICLE II]

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ARTICLE III

CONDITIONS

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

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

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

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

(iii) copies of the Master Resolution and the Supplemental Resolution, including amending resolutions thereto which have been adopted as of the Effective Date, all certified by the Executive Secretary or an Assistant Secretary of the Board as being in full force and effect;

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

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

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

(vii) a certificate of the Vice Chancellor and General Counsel for the Board dated the Effective Date,

substantially in the form attached hereto as Exhibit "G";
and

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

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

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

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

(iii) an opinion of Vinson & Elkins, special counsel to the Bank, dated the Effective Date and substantially in the form attached hereto as Exhibit "H", with such changes, modifications, deletions or additions as may be acceptable to such counsel and counsel for the recipients thereof.

Section 3.02. Conditions to Advances. The obligation of the Bank to make any Advance, when so requested hereunder upon or after the Effective Date and during the Revolving Credit Period, is subject to receipt by the Bank of a Notice of Advance as required by Section 2.02 and to the satisfaction of the following further conditions:

(a) at the time the Advance is made, the Board shall not have commenced a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, shall not have consented to any such relief or to the appointment of, or taking possession by, any such official in an involuntary case or other proceeding commenced against

it, shall not have made a general assignment for the benefit of its creditors, shall not have declared a moratorium with respect to its debts, shall not have failed generally to pay its debts as they become due, and shall not have taken any action to authorize any of the foregoing; and

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

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

[END OF ARTICLE III]

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE BOARD

Section 4.01. Organization and Powers. The Board (a) is duly established and validly existing under the laws of the State of Texas under and pursuant to the Constitution of the State of Texas and is an agency and political subdivision of the State of Texas, (b) has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, (c) has full power and authority to operate The University of Texas System and to acquire, construct, finance and operate the Eligible Projects, (d) has full power and authority to establish The University of Texas System Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the Members of the Financing System, and (e) has full power and authority to adopt the Master Resolution and the Supplemental Resolution, to execute, deliver and perform the Master Resolution, the Supplemental Resolution and this Agreement, to borrow hereunder and to execute, deliver and perform the Promissory Note.

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

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

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

Section 4.05. Restrictions on Use of Proceeds. The proceeds of the Advances will be applied by the Board only to the refunding of the Project Notes. None of the funds borrowed by virtue of this

Agreement will be used in any manner or for any purpose except in the manner and for the purposes authorized by Texas law and the Resolution adopted by the Board.

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

Section 4.07. Litigation. There is no action, suit or proceeding pending or, to the knowledge of the Board, threatened against or affecting the Board, The University of Texas System, the Financing System or relating to the Acts, or other applicable laws or regulations, or this Agreement in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of the Board to perform its obligations under this Agreement or the Promissory Note, or which in any manner questions the validity or enforceability of this Agreement, the Resolution or the Promissory Note, the granting, perfection, enforceability or priority of the lien on and pledge of (i) Pledged Revenues provided in Section 2 of the Master Resolution or (ii) the Collateral provided in Section 2.12 of the Supplemental Resolution, except any action, suit or proceeding which may be brought subsequent to the date hereof as to which the Bank has received an opinion of counsel satisfactory to the Bank and its counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 4.08. No Event of Default Under the Resolution. No event of default in connection with any covenant contained in the Master Resolution or the Supplemental Resolution or in the payment of any Debt, or of any interest due thereon, and no event which, with the giving of notice or lapse of time or both would become such an event of default, has occurred and is continuing.

[END OF ARTICLE IV]

ARTICLE V
REPRESENTATIONS AND WARRANTIES
OF THE BANK

The Bank represents and warrants:

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

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

Section 5.03. Governmental Consent or Approval. No authorization, consent, approval, permit, license, or exemption of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality that has not been obtained or issued is or will be necessary for the valid execution, delivery or performance by the Bank of this Agreement.

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

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

[END OF ARTICLE V]

ARTICLE VI

COVENANTS

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

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

(a) within 150 days after the end of each Fiscal Year, a copy of the annual report of The University of Texas System that includes a balance sheet of The University of Texas System as of the end of such Fiscal Year and related statements of income and a statement of cash receipts and disbursements, prepared in accordance with Section 61.065 of the Texas Education Code, accompanied by a certificate of an Authorized Representative to the effect that (i) as of the date of such certificate (x) no Default has occurred, or (y) if such Default has occurred, specifying the nature of such Default, the period of its existence and the action which the Board is taking or proposes to take with respect thereto and (ii) during the immediately preceding Fiscal Year, the Annual Debt Requirements on all Debt, payable in whole or in part from Pledged Revenues, outstanding during such Fiscal Year was no greater than 15% of the total unrestricted current revenues of The University of Texas System for such Fiscal Year, less the total unrestricted (x) Professional Fees (to the extent the same do not constitute Pledged Revenues), (y) Available University Fund Income and (z) State Appropriations, as each such term is used on the Combined Statement of Current Funds Revenues and Expenditures of the University of Texas System in the annual report of The University of Texas System delivered pursuant to this Subsection 6.01(a);

(b) as soon as reasonably available after the end of each Fiscal Year, (i) the unaudited annual report of The University of Texas System for the Fiscal Year then ended, and (ii) the audited annual financial statement of the State, prepared by the Comptroller of Public Accounts of the State and audited by the State Auditor's Office;

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

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

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

(e) upon written request of the Bank, information relating to The University of Texas System or any other financial information reasonably requested.

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

Section 6.03. Proceeds of Project Notes. The proceeds of the Project Notes will be used by the Board solely for the purpose of paying or prepaying, as the case may be, in whole or in part, other Project Notes, the Promissory Note or Project Costs of Eligible Projects or, to the extent not so used, for temporary investment while in the Series A Note Payment Fund Account.

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

Section 6.05. Other Covenants. The Board shall fully and faithfully perform each of the covenants and conditions required of it pursuant to the provisions of the Resolution and will not omit to comply with any such covenant or condition without the written Waiver of such compliance by the Bank.

Section 6.06. Taxes and Liabilities. The Board will pay all its indebtedness and obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default.

Section 6.07. Amendments to Resolution; Supplements; and Further Assurances. The Board will not modify or amend the Master Resolution or the Supplemental Resolution without the written consent of the Bank. The Board will not adopt any other Supplement, pursuant to the Master Resolution or otherwise, which would adversely affect the ability of the Board to make payments on the Promissory Note when due; provided that nothing herein shall prevent the Board from issuing additional Parity Debt as provided in this Agreement and Section 5 of the Master Resolution. The Board will at any and all times, insofar as it may be authorized so to do by law, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, acts, deeds, conveyances, assignments, recordings, filings, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, revenues and other funds and Collateral hereby pledged or assigned to the payment of the Promissory Note, or intended so to be, of which the Board may become bound to pledge or assign.

Section 6.08. Additional Borrowings. The Board may issue Debt in such amounts and on such terms as the Board shall determine, subject only to the covenants contained herein and in the Resolution.

Section 6.09. Efforts to Pay. In the event that the Promissory Note is not paid at maturity, the Board shall as quickly as possible take all actions reasonably necessary to allow payment from any available funds.

Section 6.10. Federal Tax Status of Interest on the Promissory Note. It is the intention of the parties that the Promissory Note not be an obligation described in section 103(a)

of the Code and that the interest payable with respect thereto not be excludable from the gross income of the Bank. Accordingly, in furtherance thereof, the Board represents that it has not taken, and covenants not to take the actions, including the filing of any information returns required by the Code, which would be required to cause any interest on the Promissory Note to be excludable from gross income of the Bank.

[END OF ARTICLE VI]

VI-4

ARTICLE VII

ADDITIONAL DEBT

Section 7.01. Additional Debt. The Board reserves the right and shall have full power at any time and from time to time, to authorize, issue and deliver additional Debt, payable in whole or in part from Pledged Revenues, as deemed advisable by the Board, but only as permitted under the Master Resolution. It is further covenanted that no installment or series of any such additional Debt shall be issued unless the Board satisfies the further condition that after the issuance and delivery of such installment or series of such Debt, during each Fiscal Year in which any Debt shall thereafter be outstanding, the Annual Debt Requirements for such Debt shall be no greater than 15% of the total unrestricted current revenues of The University of Texas System less the sum of total unrestricted (i) Professional Fees (to the extent that the same do not constitute Pledged Revenues), (ii) Available University Fund Income and (iii) State Appropriations, as each such term is used on the Combined Statement of Current Funds Revenues and Expenditures of The University of Texas System in the annual report of The University of Texas System delivered as provided in Subsection 6.01(a).

[END OF ARTICLE VII]

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

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

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

(c) any representation, warranty, certification or statement made by the Board in this Agreement or in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made, and the Bank shall have given the Board 5 days' written notice thereof;

(d) breach by the Board of any covenant or agreement or condition contained in Section 6.03 through 6.09, inclusive; or a breach by the Board of any other covenant or agreement or condition (other than those referred to or contained in clauses (a), (b), (c) above) contained in this Agreement or the Promissory Note and the continuation thereof for more than 60 days after written notice thereof has been given to the Board by the Bank without cure or correction to the satisfaction of the Bank;

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

which grant to any holder of any Prior Encumbered Obligations or Parity Debt or other Debt any rights to declare the principal of such Prior Encumbered Obligations or Parity Debt or other Debt (or interest accrued thereon) to be payable prior to the stated maturity thereof, and the Board does not presently intend to adopt any resolution granting or creating any such rights; or

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

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

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

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

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

Bank shall have given 5 days' written notice thereof to the Board; or

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

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

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

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

Section 8.03. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given

hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by any Holder.

[END OF ARTICLE VIII]

VIII-4

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ARTICLE IX

CHANGE IN CIRCUMSTANCES

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

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

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

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

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

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

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with

respect to any CD Advance any such requirement included in an applicable Domestic Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, the Bank (or its Lending Office) or shall impose on the Bank (or its Lending Office) or on the United States market for certificates of deposit any other condition affecting its CD Advances, the Promissory Note or its obligation to make CD Advances;

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

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

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

manifest error. In determining such amount, the Bank may use any reasonable averaging and attribution methods.

[END OF ARTICLE IX]

IX-3

ARTICLE X

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

Address: BOARD OF REGENTS OF THE UNIVERSITY
OF TEXAS SYSTEM
210 West Sixth Street
Austin, Texas 78701
Attention: Thomas G. Ricks

By: _____
Its: _____

Address/Lending Office:

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

MORGAN GUARANTY TRUST COMPANY OF
NEW YORK

By: _____
Its: _____

X-4

EXHIBIT A

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

Austin, Texas
_____, 1990

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

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

This note is the Promissory Note referred to in the Credit Agreement dated as of _____, 1990 between the Borrower and the Bank (as the same may be amended from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the prepayment hereof.

If the holder enforces this Promissory Note upon default, the Borrower shall reimburse the holder for reasonable costs and expenses incurred by the holder in collection, including attorney's fees and expenses as set out in Section 10.03 of the Credit Agreement. This Promissory Note shall be construed under and

governed by the laws of the State of Texas but Chapter 15, Texas Credit Code (Art. 5069-15.01, V.A.T.C.S.) shall not apply.

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

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

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By: _____
Chairman

Attest:

By: _____
Executive Secretary

(SEAL)

A-2

Promissory Note (cont'd)

ADVANCES AND PAYMENTS OF PRINCIPAL

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

EXHIBIT B

NOTICE OF ADVANCE

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

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

The Board, acting herein by the undersigned Authorized Representative, pursuant to Section 2.02 and related provisions of the Credit Agreement dated as of _____, 1990 between the Board and the Bank (the "Agreement"), issues this notice for an Advance to be made under the Agreement as follows:

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

_____;

2. Amount of Advance:

_____;

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

_____;

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

_____;

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

_____;

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

_____.

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

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

Date of this Notice
of Advance: _____

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

BY: _____
Authorized Representative

\\MORGAN\UTEXAS\EXHB.CA

B-2

EXHIBIT C

[Letterhead of General Counsel]

_____, 1990

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

Gentlemen:

I am Vice Chancellor and General Counsel to the Board of Regents of The University of Texas System (the "Board") and I have acted in such capacity in connection with the Credit Agreement (the "Agreement") between the Bank and the Board dated _____, 1990, the issuance of a promissory note of the Board ("Promissory Note") under the Agreement in an aggregate principal amount of up to \$_____ and the supplemental resolution adopted _____, 1990 (the "Supplemental Resolution") relating to the issuance of Notes (as defined in the Supplemental Resolution) and providing for the execution and delivery of the Agreement and issuance of the Promissory Note. This opinion is provided to the Bank pursuant to Section 3.01(a)(v) of the Agreement. Terms defined in the Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

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

1. A certified copy of the Resolution, which Resolution authorizes, among other things, the following:
 - a. execution and delivery of the Agreement, and the Promissory Note;
 - b. execution and delivery of the Project Notes;
2. An executed counterpart of the Agreement;
3. An executed counterpart of the Dealer Agreement;
4. An executed counterpart of the Paying Agent/Registrar Agreement;
5. The executed Promissory Note;

6. The Acts and such other provisions of the Constitution and laws of the State of Texas and the United States of America as I believe necessary to enable me to render the opinions herein contained; and

7. Such other agreements, documents, certificates, opinions, letters, and other papers, including all documents delivered or distributed on the Effective Date (as defined in the Agreement) pursuant to Section 3.01 of the Agreement, as I have deemed necessary or appropriate in rendering the opinions set forth below.

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

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

1. The Board is the governing body of The University of Texas System, a duly organized and validly existing agency of the State of Texas and has full power and authority to operate The University of Texas System as currently operated and to pay the costs in connection with The University of Texas System. The Board has full legal right, power and authority (a) to enter into and perform under the Agreement, the Dealer Agreement and the Paying Agent/Registrar Agreement; (b) to establish The University of Texas System Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the Members of the Financing System; (c) to adopt the Resolution; (d) to sell, issue and deliver the Project Notes; (e) to execute and deliver the Promissory Note and to borrow, repay and reborrow under the Promissory Note, and (f) to carry out and consummate the transactions contemplated by the Resolution, the Agreement, the Promissory Note, the Dealer Agreement and the Paying Agent/Registrar Agreement; and the Board has complied, at the Effective Date with applicable law, including the terms of the Acts, and with the obligations on its part contained in the Resolution, the Project Notes, the Agreement, the Promissory Note, the Dealer Agreement and the Paying Agent/Registrar Agreement.

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

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

4. No authorization, consent or approval of any governmental authority, agency or bureau not already obtained is required in connection with (i) the valid execution and delivery of the Resolution, the Project Notes, the Agreement, the Promissory Note, the Dealer Agreement, or the Paying Agent/Registrar Agreement by the Board; (ii) the performance by the Board of its obligations under such documents; or (iii) the borrowing, repayment, and reborrowing under the Promissory Note by the Board in accordance with the terms of the Agreement and the Promissory Note.

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

Resolution and compliance by the Board with the provisions of the Resolution, the Project Notes, the Agreement, the Promissory Note, the Dealer Agreement and the Paying Agent/Registrar Agreement, and the borrowing of Advances pursuant to the terms of the Promissory Note and the Agreement do not and will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Board is a party or to which the Board or any of its properties or assets is otherwise subject.

6. There is no action, suit, investigation, inquiry or proceeding (whether or not purportedly on behalf of the Board) pending, or to the best of my knowledge, threatened or could be reasonably asserted against the Board or any of its assets in any court, governmental agency, public board or body or before any arbitrator or before or by any governmental body, (i) affecting the corporate existence of the Board or the titles of the officers of the Board to their respective offices, or (ii) contesting the powers of the Board or questioning or affecting the ability of the Board to establish The University of Texas System Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the Members of the Financing System; or (iii) questioning or affecting the ability of the Board to pledge, or the Board's pledge of, Pledged Revenues for the purposes set forth in, and in accordance with, the Resolution, or (iv) affecting or seeking to prohibit, restrain, or enjoin the sale, issuance or delivery of the Project Notes or the Promissory Note, or (v) in any way contesting or affecting the validity or enforceability of the Project Notes, the Resolution, the Agreement, the Promissory Note, the Dealer Agreement or the Paying Agent/Registrar Agreement, or (vi) contesting the tax-exempt status of the interest on the Project Notes or (vii) contesting any authority or proceedings for the issuance, sale or delivery of the Project Notes or Promissory Note, the adoption of the Resolution, or the execution and delivery of the Agreement, the Project Notes, the Promissory Note, the Dealer Agreement, or the Paying Agent/Registrar Agreement, or the performance of the Board's obligations thereunder, or (viii) which involves the possibility of any ruling, order, judgment or uninsured liability which may result in any material adverse change in the business, properties or assets or the condition, financial or otherwise, of the Financing System or The University of Texas System, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Project Notes, the Resolution, the Agreement, the Promissory Note, the Dealer Agreement, or the

Paying Agent/Registrar Agreement; the current routine litigation of the Board relating to the Fund does not entail any potential recovery or liability for material amount which is not otherwise covered by the Board's insurance policies.

7. The Promissory Note is a special obligation of the Board and constitutes Parity Debt under the Master Resolution. Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, the Resolution and the Agreement duly and effectively grant a first lien on and pledge of Pledged Revenues, as security for the Promissory Note, ratably with the Project Notes and other Parity Debt.

Yours very truly,

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EXHIBIT D

[Letterhead of McCall, Parkhurst & Horton]

_____, 1990

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

Gentlemen:

We have acted as bond counsel to the Board of Regents of The University of Texas System (the "Board") in connection with the issuance of a promissory note of the Board (the "Promissory Note") in an aggregate principal amount of up to \$_____ under the Credit Agreement dated _____, 1990 (the "Agreement") between the Bank and the Board and in connection with the supplemental resolution adopted _____, 1990 (the "Supplemental Resolution") relating to the issuance of Notes (as defined in the Supplemental Resolution) and providing for the execution and delivery of the Agreement and issuance of the Promissory Note. This opinion is provided to the Bank pursuant to Section 3.01(a)(vi) of the Agreement. Terms defined in the Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

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

- (1) certified copies of the Resolution;
- (2) an executed counterpart of the Agreement;
- (3) the executed Promissory Note;
- (4) the Acts and such other provisions of the Constitution and laws of the State of Texas and the United States of America as we believe necessary to enable us to render the opinions herein contained;
- (5) an opinion of Ray Farabee, Esq., Vice Chancellor and General Counsel to the Board, of even date herewith provided to you under Section 3.01(a)(v) of the Agreement; and

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

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

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

1. The Board is the governing body of The University of Texas System, a governmental agency of the State of Texas, and has the requisite power and authority under Texas law to adopt the Resolution, to establish The University of Texas System Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the Members of the Financing System, to issue the Promissory Note and to enter into and perform under the Agreement, and to borrow, repay and reborrow under the Promissory Note in accordance therewith and in accordance with the Agreement.

2. The Board has duly adopted the Resolution and established The University of Texas System Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of the Members of the Financing System and has duly authorized and approved the execution and delivery of, and the performance by the Board of the obligations on its part contained in, the Promissory Note, the Resolution, the Project Notes, the Agreement, and the consummation by it of all other transactions contemplated by such instruments.

3. The Agreement and the Promissory Note have been executed and delivered by duly authorized officers of the Board. The Agreement and the Promissory Note each constitute a valid and binding obligation of the Board, enforceable against the Board in accordance with its respective terms (such obligations being limited in the case of the Promissory

Note to the amounts advanced and outstanding thereunder or otherwise payable in accordance with the terms thereof).

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

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

6. The Promissory Note is a special obligation of the Board and constitutes Parity Debt under the Master Resolution and, subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, the Promissory Note, ratably with the Project Note and other Parity Debt, is solely payable from and, pursuant to the Resolution and the Agreement, is duly and effectively secured by the grant of a first lien on and pledge of Pledged Revenues.

Our opinions in paragraphs 3 and 6 above as to enforcement are qualified and limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter in effect relating to or affecting generally the enforcement of creditors' rights and remedies and by the limitations on creditors' remedies contained in the Acts, and such opinions as to enforcement are subject to general principles of equity which may permit the exercise of judicial discretion, to the reasonable exercise in the future by the State of Texas and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

Very truly yours,

McCALL, PARKHURST & HORTON

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EXHIBIT E

CERTIFICATE OF EXECUTIVE VICE CHANCELLOR
FOR ASSET MANAGEMENT

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

I, the undersigned, Executive Vice Chancellor for Asset Management of The University of Texas System (the "System"), hereby certify as follows:

1. That capitalized terms used in this Certificate have the same meanings given to such terms in the Credit Agreement dated as of _____, 1990 (the "Agreement") between the Board of Regents of The University of Texas System (the "Board") and Morgan Guaranty Trust Company of New York (the "Bank").

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

3. Set forth on Annex I hereto are tables setting forth the Annual Debt Requirements for the Series 1986 Bonds, the Subordinate Lien Notes, the M. D. Anderson Bonds and the Pan American University Bonds outstanding on the date hereof.

4. The principal amount of Prior Encumbered Obligations (other than the Series 1986 Bonds, the Subordinate Lien Notes, the M. D. Anderson Bonds and the Pan American University Bonds) outstanding as of August 31, 1989 does not exceed \$_____.

WITNESS MY HAND this ___ day of _____, 1990.

Executive Vice Chancellor for
Asset Management

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EXHIBIT F

CERTIFICATE OF EXECUTIVE SECRETARY

THE STATE OF TEXAS §
 THE UNIVERSITY OF TEXAS SYSTEM §

I, the undersigned, Executive Secretary of the Board of Regents (the "Board") of The University of Texas System, hereby certify as follows:

1. That capitalized terms used in this Certificate have the same meanings given to such terms in the Credit Agreement dated as of _____, 1990 (the "Agreement") between the Board and Morgan Guaranty Trust Company of New York (the "Bank").

2. Attached hereto as Exhibit A is a true and correct copy of the Master Resolution duly adopted by the Board on _____, 1990, and the Supplemental Resolution duly adopted by the Board on _____, 1990.

3. That on December 7, 1989, and at all times since such date, the following named persons have duly constituted the Board and officers of the System:

<u>Name</u>	<u>Office</u>
Louis A. Beecherl, Jr.	Chairman
Sam Barshop	Vice Chairman
Bill Roden	Vice Chairman
Jack S. Blanton	Member
Robert J. Cruikshank	Member
Thomas G. Loeffler	Member
W.A. "Tex" Moncrief, Jr.	Member
Dr. Mario Ramirez	Member
Shannon H. Ratliff	Member
Arthur H. Dilly	Executive Secretary
Margaret A. Glover	Assistant Secretary

4. That on _____, 1990, and at all times since such date, the following named persons have held and now hold the respective positions with The University of Texas System shown opposite their names and the signature appearing above the names of each person set forth below is such person's genuine signature and that each of such persons is an Authorized Representative under the Resolution:

<u>Michael E. Patrick</u>	Executive Vice Chancellor for Asset Management
<u>Brenda F. Meglasson</u>	Executive Director-Endowment Management and Administration
<u>Thomas G. Ricks</u>	Executive Director-Finance
<u>John A. Roan</u>	Manager-Finance

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

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

7. That Louis A. Beecherl, Jr. is the duly appointed Chairman of the Board and the signature appearing below is his genuine signature.

Louis A. Beecherl, Jr.

WITNESS MY HAND AND THE SEAL OF THE SYSTEM this ___ day of _____, 1990.

Executive Secretary, Board of Regents

(SEAL OF THE UNIVERSITY OF TEXAS SYSTEM)

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EXHIBIT G

CERTIFICATE OF VICE CHANCELLOR
AND GENERAL COUNSEL

THE STATE OF TEXAS §
THE UNIVERSITY OF TEXAS SYSTEM §

I, the undersigned, Vice Chancellor and General Counsel to the Board of Regents (the "Board") of The University of Texas System (the "System"), hereby certify as follows:

1. That capitalized terms used in this Certificate have the same meanings given to such terms in the Credit Agreement dated as of _____, 1990 (the "Agreement") between the Board and Morgan Guaranty Trust Company of New York (the "Bank").

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

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

(iv) in any way contesting the powers of the Board in connection with any action contemplated in the Note Agreements, or the titles of the current officers to their respective offices.

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

WITNESS MY HAND this ____ day of _____, 1990.

Vice Chancellor and
General Counsel

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G-2

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EXHIBIT H

[Letterhead of Vinson & Elkins]

_____, 1990

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

Ladies and Gentlemen:

We have acted as special counsel to Morgan Guaranty Trust Company of New York, a New York trust company (the "Bank"), in connection with the Credit Agreement dated as of _____, 1990 (the "Agreement") between the Board of Regents of The University of Texas System (the "Board") and the Bank. Terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

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

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

1. The Bank has the power and authority to execute, deliver and perform its obligations under the Agreement.
2. The Agreement has been duly executed and delivered by the Bank pursuant to due authorization.
3. Assuming the due authorization, execution and delivery of the Agreement by the Board, the Agreement constitutes a valid and binding agreement of the Bank enforceable against the Bank in accordance with its terms,

except as (x) the enforceability thereof against the Bank may be limited by insolvency, reorganization, liquidation, moratorium or other similar laws affecting the enforcement of creditors' rights generally as such laws would apply in the event of the insolvency, reorganization or liquidation of, or other similar occurrence with respect to, the Bank or in the event of any moratorium or similar occurrence affecting the Bank and (y) the availability of equitable remedies (including without limitation the remedy of specific performance) may be limited by equitable principles of general applicability.

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

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

Very truly yours,

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H-2

DEALER AGREEMENT

Dealer Agreement, dated as of April __, 1990, among the Board of Regents of The University of Texas System (the "Issuer"), under the Supplemental Resolution, adopted on April 12, 1990 (the "Resolution"), relating to \$100 MM aggregate principal amount of the Issuer's Commercial Paper Notes, (the "Securities") and Goldman, Sachs & Co., as Dealer (the "Dealer").

1. Representations and Warranties. The Issuer represents and warrants to the Dealer that:

(i) The Securities have been duly authorized, executed, authenticated, issued and delivered and constitute valid and binding obligations of the Issuer in accordance with their terms and are entitled to the benefits of the Resolution.

(ii) The Credit Agreement dated as of ____, 1990 between the Issuer and Morgan Guaranty Trust Company of New York, relating to the Securities has been duly authorized, executed and delivered and constitutes a valid and binding obligation of the Issuer in accordance with its terms is in full force and effect and will be in full force and effect at time of any sale of Securities hereunder.

(iii) The Securities have been rated __, __ by Standard & Poor's Corporation and Moody's Investors Services, respectively, at the date of their initial issuance.

(iv) Since the date of the Issuer's most recent statement of financial condition, there has not occurred, and prior to any sale of Securities hereunder there will not have occurred, any material adverse change in the financial condition or general affairs of the Issuer.

2. Certain Agreements of the Issuer.

The Issuer agrees with the Dealer that:

(i) The Issuer will immediately notify the Dealer by telephone (which shall promptly be confirmed in writing) of: (A) any representation or warranty of the Issuer would become false, (B) any material change in the financial condition or general affairs of the Issuer or the Bank, (C) any reduction, or any suggestion by Standard & Poor's that it is considering a possible reduction, in the rating of the Securities below those set forth in Section 1 (iii), (D) any adverse change, or threatened adverse change, in the Federal income tax treatment of holders of the Securities, (E) the need for an opinion of tax counsel as to the tax status of any of the Securities, (F) any substitution of a bank for the Bank under the Credit Agreement or replacement of the Paying Agent under the Resolution, (G) any event of default under the Resolution or any event which, with notice or lapse of time or both would constitute such an event of default.

(ii) The Issuer will furnish the Dealer copies of all reports and financial statements relating to the financial affairs and condition of the Issuer promptly after they are made available to the public by the Issuer and such additional information concerning the operations and financial condition of the Issuer as the Dealer may from time to time reasonably request.

3. Remarketing

(a) The Issuer appoints the Dealer as its exclusive agent for the sale of the Securities and, in reliance on the representations contained herein and subject to the terms hereof, the Dealer agrees to use its best efforts to solicit offers to purchase, at a price of 100% of the principal amount thereof plus accrued interest, if any, the Securities as they mature.

(b) In the event of (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities; (iii) the engagement by the United States in hostilities which have resulted in the declaration of a national emergency or war, if the effect of any such declaration in the Dealer's judgment makes it impracticable or inadvisable to proceed with solicitation of offers to purchase the Securities; or (iv) the occurrence of any of the events contemplated by Section 2 (i), whether the Dealer learns thereof from the Issuer or otherwise, and so long as such situation continues to exist, the Dealer shall have the right to suspend its efforts to solicit offers to purchase the Securities.

(c) As compensation for its services hereunder, the Issuer shall pay the Dealer in the form of a fee of 1/8% per annum in respect of the aggregate principal amount of the Securities outstanding if less than \$150 MM of securities are outstanding or 1/10% if more than \$150 MM is outstanding. Such fee shall be payable quarterly in arrears each January 1, April 1, July 1, and October 1, commencing October 1, 1990.

4. The Dealer.

(a) The Dealer will be acting solely as the Issuer's agent in the sale of the Securities, and, other than as set forth herein, the Dealer's responsibility is limited to the use of its best efforts to solicit offers to purchase the Securities.

(b) The Dealer in its individual capacity, either as principal or agent, may buy, sell, own, hold and deal in any of the Securities, and may join in any action which any holder of Securities may be entitled to take, with like effect as if it did not act in any capacity hereunder. The Dealer, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depositary, trustee or agent for any committee or body of holders of Securities or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

(c) The Dealer shall incur no liability to the Issuer, the Paying Agent or any other person for its actions as Dealer pursuant to the terms of this Agreement except for its willful misconduct or negligence. In setting the interest rate(s) on the Securities, the Dealer shall not be liable for any error made in good faith.

5. Amendments.

(a) The Issuer agrees not to amend the Resolution insofar as it relates to this Agreement or the rights and duties of the Dealer without the prior written consent of the Dealer.

(b) This Agreement may not be amended except by a writing signed by each of the parties hereto.

6. Term.

The Issuer may terminate this Agreement at any time by giving at least five business days' prior written notice to the Dealer and the Paying Agent. The Dealer may terminate this Agreement at any time by giving at least ten business days' prior written notice to the Issuer and the Paying Agent. The representations, warranties and agreements of the Issuer set forth herein shall remain in full force and effect regardless of any investigation (or any statement as to the results thereof) made by or on behalf of the Dealer and shall survive the termination or expiration of this Agreement. The Issuer shall promptly pay to the Dealer the compensation, in accordance with Section 3(c), accrued through the effective date of such termination.

7. Notices.

Unless otherwise provided herein, all notices, certificates, requests or other communications hereunder shall be deemed given when delivered in writing by hand or sent by facsimile transmission, tested telex or registered mail, postage prepaid, addressed as follows:

If to the Issuer:

The University of Texas System
210 West 6th Street
Austin, Texas 78701
Attention: Manager of Finance
Facsimile Transmission Number: 512-499-4365

If to the Dealer:

Goldman, Sachs & Co.
85 Broad Street, 26th floor
New York, N.Y. 10004
Attention: Municipal Note Desk
Facsimile Transmission Number: 212-902-1550

Each of the above parties may, by written notice given hereunder to the other, designate any further or different addresses to which, or means by which, subsequent notices, certificates, requests or other communications shall be sent.

8. Counterparts.

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

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

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

BY _____
(Name of Officer)

(Title)

GOLDMAN, SACHS & CO.

(GOLDMAN, SACHS & CO.)

ISSUING AND PAYING AGENT AGREEMENT

THIS AGREEMENT (this "Agreement") is entered into as of _____, 1990 between the Board of Regents of The University of Texas System (the "Board") and Morgan Guaranty Trust Company of New York, New York, New York (the "Bank").

RECITALS OF THE ISSUER

Pursuant to its master resolution, adopted April 12, 1990 (the "Master Resolution"), the Board established The University of Texas System Revenue Financing System for the purpose of providing a financing structure for revenue supported indebtedness of components of The University of Texas System included as Financing System Members (as defined in the Master Resolution);

Pursuant to a supplemental resolution adopted by the Board on April 12, 1990 (the "Supplemental Resolution"), the Board has duly provided for the issuance, from time to time, of its notes, entitled "Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series A" (the "Commercial Paper Notes") and "Board of Regents of The University of Texas System Revenue Financing System Variable Rate Notes, Series A" (the "Variable Rate Notes" and, together with the Commercial Paper Notes, the "Notes"); provided, that the aggregate principal amount of the Notes at any one time outstanding pursuant to the Supplemental Resolution may not exceed \$100,000,000;

Variable Rate Notes issued under the Supplemental Resolution shall be in registered form, without coupons, and Commercial Paper Notes issued under the Supplemental Resolution shall be in registered form, without coupons; provided, that such Commercial Paper Notes may be registered to bearer;

All things necessary to make the Notes the valid obligations of the Board, in accordance with their terms, will be done upon the issuance and delivery thereof;

The Board and the Bank wish to provide the terms under which the Bank will act as Issuing and Paying Agent to complete and deliver the Commercial Paper Notes, to pay the principal and interest on the Notes and to pay the purchase price of tendered Variable Rate Notes, all in accordance with the terms thereof, and under which the Bank will act as Registrar for the Notes;

The Board and the Bank have duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the parties, in accordance with its terms, have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS
ISSUING AND PAYING AGENT AND REGISTRAR

Section 1.01. Appointment. The Board hereby appoints the Bank to act as Issuing and Paying Agent with respect to the Notes, to complete and deliver the Commercial Paper Notes and to pay to the Holders (as defined in the Resolution) of the Notes the principal of and interest on all or any of the Notes including the purchase price of any Variable Rate Notes tendered for purchase by said Holders, all in accordance with the terms and provisions of this Agreement and Supplemental Resolution. The Commercial Paper Notes, which will be substantially in the form attached hereto as Exhibit A, will be placed through the dealer (the "Dealer") appointed by the Board under the Supplemental Resolution, of whose appointment the Bank will be given prior written notice by the Board.

The Board hereby appoints the Bank as Registrar with respect to the Notes, to authenticate the Notes and to register the transfer, exchange or assignment of Notes, all in accordance with the terms and provisions of this Agreement and the Supplemental Resolution.

The Bank hereby accepts its appointment, and agrees to act as Issuing and Paying Agent and Registrar, and to perform all obligations imposed upon it as Issuing and Paying Agent and Registrar under the Supplemental Resolution and this Agreement.

Section 1.02. Compensation. Payment of Legal Expenses. As compensation for the Bank's services as Issuing and Paying Agent and Registrar, the Board hereby agrees to pay the Bank its customary and reasonable fees in accordance with the fee schedule attached hereto as Exhibit B, or as otherwise agreed by the parties hereto. The Board also agrees to reimburse the Bank for the reasonable fees and expenses paid by the Bank for legal services rendered to it in connection with the discharge of its duties hereunder.

ARTICLE TWO

DEFINITIONS

Section 2.01. Definitions. All defined terms used in this Agreement not defined herein shall have the same meaning as provided in the Supplemental Resolution. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Bank" means the party identified as such on the first page of this Agreement.

"Bank Office" means the corporate trust office of the Bank as indicated on the signature page of the Bank hereon. The Bank will notify the Board in writing of any change in location of the Bank Office.

"Board" means the party identified as such on the first page of this Agreement.

"Commercial Paper Notes" has the meaning set forth in the recitals to this Agreement.

"Master Resolution" has the meaning set forth in the recitals to this Agreement.

"Notes" has the meaning set forth in the recitals to this Agreement.

"Redemption Date" when used with respect to any Note to be redeemed means the date fixed for such redemption pursuant to the terms of the Supplemental Resolution.

"Registration Books" means the books or records relating to the registration, payment and transfer or exchange of Notes maintained by the Bank, as Registrar, pursuant to this Agreement and the Supplemental Resolution.

"Stated Maturity" when used with respect to any Note means the date specified in the Supplemental Resolution as the date on which the principal of such Note is due and payable.

"Supplemental Resolution" has the meaning set forth in the recitals to this Agreement.

"U.T. System Representative" has the meaning set forth for that term in the Master Resolution.

"Variable Rate Notes" has the meaning set forth in the recitals to this Agreement.

ARTICLE THREE

ISSUING AND PAYING AGENT

Section 3.01. Completion, Authentication and Delivery of Commercial Paper Notes. (a) If the Board has elected to give instructions relating to the delivery of Commercial Paper Notes through a time-sharing terminal, all instructions shall be given via the timesharing terminal; provided, that instructions may be given by telephone or in writing if the system is inoperative. Instructions given by telephone or in writing shall be given by a U.T. System Representative or by any person, including any employee or partner of the Dealer, who has been designated by a U.T. System Representative in writing to the Bank as a person authorized to give such instructions hereunder. Upon receipt of instructions as described in the preceding sentences and in Section 5.01(b) of the Supplemental Resolution, the Bank shall withdraw the necessary Commercial Paper Note(s) from safekeeping and, in accordance with such instructions, the Bank shall:

(i) complete each Commercial Paper Note as to its principal amount, payee, date of issue, maturity date, amount of interest (if any), maturity value and place of payment; and

(ii) manually countersign each Commercial Paper Note by any one of the officers or employees of the Bank duly authorized and designated by it for this purpose; and

(iii) deliver the Commercial Paper Note(s) to the Dealer or the designated consignee, which delivery shall be against receipt for payment as herein provided or as otherwise provided in such instructions.

(b) Instructions given via the timesharing terminal must be entered by 1:00 PM New York time and instructions delivered by telephone or in writing must be received by the Bank by 1:00 PM New York time, if the Commercial Paper Note(s) are to be delivered the same day. Telephone instructions shall be confirmed in writing the same day.

(c) The Board understands that although the Bank is instructed to deliver Commercial Paper Note(s) against payment, delivery of the Commercial Paper Notes will, in accordance with the custom prevailing in the commercial paper market, be made before receipt of payment in immediately available funds. Therefore, once

the Bank has delivered a Commercial Paper Note to the Dealer or the designated consignee, the Board shall bear the risk that the Dealer or such designated consignee fails to remit payment for the Note or return the Commercial Paper Note to the Bank. It is understood that each delivery of Commercial Paper Notes of the Board hereunder shall be subject to the rules of the New York Clearing House in effect at the time of such delivery.

Section 3.02. Proceeds of Sales of the Notes; Advances by the Bank. (a) Funds received in payment for the Commercial Paper Note(s) are to be credited to a special purpose account (the "Special Account") on the records of the Bank. From time to time, upon telephonic or written instructions received by the Bank from a U.T. System Representative, amounts equal to the proceeds of a sale of Commercial Paper Note(s) may, if the Bank consents, prior to the time that such proceeds are received, be deposited by the Bank in an account of the Board maintained at the Bank, be credited by the Bank to the Series A Note Payment Fund to be used in payment of Commercial Paper Note(s) presented for payment upon maturity, or be transferred to the account of the Board at another bank. To the extent the Bank has so credited the Series A Note Payment Fund, it shall not be required to obtain funds from the Board in respect of such Commercial Paper Notes on such date. If the Bank makes any such deposit, credit or transfer before the Bank receives the proceeds of the sale in immediately available funds, such a deposit, credit or transfer shall represent an advance by it to the Board to be repaid from the proceeds of the sale or by the Board in the event that such proceeds is not received by the Bank. It is intended that any such advance shall be for no longer than 24 hours. Interest on each unpaid advance shall be at a rate negotiated between the Bank and the Board and shall begin to accrue on the day of the advance.

(b) To the extent that the Remarketing Agent has given notice (as provided in Section 4.01(e) of the Supplemental Resolution) that it has remarketed Variable Rate Notes and that the full purchase price thereof required to be paid on the purchase date will be paid to the Bank for deposit in the Series A Note Payment Fund, then the Bank may, but shall not be obligated to, credit the Series A Note Payment Fund in the amount of such purchase price. To the extent the Bank has so credited the Series A Note Payment Fund, it shall not be required to obtain funds from the Board in respect of such Variable Rate Notes on such date. If the Bank makes any such credit to the Series A Note Payment Fund in immediately available funds, such credit shall represent an advance by it to the Board to be repaid from the purchase price of the remarketing or by the Board in the event that such purchase price is not received by the Bank. It is intended that any such advance shall be for no longer than 24 hours. Interest on each unpaid

advance shall be at a rate negotiated between the Bank and the Board and shall begin to accrue on the day of the advance.

Section 3.03. Payment of Matured Commercial Paper Notes.

Unless the Bank is otherwise directed, when any matured Commercial Paper Note is presented to the Bank for payment by the holder thereof, payment by the Bank shall be made from and charged to the Special Account to the extent funds sufficient to effect such payment are available in said account, or to the extent that the Bank may make credit available to such account for the purpose of such payment. Anything in the foregoing to the contrary notwithstanding, (i) the Bank is authorized in its discretion (but not required) to pay matured Commercial Paper Note(s) by debit to any other account of the Board with the Bank in which there are sufficient funds and (ii) if the Bank elects to pay matured Commercial Paper Notes and there are not sufficient funds in an account of the Board, such payment shall be deemed to be an advance by the Bank to the Board which shall be repaid by the Board with interest.

Section 3.04. Reliance on Instructions. The Bank shall incur no liability to the Board in acting hereunder upon telephonic or other instructions contemplated hereby which the recipient thereof believed in good faith to have been given by a U.T. System Representative. In the event a discrepancy exists between the telephonic instructions and the written confirmation, or in the absence of receiving a written confirmation, the telephonic instructions as recorded and understood by the Bank will be deemed the controlling and proper instructions. It is understood that all telephonic instructions will be recorded by the Bank, and the Board hereby consents to such recording.

Section 3.05. Representation and Warranties of the Board.

Each instruction given to the Bank in accordance with Section 3.01 hereof and Section 5.01(b) of the Supplemental Resolution shall constitute a representation and warranty to the Bank by the Board that the issuance and delivery of the Commercial Paper Notes have been duly and validly authorized by the Board and that the Commercial Paper Notes when completed, countersigned and delivered pursuant hereto, will constitute the legal, valid and binding obligations of the Board and that the Bank's appointment to act for the Board hereunder has been duly authorized by all necessary action of the Board.

ARTICLE FOUR

REGISTRAR

Section 4.01. Unauthenticated Notes. The Board shall provide an adequate inventory of unauthenticated Notes to facilitate transfers. The Bank covenants that it will maintain such unauthenticated Notes in safekeeping and will use reasonable care in maintaining such Notes in safekeeping, which shall be not less than the care it maintains for debt securities of other government entities or corporations for which it serves as registrar, or which it maintains for its own bonds.

Section 4.02. Form of Registration Books. The Bank as Registrar will maintain the records of the Registration Books in accordance with the Bank's general practices and procedures in effect from time to time.

Section 4.03. Reports; Information Furnished by the Bank.
(a) The Bank will provide the Board reports not less often than once each three months, which reports will describe in reasonable detail all transactions pertaining to the Notes and the Registration Books. The Bank will also provide the Board with copies of any changes to the Registration Books, by means of telecommunications equipment or such other method mutually agreeable to the Bank and the Board, within two Business Days of the date such changes are recorded in the Registration Books.

(b) Upon the reasonable request of the Board, given at any time and from time to time, the Bank shall promptly provide the Board with information with respect to the Commercial Paper Note(s) issued and paid hereunder. Such request shall be in written form and shall include the serial number/note number, principal amount, payee, date of issue, maturity date, amount of interest and place of payment of each Commercial Paper Note which has been issued or paid by the Bank, and for which the request is being made. The Bank and the Board shall discuss from time to time the extent to which such information is reasonably available and the times at which the Bank can reasonably furnish such information.

The Bank will not release or disclose the content of the Registration Books to any person other than to, or at the written request of, an authorized officer or employee of the Board, except to the extent to the extent required by law. Upon receipt of a subpoena or court order, the Bank will notify the Board immediately so that the Board may contest the subpoena or court order.

Section 4.04. Cancelled Notes. All Notes surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if

surrendered to the Board, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The Board may at any time deliver to the Bank for cancellation any Notes previously authenticated and delivered which the Board may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly cancelled by the Bank. All cancelled Notes held by the Bank shall be destroyed and evidence of such destruction furnished to the Board.

ARTICLE FIVE

THE BANK

Section 5.01. Duties of Bank. The Bank undertakes to perform the duties set forth herein and in accordance with the Resolution and agrees to use reasonable care in the performance thereof.

Section 5.02. Reliance on Documents, Etc. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Board.

(b) The Bank shall not be liable to the Board for actions taken under this Agreement so long as it acts in good faith and exercises due diligence with regard to its duties hereunder.

(c) This Agreement is not intended to require the Bank to expend its own funds for performance of any of its duties hereunder.

(d) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys.

Section 5.03. Recitals of Board. The recitals contained in the Master Resolution, the Supplemental Resolution and the Notes shall be taken as the statements of the Board, and the Bank assumes no responsibility for their correctness.

Section 5.04. May Own Notes. The Bank, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not the Issuing and Paying Agent and Registrar for the Notes.

Section 5.05. Money Held by Bank. Money held by the Bank hereunder shall be held in trust for the benefit of the Holders of the Notes.

The Bank shall be under no obligation to pay interest on any money received by it hereunder.

Subject to applicable unclaimed property law, any money deposited with the Bank for the payment of the principal or interest on or purchase price of any Note and remaining unclaimed for three years after the stated maturity of the Note will be paid by the Bank to the Board, upon receipt of a written request signed by a U.T. System Representative of the Board, and the Board and the Bank agree that the Holder of such Note shall thereafter look only to the Board for payment thereof, and that all liability of the Bank with respect to such moneys shall thereupon cease.

ARTICLE SIX

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Board or the Bank shall (except to the extent otherwise expressly provided) be in writing and be mailed or delivered to the Board or the Bank, respectively, at the addresses shown below, or such other address as may have been given by one party to the other by 15 days' written notice:

If to the Board: Board of Regents of The University of
Texas System
210 West 6th Street
Austin, Texas 78701
Attention: _____
Telephone: (512) 499-_____
Telefax: (512) 499-_____

If to Morgan:

(a) Concerning the daily issuance and redemption of Commercial Paper Notes:

Issuance: 23 Wall Street (18/15B)
New York, New York 10015-0495
Attn: Commercial Paper Issuance Unit
Telephone: (212) 483-3633
Telefax: (212) 635-9084
Telex: ITT 420230, Answerback MGT UI
RCA 232194, Answerback MGT UR

Redemption: 23 Wall Street (18/15B)
New York, New York 10015-0495
Attn: Commercial Paper Payment Unit
Telephone: (212) 483-3633
Telefax: (212) 635-9084
Telex: ITT 420230, Answerback MGT UI
RCA 232194, Answerback MGT UR

Auditing: 23 Wall Street (13/20P)
New York, New York 10015-0495
Attn: Commercial Paper Auditor
Telephone: (212) 504-5509
Telex: ITT 420230, Answerback MGT UI
RCA 232194, Answerback MGT UR

(b) All other:

Administration: 23 Wall Street (36/60W)
New York, New York 10015-0495
Attn: Commercial Paper Administration
Telephone: (212) 648-3241
Telefax: (212) 837-5103
Telex: ITT 420230, Answerback MGT UI
RCA 232194, Answerback MGT UR

Section 6.04. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns. All covenants and agreements herein by the Board and the Bank shall bind their successors and assigns, whether so expressed or not.

Section 6.06. Severability. If any provision of this Agreement shall be invalid or unenforceable, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

Section 6.07. Benefits of Agreement. Nothing herein, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.08. Supplemental Resolution Governs Conflicts. This Agreement and the Supplemental Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Issuing and Paying Agent and Registrar and if any conflict exists between this Agreement and the Supplemental Resolution, the Supplemental Resolution shall govern.

Section 6.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Term and Termination. This Agreement shall be effective from and after its date for a term ending on the Stated Maturity date or Redemption Date of the last Note to mature or be redeemed, whichever first occurs, and may be terminated by the Board at any time upon sixty (60) days written notice to the Bank. In the event of early termination regardless of circumstances, the Bank shall deliver to the Board or its designee all books and records pertaining to the Bank's role as Issuing and Paying Agent and Registrar with respect to the Notes, including, but not limited to, the Registration Books.

Section 6.11. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

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

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By: _____
U.T. System Representative

ATTEST:

Executive Secretary

(SEAL)

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By: _____
Title: _____

ATTEST:

Title: _____

(SEAL)

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greater flexibility to the U. T. Board of Regents as well as additional security to the credit markets. A commercial paper note program is recommended as a low cost form of interim financing for component projects. The first sale of notes will refund existing General Revenue Subordinate Lien Notes in the amount of \$24,760,000. Additional sales of notes will provide financing for projects approved through the CIP.

The Office of General Counsel has reviewed and approved the form of the Master Resolution and the Supplemental Resolution.

See Item 3 below related to proposed guidelines governing the administration of The University of Texas System Revenue Financing System.

3. U. T. Board of Regents: Request for Approval of Guidelines Relating to the Administration of The University of Texas System Revenue Financing System.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Asset Management that the U. T. Board of Regents approve the guidelines set out on Pages B of R 42 - 44 governing the use by the Members of the Revenue Financing System created by the U. T. Board of Regents.

BACKGROUND INFORMATION

Subject to the U. T. Board of Regents' adoption of a Master Resolution establishing the U. T. System Revenue Financing System as set out in Item 2 on Page B of R - 39, a set of internal guidelines governing the use of revenue bond financing by the Members was suggested to ensure the continued strong financial standing of each of the Members and the U. T. System. The guidelines cover the project and Member financial evaluation standards for issuance and allocation of debt which will assist the U. T. Board of Regents in meeting requirements in the credit markets for superior financial strength. The guidelines are also intended to provide flexibility to the U. T. Board of Regents in meeting the needs of the Members while addressing the concerns of administrators and faculty as to use of the U. T. System's capacity to issue bonds on behalf of the Members and the use of specific sources of revenue for debt service.

**BOARD OF REGENTS GUIDELINES GOVERNING ADMINISTRATION OF THE
UNIVERSITY OF TEXAS SYSTEM REVENUE FINANCING SYSTEM**

The purpose of the Revenue Financing System is to provide a System-wide financing program with which to finance capital improvement projects using debt secured by resources other than the Permanent University Fund. The guiding principle underlying administration of the Revenue Financing System is that allocations of debt proceeds shall be contingent upon a Board determination that a component institution can prudently meet its proportionate share of debt service with its own financial resources. All decisions including Board actions shall be premised upon the observation of this principle.

Administration of the Revenue Financing System shall be the shared responsibility of the Office of Asset Management, Office of Business Affairs and individual component institutions.

Component institutions are not automatically admitted as members of the Revenue Financing System. Admittance shall require approval of the Board. All component institutions constituting The University of Texas System as of April 12, 1990 shall be members of the Revenue Financing System.

1. Approval of Revenue Financing System Indebtedness for CIP Projects

All capital improvement projects to be funded in part or in whole with Revenue Financing System bond proceeds must receive a recommendation for allocation of debt proceeds from the Office of Asset Management prior to being approved by the Board for inclusion in the capital budget. Recommendations of allocations of proceeds shall be given by the Office of Asset Management upon the completion of a financing evaluation concluding that the individual component institution proposing the project may prudently service its proportionate share of debt with its own financial resources. The financing evaluation shall include:

- a. Three levels of debt capacity & repayment analysis:
 - project level
 - component level
 - System level; with emphasis on maintaining or improving the current debt rating.
- b. Financial Statement analysis:
 - 5 year history
 - trend analysis
 - evaluation of basis for projections.

5 year projections
- verification of assumptions
- risk adjustment of revenues

- c. Sensitivity Analysis:
 - worst, probable and best cases
- d. Application of tests:
 - debt service coverage
 - leverage

The Board shall determine the sequence of funding and the terms of Revenue Financing System debt issues.

2. Issuance of Revenue Financing System Debt

Revenue Financing System debt shall be issued pursuant to a resolution and supplements specifying the terms of each issue.

Subject to outstanding debt with overlapping revenue pledges, Revenue Financing System debt shall be secured by a first lien on member institution revenues and fund balances lawfully available to the Board for payments of debt service except revenues and fund balances comprising: (a) the Available University Fund (b) Higher Education Assistance Funds (c) State of Texas general revenue fund appropriations unless specifically appropriated for debt service (d) M.S.R.D.P. income; unless and to the extent specifically pledged with the consent of a member institution.

After the establishment of the Revenue Financing System, no additional debt may be issued at parity with any outstanding debt secured in whole or in part with the pledged revenues.

3. Allocation of Debt Proceeds to Members

Revenue Financing System debt proceeds shall be advanced to a member institution and repaid to the Board in accordance with a financing agreement.

Advances shall be made at the time that the Board issues Revenue Financing System debt to fund a member institution's project. Proceeds shall be held and invested by the Office of Asset Management until disbursed to a member institution in reimbursement of project costs or directly to vendors to pay financing costs. Advances pursuant to each supplement shall be evidenced by a single promissory note payable to the order of the Board in a principal amount equal to the aggregate unpaid principal amount of the advances. Each advance shall bear interest at a rate equal to that rate paid by the Board on the Revenue Financing System debt issued to fund the advances.

4. Anticipated Payment Deficit by a Member

It is the intent of the Board that all debt service payments be made on a timely basis. In any circumstance where the Board determines that a member institution will be unable to satisfy its proportionate share of debt service, the Board may take any and all actions, including raising the general fee without limit at said institution or any other member institution.

5. Member Institution Duties

- a. Each member shall furnish to the Office of Business Affairs five year projections of its balance sheet, statement of changes in funds balances and statement of current revenues and expenditures.
- b. Each member in establishing its annual budget shall provide for the payment of its proportionate share of Revenue Financing System debt service.
- c. Each member shall establish and use its reasonable efforts to collect fees and other charges for goods and services in order to generate revenue sufficient to meet all of its financial obligations.
- d. Each member shall make available its proportionate share of Revenue Financing System debt service at such time and places as directed by the Office of Asset Management in order to enable the Board to pay Revenue Financing System debt service.
- e. Each member shall not incur additional debt (including leases) except as permitted by the Board.
- f. Each member shall inform the Office of Business Affairs and the Office of Asset Management of any material change in its financial condition which would have a negative impact on its five year projections.

4. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter VI (Student Services and Activities).--

RECOMMENDATION

The Chancellor with the concurrence of the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Health Affairs recommends that the Regents' Rules and Regulations, Part One, Chapter VI, concerning student services and activities, be amended as set out below in congressional style:

CHAPTER VI

STUDENT SERVICES AND ACTIVITIES INCLUDING FACILITIES USE

Sec. 1. General Provisions.

- 1.1 These policies and regulations apply to all component institutions of the System and shall be implemented appropriately in the Handbook of Operating Procedures for each institution.
- 1.2 When the designation [~~title,~~] "chief student affairs officer" [~~"Dean of Students,"~~] appears in this Chapter, reference is made to the administrative [administrator-bearing-that-title,-or-the] officer or officers directly responsible for student affairs at each component institution. The designation "Dean of Students" or "Dean" in the context of this Chapter shall refer to the administrative officer or officers directly responsible for the administration of the disciplinary process at each component institution.
- 1.3 All authority held and exercised by a chief student affairs officer [Dean-of-Students] is delegated to that officer [the-Dean] by the chief administrative officer [~~just-as all-authority-held-and-exercised-by-a-chief administrative-officer-is-delegated-by-the appropriate-Executive-Vice-Chancellor~~]. [~~Therefore,~~] Any action taken by the chief student affairs officer is subject to review by the chief administrative officer [and-the-appropriate-Executive-Vice Chancellor,-and-both-the-appropriate-Executive-Vice-Chancellor-and-the-chief-administrative-officer-may-approve,-amend,-or-disapprove-such-action,-just-as-the-appropriate-Executive-Vice-Chancellor-may approve,-amend,-or-disapprove-any-action taken-by-the-chief-administrative-officer of-any-component-institution].

1.4 The chief student affairs officer shall be the administrative officer primarily responsible for the development and administration of policies relating to students, for the development and implementation of services to students, and for the initial preparation of institutional regulations that will implement the policies and regulations set forth in this Chapter.

1.5 Any individual student, group of students, or student organization may petition the Board on any matter relating to these policies and regulations (other than a disciplinary action) through the chief student affairs officer [~~Dean of Students~~], the chief administrative officer, the appropriate Executive Vice Chancellor, and the Chancellor.

~~1.5 These policies and regulations shall become effective on December 1, 1978, and shall, at that time, supersede all other policies and regulations that may be in conflict herewith.~~

~~1.6 Definition of Student.--A student is one who is currently enrolled at any of the component institutions of the System. These policies and regulations will also apply to any prospective or former student who has been accepted for admission or readmission to any component institution while he or she is on the campus of any component institution.~~

~~1.7 Definition of Campus.--The campus of a component institution is defined as all real property over which that institution has possession and control.]~~

Sec. 2. Definitions [The Dean of Students and His or Her Staff].

2.1 Student.--The following persons shall be considered students for purposes of these policies and regulations:

2.11 A person currently enrolled at a component institution of the System.

2.12 A person accepted for admission or readmission to a component institution of the System.

2.13 A person who has been enrolled at a component institution of the System in a prior semester or summer session and is eligible to continue enrollment in the semester or summer session that immediately follows.

2.14 An individual for prohibited conduct that occurred while an individual was a student

~~[The Dean of Students shall be the administrative officer primarily responsible for the development and administration of policies relating to students and for the development and implementation of services to students in the areas assigned to him or her. The Dean shall have responsibility for the initial preparation of institutional regulations which will implement the policies and regulations set forth in this Chapter].~~

2.2 Campus.--The campus consists of all real property, buildings or facilities owned or controlled by the component institution

~~[The Dean of Students shall have primary responsibility for (1) the supervision and development of student out-of-class programs and activities and of all student organizations; (2) the development of policies affecting student life; (3) the promulgation and enforcement of institutional rules that govern student conduct; and (4) the administration of student discipline on the campus.]~~

2.3 ~~The administrative staff of the Dean of Students shall consist of the heads of services for which the Dean has administrative responsibility.~~

2.4 ~~The Dean of Students shall work with academic deans and department chairmen in structuring and implementing a program of faculty advising for both old and new students.~~

2.5 ~~The Dean of Students shall be responsible for the preparation of the budgetary recommendations for the student services and activities under his or her jurisdiction.]~~

Sec. 3. Student Conduct and Discipline.

3.1 ~~The [System and its] component institutions shall adopt [have] rules and regulations concerning student [for the orderly and efficient] conduct and discipline. [of their business.] Such rules shall be in compliance with the Regents' Rules and Regulations and shall become effective upon review and approval by the appropriate Executive Vice Chancellor. [and] E[ach] student is responsible for [charged with] notice of and compliance with [knowledge of] the [contents and] provisions of the Regents' Rules and Regulations and the rules of the component institution [thereof].~~

3.2

All students are expected and required to obey the law, [~~to show respect for properly constituted authority, and~~] to comply with System and institutional rules and with directives issued by an administrative official in the course of his or her authorized duties, and to observe standards of conduct appropriate for an academic institution [~~observe correct standards of conduct~~].

3.21

Any student who engages in conduct that is prohibited by System or institutional rules or by federal, state, or local law is [~~Gambling, immoral conduct, dishonesty, or the excessive use of intoxicating liquors renders the student~~] subject to discipline whether such conduct takes place on or off campus or whether civil or criminal penalties are also imposed for such conduct.

3.22

Any student who commits an act of scholastic dishonesty is subject to discipline. Scholastic dishonesty includes but is not limited to cheating, plagiarism, collusion, the submission for credit of any work or materials that are attributable in whole or in part to another person, taking an examination for another person, any act designed to give unfair advantage to a student or the attempt to commit such acts.

3.23

Any student who is guilty of the illegal use, possession and/or sale of a drug or narcotic on the campus of a component institution [~~of the System~~] is subject to discipline [~~including expulsion pursuant to the procedures set out in Subsections 3-(10) and 3-(11) of this Chapter~~]. If a student is found guilty of the illegal use, possession, and/or sale of a drug or narcotic on campus, the minimum penalty shall be suspension from the institution for a specified period of time and/or suspension of rights and privileges.

[3-23

~~Each component institution of the U.-T.-System that enrolls students shall amend its Handbook of Operating Procedures to provide for the imposition of the minimum penalty set out in Subdivision 3.22 of this Section.]~~

3.24

Any student who engages in conduct that endangers the health or safety of any person on the campus of a component institution or any property, building, or facility owned or controlled by the System is subject to discipline.

3.25

Any student who, acting singly or in concert with others, obstructs, disrupts or interferes with any

- teaching, educational, research, administrative, disciplinary, public service, or other activity or public performance authorized to be held or conducted on campus or on property owned or controlled by the System is subject to discipline. Obstruction or disruption includes but is not limited to any act that interrupts, modifies or damages utility service or equipment, communication service or equipment, university computers, computer programs, computer records or computer networks accessible through the university's computer resources.
- 3.26 Any student who engages in speech, either orally or in writing, that is directed to inciting or producing imminent lawless action and is likely to incite or produce such action is subject to discipline.
- 3.27 Any student who appropriates university resources for private gain is subject to discipline.
- 3.28 Any student who, acting singly or in concert with others, engages in hazing is subject to discipline. Hazing in state educational institutions is prohibited by state law (Sections 4.51 to 4.58, Texas Education Code.) Hazing with or without the consent of a student whether on or off campus is prohibited, and a violation of that prohibition renders both the person inflicting the hazing and the person submitting to the hazing subject to discipline. Initiations or activities of organizations may include no feature which is dangerous, harmful, or degrading to the student, and a violation of this prohibition renders both the organization and participating individuals subject to discipline.
- 3.29 A student who alters any official record of the component institution or who submits false information or omits requested information that is required for or related to an application for admission, the award of a degree, or any official record of the institution is subject to discipline.
- 3.2(10) Any student who defaces, mutilates, destroys or takes unauthorized possession of any property of a component institution or the System is subject to discipline.
- 3.2(11) A student is subject to discipline for prohibited conduct that

occurs while participating in off-campus activities sponsored by a component institution including field trips, internships, rotations or clinical assignments.

3.2(12) A student who receives a period of suspension as a disciplinary penalty is subject to further disciplinary action for prohibited conduct that takes place on campus during the period of suspension.

[3-3 ~~Individuals who are not currently enrolled at a component institution of The University of Texas System remain subject to the disciplinary process for conduct that occurred during any period of enrollment, and for statements, acts or omissions related to application for enrollment or the award of a degree.~~

3-4 ~~The use of intoxicating beverages is prohibited in classroom buildings, laboratories, auditoriums, library buildings, museums, faculty and administrative offices, intercollegiate and intramural athletic facilities, and all other public campus areas, provided, however, that with the prior consent of the chief administrative officer, the foregoing provisions of this Section may be waived with respect to any specific affair which is sponsored by the institution. However, with respect to the possession and consumption of alcoholic beverages, state law will be strictly enforced at all times on all property controlled by the System and its component institutions.~~

3.3[5] ~~A [No] former student who has been suspended or expelled for disciplinary reasons [from a component institution of the System] is prohibited from being [shall be permitted] on the campus of any component institution during the period of such suspension or expulsion without [the] prior written approval of the chief student affairs [administrative] officer of the [that] institution at which the suspended or expelled student wishes to be present.~~

[3-6 ~~Having in state educational institutions is prohibited by state law (Section 4-19, Chapter 4, Title I, Texas Education Code). Having with or without the consent of a student is prohibited by the System, and a violation of that prohibition renders both the person inflicting the having and the person submitting to the having subject to discipline.~~

3-7 ~~Initiations by organizations may include no feature which is dangerous, harmful, or degrading to the student, and a violation of this prohibition renders the organization subject to discipline.~~

- 3-8 Any student who engages in speech, either orally or in writing, that is directed to inciting or producing imminent lawless action and is likely to incite or produce such action, is subject to discipline.
- 3-9 Any student who, acting either singly or in concert with others, obstructs or disrupts, by force or violence, any teaching, research, administrative, disciplinary, public service, or other activity authorized to be held or conducted on the campus of a component institution of the System, or on any real property over which the System has possession and control, shall be subject to discipline, including expulsion. --As used in this Subsection, the words "force or violence" include such acts as "stand-ins," "sit-ins," and "lie-ins," when such acts are in fact obstructive or disruptive of any of the authorized activities listed above.]

3.4[††0] The Dean of Students shall have primary authority and responsibility for the administration of student discipline at each institution. It shall be the Dean's duty to investigate allegations that a student has engaged in conduct that is prohibited by [violated] the Regents' Rules and Regulations, the rules and regulations of the institution, [or] specific [orders and] instructions issued by an administrative official of the institution in the course of his or her authorized duties, or any provisions of federal, state, and/or local laws. In such cases, the Dean may proceed with disciplinary action, notwithstanding any action taken by other authorities.

3.41 The Dean of Students may take immediate interim disciplinary action, including suspension pending a hearing, against a student for violation of a rule or regulation of the System or of the institution when the continuing presence of the student poses a danger to persons or property or an ongoing threat of disrupting any authorized university activity.

3.42 The Dean may authorize interim withholding of a student's grades, degree or official transcript when such withholding would be in the best interest of the institution.

3.43[††0] The Dean may summon the student for purposes of discussing the allegations by mailing to the address appearing in the registrar's records a written request for the student to appear at a certain place and time at least three weekdays after the date of the letter. If the Dean of Students determines that [such] allegations of misconduct are not unfounded,

the Dean shall notify the student of the allegations and proceed under Subdivision 3.44 or Subsection 3.5 as appropriate. If a student fails to appear without a valid reason, the Dean may implement hearing procedures in the absence of the student or may bar or cancel the student's enrollment until the student appears or responds to the summons [~~prepare a written statement of charges, a statement of the evidence supporting such charges, including a list of witnesses and a brief summary of the testimony to be given by each, and shall send such charges and statement to the accused student by certified mail, return receipt requested, addressed to the address appearing in the registrar's records~~].

3.44[(10)2] In any case where the accused student does not dispute the facts upon which the charges are based and executes a written waiver of the hearing procedures specified in Subsection 3.5[(11)], the Dean of Students shall assess a penalty pursuant to Subsection 3.6[(13)] that is appropriate to the charges and inform the student of such action in writing. The minimum penalty that the Dean may assess when a student admits illegal use, possession, and/or sale of a drug or narcotic on campus is the penalty prescribed in Subdivision 3.23[2] of this Section. [~~Except in cases involving the assessment of the minimum penalty prescribed in Subdivision 3.22 of this Section,~~

3.45 T[~~h~~e] decision of the Dean of Students on penalty may be appealed as in the case of a decision rendered subsequent to a hearing in accordance with Subsection 3.5[(11)]. The appeal is limited to the issue of penalty and no transcript will be required.

3.5[(11)] In those cases in which the accused student disputes the facts upon which the charges are based, such charges shall be heard and determined by a fair and impartial person, hereinafter called the Hearing Officer, selected in accordance with procedures adopted by the institution.

3.51 Except in those cases where immediate interim disciplinary action has been taken under authority of Subdivisions [~~Subsection~~] 3.41[(18)] and/or 3.42, the accused student shall be

given at least ten (10) days' notice of the date, time, and place for such hearing and the name of the Hearing Officer. The notice shall include a written statement of the charge(s) and a summary statement of the evidence supporting such charge(s). The notice shall be delivered in person or mailed to the student at the address appearing in the registrar's records. Hearings held following interim disciplinary action under Subdivisions 3.41 and/or 3.42 [~~Subsection 3-(10)~~] will be held under the same procedures set forth below, but will be held as soon as practicable within ten (10) days after the interim disciplinary action has been taken.

3.52 Upon a hearing of the charges, the institutional representative has the burden of going forward with the evidence and the burden of proving the charges by the greater weight of the credible evidence.

3.53 The hearing shall be conducted in accordance with procedures adopted by the institution and that assure both parties (institutional representative and the accused student) the following minimal rights:

(1)[~~3-(11)1~~] Each party shall provide the other party a list of witnesses, a brief summary of the testimony to be given by each, and a copy [~~Both parties will exchange lists of witnesses and copies~~] of documents to be introduced at the hearing at least three days [~~a reasonable time~~] prior to the hearing.

(2)[~~3-(11)2~~] Each party shall have the right to appear and present evidence in person or through a designated representative or counsel of choice.

(3)[~~3-(11)3~~] Each party, or his or her designated representative or counsel, shall have the right to cross-examine witnesses.

(4)[~~3-(11)4~~] The hearing will be recorded. If either party desires to appeal the finding, the record will be transcribed and both parties will be furnished a copy of the transcript.

3.54[~~(12)~~] The accused student may challenge the impartiality of the Hearing Officer up to three days prior to the hearing [~~at any time~~]

~~prior-to-the-introduction-of-any evidence].~~ The Hearing Officer shall be the sole judge of whether he or she can serve with fairness and objectivity. In the event the Hearing Officer disqualifies himself or herself, a substitute will be chosen in accordance with procedures adopted by the institution.

- 3.55[~~(13)~~-(a)] The Hearing Officer shall render and send to both parties a written decision which shall contain findings of facts and conclusions as to the guilt or innocence of the accused student and shall assess a penalty or penalties pursuant to Subsection 3.6. [in-accordance-with-the published-disciplinary-penalties of-the-institution-or-in accordance-with-the-following prescribed-penalties.] If the Hearing Officer finds the student guilty of the illegal use, possession, and/or sale of a drug or narcotic on campus, the Hearing Officer must assess a minimum penalty as provided in Subdivision 3.23 of this Section.

3.6

The following penalties may be assessed by the Dean of Students or the Hearing Officer in accordance with the procedures specified in Subdivisions 3.41, 3.42, 3.44 and 3.55:

- 3.61[~~(13)~~1] Disciplinary probation.
3.62[~~(13)~~2] Withholding of grades, official transcript and/or degree.
3.63[~~(13)~~3] Bar against readmission.
3.64[~~(13)~~4] Restitution or reimbursement for damage to or misappropriation of institutional or System property.
3.65[~~(13)~~5] Suspension of rights and privileges, including participation in athletic or extracurricular activities.
3.66[~~(13)~~6] Failing grade for an examination or assignment or for a course and/or cancellation of all or any portion of prior course credit.
3.67[~~(13)~~7] Denial of degree.
3.68[~~(13)~~8] Suspension from the institution for a specified period of time [~~not-to-exceed-one-calendar year~~].
3.69[~~(13)~~9] Expulsion (permanent separation from the institution) [~~for-a specific-period-of-time-not-less than-one-year---Expulsion-may-be permanent~~].
3.6(10)[~~(13)~~10] Revocation of degree and withdrawal of diploma.
3.6(11)[~~(13)~~11] Other penalty as deemed appropriate under the circumstances.

[~~(b)~~--If-a-Hearing-Officer-finds-a-student guilty-of-the-illegal-use,-possession,-and/or

~~sale-of-a-drug-or-narcotic-on-campus, the Hearing Officer must assess a minimum penalty as provided in Subdivision 3.22 of this Section].~~

3.7[~~14~~] Appeal Procedures.--A student may appeal a disciplinary action taken by the Dean or the Hearing Officer in accordance with the following procedures:

3.71 Within fourteen (14) days after the parties have been notified of the decision [~~has been mailed to the parties~~], either or both parties may give notice of appeal to the chief administrative officer of the institution. If the decision is sent by mail, the date the decision is mailed initiates the fourteen (14) day period. The decision [~~or decisions~~] will be reviewed on [~~upon~~] the basis of the transcript, if any, and evidence considered at [~~of~~] the hearing. [~~Both parties may, at the discretion of the chief administrative officer, submit oral or written arguments to support their position.~~] In order for the appeal to be considered, all the necessary documentation to be filed by the appealing party, including written argument, [~~is, when appropriate,~~] must be filed with the chief administrative officer within fourteen (14) [~~twenty-one (21)~~] days after notice of appeal is given and the transcript, if any, is available. Both parties may, at the discretion of the chief administrative officer, present oral argument.

3.72[~~15~~] The chief administrative officer [~~of the institution~~] may approve, reject, or modify the decision in question[~~]~~ or may require that the original hearing be reopened for the presentation of additional evidence and reconsideration of the decision. It is provided, however, that if the finding as to guilt is upheld in a case involving the illegal use, possession, and/or sale of a drug or narcotic on campus, the penalty may not be reduced below the minimum penalty prescribed by Subdivision 3.23[2] of this Section.

3.73 The action of the chief administrative officer [~~each reviewing authority~~] shall be communicated in writing to the [~~accused~~] student and the Dean of Students within thirty (30) days after the appeal and related documents have been received. The decision of the chief administrative officer

is [shall-be] the final appellate review.

[3-(16) Through matriculation at an institution of the System, a student neither loses the rights nor escapes the responsibilities of citizenship. Students who violate the law may incur penalties prescribed by civil authority, but institutional penalties shall not be used merely to duplicate the penalties imposed by civil authority. However, when a student violation of the law occurs on the campus of a component institution or in connection with a component institution-oriented activity, institutional penalties may be imposed regardless of whether penalties have been imposed by civil authority for the same offense.

3-(17) Since the value of an academic degree depends on the absolute integrity of the work done by the student for that degree, it is imperative that a student maintain a high standard of individual honor in his or her scholastic work. Scholastic dishonesty is the submission as one's own work of material that is not one's own. As a general rule, it involves one of the following acts: cheating, plagiarism, and/or collusion. Each component institution will adopt detailed regulations concerning scholastic dishonesty.

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

3.8 [19] Each component institution shall maintain [for every student who has been charged with dishonesty or other serious misconduct at such institution,] a permanent written disciplinary record for every student assessed a penalty of suspension, expulsion, denial or revocation of degree and/or withdrawal of diploma. A record of scholastic violations shall be maintained for at least five years unless the record is permanent in conjunction with the above stated penalties. A disciplinary record [that] shall reflect the nature of the charge, the disposition of the charge, the penalty assessed [if any] and any other pertinent information. This disciplinary record shall be separate from the student's academic record, [and] shall be treated as confidential, and [the contents] shall not

be revealed except upon written request of the student or in accordance with applicable state or federal laws.

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

3-(21) Pursuant to the authority conferred upon the Board of the System by Sections 51.202 and 51.204, Texas Education Code, and in order to protect the safety and welfare of students and employees of the component institutions of the System and to protect the property of the System, it is hereby declared that it shall be unlawful for any person to enter, walk, run, lie, play, remain, or be in the water of any fountain or other artificial body of water located on the campus of any component institution of the System unless such person shall have theretofore been granted permission by the chief administrative officer of that institution to enter, remain, or be in such water.

It shall further be unlawful for any person to dump, throw, place, or cause to be placed any material, object, trash, waste, or debris in the water of any fountain or other artificial body of water located on the campus of any component institution of the System.

It shall also be unlawful for any person to damage, deface, or remove any portion of any fountain, monument, or memorial located on the campus of any component institution of the System.

Any person who violates any portion of this regulation shall upon conviction thereof be punished by a fine of not more than \$200.

Any student of a component institution who violates any portion of this regulation shall, in addition to the penalty prescribed in the last preceding Section, be subject to discipline, including expulsion, by the institution.]

Sec. 4. Student Organizations.

4.1 An organization in which membership is limited to students (recognizing that

faculty and staff may also be members) of a component institution may become a registered student organization at that institution by complying with the registration procedures established by the chief student affairs officer [Dean-of-Students].

- 4.2 The chief student affairs officer [Dean of-Students], with the approval of the chief administrative officer, may establish regulations requiring faculty or staff advisers for registered student organizations.
- 4.3 A registered student organization may state that its membership is composed of students, or of students, faculty, and/or staff, of a component institution, but it shall not suggest or imply that it is acting with the authority or as an agency of that institution. A student organization shall not use the name of a component institution or the name of The University of Texas System as a part of the name of the organization, and it shall neither display the seal of either a component institution or The University of Texas System in connection with any activity of the organization nor use such seal or seals as a part of any letterhead, sign, banner, pamphlet, or other printed material that bears the name of the organization.
- 4.4 The chief student affairs officer [Dean of-Students], with the approval of the chief administrative officer, may issue regulations governing the eligibility of students for participation in organized activities.
- 4.5 E[At-e]ach component institution may establish a [~~an-appropriate~~] committee or committees to assist the chief student affairs officer in overseeing the programs of [~~shall-have-initial-jurisdiction over-all~~] registered student organizations.
- 4.6 Any student organization is subject to disciplinary action or revocation of registration as a student organization for violation of a rule or regulation of the System and/or of the institution at which the organization is registered.
- 4.7 The chief administrative officer of each component institution of the System shall require and enforce the following:
- 4.71 As a condition to being a registered student organization or group during a semester, every registered student organization or group shall furnish to the appropriate institutional officer at the beginning of each such semester a complete list of officers or other members of the organization or group who are authorized to speak for or represent the organization or

- group in its relations with the institution and who are authorized to receive for the organization or group official notices, directives, or information from the institution. Each such list shall be kept current and accurate throughout the semester by the organization or group, and it shall be conclusively presumed that the officers or members whose names are on the list most recently filed by the organization or group are authorized to speak for and represent the organization or group in its relations with the institution and are authorized to receive for the organization or group official notices, directives, or information from the institution.
- 4.72 No registered student organization or group may have any person as a member who is not either a student or a member of the faculty or staff of the institution. Except pursuant to the provisions of Subsection 6.(10) [~~Section 6.5~~] of this Chapter, no organization or group, whether registered or not, may use any facility of any component institution of the System if it has as a member any person who is not either a student or a member of the faculty or staff of the institution.
- 4.73 At the beginning of each semester, each registered student organization or group must file with the appropriate institutional officer a written statement [~~an affidavit stating~~] that the organization or group does not, and will not during the semester, have as a member any person who is not either a student or a member of the faculty or staff of the institution. If an organization or group fails or refuses to file the required statement [~~affidavit~~], or if [~~7~~] the Dean of Students determines that the statement [~~after such reasonable investigation as the chief administrative officer shall deem appropriate (which investigation shall afford the accused registered organization or group every right guaranteed to it by the due process clauses of the United States and Texas Constitutions)~~], ~~the chief administrative officer shall during the semester find that the affidavit~~ is or has become false, the Dean of Students, after providing notice, shall begin disciplinary

~~proceedings. [and-that-the organization-or-group-does,-in fact,-have-as-a-member-a-person who-is-not-either-a-student-or-a member-of-the-faculty-or-staff of-the-institution,-the-chief administrative-officer-shall immediately]~~ The Dean or Hearing Officer may cancel the registered status of the organization or group or impose other appropriate penalties [and-shall-deny-to-the organization-or-group-any-and-all privileges-to-which-it-would otherwise-be-entitled-as-a registered-student-organization or-group].

4.74 No organization or group, whether registered or not, may use the facilities of any component institution as long as it owes a monetary debt to the institution and the debt is considered delinquent by the crediting institutional agency.

4.8 No component institution shall register any student organization or group whose actions or activities, in the opinion of the chief administrative officer or the appropriate Executive Vice Chancellor, are inimical to the educational purpose and work of the institution.

4.9 A registered student organization whose registered status has been cancelled by the Dean of Students [chief-administrative-officer] pursuant to Subdivisions 4.73 or 6.63 [~~Subsection-6.13-of-Section-6-of this-Chapter-or-Subsection-4.73-of Section-4~~] of this Chapter may apply for re-registration not less than six months following the date of such cancellation.

Sec. 5. Participation in Student Government.

5.1 Students' Associations.--Students' associations currently authorized at the component institutions of the System are hereby approved. They shall have such jurisdictions and shall exercise such powers as the Board may now or hereafter delegate to them.

5.11 Constitutions and Bylaws [Laws] Approved.--The constitutions and bylaws of the several associations in force at the date of adoption of these Rules and Regulations are hereby approved.

5.12 Mode of Amending Constitutions and Bylaws [Laws].--An amendment to the constitution or bylaws of a students' association may be adopted by an association, in accordance with its constitution and laws, but the change shall not become effective until transmitted to and acted upon by the chief student affairs officer

- [~~Dean-of-Students~~], the chief administrative officer, the appropriate Executive Vice Chancellor, and the Chancellor and approved by the Board. Amendments to internal rules of procedure do not require administrative approval.
- 5.13 Amendment or Repeal by Regents.--The Board shall amend or repeal any portion of the constitution and bylaws of a students' association when, in the judgment of the Board, the interests of the particular institution shall require it.
- 5.14 Amendment or Repeal by the Chief Student Affairs Officer [~~Dean of-Students~~].--The chief student affairs officer [~~Dean-of-Students~~] shall have the power, when in his or her judgment the interests of the institution require it, to amend or repeal any provision in the constitution or bylaws of the particular association, but such action shall be in force only until the next meeting of the Board when Subdivision [~~Section~~] 5.13, above, shall become applicable.
- 5.15 Salaried Employees [~~Approved-by Regents~~].--All persons officially employed on salary by or under the direct supervision of a students' association shall be subject to approval by the chief student affairs officer [~~Dean of-Students,~~] and the chief administrative officer [~~the appropriate-Executive-Vice-Chancellor, the-Chancellor, and the Board, both-as-to-salary-and-as-to-qualifications~~].
- 5.16 Annual Financial Reports.--Every officially recognized students' association shall make annually a complete financial report to the institutional chief business officer[~~7~~] and shall make such special reports as may be called for by such business officer. A duplicate copy of each report shall be filed with the chief student affairs officer [~~Dean-of-Students~~]. Committees and administrative units of a students' association [maintaining-a-budget-in-excess-of-\$25.00-per-annum] shall make such interim reports of financial condition as may be required by the chief student affairs officer [~~Dean-of-Students~~].
- 5.2 The students' association on each campus shall be a recognized forum of student opinion.
- 5.21 When a students' association takes a position with reference

- to issues directly related to a component institution and its operations, its recommendations shall go through the chief student affairs officer [~~Dean of-Students~~], the chief administrative officer, the appropriate Executive Vice Chancellor, and the Chancellor to the Board.
- 5.22 When a students' association takes a position on non-University issues, it shall make clear the fact that it does not speak for the institution.
- 5.23 A students' association may conduct polls, initiate petitions, and/or establish forums for debate or discussion under conditions approved by the chief student affairs officer [~~Dean-of-Students~~].
- 5.24 Officers of a students' association may so identify themselves when they express their personal views, but they shall then make it clear that they are not speaking for the institution, or for the student body, and they shall make it clear they are not speaking for the students' association unless the legislative body of that association has authorized the statement in advance.

Sec. 6. Use of University-Owned Facilities.

- 6.1 The campuses of the component institutions of The University of Texas System and the property, buildings or facilities owned or controlled by the System are not open for assembly and expression of free speech as are the public streets, sidewalks and parks. The responsibility of the Board of Regents to operate and maintain an effective and efficient system of institutions of higher education requires that the time, place, and manner of the exercise of the right of assembly and free speech on the grounds and in the buildings and facilities of the various component institutions be regulated. Acting pursuant to the general authority of Chapter 65 of the Texas Education Code and the specific authority of [~~Subchapter-B,-of~~] Chapter 51 of the Texas Education Code, the Board of Regents adopts and promulgates the Rules and Regulations of this Section and this Chapter relating to the use of institutional buildings, grounds and other facilities for purposes other than regular academic use.

6.2 Identification Required.

- (a) Pursuant to the authority conferred upon the Board of Regents by Section 51.209, Texas Education Code, in order to protect the safety and welfare of students and employees of the component institutions of the

System and to protect the property of the System, it is hereby declared that it shall be unlawful for any person on any property either owned or controlled by the System or any component institution to refuse to identify himself or herself to an institutional representative in response to a request. For the purpose of this Subsection, a person identifies himself or herself by: (1) giving his or her name and complete address; and (2) stating truthfully whether or not he or she is a student at the institution and whether or not he or she is an employee of the institution.

- (b) For the purpose of Subsection (a), an "institutional representative" is:
- (1) any member of the Board of Regents or the Executive Secretary to the Board;
 - (2) any administrative officer of the System, including the Chancellor, Executive Vice Chancellors, Vice Chancellors, and the Director of Police;
 - (3) any administrative officer of the component institution, including the chief administrative officer, assistants to the chief administrative officer, vice presidents, dean of students, and any associate or assistant dean of students; and
 - (4) any attorney, peace officer, or security officer of the System or the institution.
- (c) Any person who refuses to identify himself or herself in accordance with Subsection (a) is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$200.
- (d) Any student or employee who refuses to identify himself or herself in accordance with Subsection (a) is, in addition to the penalty prescribed in Subsection (c), subject to discipline.

6.3

Pursuant to the authority conferred upon the Board of Regents by Sections 51.202 and 51.204, Texas Education Code, in order to protect the safety and welfare of students and employees of the component institutions of the System and to protect the property of the System, it is hereby declared that it shall be unlawful for any person to enter, walk, run, lie, play, remain, or be in the water of any fountain or other artificial body of water located on the campus of any component institution unless such person shall have theretofore been granted permission by the chief administrative officer of that institution to enter, remain, or be in such water.

- (a) It shall further be unlawful for any person to dump, throw, place, or cause to be placed any material, object, trash, waste, or debris in the water

of any fountain or other artificial body of water located on the campus of any component institution of the System.

- (b) It shall also be unlawful for any person to damage, deface, or remove any portion of any fountain, monument, or memorial located on the campus of any component institution of the System.
- (c) Any person who violates any portion of Subsection 6.3 shall upon conviction thereof be punished by a fine of not more than \$200.
- (d) Any student or employee who violates any portion of Subsection 6.3 shall, in addition to the penalty prescribed above, be subject to discipline.

6.4 The use of intoxicating beverages is prohibited in classroom buildings, laboratories, auditoriums, library buildings, museums, faculty and administrative offices, intercollegiate and intramural athletic facilities, and all other public campus areas. However, with the prior consent of the chief administrative officer, the foregoing provisions of this Subsection may be waived with respect to any specific event which is sponsored by the institution. In any case, state law will be strictly enforced at all times on all property controlled by the System and its component institutions.

6.5 No individual, organization, group, association, or corporation may use the grounds, buildings, or facilities owned or controlled by ~~of~~ any component institution or by the ~~of-The-University-of-Texas~~ System except as permitted by the provisions of the Regents' Rules and Regulations ~~of-the-Board-of-Regents~~ and approved institutional ~~the~~ rules and regulations ~~of-the-component-institutions-approved-in-accordance-with-such Regents'-Rules-and-Regulations~~.

6.6 Solicitation.

6.61[11] The term "solicitation" as used herein means the sale or offer for sale of any property or service, whether for immediate or future delivery; the distribution of material that is designed to encourage the purchase or rental of any property, product, or service; the oral or written appeal or request to support or join an organization other than a registered student, faculty, or staff organization; the receipt of or request for any gift or contribution; and the request that a vote be cast for or against a candidate, issue, or proposition appearing on the ballot at any election held pursuant to state or federal law.

6.62[12] No solicitation shall be conducted in any building, structure, or facility of any component institution or of the System. ~~[7-provided-however-that~~ The following activities shall be deemed not to be solicitations prohibited by this Subsection if they are conducted in accordance with the rules and regulations of a component institution and in a manner that will not disturb or interfere with the academic or institutional programs being carried on in a building, structure or facility, or do not interfere with entry to or exit from a building, structure or facility:

(1) The distribution, sale or offer for sale of any newspaper, magazine, or other publication[s] by means of an unattended rack or [a] vending machine in an area designated in advance by the chief administrative officer or his or her delegate for the conduct of such activity.

(2) The sale or offer for sale of any food, drink or other product or service that may be lawfully sold by means of a vending machine operated by the institution or its subcontractor in an area designated in advance by the chief administrative officer or his or her delegate for the conduct of such activity.

(3) The sale or offer for sale by a component institution or its subcontractor of any publication of the institution or of any book or other printed material to be used in the regular academic work of the institution.

(4)(a) The operation by the institution of any service or facility maintained for the convenience of the students, staff and/or faculty.

(b) The operation by the institution's subcontractor or lessee (through appropriate written agreements approved as to content by the chief administrative officer of the institution and the appropriate Executive Vice Chancellor, as to form by the Office of General Counsel, and by the Board of Regents through the Chancellor's Docket) of one of the following services or facilities, maintained for the convenience of the students, staff and/or faculty: any bookstore, specialty store, laundry, pharmacy, cafeteria, child care facility (limited to children or bona-fide dependents of students, staff and/or

faculty), state or federal credit union (the membership in which must be limited primarily to students, faculty, and staff of the institution but which may include: students, faculty, and staff of other area institutions of higher education; students, faculty, and staff of other component institutions of the U. T. System; staff members of the System Administration; and staff members of organizations closely related to the institution's educational mission such as ex-student organizations and cooperative bookstores), private post office boxes (the use of which must be limited to students, faculty, and staff), unmanned teller machines (any agreement for the placement of which must include a provision expressly prohibiting advertising the location of the unmanned teller machine to the general public), or travel agency (the use of which must be limited primarily to students, faculty and staff of the institution and which agency must agree to undertake no public advertising concerning the location of the facility).

(5) The sale or offer for sale by the institution or its subcontractor of food and drink items and programs at athletic contests or at any other program or event sponsored or authorized by the institution.

(6) The collection of tuition and fees in connection with enrollment of a student in any course or degree program.

(7) The collection of membership fees or dues by registered student, faculty, or staff organizations at meetings of such organizations scheduled in accordance with the facilities use regulations of any component institution.

(8) The collection of admission fees for the exhibition of movies or other programs that are sponsored by the component institution~~[,]~~ or by a registered ~~[recognized]~~ faculty, staff ~~[group]~~, or ~~[a-registered]~~ student organization, when permitted by and ~~[are]~~ scheduled in accordance with the facilities use regulations of the component institution.

(9) The solicitation of funds by any organization that can present to the chief administrative officer, or his or her delegate, written evidence from

the Internal Revenue Service that the organization has been granted an exemption from taxation under Section [26-U.S.C.A.] 501(c)(3) (Internal Revenue Code). No organization may solicit under this subdivision for more than a total of fourteen days, whether continuous or intermittent, during each state fiscal year.

(10) Occasional sales or offers of sales of goods or services that otherwise comply with state law and municipal ordinances and are conducted in the privacy of an individual university residence hall room or individual apartment when the resident of such room or apartment has given specific invitation in advance for salespersons to come to the individual residence hall room or individual apartment for that purpose, provided that neither sales nor offers of sales of goods or services within a university residence hall room or apartment by the occupant thereof on a continuing or scheduled basis, nor door-to-door sales or offers of sales of goods or services are [~~is~~] included in the activity permitted by this exception.

(11) The acknowledgement or advertisement by scoreboard, electronic message or banner displayed at athletic facilities pursuant to an institutional policy concerning approval and selection of advertisement.

6.63[13]

No solicitation shall be conducted on the grounds, sidewalks, or streets on the campus of any component institution or of the System, except by the agents, servants, or employees of that institution acting in the course and scope of their agency or employment, or by the students' association of that institution, or by a registered student, faculty, or staff organization at that institution.

(1) Solicitation made pursuant to the terms of Subdivision [Subsection] 6.63[13] must be conducted in such a way (a) that it will not disturb or interfere with the academic or institutional programs being carried on in campus buildings, (b) that it will not interfere with the free and unimpeded flow of pedestrian and vehicular traffic on sidewalks and streets and at places of ingress and egress to and from campus buildings, and

(c) that it will not harass, embarrass, or intimidate the person or persons being solicited. If, after such reasonable investigation as the Dean of Students [~~chief administrative-officer~~] shall deem appropriate (which investigation shall afford the accused organization every right guaranteed by the due process clauses of the United States and Texas Constitutions) the Dean [~~chief-administrative officer~~] determines that a solicitation is being conducted in a manner violative of this Subsection, the Dean [~~chief administrative-officer~~] shall prohibit the offending organization from solicitation on the campus for such period or periods of time as shall be determined to be appropriate and in the case of repeated violations of these solicitation rules, the Dean [~~chief-administrative officer~~] may cancel the registered status of the offending organization or impose other appropriate penalties.

- (2) The students' association and each registered student organization shall, within 30 days of the beginning of the following long session semester [~~the-end of-each-academic-semester or-summer-session~~], file with the Dean of Students [~~chief-administrative officer-or-his-or-her delegate~~] a [~~sworn~~] statement fully and fairly disclosing the sources and amounts of money which it obtained from solicitations (sales, [~~and~~] contributions, and/or other revenues) on the campus during the preceding semester or summer session and fully and fairly disclosing the beneficiaries and amounts of the expenditures which it made during the preceding semester or summer session. A registered student organization which during a semester or summer session received no money or thing of value other than from its own members need file only a [~~sworn~~] statement to that effect. Any organization failing to comply

with the provisions of this paragraph shall be prohibited from solicitation on the campus until such organization places itself in compliance.

- (3) The distribution at no cost by a students' association or a registered student, faculty or staff organization of a newspaper, magazine or other publication that contains paid advertising and is published at the sole expense of such organization shall comply with the provisions of Subdivisions 6.63(1) and 6.63(2).

6.7[14] Use of Physical Facilities of the System by Registered Student, Faculty or Staff Organizations or Officially Recognized Alumni Associations. [--]

6.71 Registered student, faculty or staff organizations or any officially recognized alumni association that qualifies under Subdivision 6.62[12](9) of this Section and whose fund-raising activities are dedicated to the benefit of any component institution may use an institution's buildings and/or grounds in compliance with reasonable and nondiscriminatory institutional regulations that shall specify the procedures under which such organizations may reserve the institution's buildings and/or grounds for their use. Groups of students, faculty or staff who are not registered or groups of alumni other than officially recognized alumni associations whose fund-raising activities are dedicated to the benefit of any component institution may not use the institution's buildings and/or grounds. Registered student, faculty or staff organizations or alumni associations may not enter into joint sponsorship of any on-campus project or program with individuals, groups, or students that are not registered.

6.72[15] Reasonable and nondiscriminatory regulations may be promulgated to authorize students and registered student organizations, under specified conditions, to petition, post signs, set up booths, and/or peacefully demonstrate on the campus. Such regulations shall prohibit any activity that would interfere with academic and institutional programs.

6.73[16] No person, whether or not a

- student or employee of a component institution, shall publicly distribute on the campus of any such institution any petition, handbill, or piece of literature that is obscene, [~~vulgar, or~~] libelous, or [~~that-is~~] directed to inciting or producing imminent lawless action and is likely to incite or produce such action.
- 6.74[17] No person, whether or not a student or employee of a component institution, shall post or carry any sign or poster that is obscene, [~~vulgar, or~~] libelous, or [~~that-is~~] directed to inciting or producing imminent lawless action and is likely to incite or produce such action.
- 6.75[18] No person, whether or not a student or employee of a component institution, shall install, occupy, or use on the campus of any such institution any booth, if the use of the booth is wholly or partly for the distribution or dissemination of words or material that are [~~is~~] obscene, [~~vulgar, or~~] libelous, or [~~that-is~~] directed to inciting or producing imminent lawless action and are [~~is~~] likely to incite or produce such action. For the purpose of this provision, the word "booth" includes furniture, enclosure, and any other structure temporarily installed for distributing petitions, handbills, or literature, or for displaying signs, or for raising funds or soliciting tangible items.
- 6.8[2] The use of student center or student union facilities on the campus of each component institution shall be subject to Regents' Rules and Regulations and to reasonable and nondiscriminatory regulations [as may be] promulgated by that center's or union's governing board and the component institution and included in the Handbook of Operating Procedures [and approved by the Dean of Students and the chief administrative officer].
- 6.9[3] Extracurricular student, faculty or staff activities involving the use of System-owned buildings and grounds shall be conducted in accordance with local, state and national law and in accordance with the applicable System and institutional regulations. Such activities shall not disrupt or disturb the academic and institutional programs and shall not result in damage to or defacement of property.
- [6-4] **Identification-Required-**
~~(a)--Pursuant-to-the-authority-conferred upon-the-Board-of-the-System-by-Chapter-807-Acts-of-the-60th-Legislature, Regular-Session, 1967-(Section-51-209,~~

Texas Education Code), and in order to protect the safety and welfare of students and employees of the component institutions of the System, and to protect the property of the System, it is hereby declared that it shall be unlawful for any person on any property either owned or controlled by the System or any component institution to refuse to identify himself or herself to an institutional representative in response to a request. For the purpose of this Subsection, a person identifies himself or herself by:--(1) giving his or her name and complete address, and (2) stating truthfully whether or not he or she is a student at the institution and whether or not he or she is an employee of the institution.

- (b) For the purpose of Subsection (a), an "institutional representative" is:
- (1) any member of the Board of the System or the Executive Secretary to the Board,
 - (2) the Chancellor, the Executive Vice-Chancellor for Academic Affairs, the Executive Vice-Chancellor for Health Affairs, the Executive Vice-Chancellor for Asset Management, the Vice-Chancellor for Business Affairs, the Vice-Chancellor and General Counsel, the Vice-Chancellor for Governmental Relations, the Executive Assistant to the Chancellor, the Director of Development, the Manager of University Lands--Oil, Gas, and Mineral Interests, the Manager of University Lands--Surface Interests, the Budget Director, the Comptroller, the Director of Accounting, the Director of Facilities Planning and Construction, the System Personnel Director, and the Director of Police.
 - (3) any administrative officer of the component institution, including the chief administrative officer, any assistant to the chief administrative officer, any vice president, any Dean of Students, and any associate or assistant Dean of Students, and
 - (4) any attorney, peace officer, or security officer of the System or the institution.
- (c) Any person who refuses to identify himself or herself fully in accordance with Subsection (a) is guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$200.
- (d) Any student who refuses to identify himself or herself fully in accordance with Subsection (a) is, in addition to the penalty prescribed in Subsection

~~(e) subject to discipline, including expulsion, by the institution.~~

6.(10)[5] Use of Grounds and Physical Facilities by Outside Groups, the System as a Joint Sponsor.--Use of grounds and physical facilities of the System, especially auditoriums, gymnasiums, and large rooms, by outside individuals, groups or associations shall be subject to the following rules in which the "System" shall include [mean] any component institution.

6.(10)1[51] The System will not permit the unrestricted use by non-System groups of any of its facilities. Whenever non-System groups share in the use of System buildings, it must be upon the invitation of the System, under its joint sponsorship, and with the further understanding that all conditions governing such sponsorship are to be set by the System.

6.(10)2[52] The System will [not] enter into joint sponsorship of a [any] project or program only if the educational implications are self-evident and directly supplement the educational purposes of the System and there [that] is to be no [result-in] private gain for the cooperating individuals, group or associations.

6.(10)3[53] The System, established as a public institution without regard to political affiliation or religious faith, cannot be a joint sponsor with any noncampus organization for political or sectarian gatherings. However, the appearance by or on behalf of a candidate for public office may be authorized under conditions prescribed by the Board in Section 7.2 of this Chapter.

[6-54 ~~Whenever non-System groups share in the use of System buildings, it must be upon the invitation of the System and under its joint sponsorship, and with the further understanding that all the conditions governing such sponsorship are to be set by the System.~~]

6.(10)4[55] The System, when entering into joint sponsorship of any program or activity, assumes full responsibility for all details and reserves the right to approve all copy for advertising, as well as news releases.

[6-56 ~~The System will not enter into joint sponsorship of any program or activity in which the educational implications are not self-evident and which does not directly supplement the educational purposes of the System.~~]

6.(10)5[57] It shall be understood that the scheduling [~~availability~~] of the System's facilities for [~~functions-ether-than~~] System [~~the-institution's-own~~] activities shall [~~is-strictly-subject to-the-needs-and-the-convenience of-the-System, which-are~~] always [~~to~~] have priority over [~~in~~] the scheduling of facilities for functions other than System activities.

6.(10)6[58] In the case of programs for which the System is a joint sponsor with an [~~some-ether~~] individual, group or organization, the fee to be paid by the co-sponsor will be a matter for negotiation in each case and will be specified in the agreement providing for the joint sponsorship.

6.(11)[6] Notwithstanding any other provisions of this Chapter, the chief administrative officer of a component institution may designate specific facilities of a component institution, such as special events centers, conference centers, concert halls, theaters, or auditoria, as Special Use Facilities. The chief administrative officer shall cause to be prepared and submitted for approval, as a part of the Handbook of Operating Procedures of the institution, appropriate rules and regulations for the reservation and use of such designated Special Use Facilities. Such rules and regulations must restrict the reservation and use of such facilities in accordance with the following:

6.(11)1[61] Designation as a Special Use Facility shall not constitute the facility as a public facility open to use by non-University persons, groups, associations, or corporations on a first come, first served basis.

6.(11)2[62] Priority in the reservation and use of Special Use Facilities shall be given to activities and events sponsored by the component institution that are in furtherance of and related to the educational, cultural, recreational, and athletic programs of the institution.

6.(11)3[63] As a lower priority, the institutional rules and regulations may provide for reservation and use of Special Use Facilities by non-University individuals, groups, associations or corporations, without the necessity of joint sponsorship by the institution. The institution shall establish rates to be charged for the use of the facility that will, at a minimum, insure recovery of that part of the operating cost of the facility

attributable directly or indirectly to such non-University use. If the non-University user charges those attending an event any admission or registration fee, or accepts donations from those in attendance, the institution shall require the user to make a complete account of all funds collected and of the actual cost of the event. If the funds collected exceed the actual cost of the event, the non-University user shall be required to remit such excess funds to the institution as an additional charge for the use of the Special Use Facility.

6. (11)4[64] Subject to all constitutional and statutory provisions relating to the use of state property or funds for religious or political purposes, and subject to Subsection 6. (11)3[63], above, Special Use Facilities may be made available for religious and political conferences or conventions. Religious organizations applying for use of a Special Use Facility must submit written evidence from the Internal Revenue Service that the organization has been granted an exemption from taxation under Section 501(c)(3) of [~~Title-26 of~~] the [~~United-States-Code-~~] Internal Revenue Code[~~}]~~. Political organizations applying for use of a Special Use Facility must present written evidence that the organization had candidates for either state, district, or local offices listed on the ballot at the last general election. A religious or political organization shall be permitted to use a Special Use Facility only one time during a calendar year.

6. (11)5[65] The rules and regulations applicable to a Special Use Facility may provide procedures for the rental of space for display of advertising in designated areas inside the Facility that have been approved by the chief administrative officer of the component institution or his or her delegate, and by lighted displays on an electronic scoreboard. Such rules and regulations may further provide procedures for the sale of advertising space on ticket envelopes for events sponsored by the Facility and in any publication of the Facility distributed in connection with a sponsored event or announcing future sponsored events.

Sec. 7. Speech and Assembly.

7.1 The freedoms [Freedom] of speech [inquiry] and assembly [discussion] are basic and essential to intellectual development. However, these activities are subject to the well-established right of colleges and universities to regulate time, place, and manner so that the activities do [freedoms must-be-exercised-in-a-manner-that-does] not intrude upon or interfere with the academic programs and administrative processes of the System or the component institutions. Each component institution may designate one or more appropriate ["free-speech"] areas on the campus where students may assemble and engage in [free] speech activities without prior administrative approval. In other [the-absence of-the-designation-of-such-"free-speech"] areas on the campus, all speech and assembly activities must be conducted in accordance with the provisions of this Chapter and the rules and regulations of the component institution.

Students, faculty or staff who are candidates for public office or who wish to campaign on behalf of a particular candidate or candidates may engage in conduct in behalf of such candidacy in the [designated-"free-speech"] areas designated pursuant to this Subsection or in accordance with the provisions of Subsection [Section] 7.2 of this Chapter relating to off-campus speakers.

7.2 Off-Campus Speakers.--The Board has and reserves the right to regulate the presentation of guest speakers on the campus who are unaffiliated with the System or any component institution thereof (hereafter referred to as off-campus speakers).

7.21 Only registered student organizations, faculty or staff organizations, System-owned dormitories, and Student Government may present off-campus speakers on the campus.

7.22 The organization sponsoring an off-campus speaker has the responsibility of making clear the fact that the organization, not the institution, is extending the invitation to speak and that any views the speaker may express are his or her own and not necessarily those of the System or of any component institution.

7.23 An off-campus speaker is subject to all provisions of federal, state and/or local laws [the Texas-Civil-Statutes].

7.24 Registered student organizations, faculty or staff organizations, University-owned dormitories, and the students' association [Student-Government] may be permitted the use

of System-owned facilities to present off-campus speakers on campus pursuant to the facilities [1] use regulations of the System and the institution [promulgated-by-the-component institution-and-subject-to-the requirement-that-each-component institution-must-submit-to-the appropriate-Executive-Vice Chancellor-for-approval-as-a part-of-its-institutional Handbook-of-Operating-Procedures-a-copy-of-all-applicable facilities-use-regulations,-and no-facilities-use-regulations shall-have-any-force-or-effect until-it-has-been-approved-by the-appropriate-Executive-Vice Chancellor-and-the-Office-of General-Counsel].

- 7.25 An application for the use of any facility of the System or a component institution [-owned facility] must be made to the chief administrative officer, or his or her delegate, at least forty-eight hours before the time the event is scheduled to take place.
- 7.26 No person shall be permitted on any campus of the System to engage in speech, either orally or in writing, that is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.
- 7.27 No off-campus speaker who is to be paid from state funds as consideration for his or her speech shall be permitted to speak on the campus of any component institution of the System unless the university facility in which the speech is to be delivered will be open to the public, including members of the news media, who will be entitled to record, videotape, or telecast live portions of the speech. The provisions of this subdivision do not apply to classes, seminars, symposia, and conferences intended for the use and benefit of students, faculty, staff and invited guests. No person may in any way obstruct or lessen in any way the opportunity for the audience to take the fullest advantage of the speech, including the opportunity to see and hear the speaker during the entire speech.

. . . .

BACKGROUND INFORMATION

After receiving several suggestions for revisions of the Regents' Rules and Regulations, Part One, Chapter VI, Student Services and Activities, from various U. T. System component institutions, the Offices of Academic Affairs and Health Affairs solicited recommendations from all components so that a comprehensive review of Chapter VI could be made. The proposed amendments are a result of that process and have been reviewed by the Office of General Counsel and the chief administrative officers.

The proposed changes include changing the references from "Dean of Students" to "chief student affairs officer" at each reference in Chapter VI except those relating to the disciplinary and investigation processes. In addition, a number of sections of Chapter VI have been rearranged in a more logical manner. Among the proposed changes, the following are the most substantive:

- (1) In Subsection 2.1 the definition of "student" has been expanded to make more explicit the circumstances wherein a person is considered to be a student for purposes of application of the Regents' Rules and Regulations and the component institutional regulations.
- (2) Subsection 3.1 clearly states the responsibility of the component institutions to adopt detailed rules that are consistent with the Regents' Rules and Regulations, subject to approval by the appropriate Executive Vice Chancellor.
- (3) A number of items have been moved to Subsection 3.2 from other parts of Section 3 so that prohibited behavior is listed in one subsection.
- (4) Subdivision 3.25 includes specific language which prohibits disruption of utility, communications, or computer resources.
- (5) Explicit language in Subdivision 3.2(11) extends the effect of System and institutional regulations to students engaged in off-campus activities sponsored by a component institution.
- (6) Subsection 3.3, formerly Subsection 3.5, has been changed so that a student who has been suspended or expelled for disciplinary reasons from a component institution is prohibited from entry on all component campuses without express written consent of the chief student affairs officer of the institution at which the suspended or expelled student wishes to be present.
- (7) In Subsection 3.4, several minor modifications have been made in the procedures that the Dean of Students is to follow in pursuing an allegation.
- (8) In Subdivision 3.43 [formerly 3.(10)1] and in Subsection 3.5, the summons of a student or the notice of a hearing may be mailed without using certified mail, return receipt requested. Many components have experienced the situation wherein a student has simply refused to sign for a certified letter.
- (9) In Subdivisions 3.68 and 3.69, the definitions for suspension and expulsion have been changed to conform with standard usage.

- (10) In Subdivision 3.71, appeal documents must be filed within 14 days rather than 21 days after the notice of appeal is given and the transcript, if any, is available.
- (11) In Subdivision 3.73, the chief administrative officer is required to respond to an appeal within 30 days after the appeal and related documents have been received.
- (12) In Subsection 3.8, the language concerning permanent disciplinary records has been modified to require permanent records only in cases where the penalties imposed are suspension, expulsion, denial or revocation of degree and/or withdrawal of diploma. Further, records of scholastic violations are to be maintained for at least five years.
- (13) In Subsection 6.2, modifications have been made to the list of officials who have the authority to request identification on the campus of a component institution.
- (14) Subdivision 6.63(3) has been added to specify the conditions under which a publication of a registered organization containing advertising could be distributed without cost.
- (15) In Subdivisions 6.73, 6.74, and 6.75, the term "vulgar" has been deleted to reflect current judicial interpretations.
- (16) Several changes have been made in the order of subdivisions within Subsection 6.(10) to produce a more logical flow.
- (17) Subsection 7.1 has been modified and broadens the previous reference to "free speech" areas to designated areas for speech and assembly activities without prior administrative approval.

The proposed amendments to Chapter VI will provide more definitive notice to students concerning standards of conduct and will provide administrative officers of the U. T. System component institutions more concise guidelines for implementing disciplinary procedures.

The remaining Sections of Chapter VI concern off-campus housing, debts of students, and miscellaneous policies that remain unamended.

5. U. T. System: Recommendation to Approve Standard Affiliation Agreements for Educational Experience Programs.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the Executive Vice Chancellor for Academic Affairs that the U. T. Board of Regents approve the agreements listed below as standard affiliation agreements to be used by the U. T. System component institutions to provide educational experience programs.

It is further recommended that future agreements that are identical to or substantially similar to these standard affiliation agreements be submitted to the U. T. Board of Regents for approval via the docket after review and approval by the U. T. System Administration:

- a. Educational Experience Program Affiliation Agreement (UTS Form 100-A). See Pages B of R 81 - 82.
- b. Educational Experience Program Affiliation Agreement (UTS Form 100-B). See Pages B of R 83 - 84.
- c. Community Clinical Oncology Program Affiliation Agreement (CCOP Form). See Pages B of R 85 - 93.
- d. Veterans Administration Memorandum of Agreement (long version). See Pages B of R 94 - 99.
- e. Veterans Administration Memorandum of Agreement (short version). See Page B of R 100.
- f. National Institutes of Health Clinical Experience Agreement. See Pages B of R 101 - 104.
- g. U. S. Army Medical Department Memorandum of Agreement (Darnall Hospital version). See Pages B of R 105 - 109.
- h. U. S. Army Medical Department Memorandum of Agreement (William Beaumont Hospital version). See Pages B of R 110 - 112.
- i. U. S. Air Force General Agreement and Memorandum of Understanding. See Pages B of R 113 - 121.

BACKGROUND INFORMATION

Items a and b are revised versions of affiliation agreements approved as standard agreements by the U. T. Board of Regents in December 1977. These revised agreements are identical in all respects with the exception of the "hold harmless clause" that appears in Item b but not in Item a. They also replace an affiliation agreement approved as a standard agreement at the December 1980 U. T. Board of Regents' meeting and designated as UTS Form 100-C. Component institutions will be requested to use these two standard affiliation agreements with all facilities other than facilities of the federal agencies that insist upon the use of their form agreements.

Item c is a form agreement developed by The University of Texas M. D. Anderson Cancer Center and utilized exclusively by the Cancer Center.

Items d through i are form agreements of federal agencies that have been approved by the U. T. Board of Regents in the past and that are still utilized by those federal agencies in the same or substantially similar form. These federal agencies insist upon using their form agreements rather than the U. T. System standard affiliation agreements.

These affiliation agreements are utilized by the component institutions to place selected students in the affiliated facilities for training and experience that may not be available at the component institution.

Approval of these agreements as standard affiliation agreements is requested in order to permit the U. T. System Administration to review and administratively approve such agreements for submission to the U. T. Board of Regents via the docket if they are on UTS Form 100-A or 100-B, the CCOP Form, or if they are identical to or substantially similar to the above referenced federal agency form agreements.

**EDUCATIONAL EXPERIENCE PROGRAM
AFFILIATION AGREEMENT**

*UTS Form No. 100-A
(3/20/90)*

THIS AGREEMENT is made the ___ day of _____, 199__, by and between the _____
_____, ("University"), a component institution of The University
of Texas system, ("System"), and _____
("Facility"), a _____ having its
principal office at _____, State of _____.

WHEREAS, Facility now operates facilities located at _____
in the City of _____, State of _____, and therein provides _____
_____ services, and University provides academic courses
with respect to _____;

WHEREAS, University periodically desires to provide its students with educational experience related to
such courses by utilizing appropriate facilities and personnel of third parties ("Educational Experience Program"
or "Program");

WHEREAS, Facility desires to cooperate with University to establish and implement from time to time
one or more Educational Experience Programs involving the students and personnel of University and the facilities
and personnel of Facility;

NOW, THEREFORE, in consideration of the mutual promises herein and to achieve the objectives
described, University and Facility agree that any Program established and implemented by Facility and University
during the term of this Agreement shall be covered by and subject to the following terms and conditions:

1. **PROGRAM AGREEMENT:** To become effective, all agreements between the parties with respect
to a Program shall be reduced to writing ("Program Agreement"), executed by authorized representatives of Facility
and University, and approved in writing by the Office of the Chancellor of System.

2. **TERMINATION OF PROGRAM AGREEMENT:** A Program may be cancelled by written notice
pursuant to the terms of the Program Agreement; provided that, all students enrolled in the Program at the time
notice is given shall be permitted to finish their course of study.

3. **CONFLICT:** In the event of conflict between the text of Program Agreement and the text of this
Agreement, this Agreement shall govern.

4. **AMENDMENT OF PROGRAM AGREEMENT:** No amendment to a Program Agreement shall
be effective unless reduced to writing, executed by the authorized representatives of Facility and University, and
approved by the Office of the Chancellor of System.

5. **RESPONSIBILITY OF FACILITY:** Except for certain acts to be performed by University pursuant
to the provisions of this Agreement, Facility agrees to furnish the premises, personnel, services, and all other
items necessary for the Educational Experience Program specified in the Program Agreement. In connection
with such Program, Facility further agrees:

(a) to comply with all applicable Federal, State, and Municipal laws, ordinances, rules, and
regulations; to comply with all applicable requirements of any accreditation authority, and to
certify such compliance upon request;

(b) to permit the authority responsible for accreditation of University's curriculum to inspect
the facilities, services, and other items provided by Facility; and

(c) to appoint a person to serve for Facility as liaison (Liaison) by the following procedure:

1. Facility shall submit to University the name and professional and academic
credentials of the person proposed as Liaison in writing at least thirty (30) days prior
to the date the Liaison appointment is to become effective;

2. University shall notify Facility of University's approval or disapproval of such person
within ten (10) days after receipt of such notice;

3. no person shall act as Liaison without the prior written approval of University;

4. in the event the Liaison approved by University later becomes unacceptable and
University so notifies Facility in writing, Facility will appoint another person to serve
as Liaison in accordance with the procedure outlined in paragraph 5 (c).

6. RESPONSIBILITIES OF UNIVERSITY: University hereby agrees:

- (a) to furnish Facility with the names of the students assigned by University to participate in the Program;
- (b) to assign only those students who have satisfactorily completed those portions of University curriculum that are prerequisite to Program participation; and
- (c) to designate a member of the University faculty to coordinate the learning assignment to be assumed by each student participating in the Program with the Facility Liaison. University shall furnish to Facility the name of such faculty member in writing.

7. NOTICES: All notices under this Agreement or a Program Agreement shall be in writing and delivered either by personal delivery or by United States certified mail, return receipt requested. Such notices shall be deemed given when received by such party's designated representative.

8. ORAL REPRESENTATIONS: No oral representations of any officer, agent, or employee of Facility or System, or any of its component institutions, (including, but not limited to University), shall affect or modify any obligations of either party under this Agreement or any Program Agreement.

9. AMENDMENT TO AGREEMENT: No amendment to this Agreement shall be valid unless it is reduced to writing, signed by the authorized representatives of the parties, and approved by the Board of Regents of System.

10. BINDING EFFECT: This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assignee(s); provided, however, that no assignment by either party shall be effective without prior written approval of the other party. A delay in or failure of performance of either party that is caused by occurrences beyond the control of either party shall not constitute default hereunder, or give rise to any claim for damages.

11. TERM AND EFFECTIVE DATE: This Agreement shall become effective when approved by the Board of Regents of System. If so approved, this Agreement shall continue in effect for an initial period ending one (1) year after the date and year of execution by Facility and University ("Term"). After such initial Term, this Agreement shall continue from year to year unless one party shall give the other one hundred eighty (180) days prior written notice of intention to terminate. If such notice is given, this Agreement shall terminate: (a) at the end of the Term during which the last day of such one hundred eighty (180) days notice period falls; or (b) when all students enrolled in the Program at the end of the Term have completed their respective courses of study under the Program; whichever event occurs last.

12. CAPTIONS: The captions are solely for the convenience of the parties and shall not be used in the construction of this Agreement.

13. APPLICABLE LAW: This Agreement shall be construed and enforced in accordance with the laws of the State of Texas.

Executed by University and Facility on the above day and year in duplicate copies, each of which shall be deemed an original.

FACILITY

UNIVERSITY

By _____
(Name)

By _____
(Name)

(Title)

(Title)

FORM APPROVED

CONTENT APPROVED

*Office of General Counsel
The University of Texas System*

*Office of the Chancellor
The University of Texas System*

EDUCATIONAL EXPERIENCE PROGRAM AFFILIATION AGREEMENT

UTS Form No. 100-B
(3/20/90)

THIS AGREEMENT is made the _____ day of _____, 199__, by and between the _____
_____, ("University"), a component institution of The University of Texas
System, ("System"), and _____ ("Facility"),
a _____ having its principal office at
_____, State of _____.

WHEREAS, Facility now operates facilities located at _____
in the City of _____, State of _____, and therein provides _____
_____ services, and University provides academic courses
with respect to _____;

WHEREAS, University periodically desires to provide its students with educational experiences related to such courses
by utilizing appropriate facilities and personnel of third parties ("Educational Experience Program" or "Program");

WHEREAS, Facility desires to cooperate with University to establish and implement from time to time one or more
Educational Experience Programs involving the students and personnel of University and the facilities and personnel of
Facility;

NOW, THEREFORE, in consideration of the mutual promises herein and to achieve the objectives described, University
and Facility agree that any Program established and implemented by Facility and University during the term of this
Agreement shall be covered by and subject to the following terms and conditions:

1. **PROGRAM AGREEMENT:** To become effective, all agreements between the parties with respect to a Program
shall be reduced to writing ("Program Agreement"), executed by authorized representatives of Facility and University, and
approved in writing by the Office of the Chancellor of System.

2. **TERMINATION OF PROGRAM AGREEMENT:** A Program may be cancelled by written notice pursuant to
the terms of the Program Agreement, provided that all students enrolled in the Program at the time notice is given shall
be permitted to finish their course of study.

3. **CONFLICT:** In the event of conflict between the text of Program Agreement and the text of this Agreement, this
Agreement shall govern.

4. **AMENDMENT OF PROGRAM AGREEMENT:** No amendment to a Program Agreement shall be effective unless
reduced to writing, executed by the authorized representatives of Facility and University, and approved by the Office of the
Chancellor of System.

5. **RESPONSIBILITY OF FACILITY:** Except for certain acts to be performed by University pursuant to the
provisions of this Agreement, Facility agrees to furnish the premises, personnel, services, and all other items necessary for
the Educational Experience Program specified in the Program Agreement. In connection with such Program, Facility further
agrees:

(a) to comply with all applicable Federal, State, and Municipal laws, ordinances, rules, and regulations; to
comply with all applicable requirements of any accreditation authority, and to certify such compliance upon
request;

(b) to permit the authority responsible for accreditation of University's curriculum to inspect the facilities,
services, and other items provided by Facility; and

(c) to appoint a person to serve for Facility as liaison (Liaison) by the following procedure:

1. Facility shall submit to University the name and professional and academic credentials of the
person proposed as Liaison in writing at least thirty (30) days prior to the date the Liaison
appointment is to become effective;

2. University shall notify Facility of University's approval or disapproval of such person within ten
(10) days after receipt of such notice;

3. no person shall act as Liaison without the prior written approval of University;

4. in the event the Liaison approved by University later becomes unacceptable and University so
notifies Facility in writing, Facility will appoint another person to serve as Liaison in accordance with
the procedure outlined in paragraph 5 (c).

6. RESPONSIBILITIES OF UNIVERSITY: University hereby agrees:

- (a) to furnish Facility with the names of the students assigned by University to participate in the Program;
- (b) to assign only those students who have satisfactorily completed those portions of University curriculum that are prerequisite to Program participation; and
- (c) to designate a member of the University faculty to coordinate the learning assignment to be assumed by each student participating in the Program with the Facility Liaison. University shall furnish to Facility the name of such faculty member in writing.

7. NOTICES: All notices under this Agreement or a Program Agreement shall be in writing and delivered either by personal delivery or by United States certified mail, return receipt requested. Such notices shall be deemed given when received by such party's designated representative.

8. ORAL REPRESENTATIONS: No oral representations of any officer, agent, or employee of Facility or System, or any of its component institutions, (including, but not limited to University), shall affect or modify any obligations of either party under this Agreement or any Program Agreement.

9. AMENDMENT TO AGREEMENT: No amendment to this Agreement shall be valid unless it is reduced to writing, signed by the authorized representatives of the parties, and approved by the Board of Regents of System.

10. INDEMNIFICATION: To the extent authorized under the constitution and laws of the State of Texas, University shall hold Facility harmless from liability resulting from University's acts or omissions within the terms of this Agreement provided, however, University shall not hold Facility harmless from any claims, demands, or causes of action arising in favor of any person or entity resulting directly or indirectly from negligence (whether sole, joint, concurring or otherwise) of Facility, its officers, agents, representatives, or employees, or any person or entity not subject to University's supervision or control.

11. BINDING EFFECT: This Agreement shall be binding on and shall inure to the benefit of the parties and their respective successors and assignee(s); provided, however, that no assignment by either party shall be effective without prior written approval of the other party. A delay in or failure of performance of either party that is caused by occurrences beyond the control of either party shall not constitute default hereunder, or give rise to any claim for damages.

12. TERM AND EFFECTIVE DATE: This Agreement shall become effective when approved by the Board of Regents of System. If so approved, this Agreement shall continue in effect for an initial period ending one (1) year after the date and year of execution by Facility and University ("Term"). After such initial Term, this Agreement shall continue from year to year unless one party shall give the other one hundred eighty (180) days prior written notice of intention to terminate. If such notice is given, this Agreement shall terminate: (a) at the end of the Term during which the last day of such one hundred eighty (180) days notice period falls; or (b) when all students enrolled in the Program at the end of the Term have completed their respective courses of study under the Program; whichever event occurs last.

13. CAPTIONS: The captions are solely for the convenience of the parties and shall not be used in the construction of this Agreement.

14. APPLICABLE LAW: This Agreement shall be construed and enforced in accordance with the laws of the State of Texas.

Executed by University and Facility on the above day and year in duplicate copies, each of which shall be deemed an original.

FACILITY

UNIVERSITY

By _____
(Name)

By _____
(Name)

(Title)

(Title)

FORM APPROVED

CONTENT APPROVED

*Office of General Counsel
The University of Texas System*

*Office of the Chancellor
The University of Texas System*

AFFILIATION AGREEMENT

This AGREEMENT made the _____ day of _____, 1986
by and between THE UNIVERSITY OF TEXAS SYSTEM CANCER CENTER ("CANCER CENTER"),
a component institution of The University of Texas System, ("SYSTEM"),
and _____ COMMUNITY CLINICAL ONCOLOGY PROGRAM ("CCOP"),
located at _____

WITNESSETH:

WHEREAS, Cancer Center is recognized as a comprehensive cancer center with world-renowned expertise in the diagnosis, treatment and research of cancer diseases; and

WHEREAS, Cancer Center has extensive research expertise in the field of cancer diseases and cancer control, and by reason thereof has available a number of approved clinical protocols with applicability and use in community physician groups; and

WHEREAS, _____ CCOP has formed as a consortium to aid in the delivery of modern research advances in the field of cancer to its patients; and

WHEREAS, Cancer Center and _____ CCOP agree on the desirability of establishing collaborative activities between their organizations under the Community Clinical Oncology Program of the National Cancer Institute.

NOW, THEREFORE, with these objectives in mind Cancer Center and _____ CCOP agree as follows:

1. Each party to this Agreement shall prepare a specific program proposal under the Community Clinical Oncology Program and apply for funding thereof to the National Cancer Institute. Failure by either party to this agreement to obtain such funding and to have available thereunder sufficient funds to meet the financial requirements for collaboration shall immediately negate this Agreement.
2. Cancer Center shall collaborate with _____ CCOP by making approved clinical trial protocols and cancer control research protocols available for its use, and participate with _____ CCOP in the community oncology program as is necessary. This participation shall include, but not be limited to, assisting in the development and review of new and existing protocols, enforcing appropriate quality control measures for clinical research under the program, aiding in the formulation and delivery of training and educational activities, and other related activities.

3. For the conduct of specific activities hereunder, Cancer Center and _____ CCOP shall prepare various Program Agreements describing such activities and the responsibilities of each party in the conduct thereof. The Program Agreements shall be reduced to writing and approved by authorized signatories of each party hereto. In the event of conflict between the text of Program Agreements and the text of this Agreement, this Agreement shall govern.
4. The parties each agree to assume individual responsibility for the actions and omissions of their respective employees, agents and assigns in conjunction with this agreement. Neither CCOP nor CANCER CENTER agrees to indemnify the other party to this Agreement from any liability, loss or damage either may suffer as a result of claims, demands, costs or judgments against either of them arising out of the activities carried out pursuant to this Agreement or the Program Agreement(s) between the parties.
5. All the agreements between the parties on the subject matter shall be reduced to writing. No amendments to this Agreement shall be valid unless in writing and signed by the duly authorized representatives of the parties, and approved by the Board of Regents of The University of Texas System.
6. No oral representations of any officer, agent, or employee of _____ CCOP or SYSTEM, or any of its component institutions, (including, but not limited to CANCER CENTER), either before or after the effective date of this Agreement, shall affect or modify any obligations of either party hereunder or under any Program Agreement.
7. Any notices, statements, payments, or reports required by this Agreement shall be considered given if sent postage prepaid and addressed as follows:

If to CANCER CENTER:

Executive Vice President for Administration
The University of Texas System Cancer Center
6723 Bertner, Box 193
Houston, Texas 77030

If to _____ CCOP:

NAME
TITLE
_____ CCOP
ADDRESS

8. This Agreement shall not become effective until it has been executed by the duly authorized representatives of Cancer Center and CCOP and approved by the Board of Regents of The University of Texas System, and shall continue in force thereafter from year to year unless terminated by either party upon giving ninety (90) days written notice to the other party. This Agreement will terminate immediately, as indicated in Paragraph 1, if either party to the Agreement does not obtain NCI Community Clinical Oncology Program funding, or either party's funding is cancelled during the term of this Agreement. The Program Agreements related to this Affiliation Agreement shall automatically terminate upon termination of this Agreement, except that the parties' responsibilities under these Agreements will continue after the termination as they pertain to patients who have been enrolled in clinical trial protocols prior to the termination of the Agreements but have not completed these trials at the time of this termination.

EXECUTED this the _____ day of _____, 1986.

THE UNIVERSITY OF TEXAS SYSTEM
CANCER CENTER

By: _____
President

ATTEST:

COMMUNITY CLINICAL ONCOLOGY PROGRAM

By: _____

FORM APPROVED:

CONTENT APPROVED:

Office of General Counsel
The University of Texas System

Executive Vice Chancellor for Health Affairs
The University of Texas System

COMMUNITY CLINICAL
ONCOLOGY PROGRAM
AGREEMENT

This AGREEMENT is made on the _____ day of _____, 1986, between THE UNIVERSITY OF TEXAS SYSTEM CANCER CENTER (hereinafter referred to as "CANCER CENTER"), located in Houston, Texas, a component institution of The University of Texas System (hereinafter referred to as "SYSTEM"), and _____ Community Clinical Oncology Program (hereinafter referred to as "____CCOP").

WHEREAS, it is agreed by the parties that the purpose of this agreement is to establish and describe the collaborative activities between ____CCOP and CANCER CENTER, which will operate as a Research Base in the National Cancer Institute's Community Clinical Oncology Program.

NOW, THEREFORE, the parties agree as follows:

1. They will collaborate to provide quality clinical research and involvement in cancer control research activities, to maintain a high level of scientific collaboration and to participate in the overall evaluation of the Community Clinical Oncology Program.
2. Assurance of quality control is the joint responsibility of ____CCOP and CANCER CENTER. The following quality control measures will be utilized:
 - A) All pathology slides from protocol patients will be made available by ____CCOP for review at the CANCER CENTER Division of Pathology. If specified in protocols, slides will be submitted to Cancer Center for review, and CANCER CENTER pathology reports will be submitted to the appropriate ____CCOP physicians. Pathology review sessions, including CANCER CENTER and ____CCOP pathologists, will be convened as deemed necessary.
 - B) Chemotherapy, radiation therapy, immunotherapy, and surgical operative reports will be made available to the CCOP Medical Director at CANCER CENTER upon request to ensure protocol compliance.
 - C) Medical data entry sheets and all forms will be reviewed by Data Managers at ____CCOP, before being forwarded to CANCER CENTER. Accrual to protocols, adherence to protocols, patient eligibility, patient evaluability, and timeliness and quality of data reporting will be reviewed by CANCER CENTER.
 - D) ____CCOP will participate in appropriate quality assurance and performance review activities developed by the CANCER CENTER.
3. ____CCOP and CANCER CENTER will maintain separate budgets and adhere to NCI financial requirements.

4. ___ CCOP and CANCER CENTER will have joint responsibility for maintaining patient confidentiality except where release of patient information is duly authorized by the patient or his legal representative.
5. It is further agreed that ___ CCOP shall:
 - A. Be responsible for the following functions:
 - 1) A steering or executive function to plan, direct, participate in and evaluate its performance in the CCOP program.
 - 2) A protocol or scientific function to review and select all protocols for clinical trials. Performance of this function should be done in conjunction with ___ CCOP staff from surgical oncology, medical oncology, radiation oncology, supportive care, nursing and pharmacy.
 - 3) A data evaluation function to oversee all aspects of data management and evaluation, to review all forms before transmittal to the research base and to communicate feedback to the participating physicians. This function will be performed by the principal investigator, co-principal investigator, protocol nurse, and data managers.
 - 4) A pharmacy system that complies with all National Cancer Institute (NCI) and the Food and Drug Administration (FDA) guidelines. ___ CCOP may request support from CANCER CENTER Department of Pharmacy as needed.
 - B. Follow NCI and FDA guidelines for reporting adverse drug reactions. Adverse drug reactions include (1) any unsuspected side effect of an anti-cancer agent, (2) any unsuspected interaction of an anti-cancer agent with any other drug, (3) a severe life-threatening Grade IV or fatal toxicity even if previously reported with that particular drug.

When an adverse drug reaction is observed or it is suspected, it will be called into the CCOP Medical Director at CANCER CENTER as soon as possible. Written reports to be submitted to CANCER CENTER will follow in a timely fashion. Policies for report and evaluation and implementation of changes related to adverse drug reactions will take place via the established CANCER CENTER channels, as well as the usual NCI and FDA channels.

- C. Agree to place at least ten evaluable patients annually on CANCER CENTER clinical trial protocols and at least ten evaluable patients annually on CANCER CENTER cancer control research protocols and to provide all specified data forms to the CCOP Medical Director at CANCER CENTER on a schedule to be defined by CANCER CENTER. _____ CCOP will ensure that any protocols competing for the same patients (disease and stage) will be evaluated and a selection made to avoid participation in competing protocols.
- D. Have reviewed and approved by its Institutional Review Board each protocol initiated and used by _____ CCOP. _____ CCOP is responsible for adherence to NCI guidelines as well as all other federal guidelines, including, but not limited to, those requirements set forth in Title 45, Part 46 of the Code of Federal Regulations (45 CFR 46), as these pertain to Institutional Review Board decisions, conditions and compliance. A copy of the DHHS Form 596, Protection of Human Subjects Assurance Certification Declaration, will be filed with the CANCER CENTER Institutional Review Board prior to CANCER CENTER's making any individual protocol available to _____ CCOP.
- E. Be responsible for obtaining informed consent in accordance with 45 CFR 46.116 and for ensuring that no human subject will be involved in research prior to obtaining the consent. Informed consent documents and elements of obtaining consent will strictly follow NCI guidelines. _____ CCOP will allow for periodic review of patient records in conjunction with protocols. All informed consents will include patient permission for original hospital records, as well as study forms, to be reviewed by the CANCER CENTER CCOP Statistical Center, by NCI, by site visits from NCI or CANCER CENTER, and by the FDA as necessary. A copy of a signed informed consent will be forwarded to the CANCER CENTER CCOP Statistical Center with the initial patient entry forms.
- F. Supply routine documentation regarding treatment adjustments as specified in the protocols, informed consent, drug records, reports of unanticipated problems involving risks, adverse drug reactions or injury reports and any other requested materials to the CCOP Medical Director at CANCER CENTER.
- G. Be responsible for calibration and inspection of its radiologic and radiotherapy equipment by the Radiological Physics Center (RPC).

- H. If requested by NCI, maintain a Patient Log on all patients eligible for protocols, which will include such information as numbers, age, sex, primary site of cancer, stage of disease, treatment and survival.
 - I. Provide assurance of efforts for short and long term follow-up of patients registered on protocols.
 - J. Attend and participate in regular meetings held by CANCER CENTER to review ongoing research activities, to participate with the CANCER CENTER CCOP Scientific Committees in writing and developing new protocols and reviewing ongoing studies, to plan ongoing collaborative clinical investigations and cancer control research activities, to participate in training and educational activities for support personnel (data managers, oncology nurses, pharmacists, etc.) and other appropriate meetings. CCOP will collaborate in all appropriate ways with all other CCOP's using CANCER CENTER as a Research Base.
 - K. Agree that the CCOP Principal Investigator will be a member of the CANCER CENTER's CCOP Steering Committee.
 - L. Agree to accept periodic on-site monitoring by representatives of CANCER CENTER or NCI or an NCI designee.
 - M. Agree to an annual review of its progress by the CANCER CENTER's CCOP Steering Committee and NCI or NCI designee staff.
6. It is further agreed that CANCER CENTER shall:
- A. Provide CCOP with access to current NCI-approved CCOP protocols, a list of which is attached (Exhibit I).
 - B. Establish a CCOP Statistical Center to:
 - 1) Maintain registration records for all protocols;
 - 2) Provide statistical review and assistance in analysis of data collection by CCOP;
 - 3) Supply appropriate documents for on-study, pre-study flow sheets, off-study forms and all other forms necessary for participation in CCOP and CANCER CENTER clinical trial protocols;
 - 4) Conduct performance review and quality assurance programs;

- 5) Conduct training sessions for data managers and other personnel related to ___ CCOP at the beginning of the program and at appropriate intervals. The cost of travel and lodging is to be at ___ CCOP expense;
 - 6) Conduct annual site visits to ___ CCOP for review of records, information transfer and general evaluation and consultation. The cost of travel and lodging is to be at CANCER CENTER expense.
- C. Form scientific committees to develop and monitor research activities and a CCOP Steering Committee which will be the guiding committee for all CCOP activities of CANCER CENTER. Principal Investigators or their representatives from ___ CCOP will participate in this Steering Committee.
 - D. Host regular meetings for ___ CCOP staff members to review ongoing research activities, encourage the participation in the writing and development of new protocols; plan ongoing collaborative clinical investigations in cancer control research activities; and participate in training and educational activities for support personnel and any other meetings felt to be appropriate.
 - E. Notify ___ CCOP in writing and by telephone, if appropriate, of subsequent modifications in the protocols listed.
 - F. Provide a toxicity monitoring system for adverse drug reactions and report same to the CCOP Steering Committee and the investigational drug branch at NCI in Bethesda, Maryland at (301) 496-1196 after notification by ___ CCOP of an adverse drug reaction.
 - G. Conduct annual performance reviews of ___ CCOP and, based on this review, institute any remedial actions that are deemed necessary, including, but not limited to, dissolution of the Affiliation Agreement between CANCER CENTER and ___ CCOP.

This Agreement shall become effective upon the execution and approval of the Affiliation Agreement between these parties dated _____, and shall continue in effect according to the terms of same.

ATTEST:

COMMUNITY CLINICAL ONCOLOGY PROGRAM (CCOP)

_____ By: _____

THE UNIVERSITY OF TEXAS SYSTEM
CANCER CENTER

By: _____
Charles A. Lemaistre, M.D.
President

CONTENT APPROVED:

By: _____
The University of Texas System

MEMORANDUM OF AGREEMENT (AFFILIATION)

B E T W E E N

THE VETERANS ADMINISTRATION MEDICAL CENTER, HOUSTON, TEXAS,

and

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER - HOUSTON

This Agreement, when approved by the United States Veterans Administration and The University of Texas Health Science Center, Houston, shall authorize the Houston Veterans Administration Medical Center to affiliate with the Dental Branch at Houston for the purpose of education and training. The Dental Branch accepts responsibility with the Veterans Administration Medical Center for the education and training programs conducted with the Veterans Administration Medical Center. The Veterans Administration Medical Center will retain full responsibility for the care of patients and will maintain administrative and professional supervision of students insofar as their presence affects the operation of the facility and/or the direct and indirect care of patients. The faculty is responsible for the supervision of the education of undergraduate and graduate students and residents at the University of Texas Dental Branch.

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

Responsibilities shall be divided as follows:

1. The University of Texas Health Science Center at Houston, Dental Branch:

a. Will be represented on the Dean's Committee by the Dean of the Dental Branch (or his designee).

b. Will nominate to the Veterans Administration Medical Center Director on an annual basis a staff of consulting and attending specialists in the number and with the qualifications agreed upon by the Dean's Committee and the Veterans Administration.

c. Will participate, through the Director and the staff of consulting and attending specialists, in the supervision of the integrated education and training programs of the Veterans Administration and such programs as are operated jointly by the Veterans Administration and the schools affiliated with the Veterans Administration health care facility. VA staff members who are also faculty members will be responsible for student and house staff supervision for educational purposes, but can delegate responsibility to nonfaculty VA staff members under unusual circumstances.

d. Will share the responsibility with the Veterans Administration Medical Center for the nomination of all dentists for residency or other graduate education and training programs in the numbers and with the qualifications agreed upon by the Dean's Committee and the Veterans Administration.

2. The Veterans Administration:

a. Will operate and administer the Veterans Administration Medical Center.

b. Will appoint qualified physicians and dentists to full-time and regular part-time staff of the Medical Center. Nominations to the Medical Center Director by the Dean's Committee for full-time and regular part-time positions shall be welcomed. The regularly appointed staff, including Chiefs of Services, shall be fully responsible to their immediate superiors in the Veterans Administration.

c. Will consider for appointment the attending and consulting staff and the dentist trainees nominated by the Dental Branch and recommended by the Dean's Committee.

d. Will cooperate with The University of Texas Dental Branch in the conduct of appropriate programs of education, training, and research.

3. The Director, Veterans Administration Medical Center:

a. Will be fully responsible for the operation of the Veterans Administration Medical Center.

b. Will cooperate with the Dean's Committee in the conduct of education and training programs and in evaluation of all participating individuals and groups.

4. The VA Chief of Staff:

a. Will be responsible to the Director for the professional health care operations of the facility.

b. Will cooperate with the Dean's Committee and the affiliated educational institutions in the direction and conduct of the education and training programs.

5. Chiefs of Service:

- a. Will be responsible to their superiors in the Veterans Administration for the conduct of their service.
- b. Will, in cooperation with consulting and attending staff, supervise the education and training programs within their respective services.

6. The Attending Staff:

- a. Will be responsible to the Chief, Dental Service.
- b. Will accept responsibility for the proper care and treatment of patients in their charge upon delegation by the Medical Center Director or his designee.
- c. Will provide adequate training to house staff assigned to their service.
- d. Will hold faculty appointment in The University of Texas Dental Branch or will be outstanding members of the profession with equivalent professional qualifications acceptable to the Veterans Administration.

7. Consultants:

- a. Will be members of the faculty, above the rank of instructor, in The University of Texas Dental Branch, or equivalent professional qualifications acceptable to the Veterans Administration, and subject to VA regulations concerning consultants.
- b. Will, as representatives of The University of Texas Dental Branch, participate in and take responsibility for the education and training programs of the Veterans Administration Medical Center, subject to VA policy and regulations.

c. Will afford to the Medical Center Director, Chief of Staff, and the Chief, Dental Service, the benefit of their professional advice and counsel.

TERMS OF AGREEMENT:

1. The University of Texas Dental Branch complies with Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and Title II of the Older Americans Amendments of 1975, and all related regulations, and assures that it does not, and will not discriminate against any person on the basis of race, color, sex, creed, national origin, age or handicap under any program or activity receiving Federal financial assistance.

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

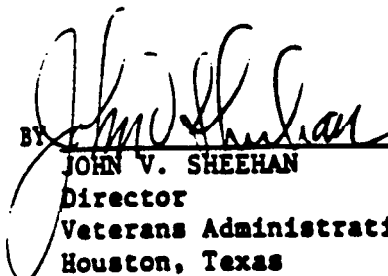
3. Protection of faculty members and students of the affiliated institution from personal liability when furnishing professional services covered by this agreement while at the VA health care facility will be that which is provided under the Federal Tort Claims Act, as implemented by 38 U.S.C. 4116.

4. Periodic reviews of programs and policies will be conducted under the auspices of the Office of Academic Affairs.

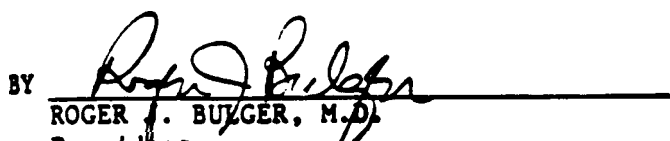
5. This Memorandum of Affiliation may be terminated by either party on written notice to the other six (6) months in advance of the next training experience.

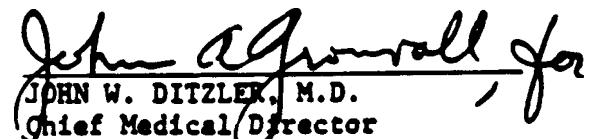
EXECUTED THIS 5th day of June, 1986.

VETERANS ADMINISTRATION MEDICAL CENTER

BY 
JOHN V. SHEEHAN
Director
Veterans Administration Medical Center
Houston, Texas

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER - HOUSTON

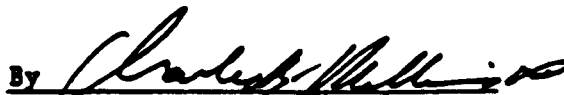
BY 
ROGER J. BUGGER, M.D.
President
The University of Texas
Health Science Center - Houston

APPROVED BY  for DATE 7-22-86
JOHN W. DITZLER, M.D.
Chief Medical Director


ATTEST:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By _____
Arthur Dilly
Executive Secretary

By 
Charles B. Mullins, M.D.
Executive Vice Chancellor
for Health Affairs

APPROVED AS TO FORM:

By 
John L. Darrouzet, Attorney
Office of General Counsel

MEMORANDUM OF AFFILIATION

BETWEEN

THE VETERANS ADMINISTRATION MEDICAL CENTER, WACO, TEXAS 76703
(City, State, Zip)

AND

UNIVERSITY OF TEXAS AT ARLINGTON SCHOOL OF NURSING, ARLINGTON, TX 76019
(Educational Affiliate, City, State, Zip)

It is mutually agreed by University of Texas at Arlington
School of Nursing (Affiliate) and the Veterans Administration Medical Center Waco, Tx that educational experiences will be provided at the VA facility for students in the following programs(s): (City, State)

<u>Program Name</u>	<u>Academic Degree Anticipated</u>
Undergraduate and graduate nursing program	B.S. and Masters

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

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

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

The University of Texas at Arlington (Affiliate) complies with Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and Title II of the Older Americans Amendments of 1975, and all related regulations, and assures that it does not, and will not, discriminate against any person on the basis of race, color, sex, creed, national origin, age or handicap under any program or activity receiving Federal financial assistance.

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

Protection of faculty members and students of the affiliated institution from personal liability when furnishing professional services covered by this agreement while at the VA health care facility will be that which is provided under the Federal Tort Claims Act, as implemented by 38 U.S.C. 4116.

Periodic reviews of programs and policies will be conducted under the auspices of the Office of Academic Affairs.

This Memorandum of Affiliation may be terminated by either party on written notice to the other 3 months in advance of the next training experience. (Time period)

Date signed [Signature]
 Name (type:) WENDELL NEDDERMAN, Ph.D. Title President
 Name of Affiliate: University of Texas School of Nursing, Arlington, Tx

Date signed 2/19/26
 Name (type:) [Signature] IRVING D. NOLL Facility Director
 VA Medical Center, Waco, Texas

AGREEMENT

THIS AGREEMENT, made under authority of Section 327A of the Public Health Service Act (42 U.S. Code Section 254a), is by and between the Clinical Center, National Institutes of Health, Bethesda, Maryland (hereinafter called the Clinical Center) and

**University of Texas
Health Science Center at Dallas
Southwestern Medical School**

(hereinafter called the School).

The School wishes to affiliate with the Clinical Center in order to obtain suitable elective clinical experiences for its students

Because it has a particular capability to provide the requisite clinical instruction under informed and experienced direction, the Clinical Center seeks to affiliate with the School.

This affiliation represents a method to integrate the student's academic theory and knowledge with experience gained through training and instruction in a hospital's medical and surgical departments. It is therefore agreed to be of mutual interest and advantage that selected students of the School be provided quality clinical experiences in the Clinical Center.

RESPONSIBILITIES

1. The School shall:

- A. **Make known to third- and fourth-year students (or, in the case of schools with six-year curricula, the students in their clinical years) the availability of electives at the Clinical Center.**
- B. **Upon request of the student, provide the Clinical Center with a transcript of the student's academic record and a letter of approval from the Office of the Dean.**
- C. **Send only those students who will benefit from the assignment, and who are, to the School's knowledge, qualified at the time of reporting for their training.**
- D. **Make arrangements to have the student covered under the School's professional liability insurance or an individual insurance policy which covers the activity of the student while at the Clinical Center.**
- E. **Have the privilege of visiting the Clinical Center before, during, and/or after the instruction period for the purpose of evaluating the student's progress.**

2. **The Clinical Center shall:**
 - A. **Within the stated philosophies, missions, and objectives of the Clinical Center and the School, provide the highest possible quality clinical experience for the students consistent with their level of training and experience.**
 - B. **Offer, at specified times of the year, in-depth instruction in clinical subspecialties as described in the current Catalog of the Clinical Elective Program for Medical and Dental Students at the National Institutes of Health.**
 - C. **Provide a Clinical Electives Program Office to serve as a contact point for the students during the application process and as a source of information and assistance to those students who are in attendance at the Clinical Center.**
 - D. **Provide the physical facilities, supplies, and equipment necessary for the clinical experiences.**
 - E. **Provide the School with a written evaluation of the student's learning experience at the completion of the training period.**
 - F. **Orient the student concerning all applicable rules and regulations with which the student is expected to comply. Special emphasis will be given to the Privacy Act of 1974, particularly as it relates to the patient's right to privacy and the confidentiality of all records relating to patient care.**
 - G. **Provide emergency medical care to the student only for injury sustained in the course of training or duties, under the U.S. Employees' Compensation Act (REC). Routine medical care or follow-up treatment is the sole responsibility of the student, and with the exception of paragraph 3.G., will not be provided by the Clinical Center.**
 - H. **Require the School to withdraw a student from the assignment when his/her performance is unsatisfactory or when his/her behavior is disruptive or detrimental to the operation of the Clinical Center.**
3. **It is mutually understood between the School and the Clinical Center that the student shall:**
 - A. **Be responsible for satisfying all elements of the application process as delineated in the current edition of the Catalog of the Clinical Electives Program for Medical and Dental Students at the National Institutes of Health.**
 - B. **Comply with all rules and regulations of the Clinical Center. Failure to comply will constitute grounds for terminating the assignment.**
 - C. **Keep confidential any information entrusted to him/her by a patient unless the nondisclosure would be harmful to the patient's treatment; in which case, the information must be given to the patient's attending physician.**

- D. Be invited and encouraged to take part in educational activities of the Clinical Center, including such events as grand rounds, symposia, and conferences. The student shall have access to journals, books, and periodicals in the Clinical Center library.
- E. Be excused from work on all Federal holidays.
- F. Unless otherwise specified, have the responsibility for personal transportation to and from the Clinical Center and for all other personal expenses, including housing. A stipend will not be provided. The student will be permitted to use the cafeterias at the Clinical Center or elsewhere at the National Institutes of Health.
- G. Provide written evidence, prior to reporting to the Clinical Center, of: (1) a negative Mantoux test (intermediate strength PPD) done within the past three months, or a chest x-ray report made within twelve months for those with a positive Mantoux test; and (2) a diphtheria-tetanus booster injection within the past ten years. Those who cannot provide such evidence will have the procedure(s) done upon arrival at the Clinical Center.

GENERAL AGREEMENTS

- A. There will be no discrimination on the basis of race, religion, sex, color, age, handicap, or national origin in the acceptance of students in this program.
- B. The autonomy of the School and the Clinical Center will be observed at all times.
- C. It is understood and agreed that the parties hereto may revise or modify this Agreement by mutually-agreed, written amendments.
- D. This Agreement shall be in force when it is signed by appropriate representatives of the School and the Clinical Center. On January first of the following year and of each succeeding year it shall be deemed to be renewed for an additional one-year term unless either party to this Agreement notifies the other of its intention not to renew. This notification shall be made in writing no less than sixty days before the renewal date. If an agreement is terminated, any student from the School who is in training on the date of termination shall be allowed to complete his/her training as if the Agreement were still in effect.
- E. It is recognized that activities at the Clinical Center, a biomedical research facility at the National Institutes of Health, are subject to Federal laws and regulations. The Director, Clinical Center, has the authority to assure that all applicable Federal requirements are observed, and assumes full responsibility for all activities under his/her jurisdiction.

f. By signing this Agreement, the student agrees to abide by all rules and regulations of the Clinical Center and to all elements of this Agreement.

EXECUTION

Executed in duplicate originals.

SIGNATURES:

The Clinical Center
National Institutes of Health
Bethesda, Maryland

The University of Texas
Health Science Center at Dallas
Southwestern Medical School

by [Signature] 4/14/87
Director Date
The Clinical Center

by [Signature] 4/28/87
President Date

APPROVED AS TO CONTENT:

by [Signature] 4/15/87
Executive Officer Date
The Clinical Center

by [Signature]
Executive Vice Chancellor
for Health Affairs

APPROVED AS TO FORM:

by [Signature] 4/14/87
Associate Director Date
for Quality Assurance
and Medical Education
The Clinical Center

by [Signature]
John L. Darrouzet, Attorney
Office of General Counsel

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the _____ day of _____, 1987, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

Executive Secretary, Board of Regents
The University of Texas System



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
UNITED STATES ARMY MEDICAL DEPARTMENT ACTIVITY
FORT HOOD, TEXAS 76844-5063



**MEMORANDUM OF AGREEMENT
BETWEEN
DARNALL U.S. ARMY COMMUNITY HOSPITAL
AND
THE UNIVERSITY OF TEXAS AT AUSTIN**

SUBJECT: Affiliation Agreement for the Acceptance, Appointment, and Clinical Assignment of University of Texas at Austin trainees by Darnall U.S. Army Community Hospital.

1. **Purpose.** To define the acceptance, appointment, and clinical assignment of trainees from The University of Texas at Austin by Darnall U.S. Army Community Hospital.

2. **Reference.** AR 351-3, Professional Training Programs of the Army Medical Department.

3. **Problem.**

a. The University of Texas at Austin, hereafter called educational institution, which is accredited by the Southern Association of Colleges and Universities conducts a program of training for post-graduate level social work students. The program is accredited by the National Association of Social Workers and leads to a Master of Social Work Degree. The program curriculum requires that the trainees obtain clinical learning experience.

b. The Darnall U.S. Army Community Hospital, Fort Hood, Texas, hereafter called the Army medical facility, conducts certain clinical activities in which trainees in the educational program, if allowed to participate, can obtain all or part of their required clinical learning experience.

c. An affiliation under this memorandum will benefit both parties by contributing to the educational preparation of a future supply of health care providers.

d. Trainees will be student volunteers under section 3111 of title 5, United States Code (5 USC 3111). They will not be Federal employees, but will be covered by 5 USC 8101-8151, relating to compensation for certain injuries, and by 28 USC 2671-2680 and 10 USC 1089, relating to tort claims.

e. Selection for this training will be made without regard to race, sex, color, religion, creed, national origin, lawful political or other affiliation, marital status, age (other than legal minimum age limitations), or physical handicap. Handicapped persons will not be provided benefits, service, or training that is different or separate from what is provided to others unless such action is required to provide equity. A qualified handicapped person will not otherwise be limited in the enjoyment of any right, privilege, advantage, or opportunity granted to others receiving the training and benefits of this agreement.

4. Scope. This agreement applies to not more than five trainees per semester and will not detract from the Army Medical Department's medical and training mission.

5. Understanding.

a. This agreement applies to not more than the one category of trainees described in paragraph 3a.

b. Affiliation under this agreement must not detract from the medical mission of the Army medical facility, or the education and training needs of Army Medical Department personnel.

c. There will be no payment of charges or fees between the parties to this agreement, and no payment of compensation by the United States to the trainees.

d. Insofar as the commander of the Army medical facility finds it consistent with his or her command's basic mission, the Army medical facility will--

(1) Screen prospective trainees to ascertain their qualifications and suitability and arrange for their appointment as student volunteers.

(2) Coordinate with the educational institutions to prevent conflict of schedules and activities during the clinical learning experience, and designate an appropriate point of contact for this purpose. This coordination involves--

(a) Planning with representatives of the educational institution.

(b) Orienting trainees and assigning them to specific clinical cases and experiences, including attendance at selected conferences, clinics, courses, and programs conducted by the Army medical facility.

(3) Retain responsibility for patient care in the facility and exercise supervision over trainees consistent with the facility's quality assurance program.

(4) Permit, on reasonable request, the inspection of clinical and related facilities by agencies charged with accreditation of the educational institution program.

(5) Notify the school of any intent to release a student.

e. The educational institution will--

(1) At least 30 days before the beginning of each training period, provide the names of the trainees eligible to be appointed, the dates and hours for which training is requested, and the clinical activities in which training is requested.

(2) Permit trainees to accept Federal appointment as student volunteers for the purpose of participating in clinical learning experiences, and provide such personal information on trainees as is necessary. Verify that they meet minimum age requirements of 18 years and, on request, certify that they are enrolled at least half-time in the educational institution's program. Ensure that trainees are available for completion of the appointment process before the training period begins.

(3) Notify the Army medical facility of a change in the enrollment status of any trainee.

(4) Designate an appropriate point of contact to coordinate trainee activities under this agreement.

(5) Provide and maintain the personnel records and reports necessary to document the trainees' clinical learning experience for the purpose of academic credit.

(6) Be responsible for such health and other medical examinations and protective measures as the commander of the Army medical facility deems necessary.

(7) Assist in the enforcement of such rules and regulations governing trainees as may be issued by the

commander of the Army medical facility and its host installation.

(8) Assist in enforcing the prohibition against the publication by trainees of any material related to the clinical learning experience that has not been reviewed and cleared by the Army medical facility to assure that--

(a) No classified information is published.

(b) Infringement of patients' rights to privacy is avoided.

(c) Military procedures are completely accurate.

(9) Withdraw a trainee from participation in the clinical learning experience on written notice.

6. Effective Period.

The terms of this agreement--

a. Will be effective on 1 January 1990 subject to approval by Health Services Command, and will continue in effect until terminated.

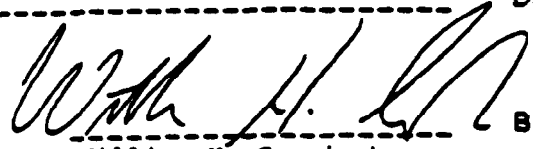
b. May be amended by the parties without referral to the approving authority only to incorporate changes required by Army Regulation 351-3.

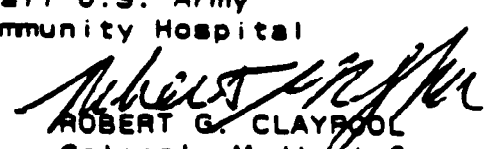
7. Termination

Either party may terminate the arrangements under this agreement by giving 30 days advance written notice of the effective date of termination. Except under unusual conditions, the notice will be given before the beginning of a training period. It is understood that the approving authority may terminate these arrangements at any time to meet the mission needs of the Army Medical Department.

The University of Texas
at Austin

Darnall U.S. Army
Community Hospital

By: 
William H. Cunningham
President

By: 
ROBERT G. CLAYPOOL
Colonel, Medical Corps

Title: _____

Title: Commanding

Date: January 2, 1990

Date: ~~November 10, 1989~~

FOR THE U.S. ARMY HEALTH SERVICES COMMAND:

Approved

By: _____

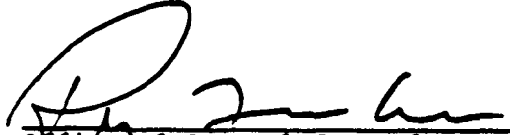
Title: _____

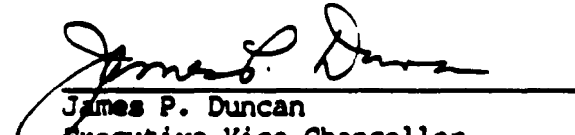
Date: _____

THE UNIVERSITY OF TEXAS SYSTEM:

FORM APPROVED:

CONTENT APPROVED:


Office of General Counsel


James P. Duncan
Executive Vice Chancellor
for Academic Affairs

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the _____ day of _____, 19____, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

Executive Secretary, Board of Regents
The University of Texas System

Department of the Army
William Beaumont Army Medical Center
El Paso, Texas 79920

MEMORANDUM OF AGREEMENT

I. BACKGROUND

1. The Board of Regents of The University of Texas Medical Branch at Galveston have established an approved professional program of special training in preparation for physical therapists. The program requires clinical facilities where the physical therapy students can obtain the clinical learning experience required in the curriculum.
2. The US Army medical facility, William Beaumont Army Medical Center, has the needed clinical facilities for physical therapy trainees from The University of Texas Medical Branch at Galveston to obtain part of the clinical learning experience required. It is to the benefit of The University of Texas Medical Branch at Galveston for physical therapy trainees to use the clinical facilities of the US Army medical facility, William Beaumont Army Medical Center, to obtain part of the clinical learning experience required.
3. The US Army medical facility, William Beaumont Army Medical Center, and the Department of the Army will benefit from making clinical facilities available to physical therapy trainees from The University of Texas Medical Branch at Galveston. The Army will obtain the trainees' clinical learning experience while contributing to the educational preparation of a future supply of physical therapists.
4. The trainees, during clinical training at the Army medical facility, will be under the jurisdiction of facility officials for training purposes and will follow facility rules.
5. The affiliation is controlled by and subject to title 5, US Code, section 5351-6, 8144 and 8331-2.

II. UNDERSTANDING

1. The US Army medical facility will --
 - a. Make available the clinical and related facilities needed for the clinical learning experience in physical therapy by students enrolled in the basic physical therapy program at The University of Texas Medical Branch at Galveston and who are designated by The University of Texas Medical Branch at Galveston for such learning experience under the supervision of The University of Texas Medical Branch at Galveston.
 - b. Arrange a clinical learning experience schedule that will not conflict with those of the educational institution.
 - c. Designate an AMSC officer to coordinate the trainee's clinical learning experience in the Physical Therapy Section. This will involve planning with faculty or staff members for the assignment of the trainees to specific clinical experiences, including their attendance at selected conferences, clinics, courses, and programs conducted under the direction of the facility.

d. Provide, whenever possible, in connection with the trainees' clinical learning experience, reasonable classroom, conference room, office and storage space for participating trainee and their faculty or staff supervisors, if assigned, and if feasible, dressing and locker room space.

e. Permit, on reasonable request, the inspection of clinical and related facilities by agencies charged with the responsibility for accreditation of The University of Texas Medical Branch at Galveston.

2. The University of Texas Medical Branch at Galveston will --

a. Provide the Commanding Officer of the facility with the names of the trainees to be assigned, the dates and hours they will be assigned, and the clinical service to which they will be assigned, by the beginning of each training period.

b. Where indicated and upon mutual agreement, provide faculty or staff members to assume the responsibility for instruction and supervision of the trainees' clinical learning experience.

c. Have the faculty or staff member, if any, coordinate with designated AMSC officer, the assignment that will be assumed by the trainees while participating in their clinical learning experience, and their attendance at selected conferences, clinics, courses and programs conducted under the direction of the facility.

d. Provide and maintain the personal records and reports necessary for conducting the trainees' clinical learning experience.

e. Enforce rules and regulations governing trainees that are mutually agreed on by the non-Federal institution and the facility.

f. Be responsible for health examinations and such other medical examinations and protective measures as the facility and non-Federal institution mutually find to be necessary.

g. Prohibit the publications by the trainees and faculty or staff members of any material relative to their clinical learning experience that has not been reviewed by the Army medical facility in order to assure that no classified information is inadvertently published, that infringement of patients' right to privacy is avoided and that accuracy with respect to military procedures is complete. Any article written by these trainees which has been based on information acquired through their clinical learning experience must clearly reflect that DA does not endorse the article, even where a review has been made prior to publication. This is accomplished by requiring a disclaimer paragraph to appear with each such article written: "The opinions and conclusions presented herein are those of the author and do not necessarily represent the views of the Army medical facility, the Department of the Army, or any other governmental agency."

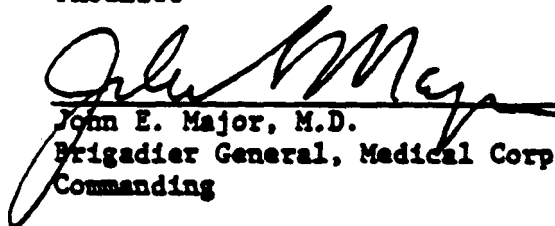
III. TRAINING

The training term shall be from 1 July through 30 June of each year. This agreement may be terminated by either institution or the individual trainee by written notification to all concerned. Except under unusual conditions, such information will be submitted prior to the beginning of a particular training period.

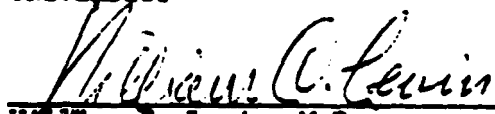
Date _____

ATTEST:

FACILITY



John E. Major, M.D.
Brigadier General, Medical Corps
Commanding

UNIVERSITY


William C. Levin, M.D.
President
The University of Texas Medical Branch
at Galveston

FORM APPROVED:

CONTENT APPROVED:


Office of the General Counsel
The University of Texas System


The University of Texas System

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the _____ day of _____, 1985, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

Executive Secretary, Board of Regents
The University of Texas System

GENERAL AGREEMENT
AND
MEMORANDUM OF UNDERSTANDING

I. BACKGROUND. This agreement is entered into by and between the United States Air Force, hereafter referred to as "Air Force," and The University of Texas System, hereafter referred to as "University."

1. Air Force and University both operate various health care and research facilities and have established approved health professional training programs that have been accredited by the American Medical Association and other national professional certification agencies. The program curricula require special clinical training in preparation for health professional certificates and degrees.

2. It is to the benefit of University for its clinical trainees and faculty to use the clinical facilities of Air Force to receive their clinical training. Air Force will benefit from the use of University's trainees' and faculty's clinical experience and service.

3. It is to the benefit of Air Force for its trainees and faculty to use the clinical facilities of University to receive their clinical experience. University will benefit from the use of Air Force's trainees' and faculty's experience and service.

II. UNDERSTANDING. The parties acknowledge and agree to the following:

4. When the trainees or faculty of either party are participating under this agreement at the clinical facilities of the other party, the trainees will be under the supervision of the facility officials where the training is taking place, and will be subject to, and be required to abide by all of that facility's applicable rules and regulations.

5. There will be no compensation paid to the faculty or trainees of either party to this agreement for their participation in this program. The use of either party's facilities is for the purpose of the training described in this agreement, and no compensation will be paid for any incidental work benefits that accrue to either party.

6. The program(s) described in this agreement are not intended to replace existing employees or impair existing contracts for services.

7. Each of the parties specifically reserves the right to refuse acceptance into a program conducted at their respective facilities of any trainee or faculty when necessary for the efficient operation of their institution.

a. The number, specific nature of training, and assignment of students to training programs under this agreement will be mutually agreed upon between Air Force and University prior to the beginning of the training period. The format at Attachment 2 may be used for this purpose.

b. Each party to this agreement reserves the right to bar any participant involved in a training program under this agreement from further participation in the agreement when it is determined that the trainee is not fulfilling the terms of this agreement, or when necessary for the efficient operation of the institution.

c. In the performance of the agreement, neither party will discriminate against any trainee on the basis of race, color, creed, national origin, religion, or sex.

8. Neither party will use the name of the other party's institution in publicity or media advertising without the express written consent of such institution; however, the existence and scope of the programs under this agreement may be made known to trainees.

9. In accordance with Air Force regulation, each trainee from University will be required to sign an agreement containing the provisions of the sample Trainee Agreement attached to this agreement (Attachment 3). Each trainee from the Air Force to a University facility will be required to sign an agreement containing the provisions of the sample Trainee Agreement attached to this agreement (Attachment 4).

10. Neither the parties to this agreement nor their trainees will publish any materials developed as the result of their clinical experience until such publication has been approved for release, in writing, by Air Force and University. For training programs under the agreement which occur at the clinical facilities of the respective parties to this agreement,

the institution at whose facilities the program is taking place will:

a. Make available the reasonable clinical and related facilities needed for training under this agreement. The extent and scope of facilities allowed will be discussed between the parties to this agreement; however, the ultimate determination of the scope and extent of facilities made available will be within the sole discretion of the owning institution.

b. Arrange schedules that will not conflict with the orderly operation of the institution.

c. Designate an official to coordinate the trainees' clinical learning experience. This will involve planning with faculty or staff members for the assignment of trainees to specific clinical cases and experiences, including their attendance at selected conferences, clinics, courses, and programs.

d. Permit, on reasonable request, the inspection of clinical and related facilities by agencies charged with the responsibility for accreditation of Air Force or University.

e. Provide emergency medical and dental treatment to trainees for emergency medical conditions arising during training. The cost of such treatment will be assessed in accordance with the rendering institutions's applicable rules and regulations, and will be paid for by the trainee or his respective institution.

f. Arrange the necessary access to the clinical facilities, including necessary parking or base permits, and including access to dining facilities to be used at the trainee's own expense.

11. Each party to the agreement agrees to:

a. Provide and maintain necessary personnel records and reports for its trainees.

b. Require its trainees and faculty who operate an automobile to maintain the minimum statutory requirements of local and state law and Air Force regulation on automobile liability insurance when driving on Air Force installation.

c. Be responsible for health examinations and other medical examinations or protective measures necessary for trainees involved in programs under this agreement.

12. It is agreed that Air Force members participating under the terms of this agreement at University are Air Force employees acting within the scope of their employment. As such, liability for personal injury or property damage resulting from the negligence of such Air Force employees shall be governed by the Federal Tort Claims Act.

13. University shall, to the extent authorized under the constitution and laws of the State of Texas, indemnify and hold Air Force harmless from University's liability producing acts or omissions during participation under this agreement.

14. University agrees to provide liability insurance coverage, including professional liability (malpractice) coverage, covering liability for personal injury or property damage, including expenses of defense of any such liability claims or actions resulting from liability producing acts or omissions by the trainees or faculty from University under this agreement. University represents that all such liability insurance coverage for the faculty and trainees of University are listed on Attachment 1 hereto, which is incorporated herein by reference. It is expressly agreed by Air Force and the University that any provision in University's Professional Medical Malpractice Self Insurance Plan which excludes coverage for any assumption of liability or indemnity obligation under a contract or agreement shall not be deemed to affect or exclude the insurance coverages listed in Attachment 1 hereto from applying to University trainees or faculty participating under the terms of this agreement. University agrees that if it intends to change such liability insurance coverage (including without limitation increasing or decreasing the amounts of such coverage) after the effective date of this agreement, that University will notify Air Force in writing, at least forty-five days prior to the effective date of the change, of the specific changes intended to be made.

15. It is expressly agreed that this written agreement embodies the entire agreement of the parties regarding this affiliation, and no other agreement exist between the parties except as herein expressly set forth. The terms of this agreement will commence as of June 13, 1985

(Date)

and will continue until terminated as provided below. Termination by either party will require that written

notification be sent by registered mail 30 days prior to the termination date. It is understood and agreed that the Surgeon General, Headquarters USAF, shall have the discretion to terminate this training affiliation agreement at any time if he or she deems it necessary in the interest of the mission of the Air Force. After this agreement has continued in force for a period of three years, it will be reviewed for compliance with existing Air Force policy, in accordance with Air Force regulation.

THE UNITED STATES AIR FORCE

22 Feb 85
(Date)

By T. Vandenberg
(Title)
T. VANDENBERG, Maj Gen, USAF, MS
504-14-2522, Commandant
Wallops Air Force Station
MS 03

THE UNIVERSITY OF TEXAS SYSTEM

5/15/85
(Date)

By Charles H. Phillips
Office of the Chancellor
The University of Texas System

APPROVED AS TO FORM:

John Danoy
General Counsel's
Office, The University
of Texas System

By Hans Mark
Title Chancellor
Board of Regents
The University of Texas System

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the _____ day of _____, 1985, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

Executive Secretary, Board of Regents
The University of Texas System

THE UNIVERSITY OF TEXAS SYSTEM
LIABILITY INSURANCE COVERAGE

In accordance with the General Agreement and Memorandum of Understanding between the United States Air Force and The University of Texas System, the following liability coverages are in effect and provide coverage as stated in said agreement:

A. Statutory Coverages: (Specify statutes and attach 1 copy)

Article 6256-19, Texas Civil Statutes, "The Texas Tort Claims Act."

Article 6256-26, Texas Civil Statutes.

B. Coverages Provided by Insurance Policy(ies) or Self-Insurance Plan(s): (Attach 1 copy of each policy or plan)

The University of Texas System Professional Medical Malpractice Self-Insurance Plan (Handbook and Certificate of Insurance Attached)

Executive Liability and Indemnification Policy No. 8085-71-94, issued by Texas Pacific Indemnity Company (Copy Attached)

C. Other Coverages:

None.

Charles B. Mullins, M.D.

5/15/85

Signature and Title of Certifying Official
of The University of Texas System
Charles B. Mullins, M.D.
Executive Vice Chancellor for Health Affairs

(Date)

SPECIFIC TRAINING AFFILIATION
(Supplementing the General Agreement
and Memorandum of Understanding)

Pursuant to the provisions of the General Agreement and Memorandum of Understanding between The University of Texas System and the United States Air Force, dated _____, the following information is provided:

The _____ proposes to assign
(Department, Facility)

_____ to train
(Number of Trainees) (Category of Trainees)
in the _____ at _____
(Department) (Facility)
for training in _____

(Description of training, including supervision and any particular provisions involving exchange of faculty)

A list of the trainees is attached. The proposed duration of the training is from _____ to _____
(Date) (Date)

Signature and Title of Official
Requesting Affiliation

(Date)

Concurrence of Official(s)
Having Training Responsibilities

(Date)

(Approved.)

(Disapproved for reason(s) attached.)

Signature, Commander
USAF Facility

(Date)

(Approved.)

(Disapproved for reason(s) attached.)

President, The University of
Texas System Component

(Date)

Office of the Chancellor,
The University of Texas System

(Date)

TRAINEE AGREEMENT ADDENDUM
(For use by University of Texas Trainees)

In consideration of being allowed to use the facilities of the (Name of Medical Facility) in accordance with the Memorandum of Understanding between the University of Texas System and the United States Air Force, dated _____, I agree to comply with the provisions of said agreement, including my obligations concerning compliance with the facility's rules and regulations and the maintenance of automobile liability insurance. I further agree and understand that I will receive no monetary compensation whatever from the United States for this training.

Date

(Typed or Printed Name of Trainee)

Signature of Trainee

TRAINEE AGREEMENT ADDENDUM
(For use by Air Force Trainees)

In consideration of being allowed to use the facilities of the (Name of Medical Facility) in accordance with the Memorandum of Understanding between the University of Texas System and the United States Air Force, dated _____, I agree to comply with the provisions of said agreement, including my obligations concerning compliance with the facility's rules and regulations and the maintenance of automobile liability insurance. I further agree and understand that I will receive no monetary compensation whatever from the University of Texas System for this training.

Date

(Typed or Printed Name of Trainee)

Signature of Trainee

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

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

Executive Committee: Chairman Beecherl
Vice-Chairman Barshop, Vice-Chairman Roden
MSA Page Ex.C - 1

Personnel and Audit Committee: Chairman Roden
Regent Barshop, Regent Cruikshank
MSA Page P&A - 1

Academic Affairs Committee: Chairman Barshop
Regent Loeffler, Regent Ramirez, Regent Ratliff
MSA Page AAC - 1

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

Finance and Facilities Committee: Chairman Moncrief
Regent Beecherl, Regent Blanton, Regent Loeffler
MSA Page F&F - 1

Land and Investment Committee: Chairman Ratliff
Regent Cruikshank, Regent Roden
MSA Page L&I - 1

F. RECONVENE AS COMMITTEE OF THE WHOLE

G. 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.

H. RECONVENE IN OPEN SESSION

I. CONSIDERATION OF ACTION OF 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 Litigation
 - b. U. T. Health Science Center - San Antonio:
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 Negotiate Purchase of Leasehold Interest in Travis County, Texas, from the Lower Colorado River Authority
 - b. U. T. Austin: Proposed Purchase of Property Located at 3208 Red River Street, Austin, Travis County, Texas
 - c. U. T. M.D. Anderson Cancer Center: Request for Authorization to Negotiate for the Purchase of Several Parcels Totalling Approximately 5.8 Acres of Land in Houston, Harris County, Texas
 3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees
- J. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS
- K. REPORT OF SPECIAL COMMITTEES
- L. OTHER MATTERS (INFORMATIONAL ITEMS)
1. U. T. System - Student and Faculty Advisory Groups: Progress Report.--

PROGRESS REPORT

The University of Texas System Student Advisory Group has been formed. Its first meeting was held on February 16, 1990. The major purpose of this meeting was to get organized and elect officers. Ms. Blair Taylor (U. T. Health Science Center - San Antonio) was elected Chair, Mr. Chris Bell (U. T. Austin) Vice-Chair, and Mr. Robert Coghlan (U. T. Medical Branch - Galveston) Secretary. A full membership list, by component institution, is set out on Pages B of R 124 - 127. A similar listing, by committee assignment, is also set out on Pages B of R 128 - 129. These committees are developing specific proposals for possible presentation to the U. T. Board of Regents. Communications have been facilitated through electronic mail capabilities on each of the campuses. The second meeting of the entire Student Advisory Group was held on March 30-31. Ms. Blair Taylor, with the assistance of other Advisory Group members, will give a progress report at the April 1990 U. T. Board of Regents' meeting.

The University of Texas System Faculty Advisory Group has also been formed. Faculty members from each of the U. T. System component institutions have been appointed. A full membership list, by component institution, is set forth on Pages B of R 130 - 135. The first meeting of the Faculty Advisory Group will be held on April 18, 1990.

THE UNIVERSITY OF TEXAS SYSTEM

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The University of Texas at Austin:

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Student Advisory Group
Page Two

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Page Three

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Student Advisory Group
Page Four

The University of Texas Health Science Center at Houston:

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Mr. Richard Hajek (Graduate School of Biomedical Sciences)
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THE UNIVERSITY OF TEXAS SYSTEM

Student Advisory Group

Committees

EXECUTIVE COMMITTEE

Blair Elizabeth Taylor-UT Health Science Center San Antonio-CHAIR
Chris Bell-UT Austin-VICE-CHAIR
Robert Coghlan-UT Medical Branch Galveston-SECRETARY

ACADEMIC AFFAIRS

Mark Soucek-UT Austin-CHAIR
Victor M. Macias-UT El Paso
Blair Elizabeth Taylor-UT Health Science San Antonio
Christina Matthews-UT San Antonio
Sirena Brown-UT Tyler
Stan Gunn-UT Tyler

HEALTH INSURANCE COMMITTEE

Warren Norred-UT Arlington-CHAIR
Diane Day-UT Health Science Center San Antonio
David Scott-UT Medical Branch Galveston
Sirena Brown-UT Tyler
Beatrice Navarette-UT El Paso
Jack Johnston-UT El Paso
Malu Tansey (Sancy Leachman-acting rep.)-UT Southwestern Medical Center Dallas
Michelle Bowman-UT Health Science Center Houston
Mark J. Yanta-UT Southwestern Medical Center Dallas

HOUSING COMMITTEE

Froswa Booker-UT Arlington
James Elson-UT Dallas
Gloria Clemons-UT Permian Basin

MINORITY AFFAIRS COMMITTEE

Pamela Stallworth-UT Dallas-CHAIR
Richard Hajek-UT Health Science Center Houston
Froswa Booker-UT Arlington
Gloria Clemons-UT Permian Basin
Chris Bell-UT Austin
Victor M. Macias-UT El Paso
Beatrice Navarette-UT El Paso
Sherril-Lynne Almeida-UT Health Science Center Houston

Student Advisory Group Committees
Page 2

STUDENT RIGHTS COMMITTEE

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Christina Matthews-UT San Antonio
James Elson-UT Dallas
Tim Gardner-UT Health Science Center San Antonio
Cindy Almaguer-UT Pan American
John Dupree-UT Pan American
David Scott-UT Medical Branch Galveston
Jerry Haddican-UT Austin
Gustavo Martell-UT Medical Branch Galveston
Sirena Brown-UT Tyler

STUDENT SERVICES FEE AND TUITION COMMITTEE

Debbie Miller-UT Dallas-CHAIR
Stan Gunn-UT Tyler
Robert Coghlan-UT Medical Branch Galveston
Roebie Protacio-UT Arlington
Dennis Wier-UT Southwestern Medical Center Dallas
John Dupree-UT Pan American
Cindy Almaguer-UT Pan American
Danny Armstrong-UT Permian Basin

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2. U. T. System: Status Report on Development of a Strategic Plan.--

INFORMATION REPORT

The U. T. System Administration is currently engaged in the development of a strategic plan for the U. T. System. The U. T. System Strategic Plan will build upon the component institution strategic planning process, and individual component long-range plans developed following U. T. Board of Regents' Planning Goals and Principles adopted in February 1982 and which are updated every two years in conjunction with the biennial budget process. The Fall 1989 U. T. System component institution strategic plans provide much of the information base for the development of this Plan.

The U. T. System Strategic Plan will focus upon the actions to be taken in the next two or three biennia and the impact of those actions over the next twenty or thirty years. Broad areas being addressed are the following:

- a. Quality of Existing Programs
- b. The Need for New Programs and Services
- c. New Demands on the Health Care System
- d. Development of Human Resources
- e. Managing Physical and Financial Assets
- f. Financing Programs and Activities.

Presidents of U. T. System component institutions will be asked to join the U. T. System Senior Staff some time in early May to discuss and amend a working draft. A final draft of the U. T. System Strategic Plan should be ready for review by the U. T. Board of Regents at the August meeting.

3. U. T. System: Circulation of Revised Institutional Role and Scope Tables of Programs for Review Prior to Submission to the Texas Higher Education Coordinating Board.--

INFORMATION REPORT

As Executive Vice Chancellor Duncan reported to the U. T. Board of Regents at the February 1990 meeting, Senate Bill 456 passed by the 71st Legislature requires the Texas Higher Education Coordinating Board to review institutional Role and Scope Tables of Programs at least every four years with involvement of the chairperson of the institution's Board of Regents. Accordingly, the Role and Scope Table of Programs for each U. T. System component institution has been revised to reflect changes since the tables were last approved by the Coordinating Board. Copies of the revised tables, including the narrative mission statements, are set out in congressional style on Pages B of R 138 - 172 for review by members of the U. T. Board of Regents prior to being transmitted to the Coordinating Board.

The Table of Programs for U. T. Pan American (Brownsville) is included although it has not yet received initial approval by the Coordinating Board. This table was approved by the U. T. Board of Regents at the December 1989 meeting and is expected to be considered for initial approval at the April 1990 meeting of the Coordinating Board. The tables for U. T. Dallas and U. T. Pan American do not technically require review at this time because they have been approved within the past four years. However, these tables will be resubmitted to the Coordinating Board now so that subsequent four-year reviews will occur at the same time for all U. T. System component institutions.

Pending a final review for accuracy by the institutional chief executive officers and a general review by members of the U. T. Board of Regents, the U. T. System Administration and Chairman Beecherl anticipate transmitting the revised tables and mission statements to the Coordinating Board staff for consideration by the Coordinating Board at its July 1990 meeting. Thus, in accordance with Chairman Beecherl's previous instructions, comments or questions regarding the tables and mission statements should be addressed to Chairman Beecherl or to the respective Executive Vice Chancellor either prior to or at the April 1990 U. T. Board of Regents' meeting so that transmittal to the Coordinating Board may occur in a timely fashion.

Since only minor editorial changes, technical updates to conform with the federal classification system, or additional programs that have already been approved by both the U. T. Board of Regents and the Coordinating Board are involved, the Coordinating Board review process does not require agenda action by the U. T. Board of Regents.

INSTITUTION: The University of Texas-Arlington DATE: July 1990 [1985]

PUBLIC SENIOR COLLEGES AND UNIVERSITIES
TABLE OF PROGRAMS

	Assoc. Cert.	Bacc.	Mast.	Doct.	Special Prof.
Agriculture (01, 02, & 03)					
Arch & Environ Design (04)		1	1		
Area & Ethnic Studies (05)		2 _A	2 _A		
Business (06, 07, & 08)		1	1	3 _B	
Communications (09 & 10)		1	2	*	
Computer and Information Scis (11)		2	1	1	
Education (13)		1 ^{**}	1[*]		
Engineering (14)		1	1	1	
Engineering Related Techs (15)					
Foreign Languages (16)		3 _C	3 _C	*	
Allied Health (17)		3 _D	2 _E		
Health Sciences (18)		3 _F	3 _F	*	
Home Economics (19 & 20)					
Law (22)		3 _G			
Letters (23)		1	1	*	
Liberal/General Studies (24)		1	2		
Library & Archival Sciences (25)					
Life Sciences (26)		1	1	*	
Mathematics (27)		1	1	1	
Multi/Interdisc Studies (30)		2 _H	3 _H	3 _I	
Parks & Recreation (31)					
Philosophy (38)		1	2		
Physical Sciences (40 & 41)		1	1	1	
Psychology (42)		1	1	3 _J	
Protective Services (43)		1	1		
Public Affairs (44)		1	1	3 _K	
Social Sciences (45)		1	1	*	
Trade & Indust (46, 47, 48 & 49)					
Visual Performing Arts (50)		1	*		

THE UNIVERSITY OF TEXAS AT ARLINGTON

Table of Programs: Footnotes

- A: Limited to programs which consist primarily of courses drawn from other, previously approved programs
- B: Business Administration and Management[~~;-General~~]
- C: Russian, German, French, and Spanish
- D: Medical Technology
- E: Exercise Physiology
- F: Nursing
- G: Paralegal Studies
- H: Combinations of previously approved programs
- I: Combinations of previously approved programs;~~[and]~~ Humanities--~~[with-emphases-in]~~Language, Humanities--Literature, and Humanities--Cultural Perspectives, all offered jointly with U. T. Dallas
- J: General Experimental Psychology only
- K: Urban Affairs and Social Work
- *: The institution's governing board has recognized that some degree programs in this discipline category are appropriate to consider in future planning at the institutional level. If a program proposal is submitted under this category, the Coordinating Board must approve both the proposal and a Role and Scope change.
- **: All undergraduate teacher education programs are being discontinued in accordance with Section 13.036 of the Texas Education Code, which provides that a person who applies after September 1, 1991, for a teaching certificate which requires a bachelor's degree must have a bachelor's degree with an academic major or an interdisciplinary academic major. Authorization for issuing education degrees prior to September 1, 1991, shall continue until that date.

The University of Texas at Arlington

Mission Description

The University of Texas at Arlington is the most comprehensive general academic component of The University of Texas System in North Texas. As a component institution of The University of Texas System, the University is committed to pursue high standards of achievement in instruction, student performance, research and scholarly accomplishment.

Within an environment of academic freedom, students learn from faculty scholars who have in-depth expertise in the arts, the sciences, and in the professions of engineering, business administration, architecture, nursing, social work and teacher education. The faculty engage in research and creative activity, both to develop and maintain their own scholarly expertise and to extend human knowledge. The results of that research and [are] creative work are made available to students in the classroom and to the general public through publication and public service activities.

At the core of the University curriculum are the arts and the sciences, those academic disciplines common to nearly all colleges and universities in the United States. Courses are offered in these disciplines to support a general liberal education at the baccalaureate level. In addition, degree programs through the doctoral level are offered in many discipline categories.

As a state-supported public institution, U. T. Arlington is open to all citizens of the State who meet the academic standards for admission. In addition, some students from outside the State are admitted. However, the majority of the students come from the geographic area commonly described as the Dallas-Fort Worth metropolitan area. Graduate and professional degree programs and associated course offerings beyond those in the Arts and Sciences core are selected primarily to meet[e] the needs and desires of the citizens of this region.

The mission of The University of Texas at Arlington as stated above is consistent with its role and scope as specified by the Texas Legislature, which in 1971 said:

"The Board is authorized to maintain, operate and administer The University of Texas at Arlington as a general academic institution of higher education offering a standard four-year undergraduate program. The Board shall have the authority to prescribe courses leading to such customary degrees as are offered at leading American universities and to award such degrees. It is the intent of the legislature that such shall include baccalaureate, master's and doctoral degrees and their equivalents..."

July 1990

INSTITUTION: The University of Texas at Austin

DATE: [June-7,-1984]

PUBLIC SENIOR COLLEGES AND UNIVERSITIES
TABLE OF PROGRAMS

	Assoc. Cert.	Bacc.	Mast.	Doct.	Special Prof.
Agriculture (01, 02, & 03)					
Arch & Environ Design (04)		1	1	2	
Area & Ethnic Studies (05)		1	1	1	
Business (06, 07, & 08)		1	1	1	
Communications (09 & 10)		1	1	1	
Computer and Information Scis (11)		1	1	1	
Education (13)		<u>1**</u>	1	1	
Engineering (14)		1	1	1	
Engineering Related Techs (15)					
Foreign Languages (16)		1	1	1	
Allied Health (17)		3 _A			
Health Sciences (18)		3 _B	3 _{B[ε]}	3 _C	3 _D
Home Economics (19 & 20)		1	1	<u>1[2]</u>	
Law (22)			1		1
Letters (23)		1	1	1	
Liberal/General Studies (24)		1	2		
Library & Archival Sciences (25)		2	1	1	
Life Sciences (26)		1	1	1	
Mathematics (27)		1	1	1	
Multi/Interdisc Studies (30)		1	1	<u>1[2]</u>	
Parks & Recreation (31)					
Philosophy (38)		1	1	1	
Physical Sciences (40 & 41) *		1	1	1	
Psychology (42)		1	1	1	
Protective Services (43)					
Public Affairs (44)		1	1	1	
Social Sciences (45)		1	1	1	
Trade & Indust (46, 47, 48 & 49)					
Visual Performing Arts (50)		1	1	1	

*: Music - Church Music (Bacc. program only) CIP Code 39.0501.00

THE UNIVERSITY OF TEXAS AT AUSTIN

Table of Programs: Footnotes

- A: Medical Technology only
- B: Communication Sciences and Disorders, Pharmacy, and Nursing only
- C: Pharmacy and [7] Nursing, only
- D: Pharmacy only

**: All undergraduate teacher education programs are being discontinued in accordance with Section 13.036 of the Texas Education Code, which provides that a person who applies after September 1, 1991, for a teaching certificate which requires a bachelor's degree must have a bachelor's degree with an academic major or an interdisciplinary academic major. Authorization for issuing education degrees prior to September 1, 1991, shall continue until that date.

The University of Texas at Austin

Mission Description

The University of Texas at Austin is a general academic component of The University of Texas System. As a component institution of The University of Texas System, the University is committed to pursue high standards of achievement in instruction, student performance, research, and scholarly accomplishment.

The Mission of The University of Texas at Austin is:

- To promote the development of the human resources of Texas and the Nation to their highest potential of intellectual achievement and personal growth;
- To provide excellent teaching for the education of qualified and promising undergraduates and graduates of diverse social, economic, and ethnic background;
- To conduct research designed to develop and to extend human knowledge;
- To advance the arts and to preserve culture;
- To cultivate in the minds of the students the ethical and moral values that are the basis of a humane social order;
- To maintain intellectual freedom, to protect it from those who seek to shackle independent thought, and to guard against unquestioning conformity to established intellectual doctrine;
- To provide superior libraries that will serve as centers of scholarly research and as learning resources for students, faculty members, and the people of Texas;
- To render service to the public through museums, exhibitions, performing arts, and other cultural activities; through applied research; through dissemination of information; and through athletic activities;
- To provide continuing and advanced education for professional development and intellectual enrichment; and
- To serve as the leader of higher education in Texas and to develop further a superior system of higher education, as well as to sustain and strengthen the quality of primary and secondary school education throughout the State.

July 1990

INSTITUTION: The University of Texas-Dallas

DATE: [December-15,-1989]

PUBLIC SENIOR COLLEGES AND UNIVERSITIES

TABLE OF PROGRAMS

	Assoc. Cert.	Bacc.	Mast.	Doct.	Special Prof.
Agriculture (01, 02, & 03)					
Arch & Environ Design (04)					
Area & Ethnic Studies (05)		3 _A			
Business (06, 07, & 08)		1	1	1	
Communications (09 & 10)		*	*		
Computer and Information Scis (11)		1	1	1	
Education (13)			3 _B	*	
Engineering (14)		3 _C	3 _C	3 _C	
Engineering Related Techs (15)					
Foreign Languages (16)		2			
Allied Health (17)		2 _D			
Health Sciences (18)		3 _E	3 _E	3 _E	
Home Economics (19 & 20)					
Law (22)					
Letters (23)		1	2	*	
Liberal/General Studies (24)		1	2		
Library & Archival Sciences (25)					
Life Sciences (26)		1	1	1	
Mathematics (27)		1	1	1	
Multi/Interdisc Studies (30)		3 _F	3 _G	3 _H	
Parks & Recreation (31)					
Philosophy (38)		1	2		
Physical Sciences (40 & 41)		1	1	1	
Psychology (42)		1	3 _I	*	
Protective Services (43)					
Public Affairs (44)		3 _J	3 _K	3 _L	
Social Sciences (45)		1	2	*	
Trade & Indust (46, 47, 48 & 49)					
Visual Performing Arts (50)		3 _M	*		

THE UNIVERSITY OF TEXAS AT DALLAS

Table of Programs: Footnotes

- A: American Studies
- B: Science Education, Mathematics Education, and Humanities
- C: Electrical Engineering (Microelectronics and Telecommunications, only) and Engineering Science (electronic mechanisms design; and electronics manufacturing systems, only)
- D: Programs for the diagnosis and remediation of handicapped children related to the Callier Center
- E: Speech/Language Pathology & Audiology, B.S.; Communication Disorders, M.S.; Human Development & Communications Sciences (including Neurosciences), Ph.D.; and other programs for the diagnosis and remediation of handicapped children and related to the Callier Center
- F: Arts and Humanities, and combinations of previously approved programs
- G: Humanities (Aesthetic Studies, History of Ideas, and Studies in Literature), Human Development, Applied Cognition and Neuroscience, Interdisciplinary Studies, and Science Education
- H: Humanities (Aesthetic Studies, History of Ideas, and Studies in Literature)
- I: Human Development and Early Childhood Disorders and other Cognitive (42.03), Developmental (42.07), and Experimental (42.08) Psychology, only
- J: Public Administration
- L: Political Economy
- M: Art and Performance

- *: The institution's governing board has recognized that some degree programs in this discipline category are appropriate to consider in future planning at the institutional level. If a program proposal is submitted under this category, the Coordinating Board must approve both the proposal and a Role and Scope change.

The University of Texas at Dallas

Mission Description

The University of Texas at Dallas, defined by state law as a "general academic institution" of The University of Texas System, is committed to pursue high standards of achievement in instruction, student performance, research, and scholarship.

U. T. Dallas believes the purpose of any university is the advancement of knowledge and the education of its students and recognizes that the quality of a university is measured by how well it accomplishes these purposes. To those ends, U. T. Dallas is committed to excellence in the conduct of research and instruction. In addition, the University's destiny is inextricably linked with the fortune of the Dallas metropolitan area. The University believes a partnership with the knowledge-based businesses and industries of this area will enhance the University's opportunity to become the first-class institution it aspires to be.

The principal mission of The University of Texas at Dallas is to be responsive to the educational and research needs of the nation as exemplified by the technologically-sophisticated and managerially-intensive economy of the Dallas metropolitan area. A unique portion of the mission of U. T. Dallas, which is met through the Callier Center for Communication Disorders, is the provision of clinical services, educational services, cultural and social activities, and the conduct of research to serve the needs of those with communication disorders.

To support the social, cultural, and economic development of the Dallas region, U. T. Dallas has defined its principal mission, designed its programs, and assembled its faculty with an aim toward the conduct of graduate education and research to meet the needs of business, industry, and government, as well as to continue to enhance its national academic reputation by the placement of some of its doctoral graduates at major universities.

At the undergraduate level, U. T. Dallas emphasizes the admission of lower division students who intend to enroll in academic programs leading to degrees in natural sciences, mathematics, or engineering. At the upper division, U. T. Dallas emphasizes serving those students who have received freshman-level and sophomore-level instruction at community colleges located in the Dallas metropolitan area.

U. T. Dallas is a doctoral-granting university with a strong research tradition which can be traced back to its origin as the Southwest Center for Advanced Studies. At the core of the U. T. Dallas curriculum, as shown in section I, Table of Programs, are the arts and the sciences, those academic disciplines common to most colleges and universities in the United States. Degree programs are offered in these disciplines to support a general liberal education, within an interdisciplinary context, at the baccalaureate level. Master's level courses and degree programs also are offered in many of these disciplines, and offerings at the doctoral level exist in three of the Arts and Sciences discipline categories.

Degree programs and course offerings beyond those in the Arts and Sciences core reflect the specific needs of employers and citizens in the Dallas region and the distinctive character of U. T. Dallas as a graduate research institution. U. T. Dallas currently offers baccalaureate and master's level programs and courses in eight professional or other disciplines (Business Administration, Engineering, Health Sciences, Public Affairs, Communication, Computer and Information Sciences, Multi/Interdisciplinary and Liberal/General Studies). In addition, baccalaureate level programs in Area/Ethnic Studies and master's level programs in Education are authorized. Doctoral level work in five professional discipline categories is offered at the present time with a sixth, Engineering, to be implemented during 1989-90.

INSTITUTION: The University of Texas at El Paso DATE: July 1990 [1985]

PUBLIC SENIOR COLLEGES AND UNIVERSITIES
TABLE OF PROGRAMS

		Assoc. Cert.	Bacc.	Mast.	Doct.	Special Prof.
Agriculture	(01, 02, & 03)					
Arch & Environ Design	(04)					
Area & Ethnic Studies	(05)		3 _A	2 _A		
Business	(06, 07, & 08)		1	1		
Communications	(09 & 10)		1	<u>1</u>		
Computer and Information Scis	(11)		1	1		
Education	(13)		<u>1**</u>	1	*	
Engineering	(14)		1	1		<u>3_B</u> [*]
Engineering Related Techs	(15)					
Foreign Languages	(16)		3 _C [B]	3 _C [B]		
Allied Health	(17)		3 _D [E]			
Health Sciences	(18)		3 _E [D]	3 _F [E]		
Home Economics	(19 & 20)					
Law	(22)					
Letters	(23)		1	1		
Liberal/General Studies	(24)		2	2		
Library & Archival Sciences	(25)					
Life Sciences	(26)		1	1		
Mathematics	(27)		1	1		
Multi/Interdisc Studies	(30)		<u>3_G</u> [² _F]	3 _G [F]		
Parks & Recreation	(31)					
Philosophy	(38)		1	2		
Physical Sciences	(40 & 41)		1	1		3 _H [6]
Psychology	(42)		1	1	*	
Protective Services	(43)		1			
Public Affairs	(44)		3 _I [H]	3 _J [I]		
Social Sciences	(45)		1	1		
Trade & Indust	(46, 47, 48 & 49)					
Visual Performing Arts	(50)		1	1		

THE UNIVERSITY OF TEXAS AT EL PASO

Table of Programs: Footnotes

- A: [~~American-(05-0102);~~] Latin American (05.0107)[;] and Hispanic-American (05.0203) Studies
- B: Electrical Engineering
- C:[B+] French, German, and Spanish
- D:[C+] [~~Speech;-Hearing;-and-Language-Disorders;~~] Medical Technology
- E:[D+] Speech-Language Pathology, Nursing, Health Care Administration, Allied Health
- F:[E+] Speech-Language Pathology and Audiology, Nursing
- G:[F+] Combinations of previously approved programs
- H:[G+] Geological Sciences
- I:[H+] Social Work
- J:[I+] Public Administration

*: The institution's governing board has recognized that some degree programs in this discipline category are appropriate to consider in future planning at the institutional level. If a program proposal is submitted under this category, the Coordinating Board must approve both the proposal and a Role and Scope change.

**:
All undergraduate teacher education programs are being discontinued in accordance with Section 13.036 of the Texas Education Code, which provides that a person who applies after September 1, 1991, for a teaching certificate which requires a bachelor's degree must have a bachelor's degree with an academic major or an interdisciplinary academic major. Authorization for issuing education degrees prior to September 1, 1991, shall continue until that date.

The University of Texas at El Paso

Mission Description

The University of Texas at El Paso is a general academic component of The University of Texas System. Established in 1913 as the Texas State School of Mines and Metallurgy, it became a part of The University of Texas System in 1919. Subsequently, it grew both in enrollment and programs until, in 1967, it adopted its current name to reflect the breadth and level of its academic programs. As a component institution of The University of Texas System, the University is committed to pursue high standards of achievement in instruction, student performance, research, and scholarly accomplishment.

Within an environment of academic freedom, students learn from faculty scholars who have demonstrated expertise in the arts and the sciences, as well as in the professions of business, education, engineering, allied health, and nursing. The faculty engage in research and creative activity, both to develop and maintain their own scholarship and to extend human knowledge. The results of that research and creativity are made available to students in the classroom and the laboratory, and to the general public through publication and public service activities.

At the core of the University curriculum are the arts and the sciences, those academic disciplines common to nearly all colleges and universities in the United States. Courses are offered in these disciplines to support a general liberal education at the baccalaureate level. In addition, the University currently offers degree programs through the master's level in many discipline categories and doctoral programming in electrical engineering and geological sciences.

As a state-supported public institution, the University is open to all citizens of the State and elsewhere who meet the academic standards for admission. While U. T. El Paso admits some students from outside the State, the majority come from the immediate geographic area in which the University is located. Degree programs and course offerings beyond those in the Arts and Sciences core are selected primarily to meet the needs and desires of the residents of this region.

INSTITUTION: U. T. Pan American

DATE: July 1990
~~[October-1988]~~

PUBLIC SENIOR COLLEGES AND UNIVERSITIES
 TABLE OF PROGRAMS

	Assoc. Cert.	Bacc.	Mast.	Doct.	Special Prof.
Agriculture (01, 02, & 03)					
Arch & Environ Design (04)					
Area & Ethnic Studies (05)		3 _A	2 _A		
Business (06, 07, & 08)		1	1		2 _B
Communications (09 & 10)		3 _C	3[2] _D		
Computer and Information Scis (11)		1			
Education (13)		1**	1		2 _B
Engineering (14)		*			
Engineering Related Techs (15)		2 _G			
Foreign Languages (16)		3 _H	2 _I		
Allied Health (17)	2 _J	3 _K	3 _L		
Health Sciences (18)	3 _M	3 _N	3[2] _O		
Home Economics (19 & 20)	2 _P	3 _P			
Law (22)					
Letters (23)		1	1		
Liberal/General Studies (24)		1[2]			
Library & Archival Sciences (25)					
Life Sciences (26)		1	1		
Mathematics (27)		1	2 _R		
Multi/Interdisc Studies (30)		1[2] _S	3 _T		
Parks & Recreation (31)		3 _U			
Philosophy (38)		1			
Physical Sciences (40 & 41)		1			
Psychology (42)		1			
Protective Services (43)		1			
Public Affairs (44)		3 _W	3[2] _W		
Social Sciences (45)		1	3 _X		
Trade & Indust (46, 47, 48 & 49)					
Visual Performing Arts (50)		1	2 _Y		

THE UNIVERSITY OF TEXAS - PAN AMERICAN

Table of Programs: Footnotes

- A: American Studies, Hispanic-American Studies, Latin American Studies
B: International Business (6.0901)
C: Communications, General, and Journalism
D: Speech Communication[s; -General] (9.0101)
E: Educational Administration, General (13.0401)
G: Electrical and Electronic Technologies (15.03)
H: Spanish, French
I: Spanish (16.0905)
J: Physical Therapy Assistant
K: [~~Speech-and-Hearing;~~] Medical Technology, Rehabilitation Services, Physical Therapy (17.0407)
L: [~~Communication-Disorders;~~] Physical Therapy (17.0813), Rehabilitation Counseling (17.0407)
M: Nursing
N: Nursing, Speech and Hearing, Health Care Administration (18.0799) Medical Records Administration (18.0703)
O: Speech and Hearing, Communication Disorders, and Nursing (18.1101)
P: Dietetics
R: Mathematics, General (27.0101)
S: Baccalaureate Applied Arts & Sciences and combinations of previously approved programs
T: Interdisciplinary Studies
U: Recreational Administration
V: Psychology, General (42.0101)
W. Social Work, Public Administration
X: History, Sociology, Anthropology, Social Sciences, General
Y: Art, Theatre (50.0501)
- *: The institution's governing board has recognized that some degree programs in this discipline category are appropriate to consider in future planning at the institutional level. If a program proposal is submitted under this category, the Coordinating Board must approve both the proposal and a Role and Scope change.
- **:
All undergraduate teacher education programs are being discontinued in accordance with Section 13.036 of the Texas Education Code, which provides that a person who applies after September 1, 1991, for a teaching certificate which requires a bachelor's degree must have a bachelor's degree with an academic major or an interdisciplinary academic major. Authorization for issuing education degrees prior to September 1, 1991, shall continue until that date.

The University of Texas - Pan American
[MISSION-STATEMENT:--PAN-AMERICAN-UNIVERSITY]

Mission Description

U. T. Pan American [PAN-AMERICAN-UNIVERSITY], as a general academic component of The University of Texas System [state-supported-institution of-higher-learning], is committed to providing quality academic programs based on liberal arts traditions. In the belief that an educated citizenry is essential to the development and maintenance of a free democratic society, U. T. Pan American endeavors to provide access for all who wish to participate in the pursuit of knowledge and ideas. U. T. Pan American [University] seeks to contribute to the examination of ideas and the dissemination of knowledge for the benefit of its students and society, with full awareness and appreciation of the multi-lingual, multi-cultural, and multi-faceted world in which we live. While teaching, research and service are all fundamental elements of the institutional mission, the first priority is teaching.

U. T. Pan American [University] strives to fulfill its responsibilities by providing strong academic programs for selected professions at the undergraduate and graduate levels, providing access to all who wish to participate in the pursuit of knowledge and ideas, offering a variety of quality programs leading to associate, baccalaureate, and graduate degrees, basing those programs on broad general education requirements solidly grounded in liberal arts traditions, providing strong curricula leading to career opportunities and to graduate and professional study beyond the undergraduate level, and demanding completion requirements which ensure competency in basic skills and program areas. In serving the state, the institution strives to provide professional and pre-professional offerings as well as other instructional and continuing education programs designed to serve the needs of citizens throughout the service area.

U. T. Pan American [University] is committed to an open-admissions policy at the undergraduate level and to the highest academic standards in all of its programs. The University pledges itself to the fullest development of human talent by providing appropriate developmental and support services for those underprepared for the demands of college, offering enriched programs for those of exceptional ability, seeking financial assistance for those of limited means, maintaining the library, computer and physical resources necessary to support the programs, and evaluating responsibly and consistently the effectiveness of the instructional programs.

U. T. Pan American [University] seeks to complement the instructional programs of the institution by providing a wide range of extra-curricular activities and experiences which enhance intellectual, cultural, civic, social, and physical environment, maintaining services that fulfill personal needs and that enrich the academic development of students; involving the institution in the community by providing services, programs, cultural experiences, and expertise to the community-at-large; giving the community-at-large opportunities to contribute to the effectiveness of their University; participating in regional consortia and inter-institutional activities to maximize educational opportunity for the people of the state through the sharing of resources; providing programs and organizational units directed toward meeting the human resource needs of an industrial/technological society and assisting in the area's economic growth; and maintaining a research mission that promotes continued intellectual curiosity, encourages the discovery and refinement of knowledge, and addresses the unique character and special needs of the region in which the University is located.

PUBLIC SENIOR COLLEGES AND UNIVERSITIES
TABLE OF PROGRAMS

		Bacc.	Mast.	Doct.	Special Prof.
Agriculture	(01, 02, & 03)				
Arch & Environ Design	(04)				
Area & Ethnic Studies	(05)				
Business	(06, 07, & 08)	1	3 _A		
Communications	(09 & 10)				
Computer and Information Scis	(11)	*			
Education	(13)	1**	1		
Engineering	(14)				
Engineering Related Techs	(15)				
Foreign Languages	(16)	3 _B	*		
Allied Health	(17)				
Health Sciences	(18)	*			
Home Economics	(19 & 20)				
Law	(22)				
Letters	(23)	3 _C	*		
Liberal/General Studies	(24)	2 _D			
Library & Archival Sciences	(25)				
Life Sciences	(26)	3 _E			
Mathematics	(27)	1			
Multi/Interdisc Studies	(30)	3 _F	3 _F		
Parks & Recreation	(31)				
Health-Related Activities	(34)	2 _G	2 _G		
Philosophy	(38)				
Physical Sciences	(40 & 41)	2 _H			
Psychology	(42)	2			
Protective Services	(43)	3 _I			
Public Affairs	(44)	*			
Social Sciences	(45)	1	*		
Trade & Indust	(46, 47, 48 & 49)				
Visual Performing Arts	(50)	2 _J			

THE UNIVERSITY OF TEXAS - PAN AMERICAN AT BROWNSVILLE

Table of Programs: Footnotes

- A: Business and Management only
 - B: Spanish
 - C: English
 - D: Liberal Arts
 - E: Biology
 - F: Bachelor of Applied Arts & Sciences, Master of Science in Interdisciplinary Studies, Master of Arts in Interdisciplinary Studies and combinations of approved programs only
 - G: Kinesiology
 - H: Chemistry
 - I: Police Administration and Corrections
 - J: Art
- *: The institution's governing board has recognized that some degree programs in this discipline category are appropriate to consider in future planning at the institutional level. If a program proposal is submitted under this category, the Coordinating Board must approve both the proposal and a Role and Scope change.
- ** : All undergraduate teacher education programs are being discontinued in accordance with Section 13.036 of the Texas Education Code, which provides that a person who applies after September 1, 1991, for a teaching certificate which requires a bachelor's degree must have a bachelor's degree with an academic major or an interdisciplinary academic major. Authorization for issuing education degrees (through U. T. Pan American) prior to September 1, 1991, shall continue until that date.

The University of Texas-Pan American at Brownsville

Mission Description

Note: The U. T. Pan American (Brownsville) mission statement has not yet been approved and will be developed after the Table of Programs is approved by the Texas Higher Education Coordinating Board.

PUBLIC SENIOR COLLEGES AND UNIVERSITIES
TABLE OF PROGRAMS

	Assoc. Cert.	Bacc.	Mast.	Doct.	Special Prof.
Agriculture (01, 02, & 03)					
Arch & Environ Design (04)					
Area & Ethnic Studies (05)					
Business (06, 07, & 08)		1	3 _A		
Communications (09 & 10)		3 _B			
Computer and Information Scis (11)		1	*		
Education (13)		1**	1		
Engineering (14)		3 _C	3 _C		
Engineering Related Techs (15)		*			
Foreign Languages (16)		3 _D			
Allied Health					
Health Sciences (18)					
Home Economics (19 & 20)					
Law (22)					
Letters (23)		1	3 _E		
Liberal/General Studies (24)		2			
Library & Archival Sciences (25)					
Life Sciences (26)		1	3 _F		
Mathematics (27)		1	*		
Multi/Interdisc Studies (30)		3 _G	3 _H		
Parks & Recreation (31)					
Philosophy (38)					
Physical Sciences (40 & 41)		3 _I	3 _J		
Psychology (42)		1	1[*]		
Protective Services (43)		1			
Public Affairs (44)					
Social Sciences (45)		1	3 _K		
Trade & Indust (46, 47, 48 & 49)					
Visual Performing Arts (50)		3 _L	*		

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN

Table of Programs: Footnotes

- A: Business Management[, -General]
 - B: Mass Communication (Journalism)
 - C: Control Engineering
 - D: Spanish
 - E: Comparative Literature [~~English~~; -General]
 - F: Biology, General
 - G: Humanities and combinations of previously approved programs
 - H: [~~Behavioral-Science-and-e~~]Combinations of previously approved programs
 - I: Chemistry and Geological Sciences
 - J: Geology [~~Geological-Sciences~~]
 - K: History
 - L: Art and Music
- *: The institution's governing board has recognized that some degree programs in this discipline category are appropriate to consider in future planning at the institutional level. If a program proposal is submitted under this category, the Coordinating Board must approve both the proposal and a Role and Scope change.
- **: All undergraduate teacher education programs are being discontinued in accordance with Section 13.036 of the Texas Education Code, which provides that a person who applies after September 1, 1991, for a teaching certificate which requires a bachelor's degree must have a bachelor's degree with an academic major or an interdisciplinary academic major. Authorization for issuing education degrees prior to September 1, 1991, shall continue until that date.

The University of Texas of the Permian Basin

Mission Description

The University of Texas of the Permian Basin is an upper-level general academic component of The University of Texas System. As a component institution of The University of Texas System, the University is committed to pursue high standards of achievement in instruction, student performance, research, and scholarly accomplishment.

Within an environment of academic freedom, students learn from faculty scholars who have in-depth expertise in the arts, the sciences, and the professions of business, engineering, and teacher education. The faculty engage in research and creative activity, both to develop and maintain their own scholarly expertise and to extend human knowledge. The results of that research and creative work are made available to students in the classroom and to the general public through publications and public service activities.

At the core of the University curriculum are the arts and the sciences, those academic disciplines common to nearly all colleges and universities in the United States. Courses are offered in these disciplines to support a general liberal education at the baccalaureate level. In addition, degree programs through the master's level are offered in many discipline categories.

As a state-supported public institution, the University is open to all citizens of the State who meet the academic standards for admission. Although some students from outside the State are admitted, the majority of the students come from the geographic area in which the institution is located. Degree programs and course offerings beyond those in the Arts and Sciences core are selected primarily to meet the needs and desires of the citizens of this region.

PUBLIC SENIOR COLLEGES AND UNIVERSITIES

TABLE OF PROGRAMS

	Assoc. Cert.	Bacc.	Mast.	Doct.	Special Prof.
Agriculture (01, 02, & 03)					
Arch & Environ Design (04)		3 _A	*		
Area & Ethnic Studies (05)		3 _B	3 _B		
Business (06, 07, & 08)		1	1		
Communications (09 & 10)		2 _C			
Computer and Information Scis (11)		1	1	*	
Education (13)		1**	1	*	
Engineering (14)		3 _D	3 _D [E]		
Engineering Related Techs (15)					
Foreign Languages (16)		3 _E [F]	3 _F [G]		
Allied Health (17)		3 _G [H]			
Health Sciences (18)					
Home Economics (19 & 20)					
Law (22)					
Letters (23)		1	1		
Liberal/General Studies (24)		2	2		
Library & Archival Sciences (25)					
Life Sciences (26)		1	1	*	
Mathematics (27)		1	1		
Multi/Interdisc Studies (30)		3 _H [I]	3 _H [I]		
Parks & Recreation (31)					
Philosophy (38)		2	*		
Physical Sciences (40 & 41)		1	3 _I [J]		
Psychology (42)		1	2		
Protective Services (43)		1			
Public Affairs (44)		2 _J [K]	3 _J [K]		
Social Sciences (45)		1	1	*	
Trade & Indust (46, 47, 48 & 49)					
Visual Performing Arts (50)		1	3 _K [L]		

THE UNIVERSITY OF TEXAS-SAN ANTONIO

Table of Programs: Footnotes

- A: Architecture and Interior Design
B: American and Hispanic American Studies
C: Mass Communication
D: Civil, Electrical, Mechanical, and Computer Engineering
~~[E:---Computer-Science-Systems-Design]~~
E:[F+] French, German, Spanish, and Russian
F:[G+] French, German, and Spanish
G:[H+] Medical Technology, ~~[and-joint-programs-with-UTHSC-SA-in]~~
Occupational Therapy, and Physical Therapy (joint programs with UTHSC-SA)
H:[I+] Combinations of previously approved programs
I:[J+] Chemistry and Geology
J:[K+] Public Administration
K:[L+] Art and Music

*: The institution's governing board has recognized that some degree programs in this discipline category are appropriate to consider in future planning at the institutional level. If a program proposal is submitted under this category, the Coordinating Board must approve both the proposal and a Role and Scope change.

**: All undergraduate teacher education programs are being discontinued in accordance with Section 13.036 of the Texas Education Code, which provides that a person who applies after September 1, 1991, for a teaching certificate which requires a bachelor's degree must have a bachelor's degree with an academic major or an interdisciplinary academic major. Authorization for issuing education degrees prior to September 1, 1991, shall continue until that date.

The University of Texas at San Antonio

Mission Description

The University of Texas at San Antonio is a general academic component of The University of Texas System. As a component institution of The University of Texas System, the University is committed to pursue high standards of achievement in instruction, student performance, research and scholarly accomplishment.

Within an environment of academic freedom, students learn from faculty scholars who are knowledgeable in the arts, the sciences, and the professions of engineering, business, architecture, public administration and education. The faculty engage in research and creative activity, both to develop and maintain their own scholarly expertise and to extend human knowledge. The results of that research and creative work are made available to students in the classroom and to the general public through publication and public service activities.

At the core of the University curriculum are the arts and the sciences, those academic disciplines common to nearly all colleges and universities in the United States. Courses are offered in these disciplines to support a general liberal education at the baccalaureate level. In addition, degree programs, through the master's level, are offered in many of these disciplines and several doctoral programs are being developed.

As a state-supported public institution, the University is open to all citizens of the State who meet the academic standards for admission. In addition, some students from outside the State are admitted. However, the majority of the students come from the geographic area in which the institution is located. Degree programs and course offerings beyond those in the Arts and Sciences core are selected primarily to meet the needs and desires of the citizens of this region.

INSTITUTION: The University of Texas-Tyler DATE: July 1990 [1985]

PUBLIC SENIOR COLLEGES AND UNIVERSITIES
TABLE OF PROGRAMS

	Assoc. Cert.	Bacc.	Mast.	Doct.	Special Prof.
Agriculture (01, 02, & 03)					
Arch & Environ Design (04)					
Area & Ethnic Studies (05)					
Business (06, 07, & 08)		1	1		
Communications (09 & 10)		3 _A			
Computer and Information Scis (11)		1	1		
Education (13)		1**	1	*	
Engineering (14)					
Engineering Related Techs (15)		3 _B	3 _B		
Foreign Languages (16)		3 _C	*		
Allied Health (17)		3 _D	3 _E		
Health Sciences (18)		3 _F	3[2] _F		
Home Economics (19 & 20)			3 _G		
Law (22)					
Letters (23)		3	3 _H [6]		
Liberal/General Studies (24)		1	2		
Library & Archival Sciences (25)					
Life Sciences (26)		1	*		
Mathematics (27)		1	*		
Multi/Interdisc Studies (30)		3 _I [H]	3 _J [F]		
Parks & Recreation (31)					
<u>Leisure and Rec. Act.</u> [**] (36)		3 _K [J]	3 _K [J]		
Philosophy (38)		2	*		
Physical Sciences (40 & 41)		3 _K [J]	*		
Psychology (42)		1	1		
Protective Services (43)		1			
Public Affairs (44)			3 _M [K]		
Social Sciences (45)		1	3 _N [E]		
Trade & Indust (46, 47, 48 & 49)					
Visual Performing Arts (50)		1[3] _M	*		

THE UNIVERSITY OF TEXAS AT TYLER

Table of Programs: Footnotes

- A: Mass Communications
- B: Industrial Safety, Industrial Technology, and General Engineering Technology
- C: Spanish and Foreign Languages, Multiple Emphasis [French]
- D: Medical Technology [~~and-Respiratory-Therapy~~]
- E: Clinical Exercise Physiology
- F: Nursing and Health Professions, General only
- G: Family Counseling
- H:[G:] English, General
- I:[H:] General Interdisciplinary Studies, Applied Arts and Sciences, [BAAS] and combinations of previously approved programs
- J:[I:] General Interdisciplinary Studies and combinations of previously approved programs
- K:[**] Kinesiology [(36-0108);-~~Baccalaureate-and-Master's~~]
- L:[J:] Chemistry
- M:[K:] Public Planning and Administration
- N:[L:] History
- [M:---~~Art-and-Music~~]

*: The institution's governing board has recognized that some degree programs in this discipline category are appropriate to consider in future planning at the institutional level. If a program proposal is submitted under this category, the Coordinating Board must approve both the proposal and a Role and Scope change.

**: All undergraduate teacher education programs are being discontinued in accordance with Section 13.036 of the Texas Education Code, which provides that a person who applies after September 1, 1991, for a teaching certificate which requires a bachelor's degree must have a bachelor's degree with an academic major or an interdisciplinary academic major. Authorization for issuing education degrees prior to September 1, 1991, shall continue until that date.

The University of Texas at Tyler

Mission Description

The University of Texas at Tyler is an upper-level general academic component of The University of Texas System in East Texas. As a component institution of The University of Texas System, the University is committed to the pursuit of high standards in instruction, student performance, research, and other scholarly accomplishments.

Within an environment of academic freedom, students learn from faculty scholars who have expertise in the arts, the sciences, and the professions of public affairs, education, business, health sciences, allied health science, and technology. The faculty engage in research and creative activity, both to develop and maintain their own scholarly expertise and to extend human knowledge. The results of that research and other creative efforts are made available to students in the classroom and to the general public through publication and public service activities.

At the core of the University curriculum are the arts and the sciences, those academic disciplines common to nearly all universities in the United States. Courses are offered in these disciplines to support a general liberal education at the baccalaureate level, and in many disciplines, at the master's degree level.

As a state-supported institution, U. T. Tyler is open to all citizens of the State who meet the academic standards for admission. Also, qualified students from outside the State and throughout the world are admitted. Degree programs and course offerings beyond those in the Arts and Sciences core are selected primarily to meet the needs and desires of the citizens of this region.

HEALTH SCIENCE CENTERS'
TABLE OF PROGRAMS

Texas CIP Category	CIP#	Cert.	Bacc.	Mast.	Doct.	Special Prof.
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MAJOR PROGRAM AREAS

ALLIED HEALTH	(17)	1	1	1		
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HEALTH SCIENCES (18)

Audiology & Speech Pathology	(18.01)					
Basic Clinical Health Sciences	(18.02)			1	1	
Dentistry	(18.04)					
Epidemiology	(18.06)					
Health Services Administration	(18.07)	1	1			
Medicine	(18.10)			2	2	1
Nursing	(18.11)					
Optometry	(18.12)					
Osteopathic Medicine	(18.13)					
Pharmacy	(18.14)					
Podiatry	(18.15)					
Public Health	(18.22)					
Veterinary Medicine	(18.24)					

LIFE SCIENCES (26)

Biochemistry & Biophysics	(26.02)			1	1	
Cell & Molecular Biology	(26.04)			1	1	
Microbiology	(26.05)			2	2	
Misc. Specialized Life Sciences	(26.06)			1	1	
Zoology	(26.07)			2	2	

SUPPORTING PROGRAMS	3 ^a	3 ^b	3 ^c
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^a Alld. Hlth. Ed.-Ed. in Hlth. Del. Syst./Alld. Hlth. Col. Tchg. (13.1399.03), Clinical Dietetics (19.0503.00)

^b Biomed. Comm.-Media Development (13.0501.00), Radiological Physics (40.0806.10), Forensic Studies (43.0106), and jointly offered with U. T. Arlington, Biomedical Engineering (14.0501.20), Imaging Science (30.0901.00)

^c Clinical Psychology (42.0201.00), and jointly offered with U. T. Arlington, Biomedical Engineering (14.0501.20), Imaging Science (30.0901.00)

The University of Texas Southwestern Medical

[Health-Science] Center at Dallas

The University of Texas Southwestern Medical [Health Science] Center at Dallas is a component institution of The University of Texas System and is committed to pursuing high standards of achievement in instruction, research, and clinical activities. Since its inception in 1943, the U. T. Southwestern Medical [Health-Science] Center - Dallas has evolved as one of the leading biomedical institutions in the country and its programs are designed and implemented with the intent to sustain this progress in the future.

As an academic health science center, the central mission of the institution is to educate health professionals whose lifelong career objectives will be to provide the best possible care, apply the most modern treatment modalities, and continue to seek information fundamental to the treatment and prevention of disease. Within an environment of interdisciplinary activity and academic freedom at the U. T. Southwestern Medical [Health Science] Center - Dallas, students receive training from faculty scholars who have in-depth expertise in the many specialities of health care and the biomedical sciences. Faculty members also engage in research and patient care so that they can generate new knowledge in the fight against disease and maintain their clinical skills while serving the residents of Texas to the utmost of their ability. Research findings are made directly available to students and indirectly to the general public as practicing professionals adopt the latest treatment modalities. The focus of the faculty, students, and administration at The University of Texas Southwestern Medical [Health-Science] Center at Dallas will remain on the creation of new knowledge, the highest ethical standards, the scientific basis of medical practice, and concern and compassion for all people. Every aspect of the University's operation will be conducted in as cost-effective a manner as possible.

The institution consists of The Southwestern Medical School, The Southwestern Graduate School of Biomedical Sciences, and The Southwestern [School-of] Allied Health Sciences School and offers degrees and programs limited to health related fields.

HEALTH SCIENCE CENTERS'
TABLE OF PROGRAMS

Texas CIP Category	CIP#	Cert.	Bacc.	Mast.	Doct.	Special Prof.
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MAJOR PROGRAM AREAS

ALLIED HEALTH	(17)	1	1	<u>1</u>	[2]	
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HEALTH SCIENCES (18)

Audiology & Speech Pathology	(18.01)					
Basic Clinical Health Sciences	(18.02)			1	1	
Dentistry	(18.04)					
Epidemiology	(18.06)					
Health Services Administration	(18.07)	1	1			
Medicine	(18.10)			1	1	1
Nursing	(18.11)		1	1	2	
Optometry	(18.12)					
Osteopathic Medicine	(18.13)					
Pharmacy	(18.14)					
Podiatry	(18.15)					
Public Health	(18.22)					
Veterinary Medicine	(18.24)					

LIFE SCIENCES (26)

Biochemistry & Biophysics	(26.02)			2	2	
Cell & Molecular Biology	(26.04)			2	2	
Microbiology	(26.05)			2	2	
Misc. Specplzed. Life Sciences	(26.06)			2	1	
Zoology	(26.07)			1	1	

SUPPORTING PROGRAMS [3a] 3a[b]

^a Health Care Sci.-Health Education (13.1399.03)
[b] Medical Science Research (30.0101.00)

The University of Texas Medical Branch at Galveston

The goal of The University of Texas Medical Branch at Galveston is to attain overall excellence through the effective coordination of the primary missions of its composite groups. These missions are scholarly teaching, innovative scientific investigation, and state-of-the-art patient care. The University of Texas Medical Branch at Galveston is a component of The University of Texas System [;-and-as-such;-its-mission is-consistent-with-that-of-its-parent-system].

U. T. Medical Branch - Galveston provides leadership in the development of effective educational programs that can serve as models for other academic health science centers. U. T. Medical Branch - Galveston, in cooperation with other academic health science centers, educates an appropriate number of physicians, nurses, and allied health professionals to provide health care for the citizens of Texas. It also educates biomedical scientists capable of conducting independent research in academic, industrial, and government research centers. U. T. Medical Branch - Galveston selects students who are ethical, enthusiastic, sensitive to the needs of others, and motivated to learn independently; who have diverse and global interests, inquiring minds, and a desire to understand and solve complex problems. These students should come from diverse social, economic, and ethnic backgrounds and should include representatives from racial minorities and from both sexes. U. T. Medical Branch - Galveston educates physicians, biomedical scientists, nurses, and allied health professionals who it hopes will strive to realize their highest potential. Graduates of U. T. Medical Branch - Galveston will possess essential knowledge and skills, be devoted to patient care, and be committed to lifelong scholarship and learning. They will possess the self-awareness necessary to maintain their own physical and mental health, and be able to draw upon the humanities disciplines in practicing their professions.

U. T. Medical Branch - Galveston's intent is to develop programs that discover new scientific knowledge, both for the sake of knowledge and for its practical benefits to society, and to disseminate this new knowledge. The investigative efforts should be high quality programs which will clearly establish U. T. Medical Branch - Galveston as one of the outstanding academic health science centers in the nation, with a leadership role in the discovery of new scientific knowledge.

U. T. Medical Branch - Galveston takes a leadership role in the discovery of new approaches to treatment, applies this new knowledge to the treatment of patients and intends to have excellent patient-care programs in each of its clinical departments. U. T. Medical Branch - Galveston hopes to create an environment in which the value of caring for all human beings is important. This attitude places highest priority on the well-being of people, including the employees, students, and faculty of U. T. Medical Branch - Galveston, as well as its patients.

U. T. Medical Branch - Galveston exists as part of several larger communities: the scientific community, the community of institutions of higher learning, the community of Galveston, and the community beyond the city. To serve society for the common good, U. T. Medical Branch - Galveston will seek and disseminate new scientific knowledge, educate students and practicing health professionals, provide individual patient care, and help inform the citizens at large in matters that affect their health and well-being.

The institution consists of the School of Medicine, the Graduate School of Biomedical Sciences, the School of Nursing, the School of Allied Health Sciences, the Marine Biomedical Institute, the Institute for Medical Humanities, and the U. T. Medical Branch - Galveston hospitals. U. T. Medical Branch - Galveston offers degrees and programs with subjects limited to health related fields.

HEALTH SCIENCE CENTERS'
TABLE OF PROGRAMS

Texas CIP Category CIP# Cert. Bacc. Mast. Doct. Special Prof.

MAJOR PROGRAM AREAS

ALLIED HEALTH (17) 1 1 2

HEALTH SCIENCES (18)

Audiology & Speech Pathology	(18.01)			1 ^a		
Basic Clinical Health Sciences	(18.02)			1	1	
Dentistry	(18.04)	1		1		1
Epidemiology	(18.06)			1	1	
Health Services Administration	(18.07)		2	1		
Medicine	(18.10)			1	2	1
Nursing	(18.11)	1	1	1	2	
Optometry	(18.12)					
Osteopathic Medicine	(18.13)					
Pharmacy	(18.14)					
Podiatry	(18.15)					
Public Health	(18.22)			1	1	1
Veterinary Medicine	(18.24)					

LIFE SCIENCES (26)

Biochemistry & Biophysics	(26.02)			1	1	
Cell & Molecular Biology	(26.04)			1	1	
Microbiology	(26.05)			1	1	
Misc. Specplzed. Life Sciences	(26.06)			1	1	
Zoology	(26.07)			1	1	

SUPPORTING PROGRAMS 3 b[a] 3 c[b] 3 d[e] 3 e[d]

- a In consortium with School of Communications, College of Humanities and Fine Arts, University of Houston, University Park.
- b[a] Biomedical Communications (13.1399.03)
- c[b] Nutrition & Dietetics (19.0503.00)
- d[e] Community Health Sci.-Environmental Sci. (30.010.05)
- e[d] Community Health Sci.-Environmental Sci. (30.010.05), Community Health Sci.-Behavioral Sci. (30.0401.20), Community Health Sci.-Mgmt. & Policy Studies (44.0501.00)

The University of Texas Health Science Center at Houston

The University of Texas Health Science Center at Houston is a component of The University of Texas System and, as such, is committed to the pursuit of high standards of achievement in instruction, student performance, clinical service, research, and scholarly accomplishment.

As an academic health science center, the institution is one in which undergraduate, graduate and postgraduate students are educated broadly in the sciences of health and disease and are prepared for health-related careers in the provision of human services, and in teaching and research. Within an environment of academic freedom, students learn from faculty scholars who have in-depth expertise in the various specialities of health care and the biomedical sciences. Such faculty, with the assistance of their students and trainees, engage in research both to extend human knowledge related to health and to develop and maintain their own scholarly and professional expertise.

Together, faculty and students engage in patient care as an essential part of the teaching and learning experience. These professionals [They] provide exemplary health services to directly benefit the individual recipient and to serve as models which other providers will emulate. The clinical aspects of research are also conducted in conjunction with patient care.

The U. T. Health Science Center - Houston considers itself a member of a larger learning community and works to contribute to and draw from the intellectual pursuit of the other institutions within the Texas Medical Center, and within the greater Houston area. Also, to benefit this local community and the entire State of Texas, the institution offers a program of continuing education to assist practicing health professionals in utilizing the latest findings of research from the worldwide community of scholars in clinical and biomedical fields. As a result of participation in these professional enhancement programs, practitioners adopt new modalities for the treatment and prevention of disease.

The institution consists of the following units which are listed by date of establishment:

1. Dental Branch (est. 1905; joined U. T. 1943)
2. Division of Continuing Education (1948)
3. Graduate School of Biomedical Sciences (1963)
4. School of Public Health (1967)
5. Medical School (1970)
6. Speech and Hearing Institute (est. 1951; joined U. T. 1971)
7. School of Nursing (1972)
8. School of Allied Sciences (1973)

The six schools included in the above list of eight units offer degrees and programs with subjects limited to health related fields.

HEALTH SCIENCE CENTERS'
TABLE OF PROGRAMS

Texas CIP Category	CIP#	Cert.	Bacc.	Mast.	Doct.	Special Prof.
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MAJOR PROGRAM AREAS

ALLIED HEALTH	(17)	1	1 ^a	2		
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HEALTH SCIENCES (18)

Audiology & Speech Pathology	(18.01)					
Basic Clinical Health Sciences	(18.02)			1	1	
Dentistry	(18.04)	1		1		1
Epidemiology	(18.06)					
Health Services Administration	(18.07)		2			
Medicine	(18.10)			2	2	1
Nursing	(18.11)		1	1	2	
Optometry	(18.12)					
Osteopathic Medicine	(18.13)					
Pharmacy	(18.14)					1 ^b
Podiatry	(18.15)					
Public Health	(18.22)					
Veterinary Medicine	(18.24)					

LIFE SCIENCES (26)

Biochemistry & Biophysics	(26.02)			1[2]	1[2]	
Cell & Molecular Biology	(26.04)			1[2]	1[2]	
Microbiology	(26.05)			1[2]	1[2]	
Misc. Specialized Life Sciences	(26.06)			1[2]	1[2]	
Zoology	(26.07)			1[2]	1[2]	

SUPPORTING PROGRAMS 3^c 3^d

^a Programs with a general education requirement offered jointly with U. T. San Antonio

^b Offered jointly with U. T. Austin

^c Radiological Science - Medical Radiation Safety (14.1701.03), and Radiological Science - Medical Physics (40.0806.10)

^d Radiological Science - Medical Physics (40.0806.10)

The University of Texas Health Science Center at San Antonio

The University of Texas Health Science Center at San Antonio is a component of The University of Texas System and, as such, is committed to pursue the highest standards of achievement in instruction, student performance, research and scholarly accomplishment, patient care, and service.

The mission of The University of Texas Health Science Center at San Antonio includes teaching, research, patient care, and service. Through the undergraduate, graduate, and postgraduate programs, the faculty is committed to the education of health professionals whose lifelong career objectives will be to provide the best possible health care in the most cost effective way, to apply the most modern treatment modalities, and to continue to seek information fundamental to the treatment and prevention of disease. The U. T. Health Science Center - San Antonio has established itself as a major research institution and through its biomedical research program, the faculty play a major role for the state, nation, and world in the discovery of new knowledge and the search for answers to society's health care needs.

The University of Texas Health Science Center at San Antonio is an integral part of the South Texas Medical Center and an important component of the health care delivery system of San Antonio, South Texas, and, indeed, the State of Texas. Recognizing that the U. T. Health Science Center - San Antonio plays major economic and education roles in the community, it can serve as a catalyst for stimulating biomedical industry in this community by having available the human and physical resources which facilitate the development of biotechnology. As a source of leadership in health care, the institution has a responsibility to provide programs and expertise for the ongoing education of the professional and lay communities.

The institution consists of the School of Allied Health Sciences, the Graduate School of Biomedical Sciences, the Dental School, the Medical School, and the School of Nursing and offers degrees and programs with subject matter limited to health related fields. The Medical Technology, Physical Therapy, and Occupational Therapy programs are offered jointly with The University of Texas at San Antonio. A Doctor of Pharmacy degree program is offered jointly with The University of Texas at Austin. In addition, a component of the School of Public Health of The University of Texas Health Science Center at Houston is housed on this campus.

M. SCHEDULED MEETINGS AND EVENTS

1. Board of Regents' Meetings

<u>Dates</u>	<u>Locations/Hosts</u>
June 14, 1990	Austin
August 9, 1990	U. T. Permian Basin
October 12, 1990 (Friday)	U. T. Southwestern Medical Center - Dallas
December 6, 1990	U. T. M.D. Anderson Cancer Center

2. Official Commencements - 1990

May 4	U. T. Tyler
May 10	U. T. Pan American (Brownsville)
May 12	U. T. El Paso
	U. T. Permian Basin
May 13	U. T. San Antonio
May 19	U. T. Pan American
	U. T. Arlington
	U. T. Austin
	U. T. Dallas
	U. T. G.S.B.S. - Houston
May 26	U. T. Medical School - Galveston
	U. T. Dental School - San Antonio
June 2	U. T. Southwestern Medical School - Dallas

N. OTHER BUSINESS

O. ADJOURNMENT

1990

January 1990						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

February 1990						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

March 1990						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

April 1990						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

May 1990						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

June 1990						
S	M	T	W	T	F	S
				1	2	
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

July 1990						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

August 1990						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

September 1990						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

October 1990						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

November 1990						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

December 1990						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Executive
Committee

EXECUTIVE COMMITTEE
Committee Chairman Beecherl

Date: April 12, 1990
Time: Following the convening of the Board of Regents
at 9:00 a.m.
Place: Auditorium (Room 119), Biomedical Research
Building, U. T. Health Center - Tyler

- | | <u>Page</u>
<u>Ex.C</u> |
|--|----------------------------|
| 1. U. T. Austin: Brackenridge Tract - Request for Authorization to Establish the Brackenridge Tract Fund and to Purchase Real Estate Located within the Brackenridge Tract (Exec. Com. Letter 90-13) | 2 |
| 2. U. T. Austin - Communications Building "B" - Replacement of Exterior Metal Panels and Reroofing: Request for Authorization of Project; Appointment of Project Engineer to Prepare Final Plans; Submission to Coordinating Board; Authorization to Advertise for Bids and for Executive Committee to Award Contract; and Appropriation Therefor (Exec. Com. Letter 90-10) | 3 |
| 3. U. T. Austin - Research/Laboratory Facility at the Permian Basin Center for Energy and Economic Diversification (Project No. 102-696): Recommended Award of Contracts for Furniture and Furnishings to Office Pavilion Corporate Furnishings Austin, Austin, Texas; G. Madison Co., Dallas, Texas; Office Pavilion Corporate Furnishings San Antonio, San Antonio, Texas; Educational & Institutional Cooperative Service, Inc., Dallas, Texas; CDM Contract Furnishings, Inc., Austin, Texas; and Rockford Business Interiors, Austin, Texas (Exec. Com. Letter 90-11) | 5 |
| 4. U. T. Dallas: Request for Approval of Policy for Admission of Lower Division Students to be Effective with the Summer Session 1990 (Catalog Change) (Exec. Com. Letter 90-12) | 8 |
| 5. U. T. El Paso - Geological Sciences Building (formerly Main Library Building) - Remodeling for Department of Geological Sciences (Project No. 201-671): Recommended Award of Contracts for Furniture and Furnishings to Charlotte's Inc., El Paso, Texas; Rockford Business Interiors, Austin, Texas; Rio Grande Contract Furnishings, Inc. dba B.P.S.I., El Paso, Texas; CDM Contract Furnishings, Inc., Austin, Texas; Disco Print Company, Sugarland, Texas; Austin Business Furniture, Austin, Texas; American Desk Manufacturing Company, Taylor, Texas; Kewaunee Scientific Corporation, Statesville, North Carolina; and Dallas Drapery Shops, Dallas, Texas (Exec. Com. Letter 90-11) | 10 |

1. U. T. Austin: Brackenridge Tract - Request for Authorization to Establish the Brackenridge Tract Fund and to Purchase Real Estate Located within the Brackenridge Tract (Exec. Com. Letter 90-13).--

RECOMMENDATION

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

- a. Authorize the establishment of the Brackenridge Tract Fund as a quasi-endowment at U. T. Austin by transferring an initial amount of \$110,000 from the current Brackenridge Tract income account
- b. Authorize the purchase of real property located at 2504 Lake Austin Boulevard, Austin, Travis County, Texas, for \$104,750, plus closing costs
- c. Authorize the transfer of other Brackenridge Tract funds as necessary to purchase additional real estate within the Brackenridge Tract upon the recommendation of President Cunningham and approval by the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Asset Management, and the Executive Director for Lands and Endowment Real Estate.

BACKGROUND INFORMATION

The proposed quasi-endowment fund will be used to acquire parcels of land within the bounds or adjacent to University-owned land which will increase the overall value of the Brackenridge Tract while generating a prudent investment return for U. T. Austin. The funds being transferred will come from current rental income which has been generated by the Brackenridge Tract.

The initial investment for this fund will be the acquisition of the property located at 2504 Lake Austin Boulevard, Austin, Travis County, Texas, for \$104,750, plus closing costs. The subject property consists of a 2,000 square foot building on an approximately 7,000 square foot lot. The lot is zoned for commercial uses. The property is considered an "inholding" within the "Deep Eddy" portion of the Brackenridge Tract. The subject property was appraised in November 1989 at \$127,000. It is currently estimated that the property will generate an annual return in excess of 12% based on projected rental income from the property and is therefore a good investment for the source of funds being used for this purchase.

2. U. T. Austin - Communications Building "B" - Replacement of Exterior Metal Panels and Reroofing: Request for Authorization of Project; Appointment of Project Engineer to Prepare Final Plans; Submission to Coordinating Board; Authorization to Advertise for Bids and for Executive Committee to Award Contract; and Appropriation Therefor (Exec. Com. Letter 90-10).--

RECOMMENDATION

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

- a. Authorize a project for the replacement of the exterior metal panels on all facades, and reroofing, of the Communications Building "B" at U. T. Austin at a preliminary estimated total project cost of \$3,000,000
- b. Appoint the firm of Wiss, Janney, Elstner Associates, Inc., Irving, Texas, as Project Engineer to prepare final plans and specifications and a detailed cost estimate. The cost estimate will be reported to the U. T. Board of Regents when it has been completed.
- c. Authorize submission of the project to the Texas Higher Education Coordinating Board
- d. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review of the construction contract documents
- e. Authorize the Executive Committee to award a construction contract within the estimated total project cost
- f. Appropriate \$3,000,000 from U. T. Austin General Fee Balances for total project funding.

BACKGROUND INFORMATION

In 1979, the U. T. Austin Physical Plant Department detected a corrosion and deterioration problem with the exterior weathering steel panels which form the facade of the top six floors of the Communications Building "B," originally completed in 1973, at U. T. Austin. Subsequently, between 1980 and 1984 several separate investigations of the problem were performed by U. T. Austin Physical Plant, the U. T. System Office of Facilities Planning and Construction, U. S. Steel Corporation (manufacturer of the sheet steel stock), and Ford, Powell, and Carson, Architects and Planners (Project Architect for the design and construction of the building). These investigations established the necessity for eventual panel replacement.

In April 1989, the engineering firm of Wiss, Janney, Elstner Associates, Inc. (Wiss, Janney), Irving, Texas, was retained by U. T. Austin to conduct an in-depth evaluation of the current condition of the panels. The major emphasis of this evaluation was to assess the potential hazard to persons and property on the ground below. In their report of May 26, 1989, Wiss, Janney recommended that the building facade be reclad with new panels within the next 18 to 24 months. It was determined that the corrosion is occurring at the inside surface of the panels and has progressed to the extent that the steel is no longer structurally stable.

On February 1, 1990, Austin experienced a severe wind storm. During the storm, at approximately 4:30 p.m., 11 panels tore loose from the northwest corner of the building and were blown to the ground below. The sections that fell were approximately 18 inches by 10 feet and weighed approximately 30 pounds each. One piece struck the top of a student shuttle bus on 26th Street. Fortunately, there were no injuries.

On Saturday, February 3, 1990, Wiss, Janney performed a limited inspection of the steel facade to evaluate the damaged areas and to assess current safety concerns. It was evident from this inspection that the rate of corrosion had advanced from the April 1989 inspection and continues to accelerate at a rate greater than anticipated. Wiss, Janney recommends that remedial action be taken as soon as practical.

It is recommended that the U. T. Board of Regents take emergency action to authorize a project for replacement of the deteriorating facade. In addition, the project should include replacement of the 17-year old roof which is nearing the end of its useful life and which will likely be damaged during installation of the new facade.

A project to correct the problem at an originally estimated project cost of \$1,000,000 was included in the Capital Improvement Program approved by the U. T. Board of Regents in June 1989. At that time, the planning schedule indicated the work would begin in July 1991. However, based upon the study made by Wiss, Janney in April 1989, the speculative total project cost estimate is now \$2.5 to \$3.0 million, including the roof. Approval of this recommendation will amend the 6-year Capital Improvement Program and the FY 1990 Capital Budget.

It is recommended that the Board appoint the firm of Wiss, Janney, Elstner Associates, Inc., as the Project Engineer because it already has intimate knowledge of the project and can produce contractual documents quickly.

Due to the demonstrated hazard that exists with the facade panels, especially during high wind conditions, it was most important that the project be authorized for implementation as soon as possible.

3. U. T. Austin - Research/Laboratory Facility at the Permian Basin Center for Energy and Economic Diversification (Project No. 102-696): Recommended Award of Contracts for Furniture and Furnishings to Office Pavilion Corporate Furnishings Austin, Austin, Texas; G. Madison Co., Dallas, Texas; Office Pavilion Corporate Furnishings San Antonio, San Antonio, Texas; Educational & Institutional Cooperative Service, Inc., Dallas, Texas; CDM Contract Furnishings, Inc., Austin, Texas; and Rockford Business Interiors, Austin, Texas (Exec. Com. Letter 90-11).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Academic Affairs, President Cunningham, and President Leach that the U. T. Board of Regents award contracts for furniture and furnishings for the U. T. Austin Research/Laboratory Facility at the Permian Basin Center for Energy and Economic Diversification to the following lowest responsible bidders:

Office Pavilion Corporate
Furnishings Austin
Austin, Texas

Base Proposal "A" (Office Casework)	\$17,182.09
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Base Proposal "B" (Office Seating)	14,508.03
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Base Proposal "C" (Library Seating)	7,553.52
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Base Proposal "D" (Library and Work Tables)	9,610.38
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Alternate Proposal "K-1" in Lieu of Base Proposal "K" (Conference Seating)	10,736.96
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Total Contract Award to Office Pavilion Corporate Furnishings Austin	\$ 59,590.98
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G. Madison Co.
Dallas, Texas

Base Proposal "E" (Library Shelving)	13,410.76
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Office Pavilion Corporate
Furnishings San Antonio
San Antonio, Texas

Base Proposal "F" (Conference Tables)	8,099.42
--	----------

Base Proposal "J" (Lobby & Waiting Furniture)	10,486.96
--	-----------

Total Contract Award to Office Pavilion Corporate Furnishings San Antonio	18,586.38
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Educational & Institutional
Cooperative Service, Inc.
Dallas, Texas

Base Proposal "G"
(Classroom Seating) \$ 10,669.00

CDM Contract Furnishings, Inc.
Austin, Texas

Base Proposal "H"
(Files) 3,633.70

Rockford Business Interiors
Austin, Texas

Base Proposal "I"
(Bookcases & Miscellaneous) 11,423.38

GRAND TOTAL RECOMMENDED CONTRACT AWARDS \$117,314.20

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in December 1988, bids were received on February 22, 1990, as shown below, for furniture and furnishings for the Research/Laboratory Facility at the Permian Basin Center for Energy and Economic Diversification. Funds for the contract awards are available in the Furniture and Equipment Account.

Base Proposal "J," Lobby and Waiting Furniture, was selected in lieu of Alternate Proposal "J-1" because the budget was adequate to accommodate the superior quality furniture that was desired and specified in "J."

Similarly, Alternate Proposal "K-1" was selected because the budget was adequate to accommodate the superior quality of furniture specified therein. Base Proposal "K" specified a lesser quality chair.

Base Proposal "A", Office Casework

Office Pavilion Corporate Furnishings Austin \$17,182.09
DFI Contract/Design Inc. 18,412.00

Base Proposal "B", Office Seating

Office Pavilion Corporate Furnishings Austin \$14,508.03
Office Pavilion Corporate Furnishings San Antonio 14,613.19
Rio Grande Contract Furnishings, Inc.
dba B.P.S.I. 14,740.00
Office Pavilion/Houston 15,649.05
DFI Contract/Design Inc. 18,182.00
Goldsmiths Inc. 24,076.50

Base Proposal "C", Library Seating

Office Pavilion Corporate Furnishings Austin \$ 7,553.52
Rio Grande Contract Furnishings, Inc.
dba B.P.S.I. 7,632.00
Office Pavilion Corporate Furnishings San Antonio 7,767.00
Office Pavilion/Houston 8,107.56
DFI Contract/Design Inc. 9,360.00
Goldsmiths Inc. 12,460.50

Base Proposal "D", Library and Work Tables

Office Pavilion Corporate Furnishings Austin	\$ 9,610.38
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	9,693.00
Office Pavilion/Houston	9,898.19
Office Pavilion Corporate Furnishings San Antonio	9,941.38
DFI Contract/Design Inc.	12,036.00
Goldsmiths Inc.	15,853.50

Base Proposal "E", Library Shelving

G. Madison Co.	\$13,410.76
Borroughs Manufacturing Corp.	14,806.88
Vance Hunt & Associates	15,659.00
Design Eclectics	16,220.00

Base Proposal "F", Conference Tables

Office Pavilion Corporate Furnishings San Antonio	\$ 8,099.42
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	8,270.00
Educational & Institutional Cooperative Service, Inc.	8,653.38
Office Pavilion/Houston	8,853.12
Rockford Business Interiors	9,070.86
Office Pavilion Corporate Furnishings Austin	10,159.38

Base Proposal "G", Classroom Seating

Educational & Institutional Cooperative Service, Inc.	\$10,669.00
CDM Contract Furnishings, Inc.	10,770.00
Office Pavilion Corporate Furnishings San Antonio	10,952.98
Rockford Business Interiors	11,639.54
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	11,710.00
DFI Contract/Design Inc.	14,562.00

Base Proposal "H", Files

CDM Contract Furnishings, Inc.	\$ 3,633.70
Educational & Institutional Cooperative Service, Inc.	4,803.54
Rockford Business Interiors	4,830.00
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	9,100.00

Base Proposal "I", Bookcases & Miscellaneous

Rockford Business Interiors	\$11,423.38
CDM Contract Furnishings, Inc.	11,631.00
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	12,171.00

Base Proposal "J", Lobby & Waiting Furniture

Office Pavilion Corporate Furnishings San Antonio	\$10,486.96
Office Pavilion Corporate Furnishings Austin	10,526.08
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	10,649.00
Office Pavilion/Houston	11,688.56
DFI Contract/Design Inc.	12,064.00
Goldsmiths Inc.	17,964.00

Alternate Proposal "J-1" in lieu of Base Proposal "J",
Lobby and Waiting Furniture

Office Pavilion Corporate Furnishings San Antonio	\$ 3,758.48
Rockford Business Interiors	4,409.68
DFI Contract/Design Inc.	4,496.00
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	4,800.00

Base Proposal "K", Conference Seating

Office Pavilion Corporate Furnishings Austin	\$ 7,718.08
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	7,808.00
Office Pavilion Corporate Furnishings San Antonio	7,936.32
Office Pavilion/Houston	8,304.64
DFI Contract/Design Inc.	9,488.00
Goldsmiths Inc.	12,732.00

Alternate Proposal "K-1" in lieu of Base Proposal "K",
Conference Seating

Office Pavilion Corporate Furnishings Austin	\$10,736.96
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	10,768.00
Office Pavilion Corporate Furnishings San Antonio	11,040.48
Office Pavilion/Houston	11,214.40
DFI Contract/Design Inc.	11,952.00

4. U. T. Dallas: Request for Approval of Policy for Admission of Lower Division Students to be Effective with the Summer Session 1990 (Catalog Change) (Exec. Com. Letter 90-12).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Academic Affairs, and President Rutford that the U. T. Board of Regents approve the proposed Policy for Admission of Lower Division Students at U. T. Dallas, as set out below, to be effective with the Summer Session 1990.

Upon Regental approval, the next appropriate catalog published will be amended to reflect this action.

The University of Texas at Dallas
Policy for Admission of Lower Division Students

A. Preparation Requirements

A freshman applicant must complete the following specified high school units prior to admission to The University of Texas at Dallas.*

1. Language Arts - 4 units including at least one unit of writing skills
2. Foreign Language - 2 units in a single language

*Applicants otherwise qualified but with Preparation Requirement deficiencies will be reviewed by the Admissions Committee.

3. Mathematics - 3 1/2 units algebra I or higher, including trigonometric functions
4. Science - 3 units of laboratory science beyond physical science
5. Social Studies - 3 units not including work-study
6. Electives - 1 1/2 units
7. Fine Arts - 1/2 unit.

B. Resident Admissions Criteria

Applicants who are in the top 25% of their high school graduating class and have scored at least 1100 (SAT) or 27 (ACT) are admissible providing they have completed the Preparation Requirements listed above.

Applicants meeting the following criteria will be considered for admission by the Admissions Committee:

1. Applicants in the top 10% of their high school graduating class not otherwise qualified
2. Applicants in the top 50% of their high school graduating class with at least 1000 (SAT) or 24 (ACT) scores
3. Applicants in the bottom half of their class will not normally be considered.

C. Nonresident Admissions Criteria

Nonresidents must be in the upper 25% of their high school class and have a score of at least 1200 (SAT) or 29 (ACT) to be eligible for admission.

D. Special Provisions

1. Freshman transfer students (less than 30 semester credit hours) must have a minimum 3.0 grade point average on college level work and are subject to the freshman admission standards outlined above.
2. Sophomore transfer students (30 hours or more) will not be accepted prior to the Summer Session of 1991. Admission standards for sophomore transfer students will be available by January 1, 1991.
3. Provisional admissions will not be considered until the Summer Session of 1991. Provisional admission standards will be available by January 1, 1991.

BACKGROUND INFORMATION

The 71st Legislature, First Called Session, 1989, adopted H. B. 42 to authorize the admission of freshman and sophomore students at U. T. Dallas effective with the Summer Session 1990 and the Texas Higher Education Coordinating Board approved the U. T. Dallas lower division implementation plan on January 26, 1990. The legislation specified

that the U. T. Board of Regents adopt admission criteria for freshman and sophomore students that are "no less stringent than the criteria for admission to The University of Texas at Austin for those students."

The above recommended admissions criteria for freshman students are the same as or higher than the standards established for U. T. Austin.

U. T. Dallas will, at a subsequent meeting of the U. T. Board of Regents, propose standards for a provisional admission program and standards for admission of sophomore transfer students, both to be effective with the Summer Session 1991.

Approval of these proposed lower division admission policies was sought via an Executive Committee Letter to permit U. T. Dallas to begin immediately to publicize the admissions criteria to prospective students and to prepare catalog copy and related student materials.

5. U. T. El Paso - Geological Sciences Building (formerly Main Library Building) - Remodeling for Department of Geological Sciences (Project No. 201-671): Recommended Award of Contracts for Furniture and Furnishings to Charlotte's Inc., El Paso, Texas; Rockford Business Interiors, Austin, Texas; Rio Grande Contract Furnishings, Inc. dba B.P.S.I., El Paso, Texas; CDM Contract Furnishings, Inc., Austin, Texas; Disco Print Company, Sugarland, Texas; Austin Business Furniture, Austin, Texas; American Desk Manufacturing Company, Taylor, Texas; Kewaunee Scientific Corporation, Statesville, North Carolina; and Dallas Drapery Shops, Dallas, Texas (Exec. Com. Letter 90-11).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Academic Affairs, and President Natalicio that the U. T. Board of Regents award contracts for furniture and furnishings for the Geological Sciences Building (formerly Main Library Building) - Remodeling for Department of Geological Sciences at U. T. El Paso to the following lowest responsible bidders:

Charlotte's Inc.
El Paso, Texas

Base Proposal "A" (Office Casework)	\$48,896.30
Base Proposal "K" (Library Tables)	22,690.45
Base Proposal "Z" (Faculty Office Carpet)	19,967.92
Base Proposal "AA" (Library and Seminar Room Carpet)	21,471.56

Total Contract Award to
Charlotte's Inc.

\$113,026.23

Rockford Business Interiors
Austin, Texas

Base Proposal "B" (Faculty Office Chairs)	\$13,358.69
Base Proposal "G" (Visitor Chairs)	22,422.82
Base Proposal "L" (Reading Chairs)	13,523.84
Base Proposal "M" (Library Seating)	17,062.56
Base Proposal "T" (Storage Shelving)	4,107.45
Base Proposal "V" (Outdoor Furniture)	23,415.39
Base Proposal "W" (Miscellaneous Items)	19,772.39
Base Proposal "X" (Student Lounge Furniture)	2,563.76
Base Proposal "Y" (Waiting Furniture)	19,229.28

Total Contract Award to
Rockford Business Interiors \$135,456.18

Rio Grande Contract Furnishings,
Inc. dba B.P.S.I.
El Paso, Texas

Base Proposal "C" (Graduate Student and Office Work Chairs)	60,889.00
Base Proposal "D" (Landscape Work Stations)	91,211.00
Base Proposal "N" (Conference Tables)	4,970.00
Base Proposal "O" (Conference Chairs)	19,960.00

Total Contract Award to
Rio Grande Contract Furnish-
ings, Inc. dba B.P.S.I. 177,030.00

CDM Contract Furnishings, Inc.
Austin, Texas

Base Proposal "E" (Steel Files)	54,390.92
Base Proposal "H" (Classroom Tables)	41,883.74
Base Proposal "S" (Specimen Cases)	45,368.32

Total Contact Award to
CDM Contract Furnishings, Inc. 141,642.98

Disco Print Company
Sugarland, Texas

Base Proposal "F"
(Bookcases) \$41,597.93

Base Proposal "I"
(Classroom Chairs) 5,730.48

Base Proposal "Q"
(Lab Chairs) 25,668.82

Base Proposal "R"
(Map Cases and Drafting
Tables) 40,410.94

Total Contract Award to
Disco Print Company \$113,408.17

Austin Business Furniture
Austin, Texas

Base Proposal "J"
(Tablet Arm Chairs) 7,544.25

American Desk Manufacturing Company
Taylor, Texas

Base Proposal "P"
(Lab Tables) 31,289.00

Kewaunee Scientific Corporation
Statesville, North Carolina

Base Proposal "U"
(Microscope Cabinet) 1,556.00

Dallas Drapery Shops
Dallas, Texas

Base Proposal "BB"
(Draperies) 4,289.00

GRAND TOTAL RECOMMENDED CONTRACT AWARDS \$725,241.81

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in February 1989, bids were received on February 15, 1990, as shown on Pages Ex.C 13 - 15, for furniture and furnishings for the Geological Sciences Building (formerly Main Library Building) - Remodeling for Department of Geological Sciences at U. T. El Paso. Funds for the contract awards are available in the Furniture and Equipment Account.

Only one bid was received for Base Proposal "U" (Microscope Cabinet). The bid submitted, \$1,556, is within \$256 of the estimated cost. Due to the highly specialized nature of this piece of equipment, it is believed that rebidding would not improve results.

Base Proposal "A", Office Casework

Charlotte's Inc.	\$ 48,896.30
Allied School and Office Products	49,381.84
Office Pavilion Corporate Furnishings	63,431.66

Base Proposal "B", Faculty Office Chairs

Rockford Business Interiors	\$ 13,358.69
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	13,979.00
Office Pavilion/Houston	15,679.04
Office Pavilion Corporate Furnishings	18,434.80

Base Proposal "C", Graduate Student and
Office Work Chairs

Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	\$ 60,889.00
Office Pavilion/Houston	63,453.77
Office Pavilion Corporate Furnishings	68,076.70

Base Proposal "D", Landscape Work Stations

Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	\$ 91,211.00
Office Pavilion Corporate Furnishings	105,276.79
Office Pavilion/Houston	105,642.64

Base Proposal "E", Steel Files

CDM Contract Furnishings	\$ 54,390.92
Charlotte's Inc.	56,332.45
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	57,053.00
Rockford Business Interiors	60,133.92

Base Proposal "F", Bookcases

Disco Print Company	\$ 41,597.93
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	42,022.00
Rockford Business Interiors	43,079.23
CDM Contract Furnishings, Inc.	43,382.79
Allied School and Office Products	43,937.83
Charlotte's Inc.	44,111.55

Base Proposal "G", Visitor Chairs

Rockford Business Interiors	\$ 22,422.82
Charlotte's Inc.	23,662.15
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	24,146.00
Office Pavilion Corporate Furnishings	25,707.67

Base Proposal "H", Classroom Tables

CDM Contract Furnishings, Inc.	\$ 41,883.74
Rockford Business Interiors	42,322.44
Charlotte's Inc.	43,552.85
Disco Print Company	45,971.01
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	46,781.00
Office Pavilion/Houston	50,815.71
Office Pavilion Corporate Furnishings	58,861.53

Base Proposal "I", Classroom Chairs

Disco Print Company \$ 5,730.48
Austin Business Furniture 6,066.90

Base Proposal "J", Tablet Arm Chairs

Austin Business Furniture \$ 7,544.25
Disco Print Company 7,713.70
Charlotte's Inc. 8,151.50
Rockford Business Interiors 8,221.50
CDM Contract Furnishings, Inc. 8,433.60

Base Proposal "K", Library Tables

Charlotte's Inc. \$ 22,690.45
Rockford Business Interiors 24,784.46

Base Proposal "L", Reading Chairs

Rockford Business Interiors \$ 13,523.84
Office Pavilion Corporate Furnishings 13,819.84
Charlotte's Inc. 14,359.36
Rio Grande Contract Furnishings, Inc.
dba B.P.S.I. 16,800.00

Base Proposal "M", Library Seating

Rockford Business Interiors \$ 17,062.56
Charlotte's Inc. 20,690.30

Base Proposal "N", Conference Tables

Rio Grande Contract Furnishings, Inc.
dba B.P.S.I. \$ 4,970.00
Rockford Business Interiors 8,425.50
Charlotte's Inc. 9,506.72

Base Proposal "O", Conference Chairs

Rio Grande Contract Furnishings, Inc.
dba B.P.S.I. \$ 19,960.00
Rockford Business Interiors 20,178.42

Base Proposal "P", Lab Tables

American Desk Manufacturing Company \$ 31,289.00
Kewaunee Scientific Corporation 40,024.00

Base Proposal "Q", Lab Chairs

Disco Print Company \$ 25,668.82
Rockford Business Interiors 26,525.46
Rio Grande Contract Furnishings, Inc.
dba B.P.S.I. 26,918.00
CDM Contract Furnishings, Inc. 27,484.52
W. W. Cannon Company, Inc. 27,592.48
Ark Enterprises Inc. dba Unistrut El Paso 28,507.12
Allied School and Office Products 28,971.44

Base Proposal "R", Map Cases and Drafting Tables

Disco Print Company \$ 40,410.94
Charlotte's Inc. 43,483.95
Rockford Business Interiors 43,912.89
Allied School and Office Products 44,393.39
Rio Grande Contract Furnishings, Inc.
dba B.P.S.I. 46,041.51
CDM Contract Furnishings, Inc. 46,684.97

Base Proposal "S", Specimen Cases

CDM Contract Furnishings, Inc.	\$ 45,368.32
Rockford Business Interiors	48,581.52
Fisher Scientific Company	53,544.52
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	56,680.00

Base Proposal "T", Storage Shelving

Rockford Business Interiors	\$ 4,107.45
Ark Enterprises Inc. dba Unistrut El Paso	5,021.55
W. W. Cannon Company, Inc.	6,242.00

Base Proposal "U", Microscope Cabinet

Kewaunee Scientific Corporation	\$ 1,556.00
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Base Proposal "V", Outdoor Furniture

Rockford Business Interiors	\$ 23,415.39
Charlotte's Inc.	27,100.45
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	29,175.00

Base Proposal "W", Miscellaneous Items

Rockford Business Interiors	\$ 19,772.39
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	21,158.00

Base Proposal "X", Student Lounge Furniture

Rockford Business Interiors	\$ 2,563.76
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	2,760.00

Base Proposal "Y", Waiting Furniture

Rockford Business Interiors	\$ 19,229.28
Rio Grande Contract Furnishings, Inc. dba B.P.S.I.	25,589.00

Base Proposal "Z", Faculty Office Carpet

Charlotte's Inc.	\$ 19,967.92
House of Carpets, Inc.	21,770.00
Carpet Services, Inc.	25,239.00

Base Proposal "AA", Library and Seminar Room Carpet

Charlotte's Inc.	\$ 21,471.56
Carpet Services, Inc.	24,102.00

Base Proposal "BB", Draperies

Dallas Drapery Shops	\$ 4,289.00
Charlotte's Inc.	4,663.55

Personnel and
Audit Committee

PERSONNEL AND AUDIT COMMITTEE
Committee Chairman Roden

Date: April 12, 1990
Time: Following the meeting of the Executive Committee
Place: Auditorium (Room 119), Biomedical Research
Building, U. T. Health Center - Tyler

	<u>Page</u> <u>P&A</u>
1. U. T. System Administration and U. T. Austin: Proposed Resolution Amending the List of Individuals Authorized to Negotiate, Execute and Administer Classified Government Con- tracts (Managerial Group)	2
2. U. T. System and U. T. Austin: Request for Permission for Individuals to Serve as Mem- bers of the Secretary of Energy Advisory Board (SEAB) of the U. S. Department of Energy [<u>Regents' Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsec- tions 13.(10) and 13.(11)]	3

1. U. T. System Administration and U. T. Austin: Proposed Resolution Amending the List of Individuals Authorized to Negotiate, Execute and Administer Classified Government Contracts (Managerial Group).--

RECOMMENDATION

The Chancellor recommends that the U. T. Board of Regents approve the amended Resolution set out below updating the list of officers cleared for access to classified material and authorized to negotiate, execute, and administer classified government contracts.

BE IT RESOLVED:

- a. That those persons occupying the following positions among the officers of The University of Texas System shall be known as the Managerial Group as described in the Department of Defense Industrial Security Manual for Safeguarding Classified Information:

Hans Mark, Chancellor, Chief Executive Officer
Arthur H. Dilly, Executive Secretary to the
Board of Regents
Wayne K. Kuenstler, Director, Office of Sponsored Projects, U. T. Austin; U. T. System
a.k.a. U. T. Austin Security Supervisor
William H. Cunningham, President, U. T. Austin
Gerhard J. Fonken, Executive Vice-President and
Provost, U. T. Austin
G. Charles Franklin, Vice-President for Business
Affairs, U. T. Austin
Bobby C. McQuiston, Assistant Director, Office
of Sponsored Projects, U. T. Austin

- b. That the Chief Executive Officer and the members of the Managerial Group have been processed or will be processed for a personnel clearance for access to classified information, to the level of the facility clearance granted to the institution, as provided for in the aforementioned Industrial Security Manual, and all replacements for such positions will be similarly processed for security clearance.
- c. That the said Managerial Group is hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified contracts of the Department of Defense, or User Agencies of its Industrial Security Program, awarded to the institutions of The University of Texas System.
- d. That the following named members of the U. T. Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of The University of Texas System and do not occupy positions that would enable them to affect adversely the policies and practices of the institutions of The University of Texas System in the performance

of classified contracts for the Department of Defense, or User Agencies of its Industrial Security Program, and need not be processed for a personnel clearance.

Members of the U. T. Board of Regents:

Louis A. Beecherl, Jr., Chairman
Sam Barshop, Vice-Chairman
Bill Roden, Vice-Chairman
Jack S. Blanton
Robert J. Cruikshank
Tom Loeffler
W. A. "Tex" Moncrief, Jr.
Mario E. Ramirez, M.D.
Shannon H. Ratliff

BACKGROUND INFORMATION

The proposed Resolution is needed to comply with Industrial Security Manual requirements. It updates the roster of administrative officials authorized access to classified material and to negotiate, execute and administer classified government contracts (pursuant to the Security Agreement of The University of Texas System with the United States Department of Defense) and provides for the exclusion of currently named members of the U. T. Board of Regents. Other than for changes in individuals named, the proposed Resolution is identical to the one adopted on June 8, 1989.

2. U. T. System and U. T. Austin: Request for Permission for Individuals to Serve as Members of the Secretary of Energy Advisory Board (SEAB) of the U. S. Department of Energy [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

It is recommended that approval be given to the appointments of Dr. Hans Mark, Chancellor of The University of Texas System, and Dr. William L. Fisher, Director of the U. T. Austin Bureau of Economic Geology and Chairman of the Department of Geological Sciences, to the Secretary of Energy Advisory Board (SEAB) of the U. S. Department of Energy. The Executive Vice Chancellor for Academic Affairs and President Cunningham concur in the appointment of Dr. Fisher to this Board.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of these memberships by Dr. Mark and Dr. Fisher is of benefit to the State of Texas and (2) there is no conflict between their positions at U. T. System and U. T. Austin and their membership on this Board.

BACKGROUND INFORMATION

The Secretary of Energy Advisory Board (SEAB) has been recently established by the U. S. Secretary of Energy to provide a mechanism to assist with long-range planning and the analysis of major issues and initiatives being contemplated by the U. S. Department of Energy. The Board will advise the Secretary on all aspects of the Department's missions, operations, and responsibilities. Appointment to this thirty-member Board will be without compensation other than reimbursement for travel and lodging expenses.

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.

**Academic
Affairs Comm.**

ACADEMIC AFFAIRS COMMITTEE
Committee Chairman Barshop

Date: April 12, 1990
Time: Following the meeting of the Personnel and Audit
Committee
Place: Auditorium (Room 119), Biomedical Research
Building, U. T. Health Center - Tyler

	<u>Page</u> <u>AAC</u>
1. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part One, Chapter III, Section 24, Subdivision 24.22 (Textbooks and Other Materials Prescribed for the Use of Students)	3
2. U. T. Arlington: Recommendation to Approve University Housing Rates Effective with the Fall Semester 1990 (Catalog Change)	4
3. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Business Administration and the Graduate School of Business Effective September 1, 1990	6
4. U. T. Austin: Proposed Appointments to Five Cullen Trust for Higher Education Endowed Professorships in Engineering in the College of Engineering Effective September 1, 1990	7
5. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the School of Law Effective September 1, 1990	8
6. U. T. Austin: Proposed Appointment to the Richard J. V. Johnson - Welch Regents Chair in Chemistry in the College of Natural Sciences Effective Immediately	9
7. U. T. Austin: Proposed Appointment to the Ruby Lee Piester Centennial Professorship in Services to Children and Families in the School of Social Work Effective September 1, 1990	10
8. U. T. Austin: Recommendation to Name Rooms in the Performing Arts Center (<u>Regents' Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings)	11
9. U. T. Austin: Recommendation to Approve Certain Changes in Parking and Traffic Enforcement Fees Effective with the Fall Semester 1990	11

	<u>Page</u> <u>AAC</u>
10. U. T. Austin: Recommendation to Establish a Student Recreational Sports Fee Effective Fall Semester 1990 (Catalog Change)	12
11. U. T. Austin: Recommendation to Approve an Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1990 (Catalog Change)	13
12. U. T. Austin: Recommendation to Establish Differential Graduate Tuition Rates for the School of Architecture and the College of Engineering and to Approve an Increase in Differential Tuition Rates for the School of Law Effective with the Fall Semester 1990 (Catalog Change)	14
13. U. T. Dallas: Recommendation to Approve an Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1990 (Catalog Change)	15
14. U. T. Pan American: Request for Approval of a Third-Year Leave of Absence for the 1990-91 Fiscal Year (Part One, Chapter III, Section 16, Subsection 16.4 of the Regents' <u>Rules and Regulations</u>)	16

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 24, Subdivision 24.22 (Textbooks and Other Materials Prescribed for the Use of Students).--

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, Section 24, Subdivision 24.22 concerning textbooks and other materials prescribed for the use of students be amended as set forth below in congressional style:

Sec. 24. Textbooks and Other Materials Prescribed for the Use of Students.

24.22 Textbooks, notebooks, manuals, or other materials for the use of students of a component institution, written or prepared by a member of the faculty of that institution, shall not be prescribed for the use of students in that institution or sold to such students until such books, notes, manuals, or materials shall have been approved, with reasons stated, by the departmental faculty and [7] the dean or deans concerned [7] and by [~~transmitted-to~~] the chief administrative officer [~~for approval and inclusion in the next regular docket~~]. An annual list of such approved materials shall be reported to System Administration via the appropriate Executive Vice Chancellor each August. The report [~~All such requests~~] shall indicate the proposed prices and profits, and the [~~is~~] authorization shall be effective only to the end of the fiscal year (August 31) for which such approval has been given by the chief administrative officer.

. . . .

BACKGROUND INFORMATION

The proposed changes implement revisions to the institutional dockets to delegate approval of the use of faculty-authored materials to the chief administrative officer and to require an annual report of approved materials to System Administration.

2. U. T. Arlington: Recommendation to Approve University Housing Rates Effective with the Fall Semester 1990 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nedderman that the U. T. Board of Regents approve rental rates as set forth below for University-owned residence halls and apartments at U. T. Arlington effective with the Fall Semester 1990:

The University of Texas at Arlington
Proposed Rate Schedule for 1990-91

University-Owned Residence Halls (Dormitories)

	<u>1989-90 Rate</u>	<u>1990-91 Proposed Rate</u>
<u>LONG SESSION</u>		
Lipscomb (North)	\$1,260	\$1,260
Lipscomb (South)	1,260	1,260
Trinity	1,260	1,260
Brazos	1,100	1,100
Pachl	1,100	1,100
<u>SUMMER SESSION</u>		
Lipscomb (North)	420	420
Lipscomb (South)	420	420
Trinity	420	420
Brazos	420	420
Pachl	420	420
Summer Groups	\$10 per night per person	\$10 per night per person

Apartments

<u>Complex</u>	<u>No. of Units</u>	<u>Monthly Rate</u>	
		<u>1989-90</u>	<u>1990-91 Proposed Maximum</u>
Border West			
1 bedroom	18	\$310	\$316
2 bedroom	19	410	418
Cooper South			
1 bedroom	14	310	316
2 bedroom	15	410	418
West			
1 bedroom	7	250*	255*
2 bedroom	7	360*	367*

* Tenant pays electric bill.

Apartments (continued)

<u>Complex</u>	<u>No. of Units</u>	<u>Monthly Rate</u>	
		<u>1989-90</u>	<u>1990-91 Proposed Maximum</u>
Pisces			
1 bedroom	58	\$275	\$281
3 bedroom	1	410	418
Capricorn			
1 bedroom	48	290	296
1 bedroom	4	300	306
Campus			
1 bedroom	28	250*	255*
3 bedroom	1	350*	357*
San Suz			
1 bedroom	22	225*	230*
2 bedroom	1	345*	352*
Del Mar			
1 bedroom	12	210*	214*
Shelmar North			
1 bedroom	12	210*	214*
Shelmar South			
1 bedroom	7	260	265
2 bedroom	1	290	296
University Village			
1 bedroom (2 people)	80	290*	296*
1 bedroom (2 people)	28	310*	316*
1 bedroom (2 people)	12	305*	311*
1 bedroom (2 people)	4	330*	337*
1 bedroom (3 people)	4	330*	337*
Warwick II			
1 bedroom	6	290	296
1 bedroom	12	300	306
Warwick III			
1 bedroom	14	290	296
Warwick V			
Efficiency	1	210	214
1 bedroom	3	310	316
1 bedroom	8	320	326
Keys			
1 bedroom	70	255	260
1 bedroom	2	260	265
2 bedroom	8	360	367
2 bedroom	4	365	372
Libra**			
Efficiency	10	180*	184*

* Tenant pays electric bill.

**The Libra Efficiency complex was acquired in April 1989 through the legislatively-authorized land acquisition program for U. T. Arlington and rental rates have not previously been approved by the U. T. Board of Regents. The \$180 rental rate shown for 1989-90 is the rental rate which had been charged by the previous owner.

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

BACKGROUND INFORMATION

Rates for residence halls were increased for Fall 1989 and will remain the same for 1990-91.

The proposed rate increases for apartments average approximately 2% for each accommodation. The increases are being requested because the last increases were in 1986-87 and costs for supervising and maintaining the facilities continue to escalate.

As previously approved by the U. T. Board of Regents, the proposed rates are maximum charges for the respective units, with U. T. Arlington reserving the right to make downward adjustments if the Arlington-area apartment rental rates do not support the full charge.

3. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Business Administration and the Graduate School of Business Effective September 1, 1990.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the following initial appointments be made to endowed academic positions in U. T. Austin's College of Business Administration and the Graduate School of Business effective September 1, 1990. Professors will vacate any currently held endowed positions on the effective date of the new appointments.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Vijay Mahajan, Herman W. Lay Chair Professor of Marketing, Southern Methodist University	James L. Bayless/ENSTAR Corp. Chair in Business Administration; established February 1983, redesignated August 1984
Dr. Robert P. Leone, Professor, Department of Marketing Administration	Joe C. Thompson Centennial Professorship in Retail Management; established October 1982, redesignated February 1985

BACKGROUND INFORMATION

Dr. Mahajan's appointment as Professor, Department of Marketing Administration at U. T. Austin, has been approved effective September 1, 1990. He has held faculty positions at several prominent universities and has an extensive record of publications, including four books and over sixty articles. Dr. Mahajan is a Senior Research Fellow in U. T. Austin's IC² Institute and serves on the editorial review boards of several scholarly journals. He has developed and taught a variety of marketing courses at both the undergraduate and graduate levels. Dr. Mahajan annually presents numerous papers and gives lectures at many universities and institutes both in the United States and abroad.

Professor Leone, a faculty member at U. T. Austin since 1978, is a distinguished scholar in the field of marketing research. He has authored more than two dozen refereed scholarly publications and has served on boards and committees of several professional marketing associations. He has been elected a Fellow of the Southwestern Marketing Association and received the Outstanding Service Award from Alpha Kappa Psi National Business Fraternity. Dr. Leone has received numerous teaching excellence awards in the U. T. Austin Graduate School of Business.

4. U. T. Austin: Proposed Appointments to Five Cullen Trust for Higher Education Endowed Professorships in Engineering in the College of Engineering Effective September 1, 1990.-

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the following initial appointments be made to five of the Cullen Trust for Higher Education Endowed Professorships in Engineering in the College of Engineering at U. T. Austin effective September 1, 1990. Professors will vacate any currently held endowed positions on the effective date of the new appointments.

<u>Name of Proposed Appointee</u>	<u>Position</u>
Dr. Harris L. Marcus, Harry L. Kent, Jr. Professor in Mechanical Engineering	No. 1
Dr. J. K. Aggarwal, John J. McKetta Energy Professor in Engineering	No. 2
Dr. Paul A. Jensen, Baker Hughes Incorporated Centennial Professor	No. 3
Dr. Zwy Eliezer, Professor, Department of Mechanical Engineering	No. 4
Dr. Joel W. Barlow, Z. D. Bonner Professor in Chemical Engineering	No. 5

Eight Cullen Trust for Higher Education Endowed Professorships in Engineering were established by the U. T. Board of Regents in August 1989.

BACKGROUND INFORMATION

Dr. Marcus joined the U. T. Austin faculty in 1975 and is a recognized expert in the fatigue and fracture of structural materials. Since 1981, he has directed the Center for Materials Science and Engineering and the Department of Mechanical Engineering's graduate program in materials science. Dr. Marcus has authored or coauthored more than 130 scientific and technical publications and is active in international and national materials science societies.

Dr. Aggarwal, a faculty member at U. T. Austin since 1964, is well recognized in the fields of nonlinear systems, pattern recognition, digital signal processing, image processing, and artificial intelligence applications. He was elected a Fellow of the Institute of Electrical and Electronics Engineers and was named one of the top 100 innovators by Science Digest in 1985. Dr. Aggarwal has authored and coauthored six books and over 100 scholarly publications. He has taught and developed a variety of graduate and undergraduate courses, supervised numerous graduate students, and served on several University committees.

Dr. Jensen, who is recognized for his contributions in the areas of operations research and industrial engineering, joined the U. T. Austin faculty in 1967. He has authored or coauthored six books, one of which, Network Flow Programming, won the 1980 Book-of-the-Year Award from the Institute of Industrial Engineers. Dr. Jensen is active in teaching undergraduates, supervises graduate students, and has served on 70 student research committees throughout the University.

Dr. Eliezer joined the U. T. Austin faculty in 1974 and is internationally recognized for his research in the areas of friction, wear, corrosion, structure and properties of metals, alloys, composites and intermetallic compounds. He has authored and coauthored over 50 scholarly publications and is frequently invited to lecture at national and international symposia. Dr. Eliezer is an excellent teacher of both graduate and undergraduate students and received the College of Engineering's Excellence in Engineering Teaching Award in 1988.

Dr. Barlow, a faculty member at U. T. Austin since 1973, is nationally recognized for his research in the area of polymer engineering and has authored or coauthored more than 100 technical publications. He is currently designing a new course in electronic packaging and has in the past been honored with three awards for his excellence in teaching and in research.

5. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the School of Law Effective September 1, 1990.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the initial appointments set out on Page AAC - 9 be made to endowed academic positions in the School of Law

at U. T. Austin effective September 1, 1990, for the 1990-91 academic year only. The appointees will retain currently held endowed positions.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Ms. Zipporah B. Wiseman, Joe A. Worsham Centennial Professor in Law	Butler & Binion Centennial Research Professorship in Law; established December 1983
Mr. Charles Alan Wright, William B. Bates Chair for the Administration of Justice	Hayden W. Head Regents Chair for Faculty Excellence; established February 1989

BACKGROUND INFORMATION

Ms. Wiseman joined the U. T. Austin faculty in January 1990, having previously been in private practice and having taught at Northeastern Law School. She is a recognized scholar in secured transactions, commercial paper, sales of goods, bankruptcy, contracts, and discrimination in education, employment, and housing. She is a member of the Board of Governors of the Society of American Law Teachers and the Committee on Women of the American Association of University Professors.

Mr. Wright, a faculty member at U. T. Austin since 1955, is one of the most distinguished law professors in the nation. He has written extensively on the federal courts, producing over fifty volumes. Mr. Wright was the recipient of the 1989 Fellows Research Award of The Fellows of the American Bar Foundation and is a Fellow of several honorary organizations. He currently serves as first vice president of the American Law Institute, is a member of the Commission on the Bicentennial of the U. S. Constitution, and is a permanent member of the Fourth Circuit Judicial Conference.

6. U. T. Austin: Proposed Appointment to the Richard J. V. Johnson - Welch Regents Chair in Chemistry in the College of Natural Sciences Effective Immediately.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that Dr. Alan H. Cowley, Professor, Department of Chemistry, be appointed as the initial holder of the Richard J. V. Johnson - Welch Regents Chair in Chemistry in the College of Natural Sciences at U. T. Austin effective immediately.

BACKGROUND INFORMATION

Dr. Cowley was a faculty member at U. T. Austin from 1961 to 1988 and has returned to the University after serving a year as the Sir Edward Frankland Chair at Imperial College in London, England. He is internationally recognized for

his research in inorganic chemistry, especially in the main group elements and is widely sought nationally and internationally as a guest lecturer. Dr. Cowley has authored or coauthored approximately 250 scientific publications. He has held several elected positions in professional societies and received numerous honors and awards in his field, including the U. T. Austin College of Natural Sciences Award for Teaching Excellence.

The Richard J. V. Johnson - Welch Regents Chair in Chemistry was established at the February 1985 meeting of the U. T. Board of Regents.

7. U. T. Austin: Proposed Appointment to the Ruby Lee Piester Centennial Professorship in Services to Children and Families in the School of Social Work Effective September 1, 1990.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that Dr. Ruth G. McRoy, Associate Professor, School of Social Work, be appointed as the initial holder of the Ruby Lee Piester Centennial Professorship in Services to Children and Families in the School of Social Work at U. T. Austin effective September 1, 1990.

BACKGROUND INFORMATION

Dr. McRoy, a faculty member at U. T. Austin since 1981, is nationally recognized for her program of research on families and the dynamics of families with adopted children. She has been recommended for promotion to Professor effective September 1, 1990. She has authored or coauthored four books, numerous book chapters and scholarly articles and has presented approximately 50 workshop or seminar papers. Dr. McRoy is an excellent teacher of both undergraduates and graduates and was awarded the Lora Lee Pederson Teaching Excellence Award in 1984.

The Ruby Lee Piester Centennial Professorship in Services to Children and Families was established by the U. T. Board of Regents in August 1983.

8. U. T. Austin: Recommendation to Name Rooms in the Performing Arts Center (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the "green room" in the Nancy Lee and Perry Bass Concert Hall be named the David Bruton, Jr. Green Room and that the Opera Lab Theatre be named the Ralph and Ruth McCullough Theatre both in the Performing Arts Center at U. T. Austin. This recommendation is in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

BACKGROUND INFORMATION

The proposed namings are in recognition of gifts received from the David Bruton, Jr. Charitable Trust, Dallas, Texas, and from the Ralph H. and Ruth J. McCullough Foundation, Houston, Texas, for addition to the Z. T. Scott Family Endowment for the Performing Arts in the College of Fine Arts established at the April 1988 meeting of the U. T. Board of Regents.

At the December 1980 meeting, the U. T. Board of Regents approved the naming of facilities other than buildings as part of a special private fund development campaign for the College of Fine Arts, in accordance with the Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.44.

9. U. T. Austin: Recommendation to Approve Certain Changes in Parking and Traffic Enforcement Fees Effective with the Fall Semester 1990 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the U. T. Board of Regents approve certain increases in the U. T. Austin parking and traffic enforcement fees effective with the Fall Semester 1990.

<u>Offense</u>	<u>1989-90 Current Fees</u>	<u>1990-91 Proposed Fees</u>
Possession or use of a lost/ stolen or forged permit	\$25.00	\$50.00
Parking improperly	10.00	15.00

BACKGROUND INFORMATION

The proposed increases in the specified traffic enforcement fees more properly reflect the seriousness of the offenses and eliminate disparity in charges for similar offenses. The enforcement fees for other violations remain unchanged from the previously authorized charges.

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

10. U. T. Austin: Recommendation to Establish a Student Recreational Sports Fee Effective Fall Semester 1990 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the U. T. Board of Regents approve the establishment of a Student Recreational Sports Fee at U. T. Austin effective with the Fall Semester 1990 to be assessed at the rate of \$20.00 per semester or 12-week summer session and \$10.00 per six-week summer session for funding the recreational sports facility as authorized by the Texas Education Code, Section 54.510.

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

BACKGROUND INFORMATION

A new U. T. Austin Recreational Sports facility will open in the Fall Semester 1990. The initiation of the project and the related effort to secure legislative authority to establish a fee to finance the facility resulted from a student-led referendum which received widespread student support.

The 69th Legislature added Section 54.510 to the Texas Education Code, thereby authorizing the U. T. Board of Regents to charge a Student Recreational Sports Fee for each student enrolled at U. T. Austin -- the fee to be collected beginning in the semester in which a campus recreational sports facility will be available for use. The amount of the fee as legislatively established is not to exceed \$20.00 per semester or 12-week summer session or \$10.00 per six-week summer session. The proceeds from the fee are to be used only for "...financing, constructing, operating, maintaining, and improving recreational sports facilities and programs at the university."

11. U. T. Austin: Recommendation to Approve an Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1990 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the U. T. Board of Regents approve an increase in the U. T. Austin Compulsory Student Services Fee from \$94.36 to \$97.68 per semester or summer session for a student taking twelve or more semester credit hours effective with the Fall Semester 1990. The recommended fee is comprised of two components: (a) an increase in the compulsory fee for operation of the Student Health Center from \$40.60 to \$42.24 per semester or summer session for all students and (b) an increase from \$4.48 per semester credit hour to \$4.62 per semester credit hour for a maximum charge of \$55.44 for a student taking twelve or more credit hours of course work per semester or summer session for other services or agencies funded in part or totally from the Student Services Fee.

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

BACKGROUND INFORMATION

The Compulsory Student Services Fee for U. T. Austin is levied in accordance with Sections 54.513 and 54.514 of the Texas Education Code. The Student Health Center receives a flat fee per student enrolled in one or more semester credit hours of course work. Agencies which receive partial or total support from the portion of the fee which is prorated on a semester credit hour basis are: Students' Attorney, Recreational Sports, Shuttle Bus, The Daily Texan, KTSB Student Radio, Campus Activities, Students' Association, Cabinet of College Councils, Ombudsman, Student Services Fee Committee, and University Student Childcare.

The maximum combined fee for a student taking twelve or more semester credit hours does not exceed the limits authorized by statute. The proposed fee has been recommended by the Student Services Fee Advisory Committee at U. T. Austin, as required by Section 54.514 of the Texas Education Code.

The recommended funding for the agencies and services represents no increase for the Shuttle Bus, decreases for the Ombudsman and Student Services Fee Committee, and increases for the nine other programs. The changes in funding levels respond to programmatic changes and to needed salary increases.

12. U. T. Austin: Recommendation to Establish Differential Graduate Tuition Rates for the School of Architecture and the College of Engineering and to Approve an Increase in Differential Tuition Rates for the School of Law Effective with the Fall Semester 1990 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the U. T. Board of Regents approve the establishment of differential graduate tuition for the School of Architecture and the College of Engineering and approve increases in the per semester credit hour tuition charges for the School of Law at U. T. Austin effective with the Fall Semester 1990 as shown below:

	Current Graduate Tuition* 1989-90	Proposed Graduate Tuition* 1990-91
<u>School of Architecture</u>		
Resident	\$ 18	\$ 36
Nonresident	122	152
<u>College of Engineering</u>		
Resident	18	36
Nonresident	122	152
<u>School of Law</u>		
Resident	90	97
Nonresident	180	187

*Dollars per semester credit hour of registration.

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

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. The regular graduate resident tuition rate for graduate students in Architecture, Engineering, and Business set by Section 54.0512 of the Texas Education Code for academic year 1990-91 is \$18.00 per semester credit hour or \$100.00 minimum. The regular tuition rates for law students are \$60.00 per semester credit hour for residents and \$150.00 per semester credit hour for nonresident and foreign students. Section 54.051 of the Texas Education Code provides for the Texas Higher Education Coordinating Board to determine the base tuition rate to be charged for nonresident and foreign students. That base rate is \$122.00 per semester credit hour for 1990-91. The differential tuition rates proposed above for resident and for nonresident and foreign students are all within the legislatively established limits.

The first-time proposed rates for graduate students in architecture and engineering are the same as the rates approved by the U. T. Board of Regents at the April 1989 meeting for the Graduate School of Business at U. T. Austin. Differential tuition rates for the School of Law were first approved by the U. T. Board of Regents at its December 1987 meeting.

Priority uses of the additional funds derived from all differential tuition charges are to provide scholarship assistance to students who could not otherwise meet new tuition costs and for faculty salaries or other academic program needs in the school or college from which the revenues are generated. 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 Deans of the schools and college affected by the proposed increases in tuition have consulted with student leaders in the respective schools and college and have found general, although not unanimous, support for the increases and the intended uses of the revenues that will be generated. The differential rates proposed will still be generally lower than the rates charged at other universities with which these U. T. Austin academic programs are routinely compared.

U. T. Austin anticipates requesting authorization for resident differential tuition rates to rise for succeeding biennia through 1995-96 to maintain the same ratio of twice the rate established by statute for regular resident tuition. Similarly, the rate for nonresident and foreign students would continue to rise in a manner that is consistent with the base rate to be determined for future biennia by the Coordinating Board.

13. U. T. Dallas: Recommendation to Approve an Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1990 (Catalog Change).--

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 approve an increase in the U. T. Dallas Compulsory Student Services Fee from \$7.50 per semester credit hour to \$10.00 per semester credit hour, with a maximum of \$90.00 per semester or \$60.00 per eight week summer session, effective with the Fall Semester 1990.

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

BACKGROUND INFORMATION

The U. T. Dallas Compulsory Student Services Fee has not been raised since the Fall Semester 1984. The maximum fee of \$90.00 per semester or \$60.00 per eight week summer session remains unchanged and conforms to the statutory limits established in Section 54.503 of the Texas Education Code. The requested change to a rate of \$10.00 per semester credit hour results, however, in a student reaching the maximum fee with nine or more semester credit hours rather than for twelve or more hours.

Enrollment growth since 1984 has led to staffing and programming deficiencies with available revenues not allowing for new or expanded programming and services or permitting the accumulation of adequate operating reserves. In addition, the enrollment of freshmen and sophomores beginning with the Fall Semester 1990 will require additional staff and programs. Although lower division students will also pay the fee, the revenue from that source at the existing rate would not be sufficient to fund needed services.

In accordance with statutory requirements, the proposed fee change has been considered by the Committee on Student Life (U. T. Dallas' student fees committee) which chose not to endorse this fee recommendation. Student concerns about the proposed increases were carefully considered. However, the fee change seems to be entirely necessary to meet the minimal program requirements for the services and programs funded by the Compulsory Student Services Fee.

U. T. Dallas student enrollment and recent enrollment growth are composed largely of part-time students who pay less than the maximum fee but are eligible for the full range of student services. Additionally, heavy reductions in appropriated funds in 1985 placed a heavier burden on provision of some support services from student fees. The U. T. Dallas Administration has shifted personnel costs in some current fee funded areas to other fund sources and additional fund shifts will be accomplished over the next two budget cycles in response to Committee on Student Life concerns.

If the U. T. Board of Regents approves the Compulsory Student Services Fee as recommended by the U. T. Dallas Administration and the Executive Vice Chancellor for Academic Affairs, the U. T. Dallas Administration will provide the Committee on Student Life with a written explanation of the decision as required by statute.

14. U. T. Pan American: Request for Approval of a Third-Year Leave of Absence for the 1990-91 Fiscal Year (Part One, Chapter III, Section 16, Subsection 16.4 of the Regents' Rules and Regulations).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nevarez for approval of a third-year leave of absence, without pay, to Dr. Manuel Lopez, Associate Professor, Department of Sociology, College of Arts and Sciences at U. T. Pan American,

for the 1990-91 fiscal year in accordance with Part One, Chapter III, Section 16, Subsection 16.4 of the Regents' Rules and Regulations.

BACKGROUND INFORMATION

Dr. Lopez has been on leave for the past two years to serve at the University of Wisconsin System to restructure its library network. The policy analysis and program evaluation have been completed and the project has recently moved to the institutional research stage. Completion of the project will broaden Dr. Lopez' skills as a social scientist and enhance his effectiveness upon his return to U. T. Pan American thereby justifying the granting of a third year leave of absence.

**Health Affairs
Committee**

HEALTH AFFAIRS COMMITTEE
Committee Chairman Blanton

Date: April 12, 1990
Time: Following the meeting of the Academic Affairs Committee
Place: Auditorium (Room 119), Biomedical Research
Building, U. T. Health Center - Tyler

	<u>Page</u> <u>HAC</u>
1. U. T. Southwestern Medical Center - Dallas: Proposed Appointment to the John H. Childers, M.D. Professorship in Pathology Effective Immediately	2
2. U. T. Medical Branch - Galveston: Proposed Appointment to The Robert A. Welch Distinguished Chair in Chemistry Effective July 1, 1990	2
3. U. T. Medical Branch - Galveston: Request for Permission for Individual to Serve on the Interagency Council on Sex Offender Treatment [Regents' <u>Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)]	3
4. U. T. Health Science Center - Houston: Recommendation for Approval of the Agreement of Sub-Affiliation with Affiliated Medical Services, a Texas Nonprofit Corporation, for the Provision of Professional Services to the Harris County Hospital District, and the Clarification Agreement Related to the Role of the U. T. Board of Regents	4
5. U. T. M.D. Anderson Cancer Center: Recommen- dation for Approval to Acquire the Assets of Molecular Diagnostic Associates, Inc. (MDxA), Houston, Texas, and to Terminate a Sponsored Research Agreement with MDxA	85

1. U. T. Southwestern Medical Center - Dallas: Proposed Appointment to the John H. Childers, M.D. Professorship in Pathology Effective Immediately.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that Robert W. McKenna, M.D., be appointed as initial holder of the John H. Childers, M.D. Professorship in Pathology at the U. T. Southwestern Medical Center - Dallas effective immediately.

BACKGROUND INFORMATION

Dr. Robert W. McKenna, Professor of Pathology, is an internationally recognized authority on bone marrow pathology. He is highly regarded for his original clinical research in the diagnosis and treatment of various leukemias. In addition to his scholarly achievements, Dr. McKenna has served with distinction as Director of Pathology Laboratories at Parkland Memorial Hospital since 1985 and as Acting Chairman of the Department of Pathology at U. T. Southwestern Medical School - Dallas since July 1989.

The John H. Childers, M.D. Professorship in Pathology was established by the U. T. Board of Regents at the October 1989 meeting.

2. U. T. Medical Branch - Galveston: Proposed Appointment to The Robert A. Welch Distinguished Chair in Chemistry Effective July 1, 1990.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that James C. Lee, Ph.D., be appointed as initial holder of The Robert A. Welch Distinguished Chair in Chemistry at the U. T. Medical Branch - Galveston effective July 1, 1990.

BACKGROUND INFORMATION

Dr. Lee is being appointed Professor, with tenure, in the Department of Human Biological Chemistry and Genetics at the U. T. Medical Branch - Galveston effective July 1, 1990. He is an internationally recognized physical chemist whose interests focus on structure-function relationships of proteins. The recommendation for appointment to The Robert A. Welch Distinguished Chair in Chemistry received the unanimous approval of the Appointment, Promotion and Tenure Committee and the Executive Committee of the Faculty of Medicine.

The Robert A. Welch Chair in Chemistry was established by the U. T. Board of Regents at the August 1978 meeting.

See Item 38 on Page L&I - 30 related to redesignation of this Chair.

3. U. T. Medical Branch - Galveston: Request for Permission for Individual to Serve on the Interagency Council on Sex Offender Treatment [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 Health Affairs and President James that Walter J. Meyer III, M.D., Professor of Psychiatry and Behavioral Sciences at the U. T. Medical Branch - Galveston, be granted permission to serve on the Interagency Council on Sex Offender Treatment.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this position by Dr. Meyer is of benefit to the State of Texas and (2) there is no conflict between his position at the U. T. Medical Branch - Galveston and his appointment to this Council.

BACKGROUND INFORMATION

Governor Clements has appointed Dr. Meyer to serve a five-year term, ending February 1, 1995, as a member of the Interagency Council on Sex Offender Treatment. The Texas Department of Criminal Justice is in the process of establishing four new sex offender treatment units. Dr. Meyer is an authority on the drug, Depo-provera, which is being considered as a treatment option in addition to psychotherapy. His work with this Council will enhance the U. T. Medical Branch - Galveston's teaching and research programs. The Council members serve without remuneration.

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

4. U. T. Health Science Center - Houston: Recommendation for Approval of the Agreement of Sub-Affiliation with Affiliated Medical Services, a Texas Nonprofit Corporation, for the Provision of Professional Services to the Harris County Hospital District, and the Clarification Agreement Related to the Role of the Board of Regents.--

RECOMMENDATION

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

- a. Approve the terms and conditions of the Agreement of Sub-Affiliation set out on Pages HAC 6 - 82 by and between the U. T. Health Science Center - Houston and Affiliated Medical Services, a Texas nonprofit corporation
- b. Approve the terms of the Clarification Agreement set out on Pages HAC 83 - 84.

BACKGROUND INFORMATION

At the December 1986 meeting, the U. T. Board of Regents entered into an Agreement of Preliminary Understanding with Baylor College of Medicine (BCM), Houston, Texas, in which it agreed that Baylor College of Medicine and the U. T. Health Science Center - Houston would become the sole members of Affiliated Medical Services (AMS), a nonprofit corporation, whose purpose would be to subcontract for and provide and coordinate health care to the patients of the hospitals and neighborhood clinics of the Harris County Hospital District (HCHD). AMS was incorporated and its Board has negotiated an affiliation agreement with the HCHD to provide, through its subcontractors, BCM and the U. T. Health Science Center - Houston professional services to the patients of HCHD as well as education and training for medical students, interns, residents, fellows and other health and hospital personnel of its subcontractors (Exhibit A to the Agreement of Sub-Affiliation).

Upon approval of these agreements, the U. T. Health Science Center - Houston will assume the relevant share of patient care duties and services imposed by AMS.

The Clarification Agreement among the U. T. Health Science Center - Houston, the U. T. Medical School - Houston, BCM and AMS specifies that the U. T. Board of Regents has been and is acting through the U. T. Health Science Center - Houston for and on behalf of the U. T. Medical School - Houston in entering into and approving agreements concerning AMS. Such clarification of intent is necessary because of the wording of Chapter 312 of the Health and Safety Code which authorizes the formation of entities such as AMS and enables them, medical schools, and public hospitals to contract with each other.

This statute, which creates an exemption from antitrust laws and limits the liability of participating institutions, applies only if a "medical or dental unit," as defined by Section 61.003 of the Texas Education Code, agrees either directly or through a coordinating entity to perform professional services in a public hospital. Section 61.003 of the Texas Education Code defines the U. T. Medical School - Houston as a "medical or dental unit," but the U. T. Health Science Center - Houston as an entity is not so defined. Since the U. T. Health Science Center - Houston is the party mentioned in all the AMS agreements approved by the U. T. Board of Regents, there is a gap in the named parties which could possibly raise questions concerning their validity. In order to insure compliance with Chapter 312 of the Health and Safety Code and to eliminate any doubt concerning the validity of those agreements, the parties have entered into a Clarification Agreement to indicate the intent of the U. T. Board of Regents to act on behalf of the U. T. Medical School - Houston in all matters concerning AMS.

**AGREEMENT OF SUB-AFFILIATION BETWEEN
AFFILIATED MEDICAL SERVICES
and
THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM**

THIS AGREEMENT of Sub-Affiliation ("Agreement") is made and entered into by and between Affiliated Medical Services, a Texas nonprofit corporation ("AMS"), and the Board of Regents ("UT Board of Regents") of The University of Texas System ("UTS") which is authorized and acting for and on behalf of The University of Texas Medical School at Houston through The University of Texas Health Science Center at Houston ("UTHSCH"), a component institution of UTS.

W I T N E S S E T H :

WHEREAS, UTHSCH has a medical school which, incident to its educational and medical training programs, requires access for its faculty, residents, fellows, and other health care professionals to hospitals and other health care facilities; and

WHEREAS, AMS is entering into an Agreement of Affiliation with the Harris County Hospital District, a political subdivision organized under the laws of the State of Texas (the "District"), copy of which is attached hereto as Exhibit A (the "Affiliation Agreement"); and

WHEREAS, pursuant to the Affiliation Agreement, AMS is required to supply the District with the services of qualified physicians, House Staff and other health care professionals ("Providers") from UTHSCH and Baylor College of Medicine ("Baylor")

to provide professional services to patients of the District's Hospitals and Community Health Centers; and

WHEREAS, in order to obtain access for UTHSCH's faculty, residents, fellows, and other health care professionals to the District's Hospitals and Community Health Centers to further UTHSCH's educational and medical training programs, UTHSCH has agreed to provide AMS with the services of certain of its faculty, residents, fellows, and other health care professionals to fulfill, in part, the obligations of AMS to the District under the Affiliation Agreement, all pursuant to the terms hereof and the terms of the Affiliation Agreement;

NOW, THEREFORE, for and in consideration of the promises, and the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, UTHSCH and AMS hereby agree as follows:

1. Division of Patient Care Services. AMS shall annually decide in writing, at or prior to the time AMS and the District agree on the Contract Amount to be received by AMS pursuant to Paragraph 6 of the Affiliation Agreement, the percentage and distribution of the total patient care services needed by the District which shall be provided by UTHSCH Providers. Such distribution shall be prepared by the General Director of AMS and be approved by the AMS Board. It shall include the number and categories of Providers needed from UTHSCH and those Hospitals and Community Health Centers where

they will be located and shall be attached each year to this Agreement as Exhibit B - 1990, through Exhibit B - 2010.

2. Provision of Services. UTHSCH agrees that it will provide the UTHSCH Providers as set forth in the relevant Exhibit B.

3. Incorporation by Reference and Assumption of Duties. The terms and provisions of the Affiliation Agreement are hereby incorporated by reference into this Agreement and UTHSCH hereby assumes the duties imposed on AMS in the Affiliation Agreement with respect to UTHSCH and those services to be performed by UTHSCH Providers pursuant to the Affiliation Agreement. No amendment to the Affiliation Agreement shall be binding upon UTHSCH or with respect to the services to be provided by the UTHSCH Providers hereunder unless approved in writing by UTHSCH.

4. Annual Subcontract Amount. AMS and UTHSCH agree that the percentage of the Contract Amount that UTHSCH will receive from AMS will be determined annually, in writing, by AMS at or prior to the time AMS and the District agree on the Contract Amount to be received by AMS pursuant to Paragraph 6 of the Affiliation Agreement.

Such percentage of the Contract Amount shall be based on the calculation of the final distribution of patient care services set forth in the relevant Exhibit B and shall reflect those patient care services supplied by AMS to the District which are provided by the UTHSCH Providers. In the

event that, at the time AMS and the District are ready to agree on the Contract Amount, AMS and UTHSCH have not agreed on the annual percentage of the Contract Amount to be paid to UTHSCH, the Deans of UTHSCH and Baylor shall finally determine such percentage in writing prior to the time AMS and the District agree on the Contract Amount. In the event that the services to be rendered by Baylor and UTHSCH Providers materially change during a Contract Year, the percentage will be adjusted accordingly by AMS as of the date of such change or changes.

5. Fees. As consideration for the services provided by UTHSCH, AMS shall pay UTHSCH a monthly fee equal to (a) an amount allocated to UTHSCH to cover its costs for insuring its House Staff (consistent with the amount provided therefor in the Contract Amount and received by AMS), (b) an amount allocated to UTHSCH to cover its costs for insuring its Providers (other than House Staff, consistent with the amount provided therefor in the Contract Amount and received by AMS), (c) an amount allocated to UTHSCH for services with regard to the Community Health Centers commensurate with the services rendered, (d) an amount allocated to UTHSCH for services with regard to the Thomas Street Clinic commensurate with the services rendered, and (e) its percentage (determined in accordance with Paragraph 4 hereof) of the Contract Amount (after taking into account amounts paid to UTHSCH and Baylor pursuant to (a), (b), (c), and (d) hereof) times the payment

received by AMS (after taking into account amounts paid to UTHSCH pursuant to (a), (b), (c), and (d) hereof); or an added or lesser amount, based on actual services rendered, as determined by the General Director of AMS and agreed to by the Deans of UTHSCH and Baylor.

The method of allocation described above shall be reviewed and approved by AMS and UTHSCH.

6. Allocation of Revenues from Physician Services Billing. Any net revenues available to AMS which are the result of billing for physician services provided by UTHSCH physicians shall be returned to UTHSCH for use in accordance with Paragraph 6.4 of the Affiliation Agreement.

7. Term. This Agreement shall be effective on July 1, 1990 and shall continue in full force and effect until June 30, 2010.

8. Termination. In the event that the Affiliation Agreement is terminated for any reason, either party may terminate this Agreement (without prejudice to UTHSCH of its right to be compensated through the date of termination for services rendered under this Agreement through such date) on ten (10) days prior written notice to the other party.

9. Amendments. This Agreement may be amended only by a written instrument duly authorized for execution by the governing boards of the respective parties hereto.

10. Assignability. This Agreement may not be assigned by either party hereto without the express written consent of the other party.

11. Defined Terms. Defined terms herein shall have the meanings ascribed to them in the Affiliation Agreement unless provided to the contrary herein.

12. AMS Expenses. Upon request from AMS, UTHSCH shall promptly reimburse AMS for its share of AMS' unreimbursed costs based upon the percentage determined from time to time in accordance with Paragraph 4 hereof.

IN WITNESS WHEREOF, this Agreement has been executed in counterpart originals, each of which shall be deemed an original but all of which shall constitute one and the same document, on behalf of the parties hereto on the respective dates set forth on the signature lines hereof.

ATTEST:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By _____
Arthur H. Dilly
Executive Secretary

By _____
Charles B. Mullins, M.D.
Executive Vice Chancellor
for Health Affairs

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

By _____
Susan O. Bradshaw
Attorney
Office of General Counsel

By _____
M. David Low, M.D.
President
University of Texas Health
Science Center at Houston

By _____
John C. Ribble, M.D.
Dean
University of Texas
Medical School at Houston

ATTEST:

AFFILIATED MEDICAL SERVICES

By _____

By _____
Raymond H. Kaufman, M.D.
Chairperson, Board of
Trustees
Affiliated Medical Services

SUBMITTED TO the Commissioner
of Health, the _____ day of
_____, 1990

APPROVED BY the Commissioner
of Health, the _____ day of
_____, 1990

By _____

Name _____

Title _____

25-A-0-15

AGREEMENT OF AFFILIATION
BETWEEN
AFFILIATED MEDICAL SERVICES
AND
HARRIS COUNTY HOSPITAL DISTRICT

Effective Date:

July 1, 1990

TABLE OF CONTENTS

1. DEFINITIONS 3

1.1 Agreement 4

1.2 AMS 4

1.3 Board of AMS 4

1.4 Board of Managers 4

1.5 Community Health Centers 4

1.6 Contract Amount 4

1.7 Contract Year 5

1.8 District 5

1.9 District Administrator 5

1.10 Fiscal Year 5

1.11 General Director of AMS 5

1.12 Hospitals 6

1.13 House Staff 6

1.14 Joint Conference Committee 6

1.15 Medical Board 6

1.16 Medical Staff 7

1.17 Providers 7

1.18 Service Subcontracts 7

1.19 State 8

1.20 Subcontractors 8

1.21 Term 8

2. AFFILIATION AND JURISDICTION 8

2.1 Affiliation 8

2.2 Separate Jurisdiction 8

3. COVENANTS OF AMS 9

3.1 Provider Services and Teaching Programs 9

3.2 Staffing of Additional Facilities 11

3.3 Medical Supervision 12

3.4 Scheduling 13

3.5 Organizational Requirements 13

3.6 Compliance with District Eligibility Policies 14

3.7 Consultation Between the Parties 14

3.8 Coordination of Services 14

3.9 Federal Access to Records and Other Reporting Requirements . 15

 3.9.1 Access to Books and Records. 15

 3.9.2 Third Party Reporting Requirements. 16

3.10 Insurance. 17

3.11 Outside Activities 19

3.12 Public Contact 20

3.13 Subcontractors' Assent. 20

4. COVENANTS OF DISTRICT 21

4.1 Quality Patient Care 21

4.2 Appointment of Medical Staff 21

4.3 Medical Board 21

4.4 Chiefs of Departments 22

4.5 Joint Conference Committee 22

4.6 Office and Other Space. 23

4.7 Parking. 24

5. MUTUAL COVENANTS 24

5.1 Medical Policies 24

5.2 Legal and Regulatory Compliance 26

5.3 Grants, Research or Demonstration Programs 30

 5.3.1 Approval by the District 30

 5.3.2 Reimbursement to the District 31

5.4 Litigation and Risk Management Cooperation 31

6. FINANCIAL ARRANGEMENT 32

6.1 Annual Contract Amount Negotiations and Approval. 32

 6.1.1 Time Frame For Determination of Annual Contract Amount. 32

 6.1.2 Contents of Contract Amount Proposal. 35

 6.1.3 Workpapers. 40

6.2 Funding Limitations. 40

6.3 Invoicing By and Payments to AMS. 42

 6.3.1 Monthly Invoice and Statements 42

 6.3.2 Monthly Payments 44

6.4 Billing for Provider Services 45

7. TERM AND TERMINATION 45

7.1 Term 45

7.2 Joint Conference Committee and Other Reviews 46

7.2.1 Joint Conference Committee Review 46

7.2.2 Other Review 47

7.3 Termination Provisions 47

7.3.1 Failure to Agree on or to Obtain Approval of Contract Amount 47

A. Board of Managers Level. 47

B. Commissioner's Court Level. 49

C. Commissioner of Health Level 51

D. Post Termination Relationship. 53

7.3.2 Optional Termination 54

7.3.3 Optional Termination for Failure to Agree on Contract Amount. 54

7.3.4 Optional Termination for Nonapproval by District of Service Subcontracts. 55

7.4 Renegotiation and Termination Due to Tax Referendum 55

7.5 District Responsibilities for Patients Upon Termination 56

8. MISCELLANEOUS 56

8.1 Independent Contractor Status 56

8.2 Notices 58

8.3 Construction. 59

8.4 Applicable Law 59

8.5 Assignment Prohibited 60

8.6 Provision for Other Agreements 60

8.7 Severability 60

8.8 Amendments and Agreement Execution 61

8.9 Entire Agreement; Captions 61

1
2 WHEREAS, the District and AMS and its Subcontractors have
3 certain objectives in common, namely (a) the advancement of
4 medical service through quality professional care of patients,
5 (b) the education and training of medical students, interns,
6 residents, and fellows and other health and hospital personnel,
7 (c) the advancement of medical knowledge through research, and
8 (d) the promotion of personal and community health; and
9

10 WHEREAS, the objectives of the District and AMS and its
11 Subcontractors can best be accomplished through affiliated and
12 cooperative operations, and AMS proposes to effectuate such
13 operations by entering into this Agreement with the District to
14 provide medical services to the patients of the District by
15 entering into subcontracts with the Subcontractors whereby mem-
16 bers of the faculty, residents, fellows and other health care
17 professionals affiliated with the Subcontractors will be made
18 available to perform such services incident to the educational
19 and medical training programs of such institutions under the
20 supervision of AMS as coordinator of such programs; and
21

22 WHEREAS, it is mutually recognized that the primary function
23 of the District is the provision of quality patient care for the
24 citizens of Harris County; and
25

TEXT - 2

1 WHEREAS, it is the desire of both parties and it is for the
2 benefit of the citizens of Harris County that the Hospitals and
3 Community Health Centers maintain quality programs of medical
4 education both for graduate students and for undergraduate
5 medical students in order that the District, AMS and its Subcon-
6 tractors may all accomplish their objectives in a larger measure;
7 and

8
9 WHEREAS, the parties hereto recognize that the Subcontrac-
10 tors will continue, as in the past, to operate quality medical
11 schools and shall retain all jurisdictional powers incident to
12 separate ownership and operation, including, but not limited to,
13 the power to determine the general and fiscal policies and to
14 appoint administrative, faculty and other personnel;

15
16 NOW, THEREFORE, for and in consideration of the premises and
17 in further consideration of the matters hereinafter set forth,
18 the District and AMS do hereby stipulate and agree as follows:

19
20 1. DEFINITIONS.

21
22 For purposes of this Agreement, the following terms shall
23 have the meanings ascribed thereto unless otherwise clearly
24 required by the context in which such term is used.
25

TEXT - 3

1 1.1 Agreement. The term "Agreement" shall mean this
2 AGREEMENT OF AFFILIATION and any amendment(s) thereto as may be
3 from time to time adopted as hereinafter provided.
4

5 1.2 AMS. The term "AMS" shall mean Affiliated Medical
6 Services, a Texas nonprofit corporation.
7

8 1.3 Board of AMS. The term "Board of AMS" shall mean the
9 governing board of AMS, as provided for by the Bylaws of AMS.
10

11 1.4 Board of Managers. The term "Board of Managers" shall
12 mean the governing board of the District, as provided for by
13 State law and the Bylaws of the District Board of Managers.
14

15 1.5 Community Health Centers. The term "Community Health
16 Centers" shall mean the network of clinics operated by the
17 District as part of the District's community health programs
18 currently including the Acres Home Clinic, Baytown Clinic, Casa
19 de Amigos Clinic, Martin Luther King Clinic, Ripley Clinic,
20 Settegast Clinic, Bordersville Clinic, El Centre Clinic, Straw-
21 berry Clinic, Thomas Street Clinic (medical specialty clinic),
22 and West End Clinic, located in Harris County, Texas.
23

24 1.6 Contract Amount. The term "Contract Amount" shall mean
25 the annual total maximum payment from the District to AMS for

1 Provider coverage and services furnished hereunder as determined
2 pursuant to Paragraph 6 hereof.

3
4 1.7 Contract Year. The term "Contract Year" shall mean
5 each twelve (12) month period during the Term of this Agreement
6 coinciding with the District's Fiscal Year; provided; however,
7 the initial Contract Year shall be for a nine (9) month period
8 commencing July 1, 1990, and ending March 31, 1991.

9
10 1.8 District. The term the "District" shall mean the
11 Harris County Hospital District, a political subdivision or-
12 ganized under the laws of the State.

13
14 1.9 District Administrator. The term "District Ad-
15 ministrator" shall mean the individual serving in the position
16 currently entitled President/Chief Executive Officer/Chief Ad-
17 ministrator of the District or the District Administrator's
18 designee(s).

19
20 1.10 Fiscal Year. The term "Fiscal Year" shall mean the
21 fiscal year of the District, currently April 1 - March 31.

22
23 1.11 General Director of AMS. The term "General Director of
24 AMS" shall mean a physician duly licensed in the State, serving

1 as the chief executive officer of AMS, as provided for by the
2 Bylaws of AMS.

3
4 1.12 Hospitals. The term "Hospitals" shall mean the hospi-
5 tal facilities operated by the District known as the new Ben Taub
6 General Hospital, the Lyndon B. Johnson General Hospital, and the
7 Quentin Mease Community Hospital, located in Houston, Harris
8 County, Texas.

9
10 1.13 House Staff. The term "House Staff" shall mean the
11 physicians-in-training (including interns, residents, and fel-
12 lows) affiliated with Subcontractors and assigned by Subcontrac-
13 tors to AMS to further their medical education via the provision
14 of medical services to the patients of the District in the
15 Hospitals and Community Health Centers.

16
17 1.14 Joint Conference Committee. The term "Joint Con-
18 ference Committee" shall mean the Joint Conference Committee of
19 the Board of Managers, as created by the Bylaws of the District
20 Board of Managers, and shall include the members as from time-
21 to-time designated by such Bylaws.

22
23 1.15 Medical Board. The term "Medical Board" shall mean the
24 committee established by the Bylaws of the Medical and Dental

1 Staff of the District, with authority to exercise executive
2 committee functions on behalf of the Medical Staff.

3

4 1.16 Medical Staff. The term "Medical Staff" shall mean the
5 organized Medical Staff of the Hospitals and Community Health
6 Centers or any duly constituted subdivisions thereof, as created
7 by the Bylaws of the Medical and Dental Staff of the District.

8

9 1.17 Providers. The term "Providers" shall mean the faculty
10 physicians, House Staff, and other health care professionals
11 affiliated with Subcontractors and assigned to AMS to provide
12 patient care services to the patients of the District in the
13 Hospitals and Community Health Centers--each of which Providers
14 must, to the extent required and as appropriate, apply for, be
15 awarded, and maintain in good standing (a) any applicable state
16 licensure required of such Provider and (b) membership and
17 privileges in the Medical Staff or receive and maintain temporary
18 privileges, as provided for by the Bylaws of the Medical and
19 Dental Staff of the District.

20

21 1.18 Service Subcontracts. The term "Service Subcontracts"
22 shall mean the subcontracts entered into between AMS and Subcon-
23 tractors whereby Providers will be made available to perform the
24 professional services required under the Agreement.

25

TEXT - 7

1 1.19 State. The term "State" shall mean the State of Texas.

2
3 1.20 Subcontractors. The term "Subcontractors" shall in-
4 individually or collectively, as required by the context, mean
5 Baylor College of Medicine and The University of Texas Health
6 Science Center at Houston, a component member of The University
7 of Texas System.

8
9 1.21 Term. The term "Term" shall mean the contract period
10 provided for under this Agreement.

11
12 2. AFFILIATION AND JURISDICTION.

13
14 2.1 Affiliation. AMS and the District agree that AMS will
15 make available Providers to the Hospitals and Community Health
16 Centers in accordance with the terms of this Agreement.

17
18 2.2 Separate Jurisdiction. AMS will retain all jurisdic-
19 tional powers incident to its separate operation, including, but
20 not limited to, the power to determine its general and fiscal
21 policies and to designate to the District the Providers to be
22 supplied by it to provide the services required under this Agree-
23 ment. Such Providers shall be supplied to AMS pursuant to the
24 Service Subcontracts. Prior to January 15, 1990, AMS shall sub-
25 mit the Service Subcontracts to the District for the District's

1 review and approval, which approval shall not be unreasonably
2 withheld. The District shall complete its review and shall
3 notify AMS of its approval decision by February 15, 1990. After
4 the District's initial approval of the Service Subcontracts, AMS
5 agrees that the District has the right to review and approve any
6 material changes to such agreements, which approval shall not be
7 unreasonably withheld.

8
9 The District shall retain for its Hospitals and Com-
10 munity Health Centers all jurisdictional powers incident to
11 separate ownership and operation, including the powers to deter-
12 mine general and fiscal policies and to appoint its administra-
13 tive officers and other personnel under the terms of this Agree-
14 ment.

15
16 The Board of Managers shall retain final jurisdiction
17 over the administration and supervision of the Hospitals and
18 Community Health Centers and over the admission of patients to
19 the Hospitals and the Community Health Centers and the assignment
20 of beds therein.

21
22 3. COVENANTS OF AMS.

23
24 3.1 Provider Services and Teaching Programs. AMS shall
25 supply Providers to the Hospitals on a daily 24-hour basis and to

1 the Community Health Centers, consistent with their operating
2 hours. With respect to the Hospitals, Providers shall be avail-
3 able in-person (providing hands-on patient care or direct in-
4 person supervision of other Providers or Hospital personnel), on-
5 site (being physically present in one of the Hospitals or Com-
6 munity Health Centers), or on-call (being available by beeper or
7 other approved communication system and able to arrive at the
8 appropriate Hospital within an appropriate amount of time), as
9 set forth in the policies provided for in Paragraph 5.1 herein.
10 With respect to the Community Health Centers, Providers shall be
11 available in-person during the operating hours of the Community
12 Health Centers.

13
14 AMS shall select as the members of the House Staff,
15 persons recommended by the Subcontractors. The decisions regard-
16 ing the extent of and the number of medical students in education
17 programs in the Hospitals and Community Health Centers, the House
18 Staff programs, and the research programs to be conducted under
19 the auspices of AMS or its Subcontractors (consistent with
20 Paragraph 5.3 herein) will be made by AMS except that no deci-
21 sions which affect the budget of the District shall be made
22 unless the District's agreement thereto is first obtained.

23
24 Through AMS, medical and other students of the Subcon-
25 tractors shall have access to the Hospitals and Community Health

TEXT - 10

1 Centers pursuant to the rules of the District, such rules as
2 currently exist having been furnished by the District to AMS in
3 advance of execution of this Agreement.
4

5 AMS and its Subcontractors shall have complete control
6 and responsibility for recruiting, hiring, training, promoting,
7 compensating, supervising, and discharging all Providers and
8 other personnel, including Subcontractors' medical and other
9 students, furnished by AMS for the operation of the AMS services
10 and programs.
11

12 3.2 Staffing of Additional Facilities. The District recog-
13 nizes its responsibility to provide quality patient care to the
14 indigent ill of Harris County, which may be accomplished by
15 operating ambulatory care and inpatient facilities remote from or
16 in addition to the Hospitals and Community Health Centers. If
17 the District determines that it (1) will operate health care
18 facilities in addition to the Hospitals and Community Health
19 Centers that it currently operates, or (2) increase the number of
20 licensed beds or materially increase the size or scope of ser-
21 vices, the District will consult with AMS as to whether AMS will
22 furnish additional Providers to staff such additional facilities
23 or accommodate such changes. If the District begins to operate
24 additional health care facilities or increase the number of
25 licensed beds or materially increase the size or scope of ser-

1 vices during a Contract Year and AMS has agreed to furnish addi-
2 tional Providers to staff such facilities or accommodate such
3 changes, the approved annual Contract Amount, and annual funding
4 limitations as provided in Paragraphs 6.1 and 6.2 herein, shall
5 be adjusted by mutual agreement of the parties, which shall be
6 evidenced by a written amendment to the then current Contract
7 Amount, to accommodate the increased costs of furnishing Provider
8 services to be incurred by AMS. To the extent that AMS agrees to
9 provide staffing for such facilities or to accommodate such
10 changes, funding for the additional Providers shall be incorpo-
11 rated into the annual budget for subsequent years, to the extent
12 such additional facilities or increases are to continue into such
13 subsequent years, and any such facilities shall for future
14 Contract Years become Hospitals or Community Health Centers as
15 defined herein.

16
17 3.3 Medical Supervision. AMS will provide the District
18 with qualified physicians from the faculties of the Subcontrac-
19 tors to supervise and direct the House Staff and other Providers
20 in the delivery of patient care services to inpatients and
21 outpatients of the Hospitals and the Community Health Centers.
22 Such supervision provided pursuant hereto shall be in the form of
23 in-person, on-site, or on-call supervision, as set forth in
24 Section 3.1 hereof and in the policies provided for in Paragraph
25 5.1 herein. Supervision shall be provided on a 24 hour per day

TEXT - 12

1 basis at the Hospitals and at Community Health Centers as may be
2 consistent with their operating hours.

3
4 3.4 Scheduling. Monthly schedules for the assignment of
5 the Providers, consistent with the policies provided in Paragraph
6 5.1 herein, are to be provided to the District as soon as such
7 schedules are prepared by AMS, but no later than the second
8 working day of the month for which the schedule is applicable.
9 AMS shall use its best efforts to provide appropriate advance
10 notice to the District of any changes in said schedules. Fur-
11 ther, AMS shall provide the necessary coverage to ensure that
12 scheduled physician coverage is continued by qualified physicians
13 despite last-minute schedule changes; provided, however, that
14 such physician coverage may not be accomplished by assigning
15 extra coverage responsibilities to other physicians already
16 scheduled in the same clinic or department when the patient
17 demand is such that the physicians already scheduled cannot
18 reasonably provide the additional coverage required.

19
20 3.5 Organizational Requirements. AMS, being a nonprofit
21 corporation created pursuant to the laws of the State, shall at
22 all times be and remain (a) legally organized and operated to
23 provide services hereunder in a manner consistent with all State
24 and federal laws, including, without limitation, Tex. Health &
25 Safety Code Ann., Ch. 678, Section 312.001-312.007 and V.A.T.S.

TEXT - 13

1 art. 4495b, as from time-to-time amended and/or codified, and
2 (b) organized as an organization described in Section 501(c)(3)
3 of the Internal Revenue Code of 1986, as amended, and exempt from
4 federal income tax under Section 501(a) of the Internal Revenue
5 Code of 1986, as amended. AMS shall promptly furnish the Dis-
6 trict with any amendments to its Bylaws and/or Articles of
7 Incorporation.

8
9 3.6 Compliance with District Eligibility Policies. AMS
10 acknowledges and understands the District is responsible for
11 determining patient eligibility and shall instruct its Subcon-
12 tractors and Providers to use their reasonable best efforts to
13 cooperate with the District in its efforts to make certain that
14 the District's eligibility policies are enforced.

15
16 3.7 Consultation Between the Parties. The General Director
17 of AMS and the District Administrator shall be available to
18 consult with each other on a daily basis as may be needed. In
19 the event the District Administrator or General Director of AMS
20 is unable to resolve any problem or issue with the other, either
21 shall have the right to have the problem or issue placed on the
22 agenda of the Board of AMS or Board of Managers for resolution.

23
24 3.8 Coordination of Services. Recognizing that the Dis-
25 trict operates several Hospitals and numerous Community Health

1 Centers, which will result in some duplication of efforts, AMS
2 shall work with its Subcontractors to centralize and coordinate
3 all services and operations so as to avoid duplication of efforts
4 and to achieve maximum savings and maximum efficiency for the
5 District.

6
7 3.9 Federal Access to Records and Other Reporting Require-
8 ments.

9
10 3.9.1 Access to Books and Records. Until the
11 expiration of four (4) years after the furnishing of services
12 pursuant to this Agreement, AMS and its Subcontractors shall make
13 available, upon written request of the Secretary of Health and
14 Human Services, or upon request from the Comptroller General, or
15 any of their duly assigned representatives, pursuant to Social
16 Security Act 1861(v)(1)(I) and 42 C.F.R. 420.300 et seq., this
17 Agreement and any books, documents and records of AMS and its
18 Subcontractors that are necessary to certify the nature and
19 extent of the costs claimed as related to the Medicare and Medic-
20 aid programs with respect to the services provided under this
21 Agreement.

22
23 In the event any request for AMS or Subcontractors'
24 books, documents, and records is made pursuant to Social Security
25 Act 1861(v)(1)(I) and 42 C.F.R. 420.300 et seq., AMS shall promp-

1 tly give notice of such request to the District and provide the
2 District with a copy of such request (or make available such
3 request to the District for copying) and, thereafter, consult and
4 cooperate with the District concerning the proper response to
5 such request. Additionally, AMS shall provide the District with
6 a copy of each book, document, and record made available to one
7 or more of the persons or agencies above or shall identify each
8 such book, document, and record to the District and shall grant
9 the District access thereto for review and copying.

11 3.9.2 Third Party Reporting Requirements. AMS

12 recognizes that the District's Hospitals and Community Health
13 Centers are participants in various third-party payment programs
14 including, without limitation, Medicare, Medicaid, and Blue
15 Cross/Blue Shield. Therefore, in connection with the subject
16 matter of this Agreement, AMS, through its Subcontractors, agrees
17 to fully cooperate with the District and to provide assistance to
18 the end that the District will be able to meet all requirements
19 for participation in such third-party payment programs. Without
20 limiting the generality of the foregoing, AMS agrees to promptly
21 record for it or the District all information that is necessary
22 in order for the District to comply with the requirements of the
23 Medicare Conditions of Participation and the Medicaid State Plan
24 and to facilitate the District's substantiation of its reasonable
25 costs or other claim for reimbursement in accordance with the

1 requirements applicable to the District pursuant to the Medicare,
2 Medicaid and other third-party payment programs. Such informa-
3 tion shall be maintained by the District except as otherwise
4 agreed to herein or subsequently agreed to in writing by the
5 parties.

6
7 In addition, AMS agrees to cause its Providers to
8 timely complete physician attestation statements (as required by
9 42 C.F.R. Section 412.46) and patient medical records (as re-
10 quired by 42 C.F.R. Sections 482.22 and 482.24). Further, AMS
11 agrees to prepare and maintain time records and written alloca-
12 tion agreements relating to Providers' services under this
13 Agreement in compliance with the requirements of 42 C.F.R.
14 405.481(f) and (g). The form of such time records and written
15 allocation agreements shall be determined, and may from time to
16 time be amended, by mutual agreement of the parties. AMS,
17 Providers, and the District agree to periodically execute interim
18 and final written allocation agreements, which meet the require-
19 ments of 42 C.F.R. 405.481(f).

20
21 3.10 Insurance. The following insurance shall be obtained
22 and maintained by AMS or its Subcontractors:

23
24 a) appropriate workers compensation coverage for all
25 Providers;

TEXT - 17

1
2 b) **comprehensive general liability insurance covering AMS,**
3 **its Subcontractors, Providers and Subcontractors' medical and**
4 **other students in such minimum amounts as are mutually agreed**
5 **upon from time to time by the parties; and**

6
7 c) **professional liability insurance covering the Subcon-**
8 **tractors' Providers and medical and other students on a per**
9 **occurrence basis or its equivalent in amounts equal to the**
10 **amounts carried by the Subcontractors for their Providers and**
11 **medical and other students on December 1, 1989 or in such other**
12 **amounts as are mutually agreed upon from time to time by the**
13 **parties.**

14
15 **This insurance coverage may be obtained from commercial**
16 **insurance carriers deemed acceptable by the District after**
17 **consultation with AMS or it may be deemed satisfied by the**
18 **showing of other financial responsibility satisfactory to the**
19 **District, including: (a) evidence of statutory limitation on**
20 **financial liability applicable to AMS, Subcontractors, and**
21 **individual Providers; or (b) evidence of establishment of actu-**
22 **arially sound self-insurance programs. The District shall not be**
23 **required to directly provide such insurance.**

1 AMS or Subcontractors shall furnish the District with
2 certificates evidencing each insurance policy and/or self-insur-
3 ance programs and any amendments and renewals thereto, as well as
4 any legislative amendments to the statutory limitation on finan-
5 cial liability, if applicable, during the term of this Agreement.
6 AMS or Subcontractors shall additionally instruct and obtain the
7 consent of any commercial insurer(s) to provide prior written
8 notice to the District (equal to notice given to AMS or Subcon-
9 tractors) of the cancellation or proposed cancellation of such
10 commercial insurance for any cause.

11
12 **3.11 Outside Activities.** In order to assure the consis-
13 tency and quality of patient care rendered through the Hospitals
14 and Community Health Centers, AMS agrees that until this Agree-
15 ment is terminated , AMS shall devote its full time and atten-
16 tion to the affairs and operations of the Hospitals and Community
17 Health Centers and AMS shall not own, operate, or enter into
18 contractual arrangements with any other health care entity for
19 the provision of services, except when it is determined by the
20 District, after consultation with AMS, that such activities do
21 not detrimentally affect the level of services or quality of care
22 to be provided by AMS to the Hospitals and Community Health
23 Centers pursuant to this Agreement.

1 **3.12 Public Contact.** With regard to contact with the news
2 media, citizens of Harris County and the State of Texas, or other
3 governmental agencies concerning the District and the subject
4 matter of this Agreement, AMS, its Subcontractors and Providers
5 shall not purport to speak for the District and the District
6 shall not purport to speak for AMS, its Subcontractors and
7 Providers. Joint contact will be coordinated in advance between
8 the parties and made in accordance with their respective poli-
9 cies. This policy shall be periodically communicated to all
10 appropriate employees and personnel of the parties.
11

12 **3.13 Subcontractors' Assent.** The Service Subcontract
13 entered into between AMS and each Subcontractor shall contain a
14 provision incorporating this Agreement by reference as relevant
15 to the responsibilities delegated by AMS to the Subcontractor
16 thereunder. Execution of a Service Subcontract by a Subcontrac-
17 tor will reflect the Subcontractor's agreement to the terms of
18 this Agreement as they are relevant to the responsibilities
19 assumed by such Subcontractor. In addition to any other remedy
20 that may be available to the District hereunder or by law, in the
21 event of a breach of this Agreement by a Subcontractor that has
22 been delegated a responsibility of AMS under a Service Subcon-
23 tract, the District will be entitled to be subrogated to the
24 rights of AMS under the relevant Service Subcontract.
25

1 4. COVENANTS OF DISTRICT.
2

3 4.1 Quality Patient Care. The District will operate its
4 Hospitals and Community Health Centers in a manner and with
5 standards consistent with quality patient care and in accordance
6 with State and Federal law and the standards established by
7 appropriate accrediting agencies, currently including the Joint
8 Commission on Accreditation of Healthcare Organizations.
9

10 4.2 Appointment of Medical Staff. The Medical Staff of the
11 Hospitals and Community Health Centers shall be composed of
12 Providers from Subcontractors providing services under the
13 Agreement pursuant to Service Subcontracts. Appointments and
14 reappointments to the Medical Staff of the Hospitals and Com-
15 munity Health Centers operated by the District and staffed by AMS
16 shall be made by the Board of Managers based upon the written
17 report and recommendation of the Medical Board as such procedure
18 is more fully provided for in the Bylaws of the Medical and
19 Dental Staff of the District.
20

21 4.3 Medical Board. The Chairperson of the Medical Board
22 shall be the General Director of AMS. If not otherwise a member
23 of the Medical Board, the District Administrator and the Chiefs
24 of Staff of the Hospitals and Community Health Centers shall
25 serve as ex-officio members of the Medical Board. The other

TEXT - 21

1 members of the Medical Board shall be nominated by AMS and
2 approved by the Board of Managers. The Bylaws of the Medical and
3 Dental Staff of the District shall reflect the provisions of this
4 Agreement.

5
6 4.4 Chiefs of Departments. The Board of Managers, in
7 accordance with Paragraph 4.5 herein, shall approve appointments
8 for chiefs of the departments, services, or divisions of the
9 Medical Staff, the corresponding chairmen or chiefs of service of
10 the departments or divisions of Subcontractors, according to need
11 as recommended by AMS; provided further that, upon nomination by
12 AMS, members of the Medical Staff who are not chairmen or chiefs
13 at Subcontractors' medical schools may be appointed by the Dis-
14 trict as chiefs or deputy chiefs of departments, services or
15 divisions of the Medical Staff.

16
17 4.5 Joint Conference Committee. The Joint Conference
18 Committee shall have monthly or such other periodic meetings as
19 are necessary to accomplish those responsibilities provided by
20 the Bylaws of the District Board of Managers including, without
21 limitation, (a) the maintenance of continuing dialogue between
22 the District and AMS and its Subcontractors to facilitate the
23 care of patients of the District, (b) assisting in resolving any
24 problems which may arise between the District and AMS and/or its
25 Subcontractors and (c) maintaining the quality of educational

1 programs of Subcontractors conducted at the Hospitals and the
2 Community Health Centers of the District. As currently provided
3 by the Bylaws of the District Board of Managers, the Joint
4 Conference Committee shall include three physician members, who
5 shall be the General Director of AMS, and the Chiefs of Staff of
6 Ben Taub General Hospital and the Lyndon B. Johnson General
7 Hospital. The Medical Board shall make monthly reports to the
8 Joint Conference Committee. All appointments and reappointments
9 for chiefs, department heads or other positions at a Hospital or
10 Community Health Center shall first be approved by the Medical
11 Board and then presented to the Board of Managers for its approv-
12 al. Consistent with the Bylaws of the District Board of Manag-
13 ers, the Board of Managers may refer the matter to the Joint
14 Conference Committee for its review and recommendation.

15
16 4.6 Office and Other Space. The District shall furnish the
17 available separate or shared office space to those Providers
18 designated from time to time by AMS. Common workstations and
19 conference rooms shall be made available to other Providers in
20 the Hospitals and, to the extent possible, at the Community
21 Health Centers. The District will also provide classrooms and
22 laboratories, as available, to support the educational and
23 research programs conducted by AMS or Subcontractors in the
24 Hospitals or Community Health Centers pursuant to this Agreement.

1
2 4.7 Parking. The District shall provide parking at the
3 Hospitals for Providers and medical students in accordance with
4 District policies, which shall include reserved parking for
5 faculty physicians and House Staff.
6

7 5. MUTUAL COVENANTS.
8

9 5.1 Medical Policies. A written policy shall be prepared
10 for each medical department or division specifying the general
11 medical policies applicable to each medical department or divi-
12 sion including (a) a general description of the usual and custom-
13 ary services, in all material respects, for each medical depart-
14 ment or division, (b) the Provider coverage by category of
15 Providers, and (c) the supervision of House Staff and other
16 Providers to be furnished by AMS pursuant to Paragraph 3.3
17 hereof. Existing medical departments and divisions for which
18 medical policies are to be prepared are:
19

20 Anesthesiology
21 Community Medicine
22 Dermatology
23 Emergency Care
24 Family Practice
25 Genetics

TEXT - 24

1 General Surgery (including surgical subspecialties)
2 Medicine (including subspecialties)
3 Neurology
4 Neurosurgery
5 Obstetrics and Gynecology
6 Ophthalmology
7 Orthopedic Surgery
8 Otorhinolaryngology - Head and Neck Surgery
9 Pathology
10 Pediatrics
11 Physical Medicine and Rehabilitation
12 Plastic Surgery
13 Psychiatry
14 Radiology
15 Urology

16
17 Additional policies shall be prepared for new medical departments
18 and divisions and policies may be amended from time to time as
19 necessary. All original, additional, or amended policies shall
20 be prepared by the appropriate department. When approved by AMS,
21 reviewed and recommended for approval to the Board of Managers by
22 the Joint Conference Committee, and accepted by the District,
23 said original, additional, or amended policies shall become
24 effective upon completion of such process. Each department's
25 original policy, as approved by AMS, shall be reviewed and

TEXT - 25

1 recommended for approval to the Board of Managers as soon as
2 possible, but no later than 90 days prior to the commencement of
3 the rendering of services by AMS.
4

5 5.2 Legal and Regulatory Compliance. The services per-
6 formed by Providers in the operation of District's Hospitals and
7 Community Health Centers shall be performed in a manner consis-
8 tent with the rules, regulations, statutes, or standards of
9 appropriate accrediting agencies (currently including the Joint
10 Commission on Accreditation of Healthcare Organizations), the
11 Department of Health and Human Services, all State, Federal and
12 Local Governmental agencies or bodies which exercise authority
13 over the operation of the District or its facilities and ser-
14 vices, and all appropriate rules and regulations of District; all
15 of the above being reasonable and necessary to maintain appropri-
16 ate accreditation and third-party payment certification or, in
17 the context of District rules and regulations, adopted in imple-
18 mentation thereof. AMS, with the District's cooperation, shall
19 obtain and maintain all necessary Local, State and Federal
20 licenses and permits required for its provision of services
21 within the Hospitals and Community Health Centers consistent with
22 such licensing standards.
23

24 AMS shall annually verify by notice to the District
25 that all required accreditations and certifications for the

1 medical school programs of its Subcontractors are current and in
2 force. If any such accreditations or certifications are revoked,
3 suspended, or put on a provisional/probationary basis, AMS shall
4 immediately notify the District. With respect to any revoca-
5 tions or suspensions, if the reason for the revocation or suspen-
6 sion is the result of an act or omission of AMS, one of its
7 Subcontractors, or one of its Providers, AMS shall institute
8 corrective action as required by the appropriate licensing or
9 certifying agency and if the matter causing such revocation or
10 suspension has not been cured to the satisfaction of the appro-
11 priate accrediting agency within the time provided by the accred-
12 iting agency, the District shall have the right to terminate this
13 Agreement to the extent appropriate to exclude the subject matter
14 of the revocation or suspension from the scope of this Agreement.
15 With respect to being placed on provisional/probationary status,
16 which placement is the result of an act or omission of AMS, one
17 of its Subcontractors, or one of its Providers, AMS shall insti-
18 tute corrective action as required by the appropriate accrediting
19 agency. If the reason for the provisional/probationary status
20 has not been corrected to the satisfaction of the appropriate
21 accrediting agency within the time provided by the accrediting
22 agency, the District shall have the right to immediately termi-
23 nate this Agreement to the extent appropriate to exclude the
24 subject matter of the provisional/probationary status from the
25 scope of this Agreement.

TEXT - 27

1 All Providers shall comply with, keep and observe all
2 State and Federal rules, regulations, statutes or standards which
3 govern them or the District. In the event that at any time a
4 Provider is not in compliance with any State and Federal rule,
5 regulation, statute or standard, or is not functioning within the
6 best interests of the District or its patients, the District Ad-
7 ministrator shall notify AMS. Upon receipt of said notice, AMS
8 shall institute corrective action within 24 hours and if such
9 action is not effective, AMS agrees to immediately transfer or
10 terminate such Provider and to provide, within a reasonable time,
11 the District with a replacement Provider. Any replacement
12 Provider shall hold a similar license and credentials as the
13 Provider he/she is replacing, and AMS shall be solely responsible
14 for the transfer or termination of any Provider pursuant to this
15 provision. AMS shall further be responsible for promptly notify-
16 ing the District upon learning that any Provider supplied by AMS
17 has had his/her license to practice medicine in the state sus-
18 pended or revoked.

19
20 The District shall operate and maintain its Hospitals and
21 Community Health Centers in a manner consistent with the rules,
22 regulations, statutes, or standards of appropriate accrediting
23 agencies (currently including the Joint Commission on Accredita-
24 tion of Healthcare Organizations), the Department of Health and
25 Human Services, all State, Federal and Local Governmental agen-

TEXT - 28

1 cies or bodies which exercise authority over the operation of the
2 District or its facilities and services, and all appropriate
3 rules and regulations of the District; all of the above being
4 reasonable and necessary to maintain appropriate accreditation
5 and third-party payment certification or, in the context of
6 District rules and regulations adopted in implementation thereof.
7 The District, with AMS' cooperation, shall obtain and maintain
8 all necessary Local, State and Federal licenses and permits
9 required for its operation and maintenance of the Hospitals and
10 Community Health Centers consistent with such licensing stan-
11 dards.

12
13 The District shall annually verify by notice to AMS
14 that all required licenses and certifications for the Hospitals
15 and Community Health Centers are current and in force. If any
16 such licenses or certifications are revoked, suspended, or put on
17 a provisional/probationary basis, the District shall immediately
18 notify AMS. With respect to any revocations or suspensions, if
19 the reason for the revocation or suspension is the result of an
20 act or omission of the District, the District shall institute
21 corrective action as required by the appropriate licensing or
22 certifying agency and if the matter causing such revocation or
23 suspension has not been cured to the satisfaction of the appro-
24 priate licensing or certifying agency within the time provided by
25 the licensing or certifying agency, AMS shall have the right to
26 terminate this Agreement to the extent appropriate to exclude the

1 subject matter of the revocation or suspension from the scope of
2 this Agreement. With respect to being placed on provisional/pro-
3 bationary status, which placement is the result of an act or
4 omission of the District, the District shall institute correc-
5 tive action as required by the appropriate licensing or certify-
6 ing agency. If the reason for the provisional/probationary
7 status has not been corrected to the satisfaction of the appro-
8 priate licensing or certifying agency within the time provided by
9 the licensing or certifying agency, AMS shall have the right to
10 immediately terminate this Agreement to the extent appropriate to
11 exclude the subject matter of the provisional/probationary status
12 from the scope of this Agreement.

13
14 5.3 Grants, Research or Demonstration Programs.

15
16 5.3.1 Approval by the District. AMS recognizes
17 that it is the policy of the District that the District shall not
18 be committed to participating in any grants, research or demon-
19 stration programs, or similar type activities without having
20 first had the plans for any such program submitted to and ap-
21 proved in writing by the District. In accordance with this
22 policy, if AMS and its Subcontractors desire to initiate any such
23 program which involves the District or any of its facilities or
24 personnel, AMS shall submit the plan and completed application
25 therefor to the District for approval after the appropriate

1 Subcontractor(s) institutional review board(s) have approved the
2 Subcontractor's participation in the program. If the District
3 does not approve same, neither AMS nor its Subcontractors shall
4 proceed with any such program involving the District. AMS shall
5 submit annually to the District a list of the grants, research or
6 demonstration programs or projects being conducted by AMS and its
7 Subcontractors in the Hospitals and Community Health Centers.

8
9 5.3.2 Reimbursement to the District. AMS and its
10 Subcontractors shall comply with the District's policy regarding
11 compensation or reimbursement to the District for the actual,
12 direct, and incremental cost to the District for the use of its
13 facilities for such research, demonstration programs or similar
14 type activities. The District's policy has been furnished to
15 AMS. Such policy may be modified from time-to-time with the
16 input of AMS or its Subcontractors and a copy will be furnished
17 to AMS when modified.

18
19 5.4 Litigation and Risk Management Cooperation. To the
20 extent not prohibited by law or agreement, AMS will supply the
21 District and the District will supply AMS with semi-annual re-
22 ports on all malpractice settlements arising from incidents at
23 any of the Hospitals or Community Health Centers and entered into
24 during the term of this Agreement with regard to any Provider
25 assigned to the District. AMS, through its Subcontractors, shall

1 provide risk management information to the District's risk
2 management personnel, including malpractice cases, claims, and
3 assessments of Hospital departments and Community Health Centers.
4 It is understood that such reports, if any, and information are
5 confidential and shall not be disclosed to any third person
6 without the prior written consent of the other party hereto,
7 except as otherwise required by law. Additionally, all Providers
8 and Subcontractors' medical and other students furnishing ser-
9 vices at the District shall participate in the District's quality
10 assurance and risk management programs.

11
12 6. FINANCIAL ARRANGEMENT.

13 6.1 Annual Contract Amount Negotiations and Approval.

14
15 6.1.1 Time Frame For Determination of Annual
16 Contract Amount.

- 17
18 A. By October 1 prior to the beginning of each
19 Contract Year during the Term, the District
20 shall provide AMS with information con-
21 cerning the projected increase or decrease in
22 patient volumes for each Hospital medical
23 department or division and Community Health
24 Center for the next Contract Year.

- 1 B. No later than December 1 prior to the begin-
2 ning of each Contract Year during the Term,
3 AMS shall submit to the District a Contract
4 Amount proposal in such form as mutually
5 agreed between the parties.
- 6
- 7 C. By January 15 following receipt of the
8 Contract Amount proposal, the District shall
9 review the Contract Amount proposal and
10 communicate in writing to AMS any requested
11 modifications in the patient volume assump-
12 tions or proposed Provider staffing levels
13 identified in such Contract Amount proposal.
- 14
- 15 D. By February 15, AMS shall submit a revised
16 Contract Amount proposal for approval by the
17 District.
- 18
- 19 E. Having considered the Contract Amount propos-
20 al(s) submitted by AMS and subject to approv-
21 al by the Board of Managers and the funding
22 limitation described in Paragraph 6.2 below,
23 the District Administrator and AMS shall, no
24 later than March 1 prior to the beginning of
25 each Contract Year during the Term, agree to

1 the annual Contract Amount to be paid to AMS
2 by the District for the next Contract Year.
3 Such annual Contract Amount shall be agreed
4 to in writing by AMS and the District Admin-
5 istrator, on behalf of the District, and
6 shall be placed upon the agenda of the Board
7 of Managers for its review and approval
8 during its March board meeting.
9

10 F. No later than March 31 prior to the begin-
11 ning of each Contract Year during the Term,
12 the Board of Managers shall determine whether
13 to approve the Contract Amount agreed to by
14 AMS and the District Administrator. Upon
15 such approval, the Contract Amount shall be
16 included in the District's budget for the
17 applicable Fiscal Year pursuant to Paragraph
18 6.2 below, which budget shall be presented to
19 the Commissioner's Court of Harris County for
20 its review and approval.
21

22 G. Upon approval of the Contract Amount by the
23 Board of Managers, the Contract Amount and
24 the amount to be paid to each Subcontractor
25 shall be filed with the Board of Health for

1 approval by the Commissioner of Health as
2 provided in Paragraph 8.8.

3
4 H. Upon approval of the Contract Amount by the
5 Commissioner's Court of Harris County and
6 upon approval of the Contract Amount and the
7 amount to be paid to each Subcontractor by
8 the Commissioner of Health or the passage of
9 time as provided in Paragraph 8.8, such
10 Contract Amount shall be entered on Exhibit A
11 hereto.

12
13 For purposes of negotiating the Contract Amount for the Contract
14 Year beginning July 1, 1990, the dates in Subparagraphs 6.1.1A
15 through E shall be as follows: January 23 for Subparagraph A;
16 January 31 for Subparagraph B; February 15 for Subparagraph C;
17 February 28 for Subparagraph D; and March 15 for Subparagraph E.

18
19 6.1.2 Contents of Contract Amount Proposal.

20
21 A. In preparing the Contract Amount proposal,
22 AMS shall include only the costs associated
23 with the actual District patient care activi-
24 ties and District administrative activities

1 of Providers furnished to the District. Such
2 Contract Amount proposal shall not include:

- 3
- 4 1. any costs associated with the adminis-
5 tration of AMS, its General Director, or
6 its Board;
- 7
- 8 2. any Provider costs attributable to
9 education, training, or research activi-
10 ties which are unrelated to direct
11 patient care;
- 12
- 13 3. any expenses relating to vacation time
14 and educational leave for any Providers
15 in excess of the limitations per Con-
16 tract Year and categories of Providers
17 as may be agreed to from time to time
18 between AMS and the District and at-
19 tached to the Contract Amount proposal
20 as an Exhibit; or
- 21
- 22 4. any costs associated with providing
23 replacement Providers for coverage at a
24 District facility in excess of the costs

1 of providing the Providers being re-
2 placed.

3
4 B. The Contract Amount proposal shall include
5 the cost of House Staff professional liability
6 ty insurance coverage providing the levels of
7 coverage as set forth herein or such other
8 levels as mutually agreed to by the parties
9 on an annual basis. Such cost shall be
10 determined after consideration of actuarial
11 analyses based upon statistical information
12 concerning actual House Staff loss experience
13 and other relevant and identified data,
14 prepared by a mutually acceptable, indepen-
15 dent actuary. Subject to annual negotiation
16 regarding levels of coverage equal to or in
17 excess of the levels set forth herein and the
18 cost therefor, the District has agreed to pay
19 such costs for House Staff professional
20 liability insurance coverage as an element of
21 the annual Contract Amount.

22
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TEXT - 37

1 C. Such Contract Amount proposal shall sepa-
2 rately identify for each Hospital and Commu-
3 nity Health Center:

4
5 1. the actual Provider staffing levels by
6 number of full-time equivalents, consis-
7 tent with the medical policies prepared
8 pursuant to Paragraph 5.1, by category
9 of Provider for each Hospital medical
10 department or division and Community
11 Health Center for the then current
12 Contract Year;

13
14 2. the projected increases or decreases in
15 Provider staffing levels by category of
16 Providers for each Hospital medical
17 department or division and Community
18 Health Center proposed by AMS for the
19 next Contract Year;

20
21 3. the number of full-time equivalents of
22 faculty (physicians providing at least
23 40 hours per week, 52 weeks per year, of
24 actual patient care), residents (physi-
25 cians in an accredited residency program

1 providing at least 40 hours per week, 52
2 weeks per year, of actual patient care),
3 and other health care professionals (all
4 other persons provided by AMS providing
5 40 hours per week, 52 weeks per year, of
6 actual patient care), but not including
7 education or research services unrelated
8 to patient care, by Hospital department
9 or division and Community Health Center
10 necessary for the coverage desired by
11 the District for the next Contract Year
12 (in calculating the hours per week and
13 weeks per year, vacation, sick leave,
14 and professional development time shall
15 be included on a pro rata basis consis-
16 tent with the budgeted allocation of
17 salary and other fringe benefits);

- 18
- 19 4. AMS' projected direct and indirect cost
20 allocations of furnishing the necessary
21 full-time equivalents identified by line
22 item in the proposal; and
- 23
- 24 5. the proposed compensation requested by
25 AMS for the next Contract Year.

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25

6.1.3 Workpapers. Workpapers and supporting information relating to the preparation of the Contract Amount proposal shall be available for review by the District and the District shall make its workpapers and supporting information available for review by AMS. The District shall provide assistance to AMS in the preparation of the Contract Amount proposal by providing such additional data or information to AMS as AMS may reasonably request.

6.2 Funding Limitations. Prior to the execution of the Agreement, the District has advised AMS, and AMS clearly understands and agrees, such understanding and agreement being of the absolute essence of this Agreement, that with respect to each Fiscal Year during the Term, the District intends to place in its annual Fiscal Year budget the annual Contract Amount stipulated pursuant to Paragraph 6.1.1F hereof, which intended budget amount is subject to Harris County Commissioner's Court approval. It is further clearly understood and agreed by AMS that such Contract Amount will be specifically allocated to fully discharge any and all liability which may be incurred by the District during the applicable Fiscal Year and the total of any and all payments for providing the required personnel, services, all fees and compensation of any sort, to AMS and any and all sums for any and all things or purposes ensuing under or out of this Agreement,

TEXT - 40

1 irrespective of the nature thereof, shall not exceed during the
2 given Fiscal Year said specifically allocated Contract Amount,
3 notwithstanding any word, statement or thing contained in or in-
4 ferred from the preceding or subsequent provisions of this Agree-
5 ment which might in any light by any person be interpreted to the
6 contrary, unless an amendment to such Contract Amount is executed
7 by AMS and the District. AMS further understands and agrees,
8 said understanding being of the absolute essence of this Agree-
9 ment, that the total maximum payment that AMS may be entitled to
10 hereunder during each Fiscal Year during the Term of this Agree-
11 ment, shall not, under any condition, circumstances or inter-
12 pretations thereof, exceed such Contract Amount including amend-
13 ments, if any. In the event that the Contract Amount shall be
14 expended prior to the end of said Fiscal Year, then this Agree-
15 ment shall not terminate, but the District shall have no further
16 obligation to AMS other than for payment up to the maximum
17 Contract Amount specified for said Fiscal Year. AMS understands
18 and agrees that it shall be obligated by this Agreement to
19 continue to provide personnel and services for the remainder of
20 the then current Contract Year. Notwithstanding anything herein
21 to the contrary, AMS and the District may agree to an increase or
22 decrease in services or programs and to an adjustment in the
23 Contract Amount, which shall be evidenced by a written amendment
24 to the then current Contract Amount.

25

TEXT - 41

1 6.3 Invoicing By and Payments to AMS.

2
3 6.3.1 Monthly Invoice and Statements.

4
5 A. Within thirty (30) working days following the
6 end of each calendar month during the Term,
7 AMS shall submit a monthly invoice and
8 supporting statements to the District for the
9 month then ended. Such invoice and support-
10 ing statement shall be in such form as
11 mutually agreed between the parties.

12
13 B. The monthly invoice and statements shall
14 identify the following for each Hospital and
15 Community Health Center:

16
17 1. the services provided by AMS to the
18 District for said month, including the
19 identity and allocated salary and fringe
20 benefits of each Provider (or substi-
21 tute therefor) during the month pursuant
22 to this Agreement, with such information
23 arrayed by categories of Providers;
24 provided, however, that so long as the
25 number of full-time equivalents is at

1 least equal to the scheduled coverage,
2 the monthly invoice need not reflect the
3 identity of the substitute, provided
4 that such substitute is then a Provider
5 on the Medical Staff, and AMS through
6 its Subcontractors shall maintain
7 auditable records (i) identifying the
8 Providers actually providing coverage
9 hereunder and (ii) verifying the time
10 spent by each Provider providing cover-
11 age hereunder, which records shall
12 support not less than the aggregate
13 allocated salary and fringe benefits (by
14 department) reflected on the monthly
15 invoices. AMS through its Subcontractors shall as soon as reasonably possible revise the Subcontractors' invoice information to reflect material changes in Provider assignments; and

20
21 2. the amount of payment due AMS for said
22 month.

23
24 C. The invoices shall not include (a) any costs
25 associated with the administration of AMS,

TEXT - 43

1 its General Director, or its Board or (b)
2 Provider costs attributable to education,
3 training, or research, which are not related
4 to direct patient care.

5
6 D. The District shall have the right to audit
7 the books and records of AMS, or its Subcon-
8 tractors, relating to the monthly invoices
9 and statements.

10
11 E. AMS, through its Subcontractors and Provid-
12 ers, agrees to substantiate the costs in-
13 voiced to the District pursuant to this
14 Agreement as may be required by the District,
15 the County Auditor, third party payors, or
16 other similar external parties.

17
18 6.3.2 Monthly Payments. No later than thirty (30)
19 days after receipt, the District shall verify the monthly in-
20 voices and statements submitted by AMS for the preceding month
21 and remit to AMS the lesser of (a) the amount invoiced by AMS and
22 verified by the District or (b) an amount equal to one-twelfth
23 (1/12) of the annual Contract Amount plus the net aggregate
24 amount that the monthly invoices were less than one-twelfth of

1 the annual Contract Amount during the prior months in the Con-
2 tract Year.

3
4 6.4 Billing for Provider Services. Subject to separate
5 written mutual agreement by the parties, effective July 1, 1990,
6 AMS will be responsible directly, or through its Subcontractors,
7 for billing for covered physician medical services rendered by
8 Providers to patients at the Hospitals and Community Health
9 Centers for such categories of patients and third party payors if
10 and to the extent mutually agreed by the parties. To the extent
11 not prohibited by applicable law, AMS shall establish for use by
12 the Subcontractors a uniform schedule of charges for the ser-
13 vices rendered to patients at the Hospitals and Community Health
14 Centers. If such billing is implemented, AMS and Subcontractors
15 shall be required to furnish the District with a full accounting
16 of all amounts billed and collected during any Contract Year and
17 shall grant the District open access to all books and records of
18 AMS and its Subcontractors relating thereto.

19
20 7. TERM AND TERMINATION.

21
22 7.1 Term. The term of this Agreement shall be for twen-
23 ty (20) Contract Years, commencing July 1, 1990 and ending March
24 31, 2010; subject, however, to Paragraphs 7.3 and 7.4 herein.

1 7.2 Joint Conference Committee and Other Reviews.

2

3 7.2.1 Joint Conference Committee Review. The

4 patient care programs of the District or any Hospital or Communi-

5 ty Health Centers shall be subject to review by the Joint Confer-

6 ence Committee or a subcommittee thereof at such time or times as

7 AMS or the District shall deem necessary and so request in

8 writing. The patient care programs of the District or, as

9 applicable, any Hospital or Community Health Center, shall

10 conform to the recommendations of the review committee as are

11 approved by the Joint Conference Committee. The District may

12 also seek review by the Joint Conference Committee of the staff-

13 ing levels by department and/or its subspecialties and, at the

14 District's option, reduce or temporarily suspend staffing of a

15 department and/or its subspecialties. The District shall use its

16 best efforts such that no reduction or temporary suspension shall

17 be made which would materially and adversely affect any residency

18 program or any fellowship program and the District shall give AMS

19 as much notice of such reduction or temporary suspension as

20 possible. Any reduction or temporary suspension hereunder, if

21 mutually agreed to by the parties, will result in a corresponding

22 reduction in (a) the line item on invoices submitted pursuant to

23 Paragraph 6.3.1 hereof and (b) the annual Contract Amount pursu-

24 ant to Paragraph 6.1.1 to reflect the decreased staffing levels.

25

1 7.2.2 Other Review. The parties agree to use their
2 best efforts to meet together at mutually agreeable times for the
3 review of budgetary matters, negotiation of the annual Contract
4 Amount for the upcoming Fiscal Year, discussion of any patient
5 care or other concerns, and, if needed, renegotiation of one or
6 more of the terms hereof. If the parties agree to modification of
7 this Agreement, such modifications shall be incorporated herein
8 by amendment as hereinafter provided, such amendments to become
9 effective on the date stipulated therein. In the event the
10 parties do not agree to modifications of this Agreement, this
11 Agreement shall continue in effect without modifications until
12 terminated.

13
14 7.3 Termination Provisions.

15
16 7.3.1 Failure to Agree on or to Obtain Approval of
17 Contract Amount.

18
19 A. Board of Managers Level.

20
21 In the event that the Board of Managers and AMS fail to
22 agree on a Contract Amount for the upcoming Contract Year by
23 March 31, either party shall have the following rights:
24

1 (a) to offer a new Contract Amount proposal
2 which may be the same as previously proposed;

3
4 (b) to offer a new Contract Amount proposal
5 which includes a proposed reduction in:

6
7 (i) the Contract Amount and level of
8 Provider coverage at the District facilities;

9
10 (ii) the Contract Amount for existing
11 levels of Provider coverage; or

12
13
14 (c) to terminate this Agreement on thirty
15 (30) days advance written notice to the other party, on the
16 future date specified in such notice, unless a proposal, if any,
17 set forth in (a) or (b) has been accepted in writing by AMS and
18 the Board of Managers.

19
20 In the event that alternative (a) or (b) is exercised, the
21 District shall pay AMS for its services until AMS and the Board
22 of Managers accept such proposal at a per diem rate of 1/365th of
23 the Contract Amount for the previous year for each day of actual
24 services rendered in the current Contract Year. An adjustment
25 payment shall be made by the appropriate party immediately upon

1 such acceptance to compensate for the difference in the per diem
2 rates for the previous Contract Year and the current Contract
3 Year.

4
5 In the event that alternative (c) is exercised, the District
6 will pay AMS for its services through the end of the notice
7 period at a per diem rate of 1/365th of the Contract Amount for
8 the previous year for each day of actual services rendered in the
9 current Contract Year.

10
11 B. Commissioner's Court Level.

12
13 In the event that the Commissioner's Court of Harris County,
14 Texas fails to approve the Contract Amount agreed to by the Board
15 of Managers and AMS and submitted in the District's budget for
16 the applicable Contract Year, either party shall have the follow-
17 ing rights:

18
19 (a) to offer a new Contract Amount proposal
20 which may be the same as previously proposed;

21
22 (b) to offer a new Contract Amount proposal
23 which includes a proposed reduction in:
24

1 (i) the Contract Amount and level of
2 Provider coverage at the District facilities;

3
4 (ii) the Contract Amount for existing
5 levels of Provider coverage; or

6
7
8 (c) to terminate this Agreement on thirty
9 (30) days advance written notice to the other party on the future
10 date specified (which shall not exceed 90 days from the date of
11 notice), unless a proposal as set forth in (a) or (b) has been
12 accepted in writing by AMS and Board of Managers and the Dis-
13 trict's budget has been approved by the Commissioner's Court.

14
15 In the event that alternative (a) or (b) is exercised, the
16 District shall pay AMS for its services until AMS and the Board
17 of Managers accept such proposal and the Commissioner's Court of
18 Harris County, Texas approves such Contract Amount as part of the
19 District's budget for the current Contract Year at a per diem
20 rate of 1/365th of the Contract Amount for the previous year for
21 each day of actual services rendered in the current Contract
22 Year. An adjustment payment shall be made by the appropriate
23 party immediately upon such approval to compensate for the
24 difference in the per diem rates for the previous Contract Year
25 and the current Contract Year.

TEXT - 50

1
2 In the event that alternative (c) is exercised, the District
3 will pay AMS for its services through the end of the notice
4 period at a per diem rate of 1/365th of the Contract Amount for
5 the previous year for each day of actual services rendered in the
6 current Contract Year.

7
8 C. Commissioner of Health Level.

9 In the event that the Commissioner of Health does not permit
10 the Contract Amount agreed to by the Board of Managers and AMS
11 and submitted in the District's budget for the applicable Con-
12 tract Year and the amounts to be paid the Subcontractors to
13 become effective, either party shall have the following rights:

14
15 (a) to offer a new Contract Amount proposal
16 which may be the same as previously proposed (with appropriate
17 revisions, to the extent required and proposed by AMS, in the
18 amounts to be paid the Subcontractors);

19
20 (b) to offer a new Contract Amount proposal
21 (with appropriate revisions, to the extent required and proposed
22 by AMS, in the amounts to be paid the Subcontractors) which
23 includes a proposed reduction in:
24

TEXT - 51

1 (i) the Contract Amount and level of
2 Provider coverage at the District facilities; or

3
4 (ii) the Contract Amount for existing
5 levels of Provider coverage; or

6
7 (c) to terminate this Agreement on thirty
8 (30) days advance written notice to the other party on the future
9 date specified (which shall not exceed 90 days from the date of
10 notice), unless a proposal as set forth in (a) or (b) has been
11 accepted in writing by AMS and the Board of Managers, and the
12 District's budget has been approved by the Commissioner's Court,
13 and such Contract Amount and the amounts to be paid the Subcon-
14 tractors have been approved by the Commissioner of Health or the
15 time required by Ch. 678, Section 312.005 of the Tex. Health &
16 Safety Code Ann. has passed.

17
18 In the event that alternative (a) or (b) is exercised, the
19 District shall pay AMS for its services until AMS and the Board
20 of Managers accept such proposal, and the District's budget has
21 been approved by the Commissioner's Court, and such Contract
22 Amount and the amounts to be paid the Subcontractors have been
23 approved by the Commissioner of Health or the time required by
24 Ch. 678, Section 312.005 of the Tex. Health & Safety Code Ann.
25 has passed at a per diem rate of 1/365th of the Contract Amount

TEXT - 52

1 for the previous year for each day of actual services rendered in
2 the current Contract Year. An adjustment payment shall be made
3 by the appropriate party immediately upon such acceptance (or
4 passage of time) to compensate for the difference in the per diem
5 rates for the previous Contract Year and the current Contract
6 Year.

7
8 In the event that alternative (c) is exercised, the District
9 will pay AMS for its services through the end of the notice
10 period at a per diem rate of 1/365th of the Contract Amount for
11 the previous year for each day of actual services rendered in the
12 current Contract Year.

13
14 D. Post Termination Relationship.

15
16 Upon termination, the parties shall have no further claim
17 against or responsibility to each other, except for:

18
19 (i) obligations accruing prior to the date of
20 termination; and

21
22 (ii) obligations, promises, or covenants con-
23 tained herein that are expressly made to extend beyond the
24 effective date of termination including, without limitation,
25 confidentiality of information.

1
2 7.3.2 Optional Termination. In the event either
3 party shall, with or without cause, at anytime give to the other
4 at least sixty (60) months advance written notice, this Agree-
5 ment shall terminate on the future date specified in such no-
6 tice; provided, however, in specifying such future effective
7 date, the terminating party shall use its best efforts to select
8 a date that will not compromise the ability of the House Staff
9 then enrolled in a graduate medical education training program
10 based at the District's facilities to complete their training
11 programs or to transfer elsewhere to comparable programs. In the
12 event of such termination, the District shall remit to AMS the
13 payments earned through the date of such termination, and the
14 Providers shall be removed from the Hospitals and the Community
15 Health Centers, and the parties shall have no further claim
16 against or responsibility to each other, except for (i) obliga-
17 tions accruing prior to the date of termination, and (ii) obliga-
18 tions, promises, or covenants contained herein that are express-
19 ly made to extend beyond the effective date of termination,
20 including, without limitation, confidentiality of information.
21

22 7.3.3 Optional Termination for Failure to Agree on
23 Contract Amount. In the event AMS and the Board of Managers fail
24 to agree on the Contract Amount for the first Contract Year
25 hereunder by March 31, 1990, AMS has the option to terminate this

1 Agreement effective June 30, 1990, upon sixty (60) days advance
2 notice to the District.
3

4 7.3.4 Optional Termination for Nonapproval by
5 District of Service Subcontracts. In the event the District does
6 not approve the initial Service Subcontracts by February 15,
7 1990, the District has the option to terminate this Agreement
8 effective June 30, 1990, upon sixty (60) days advance notice to
9 AMS.
10

11 7.4 Renegotiation and Termination Due to Tax Referendum.
12 In the event that an election to repeal an increase in the tax
13 rate is instituted, voted upon and passed pursuant to Section
14 26.07 Of the Texas Property Tax Code that materially and adverse-
15 ly affects the tax revenue that the District may receive during
16 any relevant Contract Year during the Term, the District may by
17 notice to AMS propose a new financial basis for continuation of
18 the Agreement commensurate with the tax revenue available to the
19 District, which proposal may include a proposed reduction in (a)
20 the Contract Amount and level of Provider coverage at the Dis-
21 trict's facilities or (b) Contract Amount for existing levels of
22 Provider coverage. If such notice is given and if AMS and the
23 District are unable within sixty (60) days thereafter to agree
24 upon a new financial basis either AMS or the District may termi-
25 nate this Agreement by thirty (30) days notice to the other on

TEXT - 55

1 any future date specified in such notice. In the event of such
2 termination, the District shall remit to AMS the payments earned
3 through the date of such termination, and the Providers shall be
4 removed from the Hospitals and the Community Health Centers, and
5 the parties shall have no further claim against or responsi-
6 bility to each other, except for (i) obligations accruing prior
7 to the date of termination, and (ii) obligations, promises, or
8 covenants contained herein that are expressly made to extend
9 beyond the effective date of termination, including, without
10 limitation, confidentiality of information.

11
12 7.5 District Responsibilities for Patients Upon Termina-
13 tion. Upon termination of this Agreement, the District shall be
14 responsible for caring for the patients of the District and
15 finding alternate Providers to provide care for such patients
16 from and after the effective date of termination.

17
18 8. MISCELLANEOUS.

19
20 8.1 Independent Contractor Status. It is expressly ack-
21 knowledged by the parties hereto that AMS is an "independent
22 contractor" and nothing in this Agreement is intended nor shall
23 be construed to create an employer/employee relationship, a joint
24 venture relationship, or a lease or landlord/tenant relationship,
25 or to allow the District to exercise control or direction over

1 the manner or method by which Providers perform the professional
2 services which are the subject matter of this Agreement; provided
3 always that the services to be provided hereunder by AMS, Sub-
4 contractors and Providers shall be provided in a manner consis-
5 tent with the standards governing such services and the provi-
6 sions of this Agreement. AMS understands and agrees that (i)
7 AMS, Subcontractors, and Providers will not be treated as employ-
8 ees for Federal tax purposes, (ii) the District will not withhold
9 on behalf of AMS, Subcontractors, and Providers pursuant to this
10 Agreement any sums for income tax, unemployment insurance, social
11 security, or any other withholding pursuant to any law or re-
12 quirement of any governmental body relating to AMS, Subcontrac-
13 tors, or Providers or make available to AMS, Subcontractors, or
14 Providers any of the benefits afforded to employees of the Dis-
15 trict, (iii) all of such payments, withholdings, and benefits, if
16 any, are the sole responsibility of AMS or Subcontractors, and
17 (iv) AMS will indemnify and hold the District harmless from any
18 and all loss or liability arising with respect to such payments,
19 withholdings, and benefits, if any. In the event the Internal
20 Revenue Service or any other governmental agency should question
21 or challenge the independent contractor status of AMS, Subcon-
22 tractors or its Providers, the parties hereto mutually agree that
23 AMS, Subcontractors and the District shall have the right to
24 participate in any discussion or negotiation occurring with such

1 agency or agencies, irrespective of who initiates such discus-
2 sion or negotiation.

3

4 8.2 Notices. All notices under this Agreement shall be in
5 writing and shall be provided to the party to be notified either
6 by personal delivery or by United States mail. All notices under
7 this Agreement shall be deemed given to a party when personally
8 delivered by courier service, such as Federal Express, or by any
9 other messenger or five (5) days after being mailed by prepaid,
10 certified mail, return receipt requested. For the purpose of
11 notice, the addresses of the parties shall be as follows until
12 changed as herein provided:

13

14 District: Harris County Hospital District
15 Attention: Chief Administrator
16 726 Gillette
17 Houston, Texas 77019

18

19 with copy to:

20

21 The Office of Mike Driscoll
22 County Attorney
23 1001 Preston, Suite 634
24 Houston, Texas 77002
25 Attention: Dori A. Wind

26

27

28

29

30 AMS: Affiliated Medical Services
31 c/o Office of the Dean
32 Baylor College of Medicine
33 One Baylor Plaza
34 Houston, Texas 77030

35

36 and

37

38 Affiliated Medical Services
c/o Office of the Dean

TEXT - 58

1 The University of Texas
2 Health Science Center at Houston
3 6431 Fannin
4 Houston, Texas 77030

5
6 with copies to:

7
8 Office of General Counsel
9 The University of Texas System
10 201 West 7th Street
11 Austin, Texas 78701
12 Attention: Susan Bradshaw

13
14 Fulbright & Jaworski
15 1301 McKinney
16 51st Floor
17 Houston, Texas 77010
18 Attention: A.T. Blackshear, Jr.
19
20

21 Each party shall have the right to change the person to whom
22 notice is to be given for such party and/or its address for
23 notices and each shall have the right to specify such change of
24 the person to whom notice is to be given for such party or ad-
25 dress by giving at least fifteen (15) days written notice to the
26 other party.
27

28 8.3 Construction. This Agreement shall not be construed
29 against or in favor of one party or the other due to the fact
30 that such party may or may not have authored said Agreement or
31 any provision contained herein.
32

33 8.4 Applicable Law. This Agreement shall be governed by,
34 and construed in accordance with, the laws of the State of Texas

1 and venue for any action arising out of this Agreement shall be
2 in Harris County, Texas.
3

4 **8.5 Assignment Prohibited.** This Agreement may not be
5 assigned by either party without the express written consent of
6 the other party hereto.
7

8 **8.6 Provision for Other Agreements.** It is recognized that
9 either party may enter into other agreements and affiliations so
10 long as same are not inconsistent with the terms and provisions
11 hereof.
12

13 **8.7 Severability.** Should any provision of this Agreement
14 be held unenforceable or invalid under the laws of the United
15 States of America or the State of Texas, or under any other
16 applicable laws of any other jurisdiction, then the parties
17 hereto agree that such provision shall be deemed modified for the
18 purposes of performance of this Agreement in such jurisdiction to
19 the extent necessary to render it lawful and enforceable, or if
20 such a modification is not possible without materially altering
21 the intention of the parties hereto, then such provision shall be
22 severed herefrom for purposes of performance of this Agreement in
23 such jurisdiction. The validity of the remaining provisions of
24 this Agreement shall not be affected by any such modification or
25 severance, except that if any severance materially alters the

1 intentions of the parties hereto as expressed herein (a modifica-
2 tion being permitted only if there is no material alteration),
3 then the parties hereto shall use their best reasonable effort to
4 agree to appropriate equitable amendments to this Agreement in
5 light of such severance, and if no such agreement can be reached
6 within a reasonable time, any party hereto may initiate litiga-
7 tion to determine and effect such appropriate equitable amend-
8 ments.

9
10 8.8 Amendments and Agreement Execution. This Agreement and
11 amendments thereto shall be in writing and executed in multiple
12 copies of a written instrument duly authorized for execution by
13 the governing Boards of the respective parties hereto. This
14 Agreement and the Service Subcontracts shall be filed with the
15 Board of Health for approval by the Commissioner of Health,
16 pursuant to Tex. Health & Safety Code Ann., Ch. 678, Section
17 312.005 and shall become effective upon the expiration of time or
18 approval provided therein.

19
20 8.9 Entire Agreement; Captions. This Agreement consti-
21 tutes, contains, or references the entire agreement of the par-
22 ties and supersedes any and all prior negotiations, correspon-
23 dence, understandings, and agreements between the parties respec-
24 ting the subject matter thereof. All captions in this Agreement
25 are solely for convenience and are not part of this Agreement.

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33

IN TESTIMONY OF WHICH this Agreement in multiple originals, each of equal force, has been executed on behalf of the parties hereto as follows, to-wit:

(a) It has on the _____ day of _____, 1990, been executed on behalf of the Harris County Hospital District by the Chairman of the Board of Managers, pursuant to the order of the Board of Managers, so authorizing, and that of the Commissioners Court of Harris County, Texas, so approving; and

(b) It has on the _____ day of _____, 1990, been executed on behalf of the AMS by the Chairman of the Board of Trustees and by the General Director of AMS, pursuant to the order of the Board of Trustees, so authorizing.

ATTEST: HARRIS COUNTY HOSPITAL DISTRICT

Name: _____ Title: Secretary
By: _____
Name: _____ Title: Chairman

ATTEST: AFFILIATED MEDICAL SERVICES

1 _____ By: _____
 2
 3 Name: _____ Name: _____
 4 Title: Secretary Title: Chairman
 5
 6
 7

8 and

9
 10
 11
 12 By: _____
 13
 14 Name: _____
 15 Title: General Director
 16
 17

18
 19 SUBMITTED TO the Commissioner
 20 of Health, the _____ day of
 21 _____, 1990
 22
 23

24
 25 APPROVED BY the Commissioner
 26 of Health, the _____ day of
 27 _____, 1990
 28
 29

30 By: _____
 31
 32 Name: _____
 33
 34 Title: _____
 35

EXHIBIT A
ANNUAL CONTRACT PAYMENT

Contract Year
Ending June 30

Amount

1991

\$ _____

1992

1993

1994

1995

1996

1997

1998

1999

2000

2001

2002

2003

2004

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2006

2007

2008

2009

2010

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EXHIBIT - A

CLARIFICATION AGREEMENT

WHEREAS, the Board of Regents of The University of Texas System ("Board of Regents") has entered various agreements with Baylor College of Medicine ("Baylor") regarding the formation of Affiliated Medical Services; and

WHEREAS, in such agreements the Board of Regents has acted as, for, and on behalf of The University of Texas Health Science Center at Houston ("UTHSCH") and The University of Texas Medical School at Houston (the "UT Medical School at Houston"), which is a "medical and dental unit" as provided for in Section 63.003 of the Education Code.

NOW, THEREFORE, to evidence and agree upon the parties for which the Board of Regents has been and will be acting in this matter, the Board of Regents and Baylor and Affiliated Medical Services ("AMS") agree as follows.

(1) In the Agreement of Preliminary Understanding between Baylor and the Board of Regents entered February 9, 1987, and the Agreement with Respect to Agreement of Preliminary Understanding between Baylor and the Board of Regents entered February 9, 1987, the UT Medical School of Houston was and is the part of UTHSCH which was contemplated to, and which shall, make health care professionals available to AMS.

(2) AMS and the Board of Regents are entering an Agreement of Sub-Affiliation pursuant to which health care providers will be made available to AMS and, through AMS, to the Harris County Hospital District. That agreement is being executed by the Board of Regents in the name of the Board of Regents for, as, and on behalf of the UT Medical School at Houston through UTHSCH.

ATTEST:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By _____
Arthur H. Dilly
Executive Secretary

By _____
Charles B. Mullins, M.D.
Executive Vice Chancellor
for Health Affairs

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

By _____
Susan O. Bradshaw
Attorney
Office of General Counsel

By _____
M. David Low, M.D.
President
The University of Texas Health
Science Center at Houston

By _____
John C. Ribble, M.D.
Dean
The University of Texas
Medical School at Houston

ATTEST:

BAYLOR COLLEGE OF MEDICINE

By _____

By _____

ATTEST:

AFFILIATED MEDICAL SERVICES

By _____

By _____

5. U. T. M.D. Anderson Cancer Center: Recommendation for Approval to Acquire the Assets of Molecular Diagnostic Associates, Inc. (MDxA), Houston, Texas, and to Terminate a Sponsored Research Agreement with MDxA.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that approval be given for the U. T. M.D. Anderson Cancer Center to acquire the assets of Molecular Diagnostic Associates, Inc. (MDxA) of Houston, Texas, valued at \$690,000 and to terminate the sponsored research agreement with MDxA.

BACKGROUND INFORMATION

In December 1987, Molecular Diagnostic Associates, Inc. (MDxA), a for-profit corporation, was established for the purpose of marketing molecular probe technology which had been developed at U. T. M.D. Anderson Cancer Center. Twenty-five (25) percent ownership in the company, represented by 2.5 million shares of common stock in the corporation, is held by U. T. M.D. Anderson Cancer Center.

After nearly two years of operation, U. T. M.D. Anderson Cancer Center is virtually the only customer of MDxA and marketing surveys indicate that this will be the situation for several years to come. The primary market for this technology is the teaching programs at medical schools and most of these schools perform their own DNA probe tests. It is not expected that general use of this technology by nonmedical school practitioners will take place before 1995.

During the past year, an effort has been made to determine whether other mechanisms exist for the provision of these tests. Alternatives included contracting with MDxA, identifying another vendor, or performing the tests in-house. Two other firms submitted bids with significantly lower prices than that which is being charged by MDxA. However, a concern relative to quality control was raised as a result of site visits to these firms. Because of this, it was concluded that it is in the best interest of U. T. M.D. Anderson Cancer Center to perform these tests. These tests can be performed in-house at a cost which is 40-60% less than the amount currently being paid to MDxA. In order to do this, U. T. M.D. Anderson Cancer Center must have the necessary equipment, space and qualified technical personnel. Therefore, it is believed that the best way to accomplish this is to purchase the assets of the company, assume the lease of space and hire the necessary technical staff.

The total value of the elements of this purchase of \$690,000 is \$608,000 for the assets of the company, \$32,000 as a refund to MDxA pursuant to terminating the sponsored research agreement, and \$50,000 in accounts receivable due MDxA.

Upon approval of this recommendation, U. T. M.D. Anderson Cancer Center will tender its 2,500,000 shares of MDxA common stock to MDxA and this action will be effective at the end of business April 30, 1990. MDxA has accepted the terms of this acquisition and the recommendation has been reviewed and approved by the U. T. System Office of General Counsel.

Finance and
Facilities Com.

FINANCE AND FACILITIES COMMITTEE
Committee Chairman Moncrief

Date: April 12, 1990
Time: Following the meeting of the Health Affairs Committee
Place: Auditorium (Room 119), Biomedical Research Building, U. T. Health Center - Tyler

	<u>Page</u> <u>F&F</u>
I. FINANCE MATTERS	
1. U. T. System: Recommendation to Approve <u>Chancellor's Docket No. 51</u>	3
2. U. T. System: Recommendation for Approval of Additional Depository Banks	3
3. U. T. Health Science Center - Houston: Recommendation to Authorize Allocation of Funds for Purchase of Clinical Patient Equipment and Appropriation Therefor	4
II. FACILITIES MATTERS	
1. U. T. Austin - Balcones Research Center - Additional Building for Applied Research Laboratories Facility (Project No. 102-703): Request for Approval of Final Plans and Authorization to Advertise for Bids and for Executive Committee to Award Contracts	4
2. U. T. Austin and U. T. Permian Basin - Research/Laboratory Facility at Permian Basin Center for Energy and Economic Diversification (Project No. 102-696): Request for Approval of Plaque Inscription	5
3. U. T. Dallas - Cecil and Ida Green Center for the Study of Science and Society (Project No. 302-717): Request for Authorization of Project; Appointment of Project Architect to Prepare Preliminary Plans; and Additional Appropriation Therefor	6
4. U. T. Medical Branch - Galveston - Medical Research Building (Project No. 601-665): Request for Approval of Plaque Inscription	7
5. U. T. Medical Branch - Galveston - John Sealy Hospital - New Emergency Department and Trauma Center Facility (Project No. 601-658): Request for Approval of Plaque Inscription	8

6. U. T. Medical Branch - Galveston - Texas
Department of Corrections Hospital - Renovation and Completion of Shelled Space on Fourth and Eighth Floors: Request for Authorization of Interagency Agreement with Texas Department of Corrections to Manage Project and Appointment of Project Architect 9

III. INFORMATIONAL ITEM

- U. T. Tyler - Liberal Arts Complex (Project No. 802-719): Project Analysis and Conceptual Design Progress Report 10

I. FINANCE MATTERS

1. U. T. System: Recommendation to Approve Chancellor's Docket No. 51.--

RECOMMENDATION

It is recommended that Chancellor's Docket No. 51 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. System: Recommendation for Approval of Additional Depository Banks.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Asset Management that Bank One Texas, N.A., Dallas, Texas, and MetroBank, N.A., Houston, Texas, be approved as additional depositories for the U. T. System, subject to execution of the standard Bank Depository Agreement.

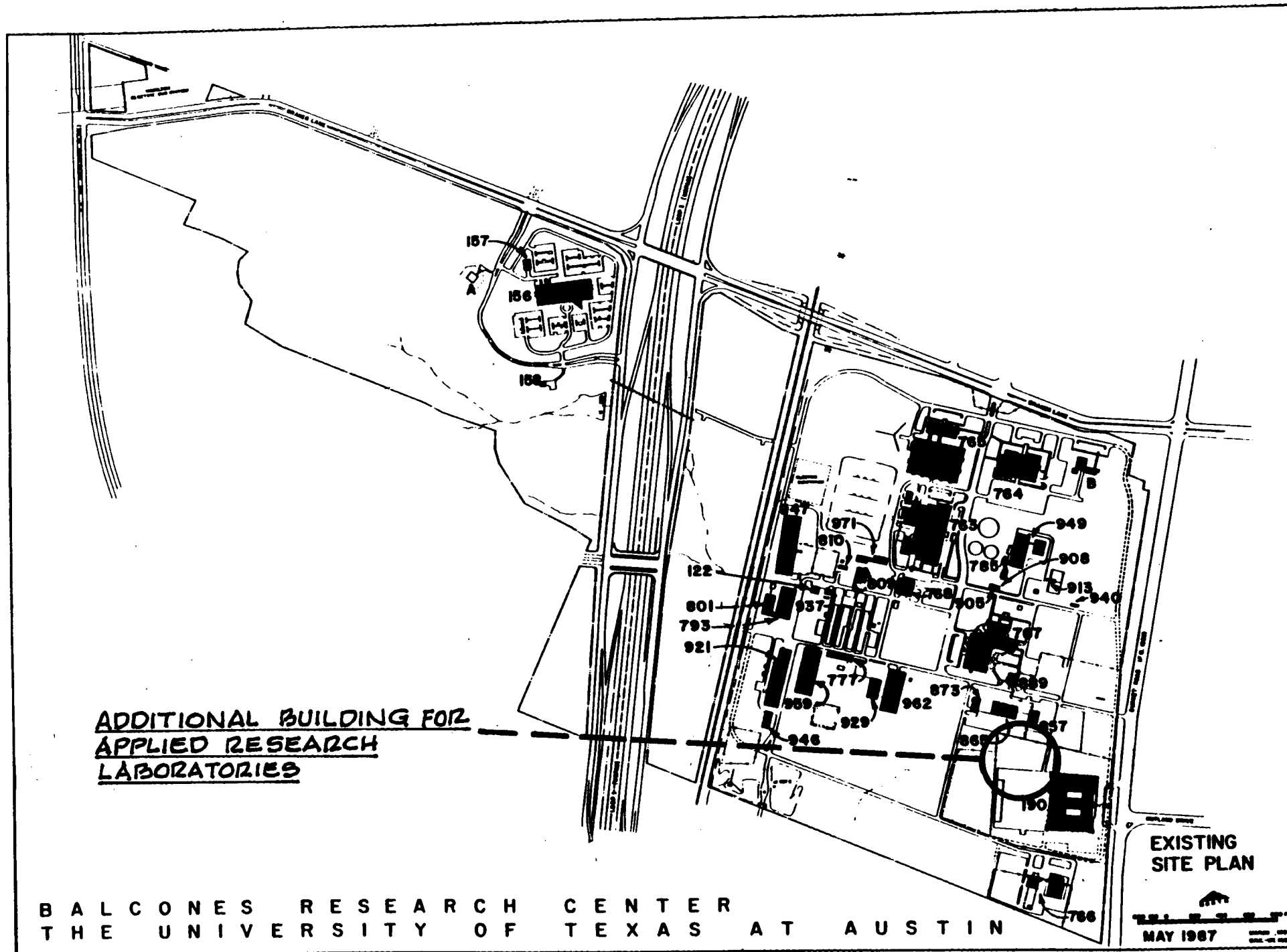
BACKGROUND INFORMATION

The U. T. System currently has 50 active depository banks in which institutional funds are deposited. The last bank added was in August 1989. In 1989, twenty MBanks were declared insolvent by the FDIC. These twenty separately chartered banks were combined by the FDIC into one bank with twenty branches. The temporary name of Deposit Insurance Bridge Bank was used until permanent arrangements were made. Bank One Corporation won the bid, and ownership was transferred on January 30, 1990, retroactive to January 1, 1990. The addition of Bank One Texas, N.A. in Dallas, Texas, would enable the U. T. System to utilize the Bank Ones located throughout the state.

Currently, the Houston area has only six banks servicing the U. T. System component institutions in Houston, and these banks are not aggressive in bidding on institutional deposits. MetroBank, N.A. was chartered in April 1987, and added a branch office (MetroBank East) in March 1989. In a meeting with Thomas Gee, Director of Fiscal Services at the U. T. M.D. Anderson Cancer Center, the MetroBank Chairman indicated that they would be interested in becoming a depository for U. T. System funds and would be able to meet U. T. System requirements for collateralization of deposits.

INDEX

- 122 ANTIQUITIES PRESERVATION LAB (BLDG. #122)
- 190 APPLIED RESEARCH LABORATORIES (BLDG. #35)
- 763 CENTER FOR ELECTROMECHANICS/CENTER FOR ENERGY STUDIES (BLDGS. #133 & 134)
- 764 B.E.G. RESEARCH & ADMINISTRATION (BLDG. #130)
- 765 B.E.G. MINERAL STUDIES LAB (BLDG. #131) & REPOSITORY (BLDG. #132)
- 766 B.R.C. SERVICES CENTER (BLDGS. #135 & 136)
- 767 THE COMMONS (BLDG. #137)
- 768 CENTRAL CHILLING STATION (BLDG. #129)
- 777 PETEX (BLDG. #2)
- 785 PLANT ECOLOGY (BLDG. #3)
- 793 ARCHAEOLOGY, ENGINEERING MECHANICS (BLDG. #5)
- 801 VERTEBRATE PALEONTOLOGY (BLDG. #6)
- 809 EXPERIMENTAL AERODYNAMICS (BLDG. #7)
- 810 EXPLOSIVE SHOCK MECHANICS (BLDG. #7A)
- 857 B.R.C. PHYSICAL PLANT ADMINISTRATIVE OFFICES (BLDG. #15)
- 865 E.E.R.L., C.E.S.E. (BLDG. #16)
- 873 CENTER FOR EARTH SCIENCE AND ENGINEERING (BLDG. #17)
- 889 B.R.C. GUARDS (BLDG. #19)
- 905 RADIO CARBON DATING LABORATORY (BLDG. #21)
- 908 RADIO CARBON (BLDG. #21B)
- 913 PUMP HOUSE (BLDG. #22) - RESERVOIR
- 921 PHIL M. FERGUSON STRUCTURAL ENGINEERING LABORATORY (BLDG. #24)
- 929 SUPPLY WAREHOUSE (BLDG. #25)
- 937 CENTER FOR EARTH SCIENCE AND ENGINEERING (BLDG. #26)
- 940 GAS METERING HOUSE (BLDG. #51)
- 946 CONSTRUCTION AND MAINTENANCE WAREHOUSE (BLDG. #46)
- 947 PHYSICAL PLANT - U. T. CAMPUS WAREHOUSE (BLDG. #45)
- 949 WATER RESOURCES OFFICE AND LABORATORY (BLDGS. #119 & 120)
- 959 RECORDS STORAGE (BLDG. #30)
- 962 B.R.C. STORAGE (BLDG. #33)
- 971 SUB-SONIC WIND TUNNEL (BLDG. #124)
- 156 MICROELECTRONICS AND COMPUTER TECHNOLOGY CORPORATION (BLDG. #156)
- 157 M.C.C. STEAM PLANT (BLDG. #157)
- 158 M.C.C. UTILITY (SWITCHGEAR) BUILDING (BLDG. #158)
- A HELIPAD
- B NUCLEAR ENGINEERING TEACHING LABORATORY (BLDG. #)



BALCONES RESEARCH CENTER
THE UNIVERSITY OF TEXAS AT AUSTIN

3. U. T. Health Science Center - Houston: Recommendation to Authorize Allocation of Funds for Purchase of Clinical Patient Equipment and Appropriation Therefor.--

RECOMMENDATION

The Health Affairs Committee concurs in the recommendation of the Chancellor, the Executive Vice Chancellor for Health Affairs and President Low that the U. T. Health Science Center - Houston be authorized to reallocate \$600,000 in institutional balances (MSRDP) for the purchase of clinical patient equipment and that \$2.4 million in Permanent University Fund Bond Proceeds be reallocated from the FY 1990 Capital Budget from savings resulting from lower than anticipated construction bids.

BACKGROUND INFORMATION

These monies are needed to purchase approximately 53 items of clinical equipment that have been identified by the faculty and administration as critical to the institution's hospital-based patient care and teaching mission. Equipment to be purchased will keep the major clinical departments on the forefront of technology and retain the vigorous inpatient practice that is essential to the quality of the teaching program and the financial strength of the U. T. Health Science Center - Houston.

This reallocation of Permanent University Fund resources will amend the project detail but not the expenditure totals in the FY 1990 Capital Budget.

II. FACILITIES MATTERS

1. U. T. Austin - Balcones Research Center - Additional Building for Applied Research Laboratories Facility (Project No. 102-703): Request for Approval of Final Plans and Authorization to Advertise for Bids and for Executive Committee to Award Contracts.--

RECOMMENDATION

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

- a. Approve final plans and specifications for the construction of an Additional Building for the Applied Research Laboratories Facility at the U. T. Austin Balcones Research Center at an estimated total project cost of \$3,500,000

- b. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorize the Executive Committee to award all contracts associated with this project within the authorized total project cost.

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in October 1989, final plans and specifications for the construction of an Additional Building for the Applied Research Laboratories Facility at the U. T. Austin Balcones Research Center have been prepared by the Project Architect, Wilson Stoeltje Martin, Inc., Austin, Texas.

The new building will be a one-level structure of approximately 30,000 gross square feet that will provide support service facilities for federally sponsored research projects. The estimated construction cost of \$2,800,000 results in a unit cost of \$93.33 per gross square foot. The estimated total project cost is \$3,500,000.

Initial funding for this project will come from Permanent University Fund Bond Proceeds allocated to U. T. Austin in prior years for campus repair/rehabilitation projects and interest on U. T. Austin's designated funds. Under a Special Use Allowance Agreement with the U. S. Department of Navy, the University will recover the full \$3,500,000 in ten years. The funds thus recovered will be used for campus repair/rehabilitation effectively restoring the Permanent University Fund Bond Proceeds.

This project was included in the Capital Improvement Program approved by the U. T. Board of Regents in June 1989 and the FY 1990 Capital Budget approved by the U. T. Board of Regents in August 1989.

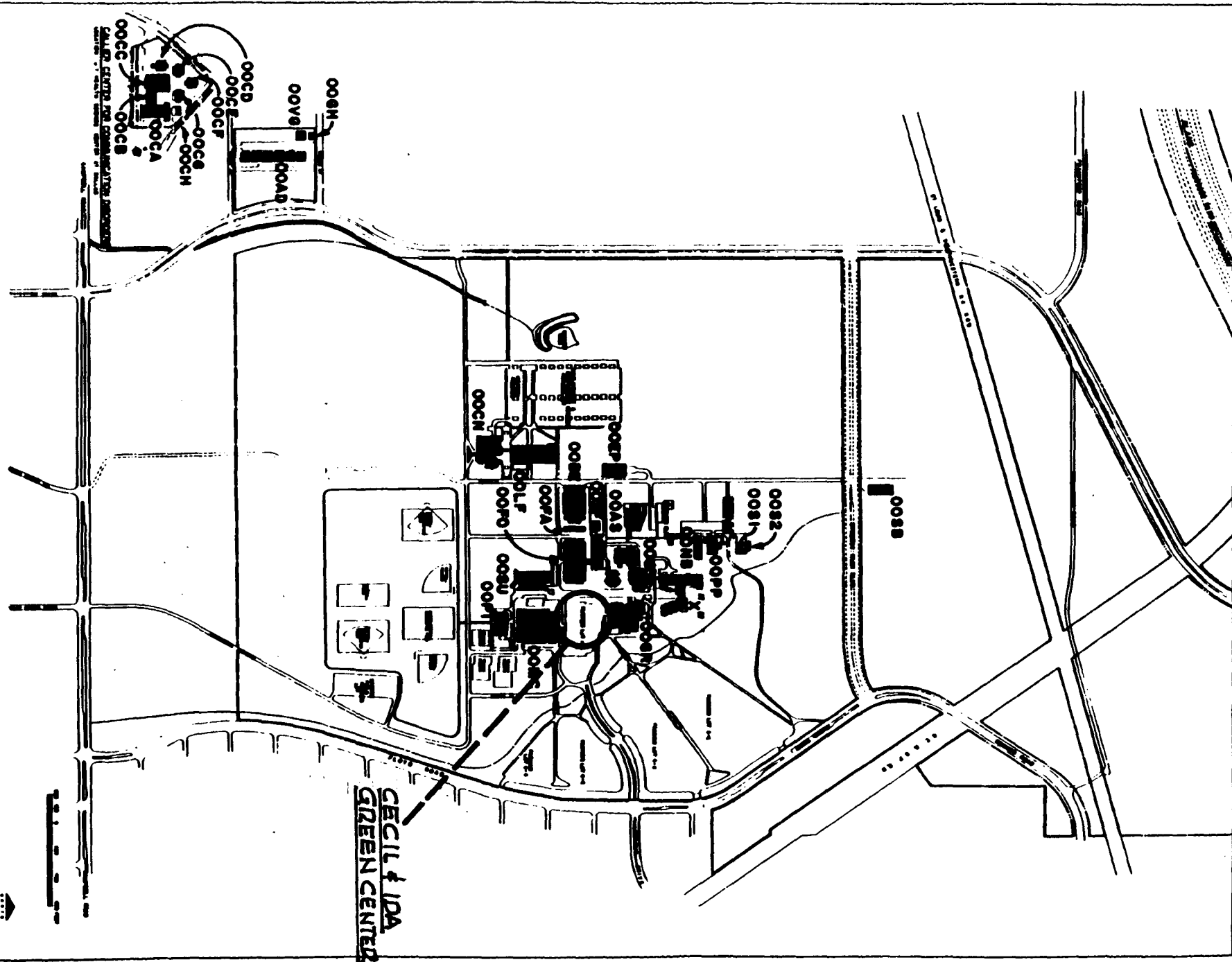
- 2. U. T. Austin and U. T. Permian Basin - Research/Laboratory Facility at Permian Basin Center for Energy and Economic Diversification (Project No. 102-696): Request for Approval of Plaque Inscription.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and Presidents Cunningham (U. T. Austin) and Leach (U. T. Permian Basin) that the U. T. Board of Regents approve the inscription set out on Page F&F - 6 for a building plaque to be placed on the Permian Basin Center for Energy and Economic Diversification. The inscription follows the standard pattern approved by the U. T. Board of Regents in June 1979.

THE UNIVERSITY OF TEXAS
AT DALLAS

EXISTING SITE PLAN
MAY 1987



BUILDING INDEX

- 00AD ADMINISTRATION BUILDING
- 00AS FINE ARTS BUILDING
- 00BE LLOYD V BERKNER HALL
- 00CA CALLIER CENTER BUILDING A
- 00CB CALLIER CENTER BUILDING B
- 00CC CALLIER CENTER BUILDING C
- 00CD CALLIER CENTER BUILDING D
- 00CE CALLIER CENTER BUILDING E
- 00CF CALLIER CENTER BUILDING F
- 00CG CALLIER CENTER BUILDING G
- 00CH CALLIER CENTER BUILDING H
- 00CN CONFERENCE CENTER
- 00EP THERMAL ENERGY PLANT
- 00FA FOUNDERS ANNEX
- 00FM FOUNDERS NORTH BUILDING
- 00FD FOUNDERS BUILDING
- 00GH GREENHOUSE
- 00GR CECIL H. GREEN ACADEMIC CENTER
- 00JO J. ERIK JONSSON ACADEMIC CENTER
- 00LF KARL HOBLITZELLE BUILDING
- 00MC EUGENE MCDERMOTT LIBRARY
- 00NB NORTH OFFICE BUILDING
- 00PI PHYSICAL INSTRUCTIONS BUILDING
- 00PP PHYSICAL PLANT BUILDING
- 00SI STORAGE BUILDING 35
- 00S2 STORAGE BUILDING 37
- 00SB SERVICE BUILDING
- 00SF FOUNDERS SHOP BUILDING
- 00SU STUDENT UNION
- 00TH UNIVERSITY THEATRE
- 00UA UNIVERSITY APARTMENTS
- 00UR UNIVERSITY RESIDENCE
- 00VG VEHICLE & GROUNDS MAINTENANCE SHOP
- "X" MULTIPURPOSE & ENGINEERING START-UP FACILITY

PERMIAN BASIN CENTER
FOR
ENERGY AND ECONOMIC DIVERSIFICATION
1989

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President, The University
of Texas of the Permian Basin

Rhotenberry & Wellen
Architects & Planners, Inc.
Project Architect
Landgraf Crutcher and
Associates, Inc.
Project Engineer
Rose & Sons, Inc.
Contractor

BACKGROUND INFORMATION

A construction contract for the Research/Laboratory Facility at Permian Basin Center for Energy and Economic Diversification was awarded by the U. T. Board of Regents in April 1989. Construction is expected to be completed in July 1990. A provision for installation of the building plaque is included in the construction contract.

A second plaque, which is not included in the construction contract, is planned to commemorate The Texas Permian Basin Foundation and private donor support for this new facility. A request for approval of the inscription on the second plaque will be presented at a future meeting of the U. T. Board of Regents.

3. U. T. Dallas - Cecil and Ida Green Center for the Study of Science and Society (Project No. 302-717): Request for Authorization of Project; Appointment of Project Architect to Prepare Preliminary Plans; and Additional 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 construction of the Cecil and Ida Green Center for the Study of Science and Society at U. T. Dallas at an estimated total project cost of \$2,433,000

- b. Appoint the firm of F&S Partners Incorporated, Dallas, Texas, as Project Architect to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriate \$133,000 from Private Gift Funds for costs of architect fees and administrative expenses through preparation of preliminary plans.

BACKGROUND INFORMATION

In October 1989, the U. T. Board of Regents authorized the U. T. Dallas Administration to contract with a consulting architect to study location and design concepts and develop estimated costs for the Cecil and Ida Green Center for the Study of Science and Society on the U. T. Dallas campus. The firm of F&S Partners Incorporated, Dallas, Texas, was selected to prepare the study.

The study has been completed and in February 1990, the recommendations of the consultant were reported to the U. T. Board of Regents. The consultant recommends a two-story, 14,600 gross square foot building to be constructed on a centrally located site on the U. T. Dallas campus at an estimated total project cost of \$2,433,000.

U. T. Dallas Administration recommends that the consultant, F&S Partners Incorporated, be appointed Project Architect to continue the development of the project with authorization to prepare preliminary plans for presentation to the U. T. Board of Regents for consideration at a future meeting.

This project was included in the Capital Improvement Program approved by the U. T. Board of Regents in June 1989 and the FY 1990 Capital Budget in August 1989 at an estimated project cost of \$2,300,000 from gift funds.

4. U. T. Medical Branch - Galveston - Medical Research Building (Project No. 601-665): Request for Approval of Plaque Inscription.--

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 the inscription set out on Page F&F - 8 for a plaque to be placed on the Medical Research Building being constructed at the U. T. Medical Branch - Galveston. The inscription follows the standard pattern approved by the U. T. Board of Regents in June 1979.

MEDICAL RESEARCH BUILDING
1989

BOARD OF REGENTS

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Jess Hay	Galveston
W. A. "Tex" Moncrief, Jr.	
Mario Yzaguirre	3D/International
	Project Architect
	Robert E. McKee, Inc.
	Contractor

BACKGROUND INFORMATION

A construction contract for the Medical Research Building at the U. T. Medical Branch - Galveston was awarded by the U. T. Board of Regents in February 1989. The U. T. Medical Branch - Galveston Administration wishes to install a building plaque on the new facility. Funds for the purchase and installation of the plaque are available within the authorized total project cost.

5. U. T. Medical Branch - Galveston - John Sealy Hospital - New Emergency Department and Trauma Center Facility (Project No. 601-658): Request for Approval of Plaque Inscription.--

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 the inscription set out below for a plaque to be placed on the New Emergency Department and Trauma Center Facility being constructed at the U. T. Medical Branch - Galveston. The inscription follows the standard pattern approved by the U. T. Board of Regents in June 1979.

EMERGENCY ROOM AND TRAUMA CENTER
1989

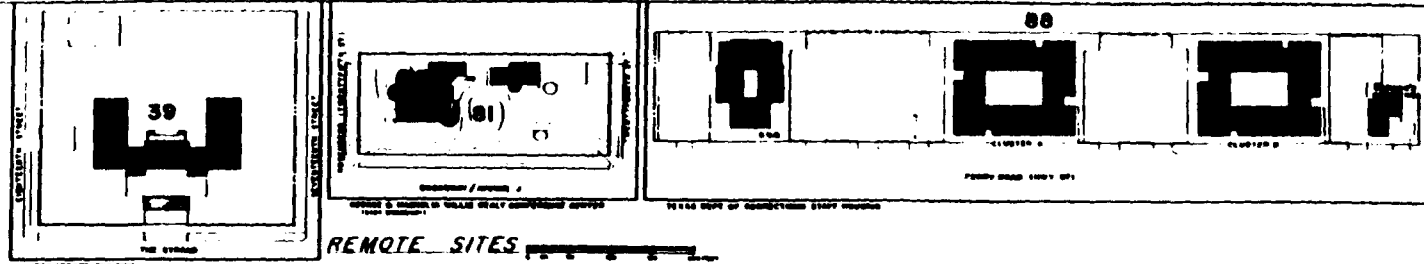
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Tom Loeffler	of Texas Medical Branch at
W. A. "Tex" Moncrief, Jr.	Galveston
Mario E. Ramirez, M.D.	
Shannon H. Ratliff	Pierce Goodwin Alexander &
	Linville
	Project Architect
	Manhattan Construction Company
	Contractor

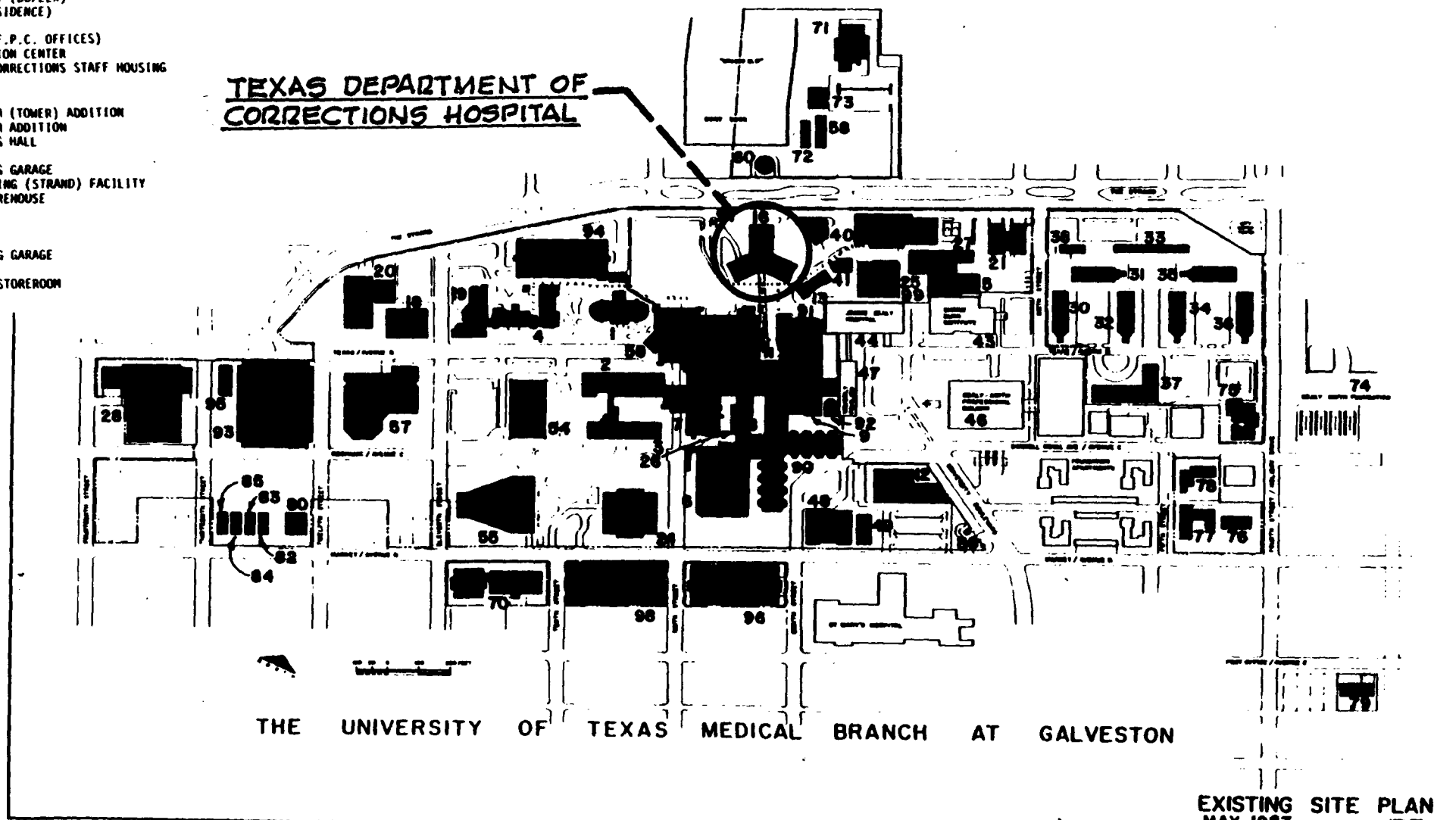
BUILDING INDEX

- 1 ASHBEI SMITH (OLD RED)
- 2 FILTER BUILDING
- 3 GAIL BORDEN BUILDING
- 4 GRAVES BUILDING
- 5 SURGICAL RESEARCH
- 6 CHILD HEALTH CENTER
- 7 CLINICAL SCIENCES BUILDING
- 8 OLD CHILDRENS HOSPITAL
- 9 JOHN SEALY HOSPITAL
- 11 JOHN W. MCCULLOUGH BUILDING
- 12 ADMINISTRATION BUILDING
- 13 ADMINISTRATION ANNEX I
- 14
- 16 TEXAS DEPT. OF CORRECTIONS HOSPITAL
- 17
- 18 MICROBIOLOGY BUILDING
- 19 MARY MOODY NORTHERN PAVILION
- 20 ANIMAL CARE CENTER
- 21 PHYSICAL PLANT BUILDING (PHASE I)
- 23
- 24 MOODY MEMORIAL LIBRARY
- 25 CARPENTER SHOP
- 26 LAUNDRY CART STORAGE AND BED REPAIR SHOP
- 27 SURGICAL RESEARCH ANNEX - HYPERBARIC
- 28 GENERAL STORES WAREHOUSE
- 30 BRACKENRIDGE HALL
- 31 CLAY HALL
- 32 BETHEL HALL
- 33 NOLAN HALL
- 34 VINSANT HALL
- 35 MORGAN HALL
- 36 LEAGUE HALL
- 37 UNIT "D"
- 38 DORM MACHINE ROOM
- 39 1700 STRAND (REMOTE SITE)
- 40 THERMAL ENERGY PLANT (CHILL WTR. TRANS.)
- 41 PAINT SHOP
- 42
- 43 SHRINE BURN INSTITUTE
- 44 JENNIE SEALY HOSPITAL
- 46 SEALY & SMITH PROFESSIONAL BLDG.
- 47 MAVERLY SMITH BUILDING
- 48 ADMINISTRATION ANNEX II
- 49 ADMINISTRATION ANNEX III
- 53 LABOR BUILDING
- 54 BASIC SCIENCES BUILDING
- 55 LEARNING CENTER
- 56 AMBULATORY CARE CENTER
- 57 SCHOOLS OF ALLIED HEALTH SCIENCES & NURSING
- 58 LIFE FLIGHT MAINTENANCE BLDG.
- 60 HELIPORT
- 70 PHARMACOLOGY BUILDING
- 71 MAURICE EWING HALL (U.T. AUSTIN BLDG. NO. 9010)
- 72 U.T.M.B. MARINE BIOMEDICAL INSTITUTE

- 73 M.S.I. DOCKSIDE FACILITY (U.T. AUSTIN BLDG. NO. 5001)
- 74 RECREATION FACILITIES
- 75 ALUMNI FIELD HOUSE & SWIMMING POOL
- 76 PHI DELTA EPSILON
- 77 NU SIGMA MU
- 78 PHI RHO SIGMA
- 79 ALPHA KAPPA KAPPA
- 80 1202 MARKET (RESIDENCE)
- 81 SEALY CONFERENCE CENTER (REMOTE SITE)
- 82 1216 MARKET (RESIDENCE)
- 83 1220/1222 MARKET (DUPLX)
- 84 1224 MARKET (RESIDENCE)
- 85 1228 MARKET (O.F.P.C. OFFICES)
- 86 CAMPUS INFORMATION CENTER
- 88 TEX. DEPT. OF CORRECTIONS STAFF HOUSING (REMOTE SITE)
- 90 JOHN SEALY SOUTH (TOWER) ADDITION
- 91 JOHN SEALY NORTH ADDITION
- 92 SNACK BAR/DINING HALL
- 93 EMPLOYEE PARKING GARAGE
- 94 AMBULATORY PARKING (STRAND) FACILITY
- 95 CONSTRUCTION WAREHOUSE
- 96 PARKING GARAGE
- 97 GUARD KIOSK
- 98 EMPLOYEE PARKING GARAGE
- 99 PHYSICAL PLANT STOREROOM



TEXAS DEPARTMENT OF CORRECTIONS HOSPITAL



THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON

EXISTING SITE PLAN
MAY 1987

BACKGROUND INFORMATION

A construction contract for the New Emergency Department and Trauma Center Facility at the U. T. Medical Branch - Galveston was awarded by the U. T. Board of Regents in August 1989. The U. T. Medical Branch - Galveston Administration wishes to install a building plaque on the new facility. Funds for the purchase and installation of the plaque are available within the authorized total project cost.

6. U. T. Medical Branch - Galveston - Texas Department of Corrections Hospital - Renovation and Completion of Shelled Space on Fourth and Eighth Floors: Request for Authorization of Interagency Agreement with Texas Department of Corrections to Manage Project and Appointment of Project Architect.--

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. Authorize the U. T. System Office of Facilities Planning and Construction to enter into an interagency agreement with the Texas Department of Corrections to manage a project for the renovation and completion of shelled space on the fourth and eighth floors of the Texas Department of Corrections Hospital at the U. T. Medical Branch - Galveston at an estimated total project cost of \$5,458,915, to be funded by the Texas Department of Corrections
- b. Appoint the firm of Jessen Inc., Austin, Texas, as Project Architect to prepare final plans and specifications to be presented to the U. T. Board of Regents for consideration at a future meeting.

BACKGROUND INFORMATION

The 71st Legislature appropriated \$5,458,915 in bond proceeds for renovation and completion of shelled space on the fourth and eighth floors of the Texas Department of Corrections (TDC) Hospital in order to provide additional facilities for TDC inmate patients. On November 7, 1989, the voters of the State of Texas approved a \$400 million bond issue and issuance of these bonds is anticipated in the near future.

The Texas Department of Corrections has requested the U. T. Medical Branch - Galveston and the U. T. System Office of Facilities Planning and Construction to manage the project in the same manner as the original design and construction of the existing hospital building. The firm of Jessen Inc., Austin, Texas, was responsible for the architectural design of the original hospital building, as part of a joint venture.

This project is legislatively approved and will not require submission to the Texas Higher Education Coordinating Board. Amendments to the Capital Improvement Program or the Capital Budget will not be required since funds for the project and all project expenses will be paid directly by TDC.

III. INFORMATIONAL ITEM

U. T. Tyler - Liberal Arts Complex (Project No. 802-719): Project Analysis and Conceptual Design Progress Report.--

PROGRESS REPORT

In December 1989, the Board of Regents of The University of Texas System appointed the firm of C/A Architects, Inc. (formerly Crain/Anderson, Inc.) of Longview and Houston, Texas, to prepare a detailed project analysis and conceptual design for a Liberal Arts Complex at The University of Texas at Tyler. That action was the latest in a series of steps which began in 1985 with the inclusion of the project in the U. T. System Capital Improvement Program.

C/A Architects, Inc. has prepared a preliminary conceptual design and is continuing to work on the detailed project analysis. The conceptual design calls for a basic unit which will include a performance center/auditorium with approximately 2,000 seats, a small recital hall, theatre/drama laboratory space, music practice rooms, and appropriate supporting spaces. As currently drawn, this unit will consist of approximately 127,300 square feet of space.

The overall concept provides for the addition of a 17,500 square foot wing at a future date. That wing will allow U. T. Tyler to house academic programs in speech and journalism. The site development plan also accommodates a separate 20,000 square foot art laboratory for sculpture, ceramics, print making, and related academic activities. This building will allow U. T. Tyler to isolate the noise, dirt, and odors of these laboratory activities from other academic and performance activities when enrollment growth justifies further campus expansion.

Although cost estimates and design concepts are still being refined, the University anticipates that this design will come closest to meeting its most pressing needs for special purpose meeting, performance and exhibition space within the proposed budget of \$18,200,000 (\$12,000,000 PUF; \$1,200,000 Student Fee Bonds; and \$5,000,000 Gifts) included in the Capital Improvement Program. The detailed project analysis now underway will include estimates of operating revenues and costs as well as more refined estimates of construction costs. Equipment and staffing requirements will be established, as well. This analysis will also provide the University with design and construction schedules and information to support the private fund raising effort.

Copies of the concept drawings will be available for inspection at the April meeting of the U. T. Board of Regents. A complete presentation and appropriate recommendations related to phased project construction will be made at a future meeting.

Land and
Investment Comm.

LAND AND INVESTMENT COMMITTEE
Committee Chairman Ratliff

Date: April 12, 1990
Time: Following the meeting of the Finance and
Facilities Committee
Place: Auditorium (Room 119), Biomedical Research
Building, U. T. Health Center - Tyler

Page
L&I

I. PERMANENT UNIVERSITY FUND

Investment Matter

Report on Clearance of Monies to the
Permanent University Fund for January
and February 1990 and Report on Oil
and Gas Development as of Febru-
ary 28, 1990

6

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

U. T. ARLINGTON

1. Recommendation to Accept Transfer of
Funds to Establish the C. B. Smith
Endowment for the Webb Lectures

7

U. T. AUSTIN

2. George W. Bean Endowed Presidential
Scholarship in Engineering in the Col-
lege of Engineering - Recommendation to
Amend Scholarship Restrictions
3. Recommendation to Accept Gifts to Estab-
lish the Biochemical and Biomedical
Research Endowment in the College of
Natural Sciences
4. Recommendation to Accept Gift and Pledge
to Establish the Annis and Jack Bowen
Endowed Professorship in Engineering in
the College of Engineering; Allocate Funds
from the College of Engineering Challenge
Grant; and Eligibility for Matching Funds
Under The Regents' Endowed Teachers and
Scholars Program
5. Caltex Professorship in Australian Stud-
ies - Recommendation to Accept Additional
Gifts and Eligibility for Matching Funds
Under The Regents' Endowed Teachers and
Scholars Program

7

8

8

9

U. T. AUSTIN

6. Mr. and Mrs. Fred T. Couper Gift - Recommendation to Designate Previously Accepted Funds to Establish the Mary Frances Bowles Couper Endowed Presidential Scholarship for Undergraduate Students in Piano Performance, the Mary Frances Bowles Couper Endowed Presidential Scholarship for Graduate Students in Piano Performance in the College of Fine Arts, and the Fred Thomson Couper, Jr. Research Professorship in Texas Real Property and Oil and Gas Law in the School of Law 10
7. Recommendation to Accept Gift to Establish the Ainslee Cox Scholarship in Music in the College of Fine Arts 11
8. Recommendation to Accept Gift to Establish the L. Sprague de Camp and Catherine Crook de Camp Endowment for the Study of Science Fiction and Fantasy 12
9. Robert R. Douglass Scholarship Fund in the Graduate School of Library and Information Science - Recommendation to Redesignate as the Robert R. Douglass Memorial Endowed Presidential Scholarship 12
10. Recommendation to Accept Gift of Securities to Establish the William Balfour and Geraldine Franklin Endowed Presidential Scholarship in Chemical Engineering in the College of Engineering 13
11. Recommendation to Accept Distribution from the Wayne R. Howell Testamentary Trust to Establish the Wayne R. Howell Endowed Presidential Scholarship in Law in the School of Law 14
12. Recommendation to Accept Gift, Pledge, and Corporate Matching Funds to Establish the Dwight E. Huth Endowed Presidential Scholarship in Chemical Engineering in the College of Engineering 14
13. Recommendation to Accept Gift and Pledge to Establish the Industrial Properties Corporation Endowed Faculty Fellowship in Engineering in the College of Engineering; Allocate Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program 15
14. Recommendation to Accept Gifts of Securities and Corporate Matching Funds to Establish the Jodie and Mary Eisenhower Endowed Presidential Scholarship in Engineering in the College of Engineering 16

U. T. AUSTIN

15. Recommendation to Accept Gift to Establish the Marion Johnson • South Texas Section Society of Plastics Engineers Endowed Presidential Scholarship in Chemical Engineering in the College of Engineering 16
16. Lackshin & Nathan Endowed Presidential Scholarship in Law in the School of Law - Recommendation to Redesignate as the Nathan Wood & Sommers Endowed Presidential Scholarship in Law 17
17. Recommendation to Accept Gifts, Pledge and Transfer of Funds to Establish the Roger L. Levy Endowed Presidential Scholarship in Law in the School of Law 18
18. Recommendation to Accept Transfer of Funds to Establish The Longhorn Associates Academic Achievement Endowment Fund in the Department of Intercollegiate Athletics for Women 18
19. Recommendation to Accept Transfer of Funds to Establish the Memorial Scholarship Fund in Honor of Botany Faculty in the College of Natural Sciences 19
20. Recommendation to Accept Gift to Establish the Mercedes-Benz/Clarissa Davis Endowed Scholarship in the Department of Intercollegiate Athletics for Women 20
21. Recommendation to Accept Bequest to Establish the Ralph R. Nelson Presidential Scholarship Fund 20
22. Fred L. and Frances J. Oliver Lecture-ship in Texas Hydrology and Water Resources in the College of Natural Sciences - Recommendation to Designate Previously Approved Matching Funds Under The Regents' Endowed Teachers and Scholars Program 21
23. Recommendation to Accept Pledge to Fund a Non-Endowed Academic Position to be Named the Price Waterhouse Faculty Fellowship in Auditing in the College of Business Administration and the Graduate School of Business 21
24. Recommendation to Accept Gift and Pledge to Establish the Charles and Sarah Seay Regents Professorship in Developmental Psychology in the College of Liberal Arts and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program 22

U. T. AUSTIN

25. Recommendation to Accept Transfer of Funds to Establish the Student Engineering Gift Campaign Endowment in the College of Engineering 23
26. Recommendation to Accept Transfer of Funds and Pledges to Establish the George W. and Ione Stumberg Research Professorship in Law in the School of Law and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program 23
27. Sam G. Whitten Memorial Scholarship Fund in the Graduate School of Library and Information Science - Recommendation to Redesignate as the Sam G. Whitten Memorial Endowed Presidential Scholarship 24
28. Recommendation to Accept Gifts to Establish the Orville Wyss Endowed Scholarship Fund in the College of Natural Sciences 25

U. T. DALLAS

29. Recommendation to Accept Gift to Establish the U. T. Dallas Presidential Achievement Scholarships 25

U. T. TYLER

30. Recommendation to Accept Gifts and Transfer of Funds to Establish The Rev. Lewis L. and Ruth MacDonald Shoptaw Endowed Academic Scholarship 26
31. Recommendation to Accept Gift and Corporate Matching Funds to Establish the Jack and Dorothy Fay White Endowed Presidential Scholarship IV 26

U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS

32. Recommendation to Accept Specific Bequest from the Estate of Helen Thomas Brown 27

U. T. MEDICAL BRANCH - GALVESTON

33. Bill and Louise Bauer Chair in Cancer Research - Recommendation to Redesignate as the Bill and Louise Bauer Distinguished Chair in Cancer Research 27
34. Recommendation to Accept Grants to Establish the Jesse H. Jones Research Endowment in Medical Humanities 28
35. The John Sealy Memorial Endowment Fund for Biomedical Research (Part A and Part B) - Recommendation to Accept Additional Gift and Transfer of Funds 28

U. T. MEDICAL BRANCH - GALVESTON

36. Recommendation to Accept Gift from The Sealy & Smith Foundation for the John Sealy Hospital to Establish The Rebecca Sealy Centennial Chair in the School of Nursing; The John Sealy Centennial Chair in the Department of Radiation Therapy; The John Sealy Centennial Chair in Cardiology in the Department of Medicine; The John Sealy Centennial Chair in Rehabilitation Sciences; and The John Sealy Centennial Chair in Neonatology 29
37. Recommendation to Accept Gifts to Establish the Edgar B. Smith, M.D. Endowment Fund 30
38. The Robert A. Welch Chair in Chemistry - Recommendation to Accept Transfer of Funds and Redesignate as The Robert A. Welch Distinguished Chair in Chemistry 30

U. T. HEALTH SCIENCE CENTER - SAN ANTONIO

39. Recommendation to Accept Transfer of Funds to Establish the Malcolm Jones Professorship in Radiology 31
40. Recommendation to Accept Transfer of Funds to Establish an Endowed Professorship in Urology 31

U. T. M.D. ANDERSON CANCER CENTER

41. Recommendation to Accept Specific Bequest from the Estate of Sylvia Bloomfield to Establish the Sylvia Bloomfield and Ruth Herzog Memorial Fund 32
42. Recommendation to Accept Specific Bequest from the Estate of Margaret Batts Tobin for Unrestricted Use 32

U. T. HEALTH CENTER - TYLER

43. Dr. John Chapman Visiting Professorship - Recommendation to Accept Additional Gifts and Redesignate as the John Chapman Endowed Professorship in Microbiology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 33
44. Recommendation to Accept Gifts to Establish The Director's Associates Endowment 33
45. Recommendation to Accept Estate Distribution to Establish The Elizabeth S. Gugenheim Nursing Scholarship Endowment 34
46. Recommendation to Accept Gifts to Establish The Gladys and C. H. Robinson Medical Resident Endowment 34

I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTER

Report on Clearance of Monies to the Permanent University Fund for January and February 1990 and Report on Oil and Gas Development as of February 28, 1990.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for January and February 1990 and (b) Oil and Gas Development as of February 28, 1990, are submitted by the Executive Vice Chancellor for Asset Management:

	<u>January 1990</u>	<u>February 1990</u>	<u>Cumulative Through February of this Fiscal Year (1989-1990)</u>	<u>Cumulative Through February of Preceding Fiscal Year (1988-1989)</u>	<u>Per Cent Change</u>
Permanent University Fund					
Royalty					
Oil	\$4,512,565.69	\$4,401,591.11	\$25,767,281.45	\$20,591,446.71	25.14%
Gas	1,584,331.51	1,876,636.29	9,550,044.35	10,259,231.24	-6.91%
Sulphur	30,000.00	0.00	193,919.75	145,724.36	33.07%
Water	98,026.78	46,309.61	438,567.28	349,990.54	25.31%
Brine	5,688.37	3,439.62	30,675.32	17,371.20	76.59%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Leases	70,756.11	25,137.07	675,934.14	703,240.90	-3.88%
Other	8,412.65	7,465.34	17,827.99	366.46	--
Sale of Sand, Gravel, Etc.	0.00	0.00	1,151.10	34,887.45	-96.70%
Total University Lands Receipts Before Bonuses	<u>6,309,781.11</u>	<u>6,360,579.04</u>	<u>36,675,401.38</u>	<u>32,102,258.86</u>	<u>14.25%</u>
Bonuses					
Oil and Gas Lease Sales	0.00	0.00	2,160,415.16	2,554,807.73	-15.44%
Amendments and Extensions to Mineral Leases	<u>0.00</u>	<u>0.00</u>	<u>160.00</u>	<u>641.11</u>	<u>-75.04%</u>
Total University Lands Receipts	6,309,781.11	6,360,579.04	38,835,976.54	34,657,707.70	12.06%
Gain or (Loss) on Sale of Securities	<u>2,245,412.87</u>	<u>(1,013,156.51)</u>	<u>27,981,977.95</u>	<u>80,651,077.46</u>	<u>-65.30%</u>
TOTAL CLEARANCES	<u>\$8,555,193.98</u>	<u>\$5,347,422.53</u>	<u>\$66,817,954.49</u>	<u>\$115,308,785.16</u>	<u>-42.05%</u>

Oil and Gas Development - February 28, 1990

Acreage Under Lease - 690,171

Number of Producing Acres - 540,716

Number of Producing Leases - 2,157

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. Arlington: Recommendation to Accept Transfer of Funds to Establish the C. B. Smith Endowment for the Webb Lectures.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Nedderman that a \$50,000 transfer of previously reported gifts from current restricted funds be accepted to establish an endowment at U. T. Arlington to be named the C. B. Smith Endowment for the Webb Lectures.

Ninety percent of the income earned from the endowment will be used to provide support for the operating expenses of presenting the annual Walter Prescott Webb Lectures which have become an established tradition at U. T. Arlington. The remaining ten percent of the income earned will be reinvested in the endowment corpus.

BACKGROUND INFORMATION

Mr. Cecil Bernard "C. B." Smith, Sr. received his B.A. in 1923 from U. T. Arlington when the school was a junior college known as Grubbs Vocational College. He received his M.A. in 1928 from U. T. Austin. Mr. Smith is a member of The Chancellor's Council, The President's Associates, a lifetime member of the U. T. Arlington Alumni Association and was named a Distinguished Alumnus in 1967. He has contributed significantly to the enhancement of history education within the U. T. System.

2. U. T. Austin: George W. Bean Endowed Presidential Scholarship in Engineering in the College of Engineering - Recommendation to Amend Scholarship Restrictions.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the scholarship restrictions for the George W. Bean Endowed Presidential Scholarship in Engineering in the College of Engineering at U. T. Austin be amended to include engineering students who meet the individual eligibility requirements for citizenship established by the U. S. Congress for National Science Foundation Scholarships.

BACKGROUND INFORMATION

The George W. Bean Endowed Presidential Scholarship in Engineering was established at the February 1985 meeting of the U. T. Board of Regents with a gift and pledge of \$5,000 each from Mr. and Mrs. Laurie W. Folmar, Austin, Texas, in memory of Mrs. Folmar's father, Mr. George W. Bean.

3. U. T. Austin: Recommendation to Accept Gifts to Establish the Biochemical and Biomedical Research Endowment in the College of Natural Sciences.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that gifts totalling \$130,801.91 from an anonymous donor be accepted to establish the Biochemical and Biomedical Research Endowment in the Department of Chemistry, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to support human biochemical and biomedical research within the Department of Chemistry.

BACKGROUND INFORMATION

Faculty members in the biochemistry division of the Department of Chemistry in the College of Natural Sciences have a long history of outstanding contributions to the biochemistry of nutrition and metabolic processes and to biochemical individuality, its genetic origin and its relationship to health. This endowment will provide U. T. Austin with long-range benefits and a forefront position in human biochemical and biomedical research.

4. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Annis and Jack Bowen Endowed Professorship in Engineering in the College of Engineering; Allocate Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$36,337.50 gift and a \$36,337.50 pledge, payable by August 31, 1991, from Transco Energy Company, Houston, Texas, for a total of \$72,675.00 be accepted to establish the Annis and Jack Bowen Endowed Professorship in Engineering in the College of Engineering at U. T. Austin.

It is further recommended that \$104,650 be allocated from the College of Engineering Challenge Grant received from an anonymous donor and used to increase the endowment to a total of \$177,325.

Additionally, it is recommended that \$72,675 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$250,000.

BACKGROUND INFORMATION

Mr. William Jackson Bowen, former Chairman of the Board for Transco Energy Company, attended U. T. Austin in 1940. Mr. Bowen is an honorary member of the College of Fine Arts Foundation Advisory Council and serves as a Member Emeritus on the Winedale Historical Center Advisory Council with his wife, Mrs. Annis Bowen.

This endowment is being established under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

5. U. T. Austin: Caltex Professorship in Australian Studies - Recommendation to Accept Additional Gifts and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$10,000 gift from The Coca-Cola Company, Atlanta, Georgia, and a gift of SunGard Data Systems, Inc. common stock which realized proceeds of \$10,148.75 from Mr. Benno C. Schmidt, New York, New York, for a total of \$20,148.75 be accepted for addition to the Caltex Professorship in Australian Studies at U. T. Austin.

It is further recommended that \$10,074.38 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$230,223.13.

BACKGROUND INFORMATION

An endowed academic position was established at the August 1988 meeting of the U. T. Board of Regents with a \$100,000 gift from Caltex Petroleum Corporation, Dallas, Texas, with the title to be designated at a later date. The

gift qualified for matching funds under The Regents' Endowed Teachers and Scholars Program and those funds of \$100,000 were used to increase the endowment. At the April 1989 meeting, the U. T. Board of Regents designated the position as the Caltex Professorship in Australian Studies.

6. U. T. Austin: Mr. and Mrs. Fred T. Couper Gift - Recommendation to Designate Previously Accepted Funds to Establish the Mary Frances Bowles Couper Endowed Presidential Scholarship for Undergraduate Students in Piano Performance, the Mary Frances Bowles Couper Endowed Presidential Scholarship for Graduate Students in Piano Performance in the College of Fine Arts, and the Fred Thomson Couper, Jr. Research Professorship in Texas Real Property and Oil and Gas Law in the School of Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that \$207,699.06 in previously accepted funds, comprised of net sale proceeds of \$61,496.41 in cash and a \$146,202.65 note receivable, resulting from several gifts of real property from Mr. and Mrs. Fred T. Couper, Houston, Texas, be designated for and divided equally between the College of Fine Arts and the School of Law at U. T. Austin.

Funds in the amount of \$51,924.76 will be used to establish the Mary Frances Bowles Couper Endowed Presidential Scholarship for Undergraduate Students in Piano Performance in the Department of Music, College of Fine Arts. Income earned from the endowment will be used to award a four year scholarship to a student selected by means of an open audition for incoming freshmen, judged by a panel of Department of Music faculty members.

Funds in the amount of \$51,924.77 will be used to establish the Mary Frances Bowles Couper Endowed Presidential Scholarship for Graduate Students in Piano Performance in the Department of Music, College of Fine Arts. Income earned from the endowment will be used to award a two year scholarship to a graduate student selected by the Department of Music Scholarship Committee upon recommendations from appropriate Department of Music faculty members.

The remainder of the contribution, \$103,849.53, will be used to establish the Fred Thomson Couper, Jr. Research Professorship in Texas Real Property and Oil and Gas Law in the School of Law. Income earned from the endowment will be used to support the Professorship, including providing research assistants, summer and semester research grants, travel, and other supplemental research expenses as deemed appropriate by the Dean of the School of Law, with concurrence of the President of U. T. Austin.

BACKGROUND INFORMATION

At the July 1980 meeting, the U. T. Board of Regents accepted a gift of a 33 1/3% interest in 1.75 acres of the John D. Taylor Survey, Abstract 72, Houston, Harris County, Texas, with a market value in excess of \$200,000 from Mr. and Mrs. Couper. An additional 4 2/3% interest in this tract, with a market value of \$27,988, was donated by Mr. and Mrs. Couper and accepted at the October 1984 meeting of the U. T. Board of Regents. At the April 1985 meeting, the U. T. Board of Regents accepted an additional gift of an undivided 2% interest in the tract from Mr. and Mrs. Couper.

Mr. Couper received his B.A. in 1930 and his LL.B. in 1932 from U. T. Austin. Mrs. Couper, an honorary member of the College of Fine Arts Foundation Advisory Council, attended U. T. Austin from 1931 to 1936. Mr. and Mrs. Couper are members of The Chancellor's Council and former members of The President's Associates.

7. U. T. Austin: Recommendation to Accept Gift to Establish the Ainslee Cox 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 Cunningham that a \$10,000 gift from Mrs. Mardilla T. Cox, Irving, Texas, be accepted to establish the Ainslee Cox 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 award scholarships to students of conducting or composing within the Department of Music.

BACKGROUND INFORMATION

Mrs. Mardilla T. Cox, now deceased, funded this endowment in memory of her son, William Ainslee Cox. Mr. Cox received his B.A. in 1959 and his M.M. in 1960 from U. T. Austin. He was well known in New York City as the conductor of the Goldman Concert Band.

8. U. T. Austin: Recommendation to Accept Gift to Establish the L. Sprague de Camp and Catherine Crook de Camp Endowment for the Study of Science Fiction and Fantasy.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$10,000 gift from Mr. and Mrs. L. Sprague de Camp, Plano, Texas, be accepted to establish the L. Sprague de Camp and Catherine Crook de Camp Endowment for the Study of Science Fiction and Fantasy at U. T. Austin.

Income earned from the endowment will be used to organize, preserve and develop the de Camp literary archives located in the Harry Ransom Humanities Research Center.

BACKGROUND INFORMATION

Mr. and Mrs. L. Sprague de Camp are recognized authors of science fiction and fantasy and of nonfiction works on these subjects. A collection of their works, acquired several years ago by U. T. Austin, will be supported by this endowment.

9. U. T. Austin: Robert R. Douglass Scholarship Fund in the Graduate School of Library and Information Science - Recommendation to Redesignate as the Robert R. Douglass Memorial Endowed Presidential Scholarship.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the Robert R. Douglass Scholarship Fund in the Graduate School of Library and Information Science at U. T. Austin be redesignated as the Robert R. Douglass Memorial Endowed Presidential Scholarship.

This recommendation is being made to reflect more accurately the value of the endowment.

BACKGROUND INFORMATION

The Robert R. Douglass Scholarship Fund was established at the January 1970 meeting of the U. T. Board of Regents with a \$10,500 gift from the Alumni Association of the Graduate School of Library and Information Science. The endowment has received an \$8,000 bequest under the Last Will and Testament of Robert R. Douglass, gifts from various donors, and accumulated reinvested income for a current book value of \$25,150.39.

Dr. Robert R. Douglass, founder and first Dean of the Graduate School of Library and Information Science, retired from U. T. Austin with the title of Professor Emeritus in 1970.

10. U. T. Austin: Recommendation to Accept Gift of Securities to Establish the William Balfour and Geraldine Franklin Endowed Presidential Scholarship in Chemical Engineering in the College of Engineering.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a gift of General Motors Corporation common stock valued at \$27,070.75 from Mr. and Mrs. Jeffrey M. Heller, Dallas, Texas, be accepted to establish the William Balfour and Geraldine Franklin Endowed Presidential Scholarship in Chemical Engineering in the Department of Chemical Engineering, College of Engineering, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to chemical engineering students who meet the individual eligibility requirements for citizenship established by the U. S. Congress for National Science Foundation Scholarships, and who are beginning their junior or senior year. Recipients shall be nominated by the College of Engineering Scholarship Committee and selected by the Dean, based on academic achievement, character, and interest in and potential for a successful engineering career. Financial need may be a consideration but will not be a selection requirement.

BACKGROUND INFORMATION

Mr. Jeffrey M. Heller, a member of the Longhorn Foundation Advisory Council for men's athletics and the Longhorn Hall of Honor Advisory Council, received his B.B.A. in Finance from U. T. Austin in 1968. Mrs. Heller (Carol Franklin) received her B.B.A. in 1962 from U. T. Austin. Mr. William Franklin, deceased, received his B.S. in 1930, his M.S. in Chemical Engineering in 1931, and his Ph.D. in Physical Chemistry in 1934 from U. T. Austin. A past member and Chairman of the College of Engineering Foundation Advisory Council, Mr. Franklin was also a Life Member of the Friends of Alec. Mrs. Geraldine Franklin, Baytown, Texas, received her B.A. in Romance Languages from U. T. Austin in 1933. She is a member of The Chancellor's Council.

11. U. T. Austin: Recommendation to Accept Distribution from the Wayne R. Howell Testamentary Trust to Establish the Wayne R. Howell Endowed Presidential Scholarship in Law in the School of Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a distribution of 1,000 shares of Texaco, Inc. common stock which realized proceeds of \$56,398.11 and accumulated dividends of \$13,301.84 from a testamentary trust created by the Last Will and Testament of Wayne R. Howell, Denison, Texas, for a total of \$69,699.95 be accepted to establish the Wayne R. Howell Endowed Presidential Scholarship in Law in the School of Law at U. T. Austin.

Income earned from the endowment will be used to award scholarships to students at the discretion of the Dean of the School of Law or his designated representative.

BACKGROUND INFORMATION

Mr. Wayne R. Howell, deceased, received his B.A. and his LL.B. in 1921 from U. T. Austin.

12. U. T. Austin: Recommendation to Accept Gift, Pledge, and Corporate Matching Funds to Establish the Dwight E. Huth Endowed Presidential Scholarship in Chemical Engineering in the College of Engineering.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$10,000 gift and a \$23,333 pledge from Mr. Dwight E. Huth, Ponca City, Oklahoma, \$5,000 in corporate matching funds and \$28,333 in requested corporate matching funds from Conoco, Inc., Ponca City, Oklahoma, for a total of \$66,666 be accepted to establish the Dwight E. Huth Endowed Presidential Scholarship in Chemical Engineering in the Department of Chemical Engineering, College of Engineering, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to sophomore, junior or senior students who are enrolled full-time in Chemical Engineering. Nominees must be gainfully employed and must meet the individual eligibility requirements for citizenship established by the U. S. Congress for National Science Foundation Scholarships. Recipients will be nominated by the College of Engineering Scholarship Committee and selected by the Dean.

BACKGROUND INFORMATION

Mr. Dwight E. Huth received his B.S.Ch.E. in 1943 from U. T. Austin. He is retired from Conoco, Inc.

13. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Industrial Properties Corporation Endowed Faculty Fellowship in Engineering in the College of Engineering; Allocate Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$10,000 gift and \$19,070 pledge, payable by August 31, 1991, from Industrial Properties Corporation, Dallas, Texas, for a total of \$29,070 be accepted to establish the Industrial Properties Corporation Endowed Faculty Fellowship in Engineering in the College of Engineering at U. T. Austin.

It is further recommended that \$41,860 be allocated from the College of Engineering Challenge Grant received from an anonymous donor and used to increase the endowment to a total of \$70,930.

Additionally, it is recommended that \$29,070 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$100,000.

BACKGROUND INFORMATION

Mr. John Stemmons, Chairman of Industrial Properties Corporation, is a member of The Chancellor's Council. Executive Vice President for the Corporation, Mr. George A. Shafer, received his B.B.A. from U. T. Austin in 1955 and is a member of the College of Engineering Foundation Advisory Council. Industrial Properties Corporation has made previous gifts to the College of Engineering.

This endowment is being established under the College of Engineering Challenge for Excellence Program as set out in the Minutes of the June 1988 meeting of the U. T. Board of Regents whereby a challenge grant of \$4,500,000 was accepted from an anonymous donor to enhance and achieve a high level of excellence in the four areas of advanced research and teaching which relate closely to the mission of SEMATECH and the Microelectronics and Computer Technology Corporation (MCC).

14. U. T. Austin: Recommendation to Accept Gifts of Securities and Corporate Matching Funds to Establish the Jodie and Mary Eisenhower Endowed Presidential Scholarship in Engineering in the College of Engineering.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that two gifts of Exxon Corporation common stock which realized proceeds of \$9,773.50 from Mr. Jodie Eisenhower, Marble Falls, Texas, \$14,776.47 in corporate matching funds and \$14,531 in requested corporate matching funds from Exxon Education Foundation, Florham Park, New Jersey, for a total of \$39,080.97 be accepted to establish the Jodie and Mary Eisenhower Endowed Presidential Scholarship in Engineering in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used to award scholarships to undergraduate students who meet the individual eligibility requirements for citizenship established by the U. S. Congress for National Science Foundation Scholarships. Recipients shall be nominated by the College of Engineering Scholarship Committee and selected by the Dean of the College of Engineering on the basis of academic achievement, character, interest in and potential for a successful engineering career. Financial need may be a consideration but will not be a requirement for selection.

BACKGROUND INFORMATION

Mr. Jodie Eisenhower received his B.S. in 1940 from U. T. Austin. He is a Life Member of The Ex-Students' Association, Charter and Life Member of Friends of Alec, and a member of The Longhorn Foundation.

15. U. T. Austin: Recommendation to Accept Gift to Establish the Marion Johnson • South Texas Section Society of Plastics Engineers Endowed Presidential Scholarship in Chemical Engineering in the College of Engineering.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$25,000 gift from the South Texas Section of the Society of Plastics Engineers, Inc., Houston, Texas, be accepted to establish the Marion Johnson • South Texas Section Society of Plastics Engineers Endowed Presidential Scholarship in Chemical Engineering in the Department of Chemical Engineering, College of Engineering, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to graduate students who meet the individual eligibility requirements for citizenship established by the U. S. Congress for National Science Foundation Scholarships. Recipients shall be nominated by the Department of Chemical

Engineering Scholarship Committee, in association with the College of Engineering Scholarship Committee and selected by the Dean of the College of Engineering on the basis of academic achievement, character, interest in and potential for a successful polymer engineering career, with preference given to students from South Texas. Financial need may be a consideration but will not be a requirement for selection.

BACKGROUND INFORMATION

The South Texas Section of the Society of Plastics Engineers, Inc. is establishing this endowment in memory of Marion Johnson who received his B.S. and his B.A. in 1953 from U. T. Austin.

16. U. T. Austin: Lackshin & Nathan Endowed Presidential Scholarship in Law in the School of Law - Recommendation to Redesignate as the Nathan Wood & Sommers Endowed Presidential Scholarship in Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the Lackshin & Nathan Endowed Presidential Scholarship in Law in the School of Law at U. T. Austin be redesignated as the Nathan Wood & Sommers Endowed Presidential Scholarship in Law.

This recommendation is being made in accordance with the donor's request to reflect accurately the current name of the law firm.

BACKGROUND INFORMATION

The Lackshin & Nathan Endowed Presidential Scholarship in Law was established at the April 1989 meeting of the U. T. Board of Regents with a \$4,000 gift and an \$8,500 pledge from the law firm of Lackshin & Nathan, Houston, Texas, and a \$12,500 transfer of previously reported gifts from current restricted funds for a total endowment of \$25,000. Funds in the amount of \$12,500, as received, are held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations, with the remaining \$12,500 held and administered by the U. T. Board of Regents.

17. U. T. Austin: Recommendation to Accept Gifts, Pledge and Transfer of Funds to Establish the Roger L. Levy Endowed Presidential Scholarship in Law in the School of Law.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that an \$8,445 gift and a \$10,000 pledge, payable by August 31, 1993, from the law firm of Wood, Lucksinger & Epstein, Houston, Texas, \$6,805 from various donors and a \$12,625 transfer of previously reported gifts from current restricted funds for a total of \$37,875 be accepted to establish the Roger L. Levy Endowed Presidential Scholarship in Law in the School of Law at U. T. Austin. Funds in the amount of \$25,250 will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations, and \$12,625 will be held and administered by the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships with preference given to second and third-year law students with outstanding scholastic performance and to students demonstrating an interest and/or ability in health care law, at the discretion of the Dean of the School of Law or his designee. Financial need may be considered in making the award to otherwise equally qualified candidates.

BACKGROUND INFORMATION

Mr. Roger L. Levy, deceased, received his B.B.A. in 1974 and his J.D. in 1977 from U. T. Austin. He was a partner in the law firm of Wood, Lucksinger & Epstein.

18. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish The Longhorn Associates Academic Achievement Endowment Fund in the Department of Intercollegiate Athletics for Women.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that an \$11,729 transfer of previously reported gifts from current restricted funds be accepted to establish The Longhorn Associates Academic Achievement Endowment Fund in the Department of Intercollegiate Athletics for Women at U. T. Austin.

Income earned from this endowment will be used to enhance the academic achievement of student-athletes within the Department by providing for:

- a. Summer school scholarships
- b. Special testing for student-athletes who may have learning disabilities
- c. Special equipment and learning tools
- d. Consultants to conduct in-service training of academic coaches working with student-athletes
- e. Programs designed to increase the prospect of student-athletes' academic success.

BACKGROUND INFORMATION

This endowment is being established by gifts received from various donors for the specific purpose of enhancing the academic achievement of student-athletes.

19. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Memorial Scholarship Fund in Honor of Botany Faculty in the College of Natural Sciences.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$25,890.16 transfer of previously reported gifts from current restricted funds be accepted to establish the Memorial Scholarship Fund in Honor of Botany Faculty in the Department of Botany, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to graduate students in the Department of Botany.

BACKGROUND INFORMATION

This scholarship is being established by gifts received in memory of various former faculty members of the Department of Botany. Future gifts received in memory of faculty will be added to the endowment.

20. U. T. Austin: Recommendation to Accept Gift to Establish the Mercedes-Benz/Clarissa Davis Endowed Scholarship in the Department of Intercollegiate Athletics for Women.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$20,000 gift from Mercedes-Benz of North America, Inc., Montvale, New Jersey, be accepted to establish the Mercedes-Benz/Clarissa Davis Endowed Scholarship in the Department of Intercollegiate Athletics for Women at U. T. Austin.

Income earned from the endowment will be used to award an annual scholarship to a female student-athlete who is majoring in engineering, ecological studies or a related area, and who has completed her athletic eligibility and requires assistance to complete her baccalaureate degree or begin graduate studies in one of these areas. If, in any year, no candidate meets the criteria for the award, all income earned will be reinvested in the principal.

BACKGROUND INFORMATION

Mercedes-Benz of North America, Inc. is funding this endowment to honor Ms. Clarissa Davis, a former student-athlete who in 1989 was named the U. S. Basketball Writers Association/Mercedes-Benz Player of the Year in women's basketball. Ms. Davis attended U. T. Austin from 1985 to 1989.

21. U. T. Austin: Recommendation to Accept Bequest to Establish the Ralph R. Nelson Presidential Scholarship Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a residuary bequest from the Estate of Mr. Francis Alstock, Wimberley, Texas, which realized sale proceeds totalling \$356,988.23, be accepted to establish the Ralph R. Nelson Presidential Scholarship Fund at U. T. Austin.

Income earned from the endowment will be used to award scholarships to worthy students in need of financial assistance who will be selected by a committee appointed by the President for the Endowed Presidential Scholarship Program.

BACKGROUND INFORMATION

Mr. Francis Alstock funded this endowment in memory of his brother-in-law, Mr. Ralph Nelson. Mr. Nelson, a Life Member of The Ex-Students' Association, received his B.A. in 1911 from U. T. Austin.

Mr. Francis Alstock's professional experience included the financing of films such as Casablanca and Gone With the Wind. During the compilation of U. T. Austin's Gone With the Wind exhibit, Mr. Alstock was consulted regarding the financial arrangements behind production of the film. He also donated some of his papers on this subject to U. T. Austin for the exhibit.

22. U. T. Austin: Fred L. and Frances J. Oliver Lectureship in Texas Hydrology and Water Resources in the College of Natural Sciences - Recommendation to Designate Previously Approved Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that \$25,000 in previously approved Regents' Endowed Teachers and Scholars Program matching funds be designated to increase the Fred L. and Frances J. Oliver Lectureship in Texas Hydrology and Water Resources in the Department of Geology, College of Natural Sciences, at U. T. Austin to a total of \$50,680.

BACKGROUND INFORMATION

The Fred L. and Frances J. Oliver Lectureship in Texas Hydrology and Water Resources was established at the April 1985 meeting of the U. T. Board of Regents with gifts of \$25,000 from Mr. and Mrs. Fred L. Oliver, Dallas, Texas. The Regents' Endowed Teachers and Scholars Program matching funds of \$25,000 were approved, with a designation of use to be made at a later date.

23. U. T. Austin: Recommendation to Accept Pledge to Fund a Non-Endowed Academic Position to be Named the Price Waterhouse Faculty Fellowship in Auditing 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 Cunningham that a \$45,000 pledge, payable in three annual installments of \$15,000 in 1990, 1991 and 1992, from the Price Waterhouse Foundation, New York, New York, be accepted to fund a non-endowed academic position for three years in the College of

Business Administration and the Graduate School of Business at U. T. Austin to be named the Price Waterhouse Faculty Fellowship in Auditing.

Contributed funds will be used primarily for research activities of the faculty member appointed to the Fellowship. Additionally, a portion of the funds will be used annually to sponsor a Price Waterhouse Auditing Lecture at U. T. Austin.

BACKGROUND INFORMATION

This Fellowship is being funded by the Price Waterhouse Foundation in an effort to increase the understanding of the attest function in modern society. The Price Waterhouse Foundation has made numerous contributions to U. T. Austin.

24. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Charles and Sarah Seay Regents Professorship in Developmental Psychology in the College of Liberal Arts and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$33,333.33 gift and a \$100,000 pledge, payable by August 31, 1993, from Mr. and Mrs. Charles E. Seay, Dallas, Texas, for a total of \$133,333.33 be accepted to establish the Charles and Sarah Seay Regents Professorship in Developmental Psychology in the Department of Psychology, College of Liberal Arts, at U. T. Austin.

It is further recommended that \$66,666.67 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$200,000.

BACKGROUND INFORMATION

Mr. Charles E. Seay, a member of The Chancellor's Council and a Life Member of The Ex-Students' Association, received his B.B.A. in 1936 from U. T. Austin. Mrs. Seay attended U. T. Austin in 1933. Mr. and Mrs. Seay have made additional gifts to the U. T. System through The Sarah M. and Charles E. Seay Charitable Trust.

25. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Student Engineering Gift Campaign Endowment in the College of Engineering.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that a \$10,035 transfer of previously reported gifts from current restricted funds be accepted to establish the Student Engineering Gift Campaign Endowment in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used at the discretion of the Dean of the College of Engineering and the Student Engineering Gift Campaign Steering Committee for the overall benefit of the College.

BACKGROUND INFORMATION

The Student Engineering Gift Campaign was conceived in 1986 by an engineering student who realized the downturn of the Texas economy would place budget restrictions on the College administration and limit the amount of services available for the College of Engineering. The Student Engineering Gift Campaign created a tangible commitment to the College of Engineering.

26. U. T. Austin: Recommendation to Accept Transfer of Funds and Pledges to Establish the George W. and Ione Stumberg Research Professorship in Law in the School of Law and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that an \$88,975 transfer of previously reported gifts from current restricted funds and pledges of \$44,345, payable by August 31, 1993, from various donors for a total of \$133,320 be accepted to establish the George W. and Ione Stumberg Research Professorship in Law in the School of Law at U. T. Austin. To date, gifts of \$65,575 are held by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations, and gifts of \$23,400 are held by the U. T. Board of Regents.

It is further recommended that \$50,000 in matching funds be allocated under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment to a total of \$183,320. Upon approval of matching funds, The University of Texas Law School Foundation will transfer the funds it holds to the U. T. Board of Regents.

Income earned from the endowment will be used to support the Professorship. Specifically, income may be used to support travel, books and materials, secretarial assistance, research assistants, and other expenses related to ongoing research of the appointed holder as deemed appropriate by the Dean of the School of Law with concurrence of the President of U. T. Austin.

BACKGROUND INFORMATION

Family and friends of former Professor George W. Stumberg and his wife, Ione Steele Stumberg, are funding this endowment in their memory. Professor Stumberg was a faculty member of the School of Law from 1924 to 1964. Mrs. Stumberg received her LL.B. from U. T. Austin in 1937.

27. U. T. Austin: Sam G. Whitten Memorial Scholarship Fund in the Graduate School of Library and Information Science - Recommendation to Redesignate as the Sam G. Whitten Memorial Endowed Presidential Scholarship.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that the Sam G. Whitten Memorial Scholarship Fund in the Graduate School of Library and Information Science at U. T. Austin be redesignated as the Sam G. Whitten Memorial Endowed Presidential Scholarship.

This recommendation is being made to reflect more accurately the value of the endowment.

BACKGROUND INFORMATION

The Sam G. Whitten Memorial Scholarship Fund was established at the December 1986 meeting of the U. T. Board of Regents with a \$10,000 transfer of previously reported gifts from current restricted funds. The endowment has received various other gifts and accumulated reinvested income for a current book value of \$25,156.85.

Mr. Sam G. Whitten received his B.J. in 1949, his B.A. in Chemistry in 1950 and his M.L.S. in 1952 from U. T. Austin. He was a physics librarian in the Graduate School of Library and Information Science from 1953 to 1955 and later an associate professor in the School from 1967 to 1986.

28. U. T. Austin: Recommendation to Accept Gifts to Establish the Orville Wyss Endowed Scholarship Fund in the College of Natural Sciences.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Cunningham that \$10,745 in gifts from various donors be accepted to establish the Orville Wyss Endowed Scholarship Fund in the Department of Microbiology, College of Natural Sciences, at U. T. Austin.

Income earned from the endowment will be used to award scholarships to undergraduate students and to promote excellence in science within the Department of Microbiology.

BACKGROUND INFORMATION

Dr. Orville Wyss joined the faculty at U. T. Austin as an Associate Professor in 1945, was promoted to Professor in 1948, and held the position of Chairman, Department of Microbiology, from 1959 to 1969 and from 1975 to 1976. Dr. Wyss became Professor Emeritus upon his retirement in 1983.

29. U. T. Dallas: Recommendation to Accept Gift to Establish the U. T. Dallas Presidential Achievement Scholarships.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Rutford that a \$1,072,000 gift from an anonymous donor be accepted with \$1,000,000 being used to establish the U. T. Dallas Presidential Achievement Scholarships at U. T. Dallas. The remaining \$72,000 is to be used to award scholarships for the 1990-91 academic year.

Income only from the endowment is to be spent. The initial funding and the income earned are to be used to award scholarships to Black and Hispanic freshman or sophomore students on the basis of academic merit.

BACKGROUND INFORMATION

U. T. Dallas, historically an upper-level university, was authorized by the 71st Legislature to downward expand by admitting freshman and sophomore students. The authorizing legislation underscored a strong U. T. Dallas commitment to expand minority enrollment by including the reservation of some admissions for qualified minority students. This endowment will provide critically needed scholarship funds to

mount an effective minority recruitment effort. The first lower division students will be admitted effective with the Fall Semester 1990 and as noted in the recommendation, the donor has provided some funds for operational use immediately.

30. U. T. Tyler: Recommendation to Accept Gifts and Transfer of Funds to Establish The Rev. Lewis L. and Ruth MacDonald Shoptaw Endowed Academic Scholarship.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Hamm that a \$2,400 gift from Mrs. Joy Turns, Tyler, Texas, a \$3,925.89 gift from Dr. Barry Green, Tyler, Texas, and a \$3,716 transfer of previously reported gifts from current restricted funds for a total of \$10,041.89 be accepted to establish The Rev. Lewis L. and Ruth MacDonald Shoptaw Endowed Academic Scholarship at U. T. Tyler.

Income earned from the endowment will be used to award scholarships to students in the Department of Health and Physical Education.

BACKGROUND INFORMATION

Mrs. Joy Turns, Director of Development at U. T. Tyler, is establishing this endowment in memory of her parents.

31. U. T. Tyler: Recommendation to Accept Gift and Corporate Matching Funds to Establish the Jack and Dorothy Fay White Endowed Presidential Scholarship IV.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Hamm that a \$12,500 gift from Mr. and Mrs. John E. White, Jr., Tyler, Texas, and \$12,500 in corporate matching funds from the Arco Foundation, Los Angeles, California, for a total of \$25,000 be accepted to establish the Jack and Dorothy Fay White Endowed Presidential Scholarship IV at U. T. Tyler.

Income earned from the endowment will be used to provide an annual scholarship to students who are in need of financial assistance in order to attend U. T. Tyler.

BACKGROUND INFORMATION

Mr. and Mrs. John E. White, Jr., members of the U. T. Tyler President's Associates, have previously established three endowed presidential scholarships at U. T. Tyler.

32. U. T. Southwestern Medical Center - Dallas: Recommendation to Accept Specific Bequest from the Estate of Helen Thomas Brown.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Wildenthal that a \$300,000 specific bequest from the Estate of Mrs. Helen Thomas Brown, Dallas, Texas, be accepted and used for research and the study of aging and gerontology at the U. T. Southwestern Medical Center - Dallas.

BACKGROUND INFORMATION

Mrs. Brown was the sister of Dr. Paul Thomas, a leading Dallas physician and a longtime clinical faculty member of the U. T. Southwestern Medical Center - Dallas.

33. U. T. Medical Branch - Galveston: Bill and Louise Bauer Chair in Cancer Research - Recommendation to Redesignate as the Bill and Louise Bauer Distinguished Chair in Cancer Research.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that the Bill and Louise Bauer Chair in Cancer Research at the U. T. Medical Branch - Galveston be redesignated as the Bill and Louise Bauer Distinguished Chair in Cancer Research.

This recommendation is being made to reflect more accurately the value of this endowment.

BACKGROUND INFORMATION

The Bill and Louise Bauer Chair in Cancer Research was established at the August 1987 meeting of the U. T. Board of Regents with a gift of \$173,250 in marketable securities and previously accepted cash gifts and interest for a total of \$1,000,000 from Mr. and Mrs. W. H. Bauer, La Ward, Texas.

34. U. T. Medical Branch - Galveston: Recommendation to Accept Grants to Establish the Jesse H. Jones Research Endowment in Medical Humanities.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$1,500,000 grant, payable in three annual installments of \$500,000 in 1990, 1991 and 1992, from Houston Endowment Inc., Houston, Texas, and a \$500,000 challenge grant from the National Endowment for the Humanities, Washington, D. C., for a total of \$2,000,000 be accepted to establish the Jesse H. Jones Research Endowment in Medical Humanities at the U. T. Medical Branch - Galveston.

Income earned from the endowment will be used to support medical humanities research at the U. T. Medical Humanities Institute - Galveston.

BACKGROUND INFORMATION

Houston Endowment Inc. is a philanthropic foundation endowed by Mr. and Mrs. Jesse H. Jones. The Foundation has previously provided funding for several endowments including endowed academic positions and scholarships. The National Endowment for the Humanities Challenge Grants Program is authorized by the National Foundation on the Arts and Humanities Act of 1965, as amended, to make this award.

35. U. T. Medical Branch - Galveston: The John Sealy Memorial Endowment Fund for Biomedical Research (Part A and Part B) - Recommendation to Accept Additional Gift and Transfer of Funds.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$5,000,000 gift from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, for addition to Biomedical Fund - Part A, and a \$5,000,000 transfer of institutional funds for addition to Biomedical Fund - Part B, for a total of \$10,000,000 be accepted for addition to The John Sealy Memorial Endowment Fund for Biomedical Research at the U. T. Medical Branch - Galveston. The acceptance of this gift and transfer of funds brings the endowment to a total of \$40,000,000.

Distributions from the Fund, as outlined in the previously established Endowment Agreement, will be used to support biomedical research, defined as "all investigative endeavors into the biological and physical systems that relate to the understanding, prevention and treatment of human diseases and trauma."

BACKGROUND INFORMATION

The John Sealy Memorial Endowment Fund for Biomedical Research was established at the December 1986 meeting of the U. T. Board of Regents with \$5,000,000 from the Foundation and \$5,000,000 in institutional matching funds. It is both funded and managed in two separate segments (Part A and Part B). Biomedical Fund - Part A is seeded by The Sealy & Smith Foundation grant and is under the joint management and control of The Sealy & Smith Foundation and the U. T. Board of Regents. Biomedical Fund - Part A is to remain at NCNB Texas National Bank, Galveston Banking Center, as the trustee bank. The U. T. Board of Regents is to retain exclusive management, custody, and control of Biomedical Fund - Part B, in the University's Common Trust Fund or otherwise, at the discretion of the U. T. Board of Regents. Both Part A and Part B of The John Sealy Memorial Endowment Fund for Biomedical Research are authorized to accept additional grants from any source, including but not limited to, additional Sealy & Smith Foundation grants, subject to the terms of the Endowment Agreement and Regental approval.

36. U. T. Medical Branch - Galveston: Recommendation to Accept Gift from The Sealy & Smith Foundation for the John Sealy Hospital to Establish The Rebecca Sealy Centennial Chair in the School of Nursing; The John Sealy Centennial Chair in the Department of Radiation Therapy; The John Sealy Centennial Chair in Cardiology in the Department of Medicine; The John Sealy Centennial Chair in Rehabilitation Sciences; and The John Sealy Centennial Chair in Neonatology.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$2,500,000 gift from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, be accepted to establish five chairs, each endowed at \$500,000, at the U. T. Medical Branch - Galveston. The five chair titles are to be as follows:

- a. The Rebecca Sealy Centennial Chair in the School of Nursing
- b. The John Sealy Centennial Chair in the Department of Radiation Therapy
- c. The John Sealy Centennial Chair in Cardiology in the Department of Medicine
- d. The John Sealy Centennial Chair in Rehabilitation Sciences
- e. The John Sealy Centennial Chair in Neonatology.

Income earned from the endowments will be used to support the Chairs.

BACKGROUND INFORMATION

At the August 17, 1989 meeting of the Board of Directors of The Sealy & Smith Foundation for the John Sealy Hospital, two grants totalling \$2,500,000 were awarded for the establishment of five Centennial Chairs as part of the Centennial Campaign at the U. T. Medical Branch - Galveston.

37. U. T. Medical Branch - Galveston: Recommendation to Accept Gifts to Establish the Edgar B. Smith, M.D. Endowment Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$37,500 gift from Edgar B. Smith, M.D., Galveston, Texas, and \$1,692.93 in interest income and gifts from various donors for a total of \$39,192.93 be accepted to establish the Edgar B. Smith, M.D. Endowment Fund at the U. T. Medical Branch - Galveston.

Income earned from the endowment will be used at the discretion of the Chairman of the Department of Dermatology at the U. T. Medical Branch - Galveston to support the Department.

BACKGROUND INFORMATION

Edgar B. Smith, M.D., Professor and Chairman of the Department of Dermatology at the U. T. Medical Branch - Galveston, has donated his stipend as President of the American Academy of Dermatology to the Department of Dermatology at the U. T. Medical Branch - Galveston to further progress in the field of dermatology.

38. U. T. Medical Branch - Galveston: The Robert A. Welch Chair in Chemistry - Recommendation to Accept Transfer of Funds and Redesignate as The Robert A. Welch Distinguished Chair in Chemistry.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President James that a \$350,000 transfer of endowment income be accepted for reinvestment in The Robert A. Welch Chair in Chemistry at the U. T. Medical Branch - Galveston and that the Chair be redesignated as The Robert A. Welch Distinguished Chair in Chemistry.

BACKGROUND INFORMATION

The Robert A. Welch Chair in Chemistry was established at the August 1978 meeting of the U. T. Board of Regents with a pledge of \$650,000. The current book value significantly exceeds the \$1,000,000 level required for Distinguished Chair status.

See Item 2 on Page HAC - 2 related to an initial appointment to this Chair.

39. U. T. Health Science Center - San Antonio: Recommendation to Accept Transfer of Funds to Establish the Malcolm Jones Professorship in Radiology.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that a \$100,000 transfer of MSRDP funds be accepted to establish the Malcolm Jones Professorship in Radiology at the U. T. Health Science Center - San Antonio.

Income earned from the endowment will be used to support the Professorship.

BACKGROUND INFORMATION

Members of the Department of Radiology at the U. T. Medical School - San Antonio are proposing the establishment of this endowment in honor of Malcolm Jones, M.D., who was Chairman of Radiology at the U. T. Health Science Center - San Antonio from 1974 to 1979. Dr. Jones is internationally recognized for his expertise in skeletal radiography and was the primary force behind the formation of the American Association of Chief Residents in Radiology.

The Department of Radiology anticipates additional gifts from alumni and friends for this endowment.

40. U. T. Health Science Center - San Antonio: Recommendation to Accept Transfer of Funds to Establish an Endowed Professorship in Urology.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that a \$250,000 transfer of MSRDP funds be accepted to establish an Endowed Professorship in Urology at the U. T. Health Science Center - San Antonio. A specific name for this endowment will be submitted at a later date.

Income earned from this endowment will be used to support the Professorship.

BACKGROUND INFORMATION

Members of the Division of Urology at the U. T. Medical School - San Antonio are proposing the establishment of this endowed position. Additional gifts are anticipated from alumni, community urologists, and friends.

41. U. T. M.D. Anderson Cancer Center: Recommendation to Accept Specific Bequest from the Estate of Sylvia Bloomfield to Establish the Sylvia Bloomfield and Ruth Herzog Memorial Fund.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that a \$100,000 specific bequest from the Estate of Sylvia Bloomfield, Houston, Texas, be accepted to establish an endowment at the U. T. M.D. Anderson Cancer Center to be named the Sylvia Bloomfield and Ruth Herzog Memorial Fund.

Income earned from the endowment will be used for the care of infants and children confined to the U. T. M.D. Anderson Hospital.

BACKGROUND INFORMATION

Ms. Sylvia Bloomfield and her sister, Ms. Ruth Herzog, both of whom suffered from cancer, had no known affiliation with the U. T. M.D. Anderson Cancer Center.

42. U. T. M.D. Anderson Cancer Center: Recommendation to Accept Specific Bequest from the Estate of Margaret Batts Tobin for Unrestricted Use.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President LeMaistre that a \$50,000 specific bequest from the Estate of Margaret Batts Tobin, San Antonio, Texas, be accepted and used for unrestricted purposes at the U. T. M.D. Anderson Cancer Center.

BACKGROUND INFORMATION

Mrs. Margaret Batts Tobin served on the U. T. Board of Regents during the 1950s. She also served on the U. T. M.D. Anderson Cancer Center's University Cancer Foundation Board of Visitors and was made a life-time member in 1986.

43. U. T. Health Center - Tyler: Dr. John Chapman Visiting Professorship - Recommendation to Accept Additional Gifts and Redesignate as the John Chapman Endowed Professorship in Microbiology 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 Director Hurst that \$50,000 in gifts from various donors be accepted for addition to the Dr. John Chapman Visiting Professorship at the U. T. Health Center - Tyler and that the Professorship be redesignated as the John Chapman Endowed Professorship in Microbiology.

It is further recommended that the actual income which will be earned on the \$50,000 gift be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Dr. John Chapman received his M.D. from the U. T. Medical Branch - Galveston. After many years of distinguished service, the position of Professor Emeritus was awarded him by the U. T. Southwestern Medical Center - Dallas. He is the author of several books including A History of Southwestern Medical School. He has donated many hours, as well as personal equipment, to promote research efforts at the U. T. Health Center - Tyler. The John Chapman Endowed Professorship in Microbiology is the first endowed Professorship at the U. T. Health Center - Tyler.

44. U. T. Health Center - Tyler: Recommendation to Accept Gifts to Establish The Director's Associates Endowment.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and Director Hurst that a \$5,000 gift from Mr. Isadore Roosth, Tyler, Texas, and a \$5,000 gift from Mr. Norman Shtofman, Tyler, Texas, for a total of \$10,000 be accepted to establish The Director's Associates Endowment at the U. T. Health Center - Tyler.

Income earned from the endowment will be used at the discretion of the Director.

BACKGROUND INFORMATION

The Director's Associates annual gift club is funding this endowment with funds received through a lifetime membership option whereby donors give a one-time contribution of \$5,000 to the program. Mr. Isadore Roosth and Mr. Norman Shtofman are both members of The Chancellor's Council. Mr. Shtofman received his B.B.A. from U. T. Austin in 1948.

45. U. T. Health Center - Tyler: Recommendation to Accept Estate Distribution to Establish The Elizabeth S. Gugenheim Nursing Scholarship Endowment.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and Director Hurst that a \$10,000 distribution from Mr. Phil Hurwitz, the co-executor of the Estate of Elizabeth S. Gugenheim, Tyler, Texas, be accepted to establish The Elizabeth S. Gugenheim Nursing Scholarship Endowment at the U. T. Health Center - Tyler.

Ninety percent of income earned from the endowment will be used to award scholarships in accordance with the Scholarship guidelines. The remaining ten percent of income earned will be reinvested in the endowment corpus.

BACKGROUND INFORMATION

Mr. Phil Hurwitz, as co-executor of the Estate of Elizabeth S. Gugenheim, is funding this endowment in Ms. Gugenheim's memory with discretionary funds from the Estate. Mrs. Gugenheim was a longtime resident of Tyler and a highly regarded member of the community until her death in 1986.

46. U. T. Health Center - Tyler: Recommendation to Accept Gifts to Establish The Gladys and C. H. Robinson Medical Resident Endowment.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and Director Hurst that a \$9,000 gift from Mr. and Mrs. C. H. Robinson, Gilmer, Texas, and a \$5,000 gift from Mrs. Lola Machen, Gilmer, Texas, for a total of \$14,000 be accepted to establish The Gladys and C. H. Robinson Medical Resident Endowment at the U. T. Health Center - Tyler.

Ninety percent of income earned from the endowment will be used for an annual award to an outstanding medical school graduate who has chosen to become a medical resident at the U. T. Health Center - Tyler and to provide, at the discretion

of the Director of Medical Education, special supplies and materials which will support the education of the medical residents. The remaining ten percent of earned income will be reinvested in the endowment corpus.

BACKGROUND INFORMATION

Mr. C. H. and Mrs. Gladys Robinson are active supporters of the U. T. Health Center - Tyler and are members of The Chancellor's Council and the U. T. Health Center - Tyler Director's Associates. Mrs. Robinson is a patient at the U. T. Health Center - Tyler and has been very supportive of the faculty and staff. Mr. and Mrs. Robinson are establishing this endowment in appreciation of the care she has received. Mrs. Lola Machen is making her contribution in honor of her sister, Mrs. Gladys Robinson.

**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: April 12, 1990

Time: Following the meeting of the Land and
Investment Committee

Place: Auditorium (Room 119) and Conference Room 117,
Biomedical Research Building, U. T. Health
Center - Tyler

1. Pending and/or Contemplated Litigation - Section 2(e)
 - a. U. T. Southwestern Medical Center - Dallas:
Proposed Settlement of Medical Liability
Litigation
 - b. U. T. Health Science Center - San Antonio:
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 Negotiate Purchase of Leasehold Inter-
est in Travis County, Texas, from the
Lower Colorado River Authority
 - b. U. T. Austin: Proposed Purchase of Prop-
erty Located at 3208 Red River Street,
Austin, Travis County, Texas
 - c. U. T. M.D. Anderson Cancer Center: Request
for Authorization to Negotiate for the Pur-
chase of Several Parcels Totalling Approxi-
mately 5.8 Acres of Land in Houston, Harris
County, Texas
3. Personnel Matters [Section 2(g)] Relating to Appointment,
Employment, Evaluation, Assignment, Duties, Discipline,
or Dismissal of Officers or Employees