

MATERIAL SUPPORTING THE AGENDA

Volume XXXIc

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

June 13-14, 1985
August 8-9, 1985

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.: 810

Date: August 8-9, 1985

Location: Austin, Texas

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Place: Regents' Meeting Room, Ninth Floor
Ashbel Smith Hall
201 West Seventh Street
Austin, Texas

Thursday, August 8, 1985

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

See Pages B of R 1 - 6,
Items A - K

Friday, August 9, 1985

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

See Pages B of R 7 - 8
Items L - P

Telephone Numbers

Board of Regents' Office	499-4402
Chancellor Mark	499-4201
Executive Vice Chancellor Duncan	499-4233
Executive Vice Chancellor Mullins	499-4224
Executive Vice Chancellor Patrick	499-4337

Hotels:

The Driskill Hotel (117 E. 7th Street)	474-5911
Hyatt Regency (208 Barton Springs Road)	477-1234

Meeting of the Board

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

Date and Time: Thursday, August 8, 1985, from 1:00 p.m.
 Until Recess
 Friday, August 9, 1985, from 9:00 a.m.
 Until Adjournment

Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

- A. CALL TO ORDER
- B. APPROVAL OF MINUTES OF REGULAR MEETING HELD
 JUNE 13-14, 1985
- C. INTRODUCTION OF COMPONENT GUESTS
 - 1. U. T. Arlington - President Nedderman
 - 2. U. T. Austin - President Flawn
 - 3. U. T. Dallas - President Rutford
 - 4. U. T. El Paso - President Monroe
 - 5. U. T. Permian Basin - President Leach
 - 6. U. T. San Antonio - President Wagener
 - 7. U. T. Tyler - President Hamm
 - 8. U. T. Institute of Texan Cultures - San Antonio -
 Executive Director Maguire
 - 9. U. T. Health Science Center - Dallas -
 President Sprague
 - 10. U. T. Medical Branch - Galveston - President Levin
 - 11. U. T. Health Science Center - Houston -
 President Bulger
 - 12. U. T. Health Science Center - San Antonio -
 President Howe
 - 13. U. T. Cancer Center - President LeMaistre
 - 14. U. T. Health Center - Tyler - Director Hurst
 - 15. Others

D. SPECIAL ITEMS

1. U. T. Board of Regents: (a) Resolution Authorizing Issuance and Sale of Board of Regents of The University of Texas System Permanent University Fund Constitutional Amendment Bonds, Series 1985-A, in the Amount of \$75,000,000, (b) Designation of Paying Agent/Registrar, and (c) Award of Contract for Printing of Bonds.--

RECOMMENDATION

The Office of the Chancellor recommends the following: (a) adoption of the bond resolution authorizing the issuance and sale of Board of Regents of The University of Texas System Permanent University Fund Constitutional Amendment Bonds, Series 1985-A, in the amount of \$75,000,000, (b) designation of a paying agent/registrar, and (c) award of contract for printing of the bonds.

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

BACKGROUND INFORMATION

Pursuant to authorization by the U. T. Board of Regents at their meeting on June 13 - 14, 1985, bids for Board of Regents of The University of Texas System Permanent University Fund Constitutional Amendment Bonds, Series 1985-A, in the amount of \$75,000,000 will be opened in the first floor conference room of Claudia Taylor Johnson Hall at 10:30 a.m., C.D.T., Wednesday, August 7, 1985. Bids for the bonds, the paying agent/registrar, and printing of the bonds will be considered by the U. T. Board of Regents at its meeting commencing at 1:00 p.m., C.D.T., Thursday, August 8, 1985, in the Regents' Meeting Room, 9th floor, Ashbel Smith Hall.

The Bond Resolution is set forth on Pages B of R 9 - 38 .

2. U. T. Board of Regents: (a) Resolution Authorizing Issuance and Sale of Board of Regents of The University of Texas System, The University of Texas at Arlington 9% Apartment Revenue Bonds, Series 1985, in the Amount of \$950,000, (b) Designation of Paying Agent/Registrar, and (c) Award of Contract for Printing of Bonds.--

RECOMMENDATION

The Office of the Chancellor concurs with President Nedderman's recommendation to (a) adopt the bond resolution authorizing the issuance and sale of Board of Regents of The University of Texas System, The University of Texas at Arlington 9% Apartment Revenue Bonds, Series 1985, in the amount of \$950,000 to Hasten Commercial Real Estate, Inc., Arlington, Texas, (b) designate a paying agent/registrar, and (c) award a contract for printing of the bonds.

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

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT BONDS,
SERIES 1985-A
IN THE AMOUNT OF \$75,000,000

SALE OF BONDS.--As authorized, bids were called for and received until 10:30 A.M., C.D.T., on August 7, 1985, and then publicly opened and tabulated. A copy of the tabulation is attached.

The Office of the Chancellor recommends that the Board of Regents adopt the resolution authorizing the issuance of Permanent University Fund Constitutional Amendment Bonds, Series 1985-A, in the amount of \$75,000,000 and the sale to a syndicate headed by Prudential-Bache Securities Inc., New York, New York, at the price of par and accrued interest to the delivery date plus a premium of \$41,128.50 at rates of interest shown on the tabulation. The average effective interest cost on the bonds to the Board of Regents is 8.5987.

DESIGNATION OF PAYING AGENT/REGISTRAR.--Attached is a tabulation of the bids received and publicly opened and tabulated at 2:00 P.M., C.D.T., on August 6, 1985, in accordance with specifications previously furnished.

The Office of the Chancellor recommends that the bid for Paying Agent/Registrar submitted by MBank Austin, N.A., Austin, Texas, be accepted. The bank will pay the Board of Regents a one time lump sum of \$550.00.

AWARD OF CONTRACT FOR PRINTING THE BONDS.--Attached is a tabulation of the bids received and publicly opened and tabulated at 2:00 P.M., C.D.T., on August 6, 1985, in accordance with specifications furnished to printing companies.

The Office of the Chancellor recommends that the bid of Hart Graphics, Inc., Austin, Texas, be accepted for printing of the bonds with lithographed borders, as set out in the specifications, for the sum of \$4,724.00.

\$75,000,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT BONDS, SERIES 1985-A
 Bids Received
 August 7, 1985, at 10:30 A.M., C.D.T.

ACCOUNT MANAGERS	RATE			INTEREST COST		
Prudential-Bache Securities Inc.	1986	thru	1995	10.00 %	Gross	<u>\$72,446,479.17</u>
	1996	thru	--	9.75	Premium	<u>41,128.50</u>
	1997	thru	--	8.50	Net	<u>72,405,350.67</u>
	1998	thru	--	8.70	Effective Interest Rate	<u>8.5987 %</u>
	1999	thru	--	8.75		
	2000	thru	2001	9.00		
	2002	thru	2005	7.50		
		thru				
	thru					
	thru					
Morgan Guaranty Trust Company of New York and Associates	1986	thru	1993	10.00 %	Gross	<u>\$72,414,311.00</u>
	1994	thru	--	9.875	Premium	<u>-0-</u>
	1995	thru	--	8.30	Net	<u>72,414,311.00</u>
	1996	thru	--	8.50	Effective Interest Rate	<u>8.59976 %</u>
	1997	thru	--	8.60		
	1998	thru	--	8.70		
	1999	thru	--	8.80		
	2000	thru	--	8.90		
	2001	thru	2002	9.00		
2003	thru	2005	7.50			
The First National Bank of Chicago for the Managers and Associates	1986	thru	--	9.20 %	Gross	<u>\$72,575,541.67</u>
	1987	thru	1994	10.00	Premium	<u>148.00</u>
	1995	thru	--	9.90	Net	<u>72,575,393.67</u>
	1996	thru	1999	8.50	Effective Interest Rate	<u>8.6188 %</u>
	2000	thru	2001	9.00		
	2002	thru	--	8.75		
	2003	thru	2005	7.50		
		thru				
	thru					
	thru					

BIDS FOR PRINTING
 \$75,000,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT BONDS, SERIES 1985-A

Tabulation of Bids Received
 August 6, 1985, 2:00 P.M., C.D.T.

Bidder	Will Charge the Board of Regents as Follows for Printing 30,000 Bonds:	Number of Working Days
Hart Graphics, Inc. 7942 Great Northern Blvd. Austin, Texas 78758	\$4,724.00	10
United States Banknote Corporation Security-Columbian Banknote Company Division 1800 S. Des Plaines Avenue Forest Park, Illinois 60130	\$6,450.00	8

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
THE UNIVERSITY OF TEXAS AT ARLINGTON
9% APARTMENT REVENUE BONDS, SERIES 1985
IN THE AMOUNT OF \$950,000

SALE OF BONDS.--The Office of the Chancellor recommends that the Board of Regents adopt the resolution authorizing the sale of The University of Texas at Arlington 9% Apartment Revenue Bonds, Series 1985, in the amount of \$950,000 to Eugene Hasten and Don Rash for the purchase of the Warwick I, II, III and V apartment complexes.

DESIGNATION OF PAYING AGENT/REGISTRAR.--Attached is a tabulation of the bids received and publicly opened and tabulated at 2:00 P.M., C.D.T., on August 6, 1985, in accordance with specifications previously furnished.

The Office of the Chancellor recommends that the bid for Paying Agent/Registrar submitted by MBank Austin, N.A., Austin, Texas, be accepted. The bank will charge the Board of Regents an annual fee of \$250.00.

AWARD OF CONTRACT FOR PRINTING THE BONDS.--Attached is a tabulation of the bids received and publicly opened and tabulated at 2:00 P.M., C.D.T., on August 6, 1985, in accordance with specifications furnished to printing companies.

The Office of the Chancellor recommends that the bid of Helms Printing Company, Inc., Dallas, Texas, be accepted for printing of the bonds with lithographed borders, as set out in the specifications, for the sum of \$648.00

BIDS FOR PAYING AGENT/REGISTRAR
 \$950,000
 BOARD OF REGENTS FOR THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS AT ARLINGTON
 9% APARTMENT REVENUE BONDS, SERIES 1985

Tabulation of Bids Received
 August 6, 1985, 2:00 P.M., C.D.T.

BIDDER	BID
MBank Austin, N:A.	Will charge the Board of Regents \$250.00 annually.
RepublicBank Houston, National Association	Will charge the Board of Regents \$500.00 annually.
First City National Bank Austin	Will charge the Board of Regents \$700.00 annually.
MBank Dallas, N.A.	Will charge the Board of Regents \$1,000.00 annually.
Texas Commerce Bank National Association	Will charge the Board of Regents \$1,250.00 annually.

BIDS FOR PRINTING
 \$950,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS AT ARLINGTON 9% APARTMENT REVENUE BONDS
 SERIES 1985

Tabulation of Bids Received
 August 6, 1985, 2:00 P.M., C.D.T.

Bidder	Will Charge the Board of Regents as Follows for Printing 570 Bonds:	Number of Working Days
Helms Printing Company, Inc. 2710 Swiss Avenue Dallas, Texas 75204	\$648.00	10
Hart Graphics, Inc. 7942 Great Northern Blvd. Austin, Texas 78758	\$1,004.00	10
American Bank Note Company 21 Green Street Malden, Massachusetts 02148	\$1,010.00	10

BIDS FOR PRINTING
 \$950,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 THE UNIVERSITY OF TEXAS AT ARLINGTON 9% APARTMENT REVENUE BONDS
 SERIES 1985

Tabulation of Bids Received
 August 6, 1985, 2:00 P.M., C.D.T.

Bidder	Will Charge the Board of Regents as Follows for Printing 570 Bonds:	Number of Working Days
United States Banknote Corporation Security-Columbian Banknote Company Division 1800 S. Des Plaines Avenue Forest Park, Illinois 60130	\$1,780.00	8

SPECIAL ITEM
SUPPLEMENTAL MATERIAL
August 8-9, 1985

D. SPECIAL ITEMS

2. U. T. Board of Regents: (a) Resolution Authorizing Issuance and Sale of Board of Regents of The University of Texas System, The University of Texas at Arlington 9% Apartment Revenue Bonds, Series 1985, in the Amount of \$950,000, (b) Designation of Paying Agent/Registrar, and (c) Award of Contract for Printing of Bonds

Revised Resolution

Revision for Pages B of R 39 - 64

RESOLUTION AUTHORIZING \$950,000
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
THE UNIVERSITY OF TEXAS AT ARLINGTON
9% APARTMENT REVENUE BONDS,
SERIES 1985

WHEREAS, the Board of Regents of The University of Texas System (the "Board") is authorized and empowered, without cost to the State of Texas, to acquire, purchase, construct, improve, enlarge, equip, operate, and/or maintain any property, buildings, structures, activities, services, operations, or other facilities, for and on behalf of The University of Texas at Arlington (the "University"), in accordance with the provisions of Chapter 55, Texas Education Code, as amended;

WHEREAS, it has been determined by the Board, and the Board hereby affirmatively determines, for the good of the University and of its students, that there is a need for housing facilities to serve the University in Arlington, Texas commonly known as the Warwick I, II, III, and V Apartments, which will consist of apartment units for the housing of students and faculty (the "Project");

WHEREAS, the Board has heretofore approved, and hereby affirmatively approves, the total cost, type, and plans and specifications of the Project;

WHEREAS, the Board has heretofore determined, and hereby affirmatively determines, to authorize the issuance of its negotiable revenue bonds to provide the Project and to secure the payment of same by a lien on and a pledge of the net revenues derived from the operation of the Project, as authorized by Chapter 55, Texas Education Code, as amended;

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

Section 1. DESIGNATION, AMOUNT, PURPOSE, AND AUTHORIZATION OF BONDS. Negotiable revenue bonds or bond of the Board, to be known and designated as "THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT ARLINGTON 9% APARTMENT REVENUE BONDS, SERIES 1985" (the "Bonds"), are hereby authorized to be issued in the principal amount of \$950,000, for the purpose of paying the cost of acquiring, purchasing, constructing, improving, enlarging, and equipping housing facilities to serve the University in Arlington, Texas, commonly known as the Warwick I, II, III, and V Apartments, which will provide apartment units for the housing of students and faculty, including all property, buildings, structures, activities, services, operations, or other facilities in connection therewith, under and in conformity with the Constitution and laws of the State of Texas, including particularly Chapter 55, Texas Education Code, as amended.

Section 2. DATE, NUMBERS, DENOMINATION, AND MATURITIES OF BONDS. The Bonds shall be dated July 1, 1985, and shall be initially issued as a single typewritten bond in the denomination of \$950,000 (the "Initial Bond"). The owner of the Bond shall have the option, at the Board's expense, to have the single Bond exchanged for printed Bonds which shall be in the denomination of \$5,000 each or any multiple thereof for any one maturity. The principal of the Initial Bond shall be payable in installments or the subsequent Bonds, if any, shall become due and payable serially, on the 1st day of July in each of the years 1987 to 2006, both inclusive, in the respective amounts as shown in the following schedule, to-wit:

<u>Principal Amount Maturing</u>	<u>Years</u>	<u>Principal Amount Maturing</u>	<u>Years</u>
\$20,000	1987	\$45,000	1997
20,000	1988	50,000	1998
20,000	1989	50,000	1999
25,000	1990	55,000	2000
25,000	1991	60,000	2001
30,000	1992	70,000	2002
30,000	1993	75,000	2003
35,000	1994	80,000	2004
35,000	1995	90,000	2005
40,000	1996	95,000	2006

Section 3. INTEREST RATE AND INTEREST PAYMENT DATES OF BONDS. The Bonds shall bear interest from the date of delivery until paid at the rate of nine percent (9%) per annum, and interest shall be payable on January 1, 1986, and semiannually thereafter on July 1 and January 1 of each year while the Bonds are outstanding. Such interest shall be payable in the manner provided in the FORMS OF BOND all as set forth in Section 5 of this Resolution.

Section 4. GENERAL CHARACTERISTICS. The Bonds shall be issued, shall be payable, may be redeemed prior to their scheduled maturity or maturities, shall be in fully registered form, shall have the characteristics, and shall be signed and executed (and the Bonds shall be sealed), all as provided, and in the manner indicated, in the FORMS OF BOND as set forth in Section 5 of this Resolution.

Section 5. FORMS. The forms of the Bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas which is to be printed and endorsed on the initial Bond shall be, respectively, substantially as follows with necessary and appropriate variations, omissions, and insertions as permitted or required by this Resolution as set forth below:

FORMS OF THE BONDS

FORM OF THE INITIAL BOND

United States of America
State of Texas

NUMBER
R-1
REGISTERED

DENOMINATION
\$950,000
REGISTERED

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
THE UNIVERSITY OF TEXAS AT ARLINGTON 9% APARTMENT REVENUE BOND
SERIES 1985

The Board of Regents of The University of Texas System (the "Board"), promises to pay to _____ (the "Registered Owner") or registered assigns, on the dates specified below, at the principal corporate trust office of a bank to be selected by the Board under the herein-mentioned Resolution, _____ (the "Paying Agent/Registrar"), as Paying Agent and also acting as the Registrar for this Bond, the principal amount of

NINE HUNDRED FIFTY THOUSAND DOLLARS

in lawful money of the United States of America, and to pay interest thereon at the rate of nine percent per annum, calculated on the basis of a 360-day year of twelve 30-day months. This Bond shall bear interest from the date of delivery. Interest on this Bond is payable by check or draft on each July 1 and January 1 beginning January 1, 1986, to the Registered Owner of record as shown on the books of registration (the "Register") kept by the Paying Agent/Registrar as of the date which is 15th day of the month preceding the interest payment date (the "Record Date"), at the address of such registered owner as it appears on the Register or at such other address as is furnished to the Paying Agent/Registrar in writing by such Registered Owner, or in such other manner as may be acceptable to the Registered Owner and the Paying Agent/Registrar.

The principal amount of this Bond shall be paid by the Paying Agent/Registrar in the same manner as interest is paid as aforesaid in the following installments:

<u>Principal Installment</u>	<u>Years</u>	<u>Principal Installment</u>	<u>Years</u>
\$20,000	1987	\$45,000	1997
20,000	1988	50,000	1998
20,000	1989	50,000	1999
25,000	1990	55,000	2000
25,000	1991	60,000	2001

<u>Principal Installment</u>	<u>Years</u>	<u>Principal Installment</u>	<u>Years</u>
30,000	1992	70,000	2002
30,000	1993	75,000	2003
35,000	1994	80,000	2004
35,000	1995	90,000	2005
40,000	1996	95,000	2006

THIS BOND is dated as of July 1, 1985, and issued pursuant to the Resolution adopted by the Board on August 8, 1985 (the "Resolution"), in the original aggregate principal amount of \$950,000 for the purpose of financing housing facilities to serve the University in Arlington, Texas, commonly known as the Warwick I, II, III, and V Apartments which will consist of 62 apartment units for the housing of students and faculty (the "Project").

THE OWNER HEREOF SPECIFICALLY UNDERSTANDS BY ACCEPTANCE OF THIS BOND THAT THE BOND IS NOT A DEBT OF THE STATE OF TEXAS OR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION THEREOF AND IS NOT A PLEDGE OF THE FAITH AND CREDIT OF ANY OF THEM, BUT IS PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE HEREIN-MENTIONED RESOLUTION). NEITHER THE STATE OF TEXAS NOR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND EXCEPT AS PROVIDED IN THE RESOLUTION AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND.

ON JULY 1, 1994, and thereafter on any interest payment date, the unpaid principal amount of this Bond is subject to optional redemption, in whole or in part (and if in part, the Board shall select the principal installments to be redeemed, or portions thereof, by lot or other random methods) prior to their respective scheduled maturity and this Bond may be redeemed prior to its respective scheduled maturity, at the option of the Board, upon written notice of the exercise of the option to redeem delivered to the Paying Agent/Registrar by the Board not later than the 45th day prior to the date of redemption. The principal installments may be so redeemed at the redemption price of par, plus accrued interest to the date of redemption.

IF LESS THAN ALL of the principal installments are called for redemption, the particular principal installment to be redeemed shall be selected by the Paying Agent/Registrar as aforesaid; provided, however, that principal installment shall be redeemed in integral multiples of \$5,000. Upon redemption of a portion of a principal installment, the Board shall cause to be delivered to the Bondholder a new Bond of the same series, maturity, and interest rate, in the principal amount of the unredeemed portion.

AT LEAST 30 days prior to the date fixed for any redemption of the principal installment prior to their scheduled maturity, the Paying Agent/Registrar shall cause a written notice of such redemption to be mailed, postage prepaid, to the Registered Owner at its address appearing on the Register maintained by the Paying Agent/Registrar. Any notice so mailed will be conclusively presumed to have given, irrespective of whether received, and any defect in such notice shall not affect the validity of any proceedings for the redemption of principal installment. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the appropriate redemption price. If such written notice of redemption is mailed and if due provision for payment of the redemption price is made, all as provided above, the principal installment, or portions thereof, which are to be redeemed, thereby automatically shall be deemed to have been redeemed prior to their scheduled maturity, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Bondholder to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

IF ANY PRINCIPAL INSTALLMENT SHALL NOT BE PAID UPON THE SURRENDER THEREOF at the maturity or on a redemption date, such principal installment shall continue to bear interest until paid and, to the extent permitted by law, interest on any overdue payments of principal of, premium, if any, or interest on such principal installment shall be paid at the rate of interest borne by this Bond.

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

THIS BOND is issued pursuant to and secured by the Resolution and reference is hereby made to the Resolution for provisions with respect to the custody and application of the Board's funds, a description of the Pledged Revenues pledged for the payment of the Bonds and the terms and conditions on which such security is pledged; remedies in the event of a default hereunder or thereunder; and the respective rights, duties, and obligations of the Board, the Paying Agent/Registrar, and the Registered Owner. By acceptance of this Bond the Registered Owner consents to all of the provisions of the Resolution, a certified copy of which is on file in the office of the Board.

THIS BOND IS TRANSFERABLE OR EXCHANGEABLE only upon presentation and surrender at the principal corporate office of the Paying Agent/Registrar. If this Bond is being transferred, it shall be duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner, or his authorized representative, and will be transferred subject to the terms and conditions of the Resolution. If this Bond is being exchanged, it shall be duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his duly authorized representative, and will be exchanged for other Bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution. The Paying Agent/Registrar is not required to accept any Bond for transfer or exchange during the 15 days prior to mailing of any notice of redemption, or to accept for transfer or exchange any portion of this Bond that has been called for redemption in whole or in part.

THIS BOND SHALL NOT BE VALID or obligatory for any purpose or be entitled to any benefit under the Resolution unless it is (a) registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon and (b) authenticated by the Paying Agent/Registrar as evidenced by execution of the authentication certificate endorsed hereon on the date of delivery.

IT IS HEREBY CERTIFIED AND COVENANTED that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special revenue obligation of the Board, and that the principal of, premium, if any, and interest on this Bond are payable from and secured by an irrevocable first lien on and pledge of the Pledged Revenues as defined in the Resolution.

UNDER THE TERMS OF THE RESOLUTION, provision may be made for the payment of the amounts due on this Bond in advance of the due date thereof, in which event this Bond will no longer be secured by or entitled to the benefits of the Resolution, except for the purpose of any such payment from the money or securities so held by the Trustee and except for purposes of transfer and exchange as provided in the Resolution.

THE REGISTERED OWNER OF THIS BOND will have no right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Resolution or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Resolution, except on the terms and conditions and as provided in the Resolution.

IN WITNESS WHEREOF, this Bond has been signed with the manual signature of the Chairman of the Board and countersigned with the manual signature of the Secretary of the Board, and the official seal of the Board has been duly impressed, or placed in facsimile, on this Bond.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

XXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Secretary

XXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Chairman

(BOARD'S SEAL)

* * *

FORM OF REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS FOR INITIAL BOND

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has examined and finds that this Bond has been issued in conformity with the Constitution and laws of the State of Texas and is a valid and binding special obligation of the Board of Regents of The University of Texas System and further that this Bond has been registered this day by me.

WITNESS my signature and seal of office this _____.

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts
of the State of Texas

FORM OF AUTHENTICATION CERTIFICATE FOR INITIAL BOND

AUTHENTICATION CERTIFICATE

This Bond is the Initial Bond referred to in the within mentioned Resolution.

Registration and Delivery Date: _____

By: _____
Authorized Officer

FORM OF ASSIGNMENT FOR ALL BONDS

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other tax identifying number: _____) the within Bond and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

DATED: _____

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered holder(s) appearing on the face of the within Bond in every particular.

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a member firm of the National Association of Securities Dealers or a commercial bank or a trust company.

The following abbreviations, when used in the assignment above or on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minor Act
State _____

Additional abbreviations may also be used though not in the list above.

* * *

FORM OF THE SERIAL BONDS

United States of America
State of Texas

NUMBER
R-
REGISTERED

DENOMINATION
\$
REGISTERED

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
THE UNIVERSITY OF TEXAS AT ARLINGTON 9% APARTMENT REVENUE BOND
SERIES 1985

INTEREST RATE: 9% MATURITY DATE: ISSUE DATE: CUSIP:
JULY 1, 1985

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The Board of Regents of The University of Texas System (the "Board"), a public authority and a body politic and corporate of the State of Texas, promises to pay to the Registered Owner identified above, or registered assigns, on the date specified above, upon presentation and surrender of this Bond at the principal corporate trust office of a bank to be selected by the Board under the herein-mentioned Resolution, (the "Paying Agent/Registrar"), as Paying Agent and also acting as the Registrar for this Bond, the principal amount identified above, in lawful money of the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360-day year of twelve 30-day months. This Bond shall bear interest from the last interest payment date preceding the date of its authentication and delivery to which interest on the Bonds has been paid; provided, however, that a Bond authenticated and delivered before the first interest payment date shall bear interest from the date of delivery of the initial bond; and, provided further, that a Bond authenticated and delivered between a record date and the interest payment date to which such record date relates, inclusive, shall bear interest from such interest payment date, unless interest on the Bonds due on such interest payment date is not paid, in which case the Bond shall bear interest from the last interest payment date preceding the date of its authentication and delivery to which interest on the Bonds has been paid or, if no interest has been paid, from the date of delivery of the Initial Bond. Interest on this Bond is payable by check or draft on each July 1 and January 1 beginning January 1, 1986 to the Registered Owner of record as shown on the books of registration (the "Register") kept by the Paying Agent/Registrar as of the date which is 15th date of the month preceding the interest payment date (the "Record Date"), at the address of such registered owner as it appears on the Register or at such other address as is furnished to the Paying

Agent/Registrar in writing by such Registered Owner, or in such other manner as may be acceptable to the Registered Owner and the Paying Agent/Registrar.

THE OWNER HEREOF SPECIFICALLY UNDERSTANDS BY ACCEPTANCE OF THIS BOND THAT THE BONDS ARE NOT DEBTS OF THE STATE OF TEXAS OR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION THEREOF AND ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF ANY OF THEM, BUT ARE PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE HEREIN-MENTIONED RESOLUTION). NEITHER THE STATE OF TEXAS NOR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT AS PROVIDED IN THE RESOLUTION AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH PROVISIONS SHALL HAVE THE SAME FORCE AND EFFECT AS IF SET FORTH IN THIS SPACE.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Chairman of the Board and countersigned with the manual or facsimile signature of the Secretary of the Board, and the official seal of the Board has been duly impressed, or placed in facsimile, on this Bond.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Secretary

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Chairman

(BOARD'S SEAL)

(Back Panel of Bonds)

THIS BOND is one of a series of Bonds (the "Bonds") dated as of July 1, 1985, of like designation, date, and tenor, except as to number, interest rate, denomination, and maturity issued pursuant to the Resolution adopted by the Board on August 8, 1985 (the "Resolution"), in the original aggregate principal amount of \$950,000 for the purpose of financing housing facilities to serve the University in Arlington, Texas, commonly known as the Warwick I, II, III, and V Apartments which will consist of 62 apartment units for the housing of students and faculty (the "Project").

ON JULY 1, 1994, and thereafter on any interest payment date, the Bonds are subject to optional redemption, in whole or in part (and if in part, the Board shall select the Bonds to be redeemed, and the participating Bonds, or portions thereof, by lot or other random methods) prior to their respective scheduled

maturity and the Bonds may be redeemed prior to their respective scheduled maturity, at the option of the Board, upon written notice of the exercise of the option to redeem delivered to the Paying Agent/Registrar by the Board not later than the 45th day prior to the date of redemption. The Bonds may be so redeemed at the redemption price of par, plus accrued interest to the date of redemption.

IF LESS THAN ALL of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed shall be selected by the Paying Agent/Registrar as aforesaid; provided, however, that portions of Bonds shall be redeemed in integral multiples of \$5,000 and, in selecting Bonds, or portions thereof, for redemption, the Paying Agent/Registrar shall treat each Bond as representing the number of Bonds which is obtained by dividing the denomination of each Bond by \$5,000. Upon redemption of a portion of a Bond, the Board shall cause to be delivered to the Bondholder thereof a new Bond of the same series, maturity, and interest rate, in the principal amount of the unredeemed portion.

AT LEAST 30 days prior to the date fixed for any redemption of the Bonds prior to their scheduled maturity, the Paying Agent/Registrar shall cause a written notice of such redemption to be mailed, postage prepaid, to each registered owner of the Bonds to be redeemed, at its address appearing on the Register maintained by the Paying Agent/Registrar. Any notice so mailed will be conclusively presumed to have given, irrespective of whether received, and any defect in such notice shall not affect the validity of any proceedings for the redemption of Bonds. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the appropriate redemption price. If such written notice of redemption is mailed and if due provision for payment of the redemption price is made, all as provided above, the Bonds, or portions thereof, which are to be redeemed, thereby automatically shall be deemed to have been redeemed prior to their scheduled maturity, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Bondholder to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

IF ANY BOND SHALL NOT BE PAID UPON THE SURRENDER THEREOF at the maturity or on a redemption date, such Bond shall continue to bear interest until paid and, to the extent permitted by law, interest on any overdue payments of principal of, premium, if any, or interest on such Bond shall be paid at the rate of interest borne by such Bond.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the city where the corporate trust offices of the Paying Agent/Registrar is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a

Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date of payment.

THE BONDS are issued pursuant to and secured by the Resolution and reference is hereby made to the Resolution for provisions with respect to the custody and application of the Board's funds, a description of the Pledged Revenues pledged for the payment of the Bonds and the terms and conditions on which such security is pledged, remedies in the event of a default hereunder or thereunder, and the respective rights, duties, and obligations of the Board, the Paying Agent/Registrar, and the Registered Owners of the Bonds. By acceptance of this Bond the Registered Owner consents to all of the provisions of the Resolution, a certified copy of which is on file in the office of the Board.

THIS BOND IS TRANSFERABLE OR EXCHANGEABLE only upon presentation and surrender at the principal corporate office of the Paying Agent/Registrar. If this Bond is being transferred, it shall be duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner, or his authorized representative, and will be transferred subject to the terms and conditions of the Resolution. If this Bond is being exchanged, it shall be duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his duly authorized representative, and will be exchanged for other Bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Resolution. The Paying Agent/Registrar is not required to accept any Bond for transfer or exchange during the 15 days prior to mailing of any notice of redemption, or to accept for transfer or exchange any Bond that has been called for redemption in whole or in part.

NO BONDS OF THIS SERIES SHALL BE VALID or obligatory for any purpose or be entitled to any benefit under the Resolution unless such Bond either (a) is registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon in the case of the initially issued Bonds or (b) is authenticated by the Paying Agent/Registrar as evidenced by execution of the authentication certificate endorsed hereon in the case of all Bonds exchanged for the initially issued Bonds.

IT IS HEREBY CERTIFIED AND COVENANTED that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special revenue obligation of the Board, and that the principal of, premium, if any, and interest on this Bond are payable from and secured by an irrevocable first lien on and pledge of the Pledged Revenues as defined in the Resolution.

UNDER THE TERMS OF THE RESOLUTION, provision may be made for the payment of the amounts due on this Bond in advance of the due date thereof, in which event this Bond will no longer be secured by or entitled to the benefits of the Resolution, except for the purpose of any such payment from the money or securities so held by the Trustee and except for purposes of transfer and exchange as provided in the Resolution.

THE REGISTERED OWNERS OF THE BONDS will have no right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Resolution or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Resolution, except on the terms and conditions and as provided in the Resolution.

FORM OF AUTHENTICATION CERTIFICATE FOR SERIAL BONDS

AUTHENTICATION CERTIFICATE

This bond is one of the Bonds referred to in the within-mentioned Resolution.

Registration Date: _____

By _____
Authorized Officer

* * *

[END OF FORMS]

Section 6. PAYING AGENT/REGISTRAR. (a)

_____ Bank is hereby appointed as the Paying Agent/Registrar for the Bonds to act as the Board's registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Board and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the owners of the Bonds and record in the Register the address of such owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The Board or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(b) The Board hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds. The Paying Agent/

Registrar shall keep proper records of all payments made by the Board and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of such Bonds, all conversions and replacements of such Bonds, as provided in the Resolution.

(c) Each Paying Agent/Registrar shall be (i) a bank, trust company, financial institution, or other entity duly qualified and legally authorized under the laws of the United States or of any state thereof, (ii) authorized under such laws to exercise trust powers, (iii) subject to supervision or examination by a federal or state governmental authority, and (iv) a single entity.

(d) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the Board will promptly appoint a replacement.

(e) The execution and delivery of a Paying Agent/-Registrar Agreement, as presented at the meeting at which this Resolution was considered, specifying the duties and responsibilities of the Board and the Paying Agent/Registrar, is hereby approved with such changes as may be approved by the Chairman of the Board and the Chairman of the Board is hereby authorized to execute such agreement.

(f) The Board reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated a certified copy of a resolution of the Board (i) giving notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar.

(g) Promptly upon each change in the entity serving as Paying Agent/Registrar, the Board will cause notice of the change to be sent to each Bondholder by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

(h) By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Resolution and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby.

(i) If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

Section 7. DEFINITIONS. In this Resolution the following terms as used herein shall have the meanings hereinafter set forth, unless the text hereof specifically indicates otherwise, and are in addition to definitions in Section 5 hereof or elsewhere herein:

Board of Regents or Board: the Board of Regents of The University of Texas System.

Bonds or Bond: the Bonds authorized by this Resolution.

Current Expenses: all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance, and all other expenses incident to the operation of the Project, but excluding depreciation, all general administrative expenses of the University and the Board, and the payment into the Repair and Replacement Account, hereinafter provided for.

Depository Bank: the bank or banks designated by the Board from time to time as depository for a specific account created under this Resolution, said bank or banks being a member of the Federal Deposit Insurance Corporation.

Gross Revenues: all revenues derived from the operation and/or ownership of the Project, including income from the investment of any account or fund referred to herein.

Net Revenues: all Gross Revenues after deduction therefrom of Current Expenses.

Pledged Revenues: the Net Revenues and all interest and investment income derived from the deposit or investment of money credited to the Revenue Account, the Bond Account, and the Repair and Replacement Account.

Project: the Warwick I, II, III, and V Apartments, all property, structures, activities, services, operations, or other facilities in connection therewith, together with all extensions and improvements thereto and replacements thereof hereafter constructed or acquired.

Record Date: the 15th day of the month preceding any Interest Payment Date.

Resolution: this Resolution authorizing the Bonds.

University: The University of Texas at Arlington.

Section 8. SECURITY FOR PAYMENT OF THE BONDS. The Bonds shall be payable as to principal, premium, if any, and interest from, and secured by a first lien on and pledge of, the Pledged Revenues which include but not by way of limitation, the Net Revenues to the extent necessary to meet all debt service and reserve requirements of the Bonds, and said lien on and pledge of the Net Revenues is hereby irrevocably created and made. Interest earnings from funds established in this Resolution are also hereby pledged as a part of the Pledged Revenues to meet all debt service and reserve requirements of the Bonds. The Bonds and the interest thereon shall constitute special obligations of the Board payable from the Pledged Revenues, and such obligations shall not constitute an indebtedness of the Board or the State of Texas, and the owners of the Bonds shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

Section 9. REVENUE ACCOUNT. The "Warwick I, II, III, and V Apartments Revenue Account" (hereinafter referred to as the "Revenue Account") is hereby established as a separate account or accounts to be set up in the Depository Bank and all of the Gross Revenues shall be deposited into the Revenue Account. The Revenue Account shall be maintained as a separate account on the books of the University. Current Expenses shall be paid as a first charge from money in the Revenue Account. So long as any of the Bonds are outstanding, the Revenue Account shall be maintained in the Depository Bank and shall be expended and used only in the manner and order provided herein.

Section 10. BOND AND INTEREST SINKING FUND ACCOUNT AND DEBT SERVICE RESERVE. There is hereby established at the Depository Bank, and there shall be maintained so long as any of the Bonds are outstanding, a separate account to be known as the "Warwick I, II, III, and V Apartments Bond and Interest Sinking Fund Account" (hereinafter referred to as "Bond Account"). The Bond Account shall be used solely to pay the principal of and interest on the Bonds as the same come due. There is hereby established and there shall be maintained as a separate account within the Bond Account a Debt Service Reserve (the "Debt Service Reserve") which may be used finally in retiring the last of the outstanding Bonds or for paying principal of or interest on any outstanding Bonds when and to the extent the amount in the Bond Account is otherwise insufficient for such purpose. All money and investments in the Bond Account in excess of the principal and interest requirements on the Bonds during the then current fiscal year shall constitute the Debt Service Reserve.

Section 11. REPAIR AND REPLACEMENT ACCOUNT. There is hereby established at the Depository Bank, and there shall be maintained so long as any of the Bonds are outstanding, a separate account called the "Warwick I, II, III, and V Apartments Repair and Replacement Account" (hereinafter referred to as the "Repair and Replacement Account"). All money in the Repair and Replacement Account may be drawn on and used by the University for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals, and replacements, and

renovating or replacement of the furniture and equipment not paid as part of the ordinary and normal expense of Project operations. However, in the event that money in the Bond Account shall be reduced below the amount required to be on deposit therein, money in the Repair and Replacement Account shall be transferred to the Bond Account to the extent required to eliminate the deficiency in the Bond Account.

Section 12. FLOW OF FUNDS. On or before January 1, 1986, and on or before each July 1 and January 1, thereafter, transfers will be made of Net Revenues from the Revenue Account in the following order:

1. An amount which, together with any other amounts then on deposit therein and available for such purpose, is at least equal to the next maturing interest and 1/2 of the next maturing principal on the Bonds will be deposited into the Bond Account;
2. An amount equal to \$13,125 annually will be deposited into the Debt Service Reserve to be held as a reserve to be used by the University for those purposes described in Section 10 above, until a balance of \$105,000 has been accumulated therein and thereafter deposits to the Debt Service Reserve may be discontinued until the Debt Service Reserve balance falls below \$105,000 in which event deposits to the Debt Service Reserve shall be made as aforesaid until such amount is restored;
3. After and so long as the Debt Service Reserve contains \$105,000, an amount equal to \$13,125 annually will be deposited into the Repair and Replacement Account to be used for the purposes described in Section 11 above, until a balance of \$100,000 has been accumulated and maintained therein; and
4. The balance in the Revenue Account after the foregoing prescribed transfers and payments may be used by the University for any lawful purposes.

Section 13. SPECIAL PROVISIONS AS TO ACCOUNTS.

(a) If in any year the Board shall, for any reason, fail to pay into the accounts established in this Resolution the full amounts stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said accounts from the Net Revenues, and such payments shall be in addition to the payments provided to be otherwise paid into said accounts.

(b) When the Bond Account and the Debt Service Reserve contain an aggregate balance of not less than an amount sufficient to pay all interest on and principal of all then outstanding Bonds, due and to become due to maturity, no further sums need be paid into said account.

(c) Money in all accounts created by this Resolution shall be secured by the pledge of direct obligations, or obligations unconditionally guaranteed by, the United States Government, in a principal amount at all times not less than the amount of money credited to such accounts, respectively.

Section 14. INVESTMENT OF ACCOUNTS. Money held in the Revenue Account, the Bond Account (including the Debt Service Reserve therein) and the Repair and Replacement Account shall, upon request by the Board, be invested in direct obligations of, or obligations the principal of and the interest on which are guaranteed by, the United States Government, or certificates of bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal full faith and credit agencies: Export-Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, Government National Mortgage Association, Maritime Administration and Public Housing Authorities; the following investments, fully insured by the Federal Deposit Insurance Corporation: certificates of deposit, savings accounts, deposit accounts or depository receipts of banks, savings and loan associations and mutual savings banks; or any investment agreement, repurchase agreement or other evidence by a banking association or bank holding company or other institution which is rated at least "AA" by Standard & Poors or "Aa" by Moody's Investor Service, and such investments shall be scheduled to mature not later than such times as shall be necessary to provide moneys when needed. Obligations so purchased shall be deemed at all times to be a part of the respective account, but may, from time to time be sold or otherwise converted into cash, thereupon the proceeds derived from said sale shall be deposited into the respective account. Any interest accruing on and any profit realized from such investments shall be credited to the respective account. Investments of said accounts shall be valued in terms of current market value as of June 1 and December 1 of each year.

Section 15. PAYMENT OF BONDS. On or before January 1, 1986, and on or before the 1st day of January and of each July thereafter while any of the Bonds are outstanding and unpaid there shall be made available to the Paying Agent/Registrar therefore, out of the Bond Account, money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature on January 1 or July 1. The Paying Agent/Registrar shall totally destroy all paid Bonds and shall furnish the Board with an appropriate certificate of destruction.

Section 16. BOOKS AND RECORDS. The Board covenants that it will keep accurate financial records and proper books relating to the Project, and such records and books shall be open to inspection by the Bondholders and their agents and representatives. The Board further covenants that it will furnish to any Bondholder who shall request same in writing, copies of audit reports prepared by the State Auditor of Texas or an independent Certified Public Accountant.

Section 17. RATES AND CHARGES. The Board covenants and agrees that it shall fix, levy, charge, and collect so long as the Bonds remain outstanding rental rates and charges for the use and occupancy of the Project which shall at all times produce Gross Revenues sufficient to pay principal of and interest on the Bonds as same become due, to establish and maintain the Debt Service Reserve, and the Repair and Replacement Account in the amounts required by this Resolution, and to pay all Current Expenses. The Board's obligations hereunder are subject to and recognize that the rates and charges must be such that the rates and charges must be competitive with those charged by other apartment owners.

Section 18. INSURANCE. (a) The Board covenants and agrees that, so long as the Bonds remain outstanding, it shall maintain fire and extended coverage insurance of the Project in amounts sufficient to provide for not less than full recovery whenever a loss for perils insured against does not exceed 80% of the full insurable value of the damaged property. Such insurance shall be carried with a reliable insurance company or companies and the premiums on such insurance shall be paid as Current Expense. Upon the happening of any loss or damage covered by such policies, the Board shall make proof of loss and shall do all things necessary or desirable to cause the insurance company to make payment in full directly to the Board. Upon the happening of any loss or damage to the insured property, the Board shall forthwith repair or replace the damaged or destroyed property and shall apply the insurance proceeds solely for the purpose. Any insurance proceeds remaining after the repair and replacement of the damaged or destroyed property shall be deposited to the credit of the Debt Service Reserve of the Bond Account. If the insurance proceeds shall be insufficient to make the property suffering such loss or damage tenantable or useful, and if no other funds are available for such purpose, then the insurance proceeds shall be deposited to the credit of the Debt Service Reserve.

(b) The Board further covenants and agrees that, so long as the balance in the Debt Service Reserve Account is less than the full amount required to be accumulated therein, it shall maintain use and occupancy insurance on the Project in an amount equal to the average annual principal and interest requirements on the Bonds then outstanding.

Section 19. ADDITIONAL COVENANTS. The Board covenants and agrees that:

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

the times and in the manner prescribed herein, deposit or cause to be deposited, from the Pledged Revenues, the amounts of money specified herein.

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

(c) The University owns and is lawfully possessed of, or will own and be lawfully possessed of within a reasonable time after the sale and delivery of the Bonds, the Project and has, or will have, good and indefeasible estate in the Project in fee simple, that it warrants that it has, and will defend, the title to all the aforesaid Project, and every part thereof and improvements thereon, for the benefit of the holders of the Bonds against the claims and demands of all persons whomsoever, that it is lawfully and qualified to pledge the Pledged Revenues to the payment of the Bonds in the manner prescribed herein, and has lawfully exercised such rights.

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

(e) Insofar as it lawfully may, it will continuously and efficiently operate and maintain in good condition, and at a reasonable cost, the Project and facilities and services thereof, so long as any Bonds are outstanding.

(f) While the Bonds are outstanding and unpaid, the Board shall not additionally encumber the Pledged Revenues in any manner, unless said encumbrance is made junior and subordinate in all respects to the lien, pledges, covenants, and agreements of this Resolution.

Section 20. NO ARBITRAGE. The Board certifies that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the Board reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds or any portion of the Bonds to be an "arbitrage bond" under Section 103(c)(2) of the Internal Revenue Code of 1954, as amended, and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the Board or the University are authorized and directed to provide certifications of facts and estimates which are material to the reasonable expectations of the Board as of the date the Bonds are delivered and paid for. In particular, all or any officers of the Board or the University are authorized to certify for the Board the facts and circumstances and reasonable expectations of the Board on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the Board covenants that it shall make such use of the proceeds of the Bonds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds shall not be "arbitrage bonds" under Section 103(c)(2) of the Internal Revenue Code of 1954, as amended, and regulations prescribed from time to time thereunder.

Section 21. DISCHARGE BY DEPOSIT. The Board may discharge its obligation to the holders of any or all of the Bonds to pay principal, interest, and redemption premium (if any) thereon by depositing with the State Treasurer or at the Paying Agent/Registrar either: (1) cash equivalent to the principal amount and redemption premium, if any, plus interest to the date of maturity or redemption or (2) direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States of America, in principal amounts and maturities and bearing interest at rates sufficient to provide for the timely payment of the principal amount and redemption premium, if any, on such Bonds plus interest to the date of maturity or redemption; provided, however, that if any of such Bonds are to be redeemed prior to their date of maturity, provision shall have been made for giving notice of redemption as provided herein. Upon such deposit, the Bonds shall no longer be regarded as outstanding and unpaid.

Section 22. AMENDMENT. (a) The Holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of the then outstanding Bonds shall have the right to approve any amendment to this Resolution which may be deemed necessary or desirable by the Board, provided, however, that no amendment may alter the terms and conditions in this Resolution or in the Bond so as to:

(1) Make any change in the maturity of the outstanding Bonds;

(2) Reduce the rate of interest borne by any of the outstanding Bonds;

(3) Reduce the amount of the principal payable on the outstanding Bonds;

(4) Modify the terms of payment of principal of or interest on the outstanding Bonds, or impose any conditions with respect to such payment;

(5) Affect the rights of the holders of less than all of the Bonds then outstanding; or

(6) Change the minimum percentage of the principal amount of Bonds necessary for consent to such amendment.

(b) If the Board desires to amend the Resolution, such notice of the proposed amendment shall be published in a financial newspaper or journal published in the City of New York, New York, or in the City of Austin, Texas, once during each calendar week for at least two successive calendar weeks, setting forth the nature of the proposed amendment and stating that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all holders of Bonds. Such publication is not required, however, if notice in writing is given to each holder of Bonds.

(c) Whenever the Board shall receive an instrument executed by the holders of at least 51% in aggregate principal amount of all Bonds then outstanding within not less than 30 days nor more than one year from the date of publication of the notice or other service of written notice, referring to the proposed amendment described in said notice and which specifically consents to and approves such amendment in substantially the form of copy thereof on file with the Paying Agent/Registrar, the Board may adopt the amendatory resolution in substantially the same form.

(d) Upon the adoption of any amendatory resolution pursuant to the provisions provided herein, this Resolution shall be deemed to be amended in accordance with such amendatory resolution, and the respective rights, duties, and obligations under this Resolution of the Board, and all the holders of then outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced thereunder, subject in all respects to such amendments.

(e) Any consent given by the holder of a Bond pursuant to the provisions provided herein shall be irrevocable for a period of six months from the date of the first publication of the notice provided for herein, and shall be conclusive and binding upon all future holders of the same Bond 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 holder who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar and the Board, but such revocation shall not be effective if the holders

of 51% in aggregate principal amount of the then outstanding Bonds as defined hereinabove have, prior to the attempted revocation, consented to, and approved the amendment.

(f) For the purpose of amending this Resolution as hereinabove provided, ownership may be provided by the affidavit of the person claiming to be such holder, or by a certificate executed by any trust company, bank, banker, or any other depository wherever situated showing that at the date therein mentioned such person had on deposit with such trust company, bank, banker, or other depository, the Bonds described in such certificate. The Board may conclusively assume that such ownership continues until written notice to the contrary is served upon the Board.

Section 23. APPROVAL AND REGISTRATION. The Chairman of the Board is hereby authorized to have control of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and the registration of the initial Bond by the Comptroller of Public Accounts of the State of Texas. Upon registration of said Bond, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the initial Bond and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Bond.

Section 24. SALE AND DELIVERY. The sale of the Bonds is hereby awarded to _____ for a price of par, subject to the approving opinions, as to the legality of the Bonds, of the Attorney General of the State of Texas and Reynolds, Allen & Cook Incorporated, Houston, Texas, market attorneys. When said Bonds have been approved by the Attorney General and registered by the Comptroller of Public Accounts of the State of Texas, they shall be delivered to the named purchaser upon receipt of the full purchase price.

Section 25. OFFERING DOCUMENTS. The Limited Offering Memorandum, together with any supplements and amendments thereto, are hereby ratified, authorized and approved for use in connection with the sale and distribution of the Bonds.

Section 26. CAPTIONS. The captions of the Sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof.

* * * * *

BACKGROUND INFORMATION

Pursuant to action taken by the U. T. Board of Regents via Executive Committee Letter No. 85-22, the proceeds of the bonds will be used to purchase four apartment complexes for student housing at U. T. Arlington. Bids for the paying agent/registrar and printing of the bonds will be considered by the U. T. Board of Regents at its meeting commencing at 1:00 p.m., C.D.T., Thursday, August 8, 1985, in the Regents' Meeting Room, 9th floor, Ashbel Smith Hall.

The Bond Resolution is set forth on Pages B of R 39 - 64.

See Item 3, Page Ex.C - 4.

3. U. T. System: Request for Approval to (a) Establish the U. T. System Center for High Performance Computing (CHPC); (b) Authorize the Office of the Chancellor to Establish the CHPC Executive Committee, and (c) Authorize the Office of the Chancellor to Evaluate and Recommend Equipment Purchases to the U. T. Board of Regents.--

RECOMMENDATION

The Office of the Chancellor seeks approval from the U. T. Board of Regents to:

- a. Establish The University of Texas System Center for High Performance Computing (CHPC).
- b. Authorize the Office of the Chancellor to establish a CHPC Executive Committee to initially evaluate and make recommendations to the Office of the Chancellor on the purchase of equipment for the Center and to develop and implement an operating plan and operating policies for the CHPC, subject to approval by the Office of the Chancellor. The proposed committee is to be composed of three general academic institution representatives and two health institution representatives and such ex officio members as may be deemed appropriate. Appointments to the CHPC Executive Committee would be made by the Executive Vice Chancellors for Academic Affairs and Health Affairs, respectively.
- c. Authorize the Office of the Chancellor to evaluate and recommend to the Board at a future date the purchase of equipment for initial operation of the CHPC.

BACKGROUND INFORMATION

To conduct state-of-the-art research and educate a new generation of graduate students in research techniques, a serious and unmet need for high-performance computing (i.e., supercomputing) capabilities currently exists in the U. T. System. While a small number of U. T. System

faculty and students have access to supercomputers located at national laboratories and at a few non-U. T. System universities, most researchers with large computational requirements defer important research efforts due to the inadequacy and unavailability of high performance computing capabilities. A high performance computing center would expand and encourage the use of the supercomputer for teaching and research by faculty and students, and would assist the organized research units of component institutions to focus on high performance computing per se. Through appropriate communications linkages to component institutions, it would be a computing resource available for use by faculty and students throughout the U. T. System and would also encourage the development of user support on each campus.

In Spring 1984, representatives of U. T. System general academic and health component institutions met to discuss the concept of a U. T. System Center for High Performance Computing. A draft concept for such a center was developed and circulated to component institutions for comment. Discussions with prospective vendors were begun in Fall 1984. A final draft of a concept paper was transmitted to component chief administrative officers in January 1985, with the recommendation that the Office of the Chancellor seek U. T. Board of Regents' authorization to proceed with formal planning for the supercomputer center.

In April 1985, the U. T. Board of Regents authorized in principle the establishment of a U. T. System Center for High Performance Computing (CHPC) and, in addition, authorized the development of an operating plan for such a unit as well as plans and recommendations for the acquisition of equipment subject to future Board approval. Since April 1985, a CHPC draft operating plan has been developed and reviewed by all component institutions. In late June 1985, a final draft of a CHPC operating plan was transmitted to component institution chief administrative officers, with the recommendation that the Office of the Chancellor seek U. T. Board of Regents' approval to establish the CHPC; to authorize the establishment of a CHPC Executive Committee as the initial step in developing and implementing an operating plan; and to authorize the evaluation for potential purchase of the equipment required for initial operation of the CHPC.

Upon Regental concurrence, the CHPC Executive Committee will be appointed and initially charged with advising the Office of the Chancellor on equipment purchase and developing a CHPC final operating plan based upon the draft plan now available. Operating policies promulgated by the CHPC Executive Committee will include policies regarding computer time allocations and operation of the CHPC facility. The CHPC Executive Committee will also advise the Office of the Chancellor regarding the appointment of a manager for the Center.

The proposed CHPC is to be located in the "Commons Building" at the Balcones Research Center (BRC) at U. T. Austin. It will include an appropriate "super-computer complex," a network communications system linking the CHPC equipment with component institutions, interactive graphics systems, and an archival

storage system. The CHPC capital equipment required for initial operation includes the network communications system and interactive graphics systems as well as the "supercomputer complex." Proposed equipment purchases will be submitted to the U. T. Board of Regents at a future date.

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

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

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

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

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

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

F. RECONVENE

G. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

H. REPORT OF SPECIAL COMMITTEES

I. OTHER MATTERS

1. U. T. Board of Regents: Certificate of Appreciation
2. U. T. Board of Regents: Resolution of Appreciation
3. U. T. System: Report on Status of Women in Administrative Positions

RESOLUTION OF APPRECIATION

WHEREAS, Dr. Peter T. Flawn has served The University of Texas System with great effectiveness and distinction for over thirty-five years;

WHEREAS, Dr. Flawn has demonstrated his remarkable administrative and professional leadership expertise as Director of the Bureau of Economic Geology, Vice President for Academic Affairs, Executive Vice President, and President of The University of Texas at Austin, as well as President of The University of Texas at San Antonio;

WHEREAS, Dr. Flawn has, through all of these administrative assignments, enhanced his professional stature on the national and international scene as an expert on the geological sciences and environmental affairs;

WHEREAS, Dr. Flawn has elected to retire from the presidency of The University of Texas at Austin effective August 31, 1985;

WHEREAS, The Board of Regents has already designated Dr. Flawn as the President-Emeritus of The University of Texas at Austin in grateful recognition of his distinguished leadership of that flagship campus; and

WHEREAS, In all of these positions and endeavors Dr. Flawn has been most ably assisted and complemented by his charming wife, Priscilla; now, therefore, be it

RESOLVED, That the Board of Regents expresses its heartfelt appreciation to Pris and Pete for their dedicated service and wise counsel in the affairs of The University of Texas System; and be it

RESOLVED, That the Board of Regents attests to the exceptional ability, high loyalty and professional integrity of Dr. Flawn; and, be it further

RESOLVED, That the original of this Resolution be presented to Dr. and Mrs. Peter T. Flawn as a token of the esteem and gratitude of the Board of Regents of The University of Texas System, and that a copy be spread upon the Minutes of this meeting so that those who come in the future will be aware of their invaluable service.

Adopted by unanimous vote this 8th day of August 1985

Board of Regents
of
The University of Texas System



Jess Hay, Chairman

Jack S. Blanton

Tom B. Rhodes

Robert B. Baldwin III
Vice-Chairman

Janey S. Briscoe

Bill Roden

Shannon H. Ratliff
Vice-Chairman

Beryl Buckley Milburn

Mario Yzaguirre

J. SCHEDULED MEETINGS AND EVENTS

Board of Regents' Meetings

<u>Dates</u>	<u>Locations/Hosts</u>
October 10-11, 1985	U. T. Arlington
December 5-6, 1985	U. T. Permian Basin
February 13-14, 1986	U. T. Health Science Center - Houston
April 10-11, 1986	U. T. Medical Branch - Galveston
June 12-13, 1986	Austin
August 14-15, 1986	Austin
October 9-10, 1986	U. T. Health Science Center - Dallas
December 11-12, 1986	U. T. Health Science Center - San Antonio

The 1985 football schedule for U. T. Arlington, U. T. Austin and U. T. El Paso is set forth on Page B of R - 65.

K. RECESS TO EXECUTIVE SESSION

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

If time permits, the Board will recess on Thursday afternoon to convene in Executive Session and continue that Executive Session beginning at 9:00 a.m. on Friday until the completion of business --- See Page B of R - 7, Item N.

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

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

Date: August 9, 1985
Time: 9:00 a.m.
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

A.-K. (Pages B of R 1 - 6)

L. CONVENE OR RECONVENE IN EXECUTIVE SESSION

M. RECONVENE IN OPEN SESSION

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

1. Pending and/or Contemplated Litigation - Section 2(e)
 - a. U. T. Austin: Proposed Settlement of Potential Litigation Involving B. B. Anderson Construction Company
 - b. U. T. Health Science Center - Houston: Proposed Settlement of Medical Malpractice Litigation
 - c. U. T. Health Science Center - San Antonio: Proposed Settlement of Medical Malpractice Litigation
 - d. U. T. Health Science Center - San Antonio: Proposed Settlement of Medical Malpractice Litigation
2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)
 - a. U. T. System: Consideration of Proposed Amendment(s) to the Lease Agreement for Commercial Vineyards on West Texas Lands
 - b. U. T. System: Consideration of Value and Purchase of a Tract of Land in Travis County, Texas
3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees
 - a. U. T. System: Consideration of Personnel Aspects of the 1985-86 Operating Budgets, Including Auxiliary Enterprises, Grants and Government Contracts, Designated Funds, Restricted Current Funds and Medical Service, Research and Development Programs

b. U. T. Austin: Consideration of Personnel
Matters Related to the Possible Election
and Employment of a President

O. OTHER BUSINESS

P. ADJOURNMENT

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF \$75,000,000 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT BONDS, SERIES 1985-A, AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

WHEREAS, the Amendment to Section 18, Article VII of the Texas Constitution, adopted by vote of the people of Texas on November 6, 1956, provided that the Board of Regents of The University of Texas System (the "Board") was authorized to issue negotiable bonds and notes for the purpose of constructing, equipping, or acquiring buildings or other permanent improvements for The University of Texas System, in a total amount not to exceed two-thirds (2/3) of twenty per cent (20%) of the value of the Permanent University Fund, exclusive of real estate, at the time of any issuance thereof; and

WHEREAS, the Board heretofore has authorized, issued, and delivered that issue of Board of Regents of The University of Texas System Permanent University Fund Refunding Bonds, Series 1958, dated July 1, 1958, pursuant to the provisions of Section 18, Article VII of the Texas Constitution; and

WHEREAS, such Refunding Bonds, Series 1958 (which no longer are outstanding) were payable from and secured by a first lien on and pledge of a certain defined "Interest of the University" in the income from the Permanent University Fund, in the manner and to the extent provided in the resolution adopted on July 23, 1958, authorizing the issuance of such Refunding Bonds, Series 1958 (the "Old Series Resolution"); and the Old Series Resolution reserved the right and power in the Board to issue, under certain conditions, additional parity bonds for the purposes and to the extent provided in Section 18, Article VII of the Texas Constitution, such additional parity bonds to be on a parity with the aforesaid Refunding Bonds, Series 1958, and equally and ratably secured by and payable from a first lien on and pledge of the aforesaid Interest of the University in the income from the Permanent University Fund, in the same manner and to the same extent as are such Refunding Bonds, Series 1958; and

WHEREAS, the Board heretofore has authorized, issued, sold, and delivered, as installments or issues of such additional parity bonds, its Permanent University Fund Bonds, Series 1959, Series 1960, Series 1961, Series 1962, Series 1963, Series 1964, Series 1965 (all of which now have been paid and retired), and Series 1966 (the "Old Series Bonds"); and

WHEREAS, the Board previously covenanted that no more of such additional parity bonds would be issued on a parity with the Old Series Bonds because of the excessively restrictive Permanent University Fund investment covenants made in connection with the aforesaid Old Series Bonds; and

WHEREAS, pursuant to a resolution adopted on June 16, 1967 (the "New Series Resolution"), the Board authorized, issued, sold, and delivered an installment or issue of negotiable bonds designated as the Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1967, dated July 1, 1967 (hereinafter sometimes called the "New Series 1967 Bonds"), in the principal amount of \$14,000,000, payable from and secured by a lien on and pledge of a certain "Interest of the University" in the income from the Permanent University Fund (as such terms are defined in the New Series Resolution), subject only and subordinate to the first lien on and pledge of

such Interest theretofore created in connection with the Old Series Bonds; and

WHEREAS, in the New Series Resolution, the Board set forth the terms and conditions under which additional parity bonds may be issued to be on a parity with the aforesaid New Series 1967 Bonds, and the Board has issued its Permanent University Fund Bonds, New Series 1968, New Series 1969, New Series 1970, New Series 1971, New Series 1972, New Series 1973, New Series 1974, New Series 1975, New Series 1976, New Series 1977, New Series 1978, New Series 1979, New Series 1980, New Series 1981, New Series 1983, New Series 1983-A, and New Series 1984, in accordance therewith (collectively the "New Series Bonds"); and

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

WHEREAS, the Board deems it necessary and advisable that no more additional parity New Series Bonds shall be issued as permitted by the New Series Resolution, because of changes resulting from the 1984 Constitutional Amendment, and because of restrictive Permanent University Fund investment covenants made in connection with the New Series Bonds; and

WHEREAS, so long as any Old Series Bonds and New Series Bonds remain outstanding, the Board is required to keep all investment covenants in full force and effect as to all such outstanding Old Series Bonds and New Series Bonds and to affirm and sustain the prior and superior liens on and pledges of the aforesaid Interest of the University in the income from the Permanent University Fund, as defined and provided in the Old Series Resolution and the New Series Resolution; and

WHEREAS, as permitted by 1984 Constitutional Amendment, the Board has determined to authorize, issue, sell, and deliver an issue of bonds to be known as Permanent University Fund Constitutional Amendment Bonds, payable from and secured by a lien on and pledge of the two-thirds "Interest of The University of Texas System" in the "Available University Fund," as such terms are hereinafter defined, subject only and subordinate to the prior and superior liens on and pledges of the interest of the University heretofore created to secure the outstanding Old Series Bonds and outstanding New Series Bonds; and

WHEREAS, the Board has determined to set forth the terms and conditions under which additional parity bonds and notes hereafter may be issued to be on a parity with the Permanent University Fund Constitutional Amendment Bonds authorized hereunder, and to set forth the Permanent University Fund investment covenants with respect to all Permanent University Fund Constitutional Amendment Bonds; Now, Therefore

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

Section 1. DEFINITIONS AND FINDINGS. (a) Throughout this Resolution the following terms and expressions as used herein shall have the meanings set forth below:

The term "Available University Fund" means all of the dividends, interest, and other income from the Permanent University Fund (less administrative expenses), including the net income attributable to the surface of Permanent University Fund land.

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

The term "Bonds" means collectively the Series 1985 Bonds and the Series 1985-A Bonds.

The terms "Constitutional Amendment Additional Parity Bonds and Notes" and "Additional Parity Bonds and Notes" mean the additional parity bonds and the additional parity notes permitted to be issued pursuant to Section 12 of this Resolution.

The terms "Interest of The University of Texas System" and "Interest" in the Available University Fund mean, with respect to the Bonds and the Constitutional Amendment Additional Parity Bonds and Notes, The University of Texas System's two-thirds interest in the Available University Fund.

The terms "Interest of the University" and "Interest" in the Permanent University Fund or in the income therefrom mean, with respect to the Old Series Outstanding Bonds and the New Series Outstanding Bonds, all of the income to such Fund from grazing leases on university lands, and all of the other income from such Fund, after making provision for the payment of The University of Texas System's proportion of the expenses of administering such Fund, excepting the one-third of the income arising and accruing to The Texas A&M University System from the 1,000,000 acres of land appropriated by the Constitution of 1876 and the land appropriated by the Act of 1883, as more particularly defined by Chapter 42, Acts of the Forty-second Legislature, Regular Session, 1931.

The term "New Series Outstanding Bonds" means the outstanding bonds of the following Series of bonds:

Board of Regents of The University of Texas
System Permanent University Fund Bonds, New Series
1967, New Series 1968, New Series 1969, New Series
1970, New Series 1971, New Series 1972, New Series
1973, New Series 1974, New Series 1975, New Series
1976, New Series 1977, New Series 1978, New Series
1979, New Series 1980, New Series 1981, New Series
1983, New Series 1983-A, and New Series 1984.

The term "Old Series Outstanding Bonds" means the outstanding bonds of the following Series of bonds:

Board of Regents of The University of Texas System
Permanent University Fund Bonds, Series 1966.

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

The term "Permanent University Fund Bonds" means collectively all bonds or notes of the Board of Regents of The University of Texas System or the Board of Directors or the Board of Regents of The Texas A&M University System heretofore or hereafter issued and delivered pursuant to the provisions of Section 18, Article VII of the Texas Constitution, approved by vote of the people of Texas on August 23, 1947, or pursuant to the provisions of the amendment to Section 18, Article VII of the Texas Constitution, approved by vote of the people of Texas on November 6, 1956, or pursuant to the amendment to Section 18, Article VII of the Texas Constitution, approved by vote of the people of Texas of November 8, 1966, or pursuant to the amendment to Section 18, Article VII of the Texas Constitution, approved by vote of the people of Texas on November 6, 1984, or pursuant to any future amendment to Section 18, Article VII of the Texas Constitution, and any refunding bonds payable from and secured by a lien on and pledge of income from the Permanent University Fund.

The term "Resolution" as used herein means this resolution authorizing the Series 1985-A Bonds.

The term "Series 1985 Bonds" means the Board of Regents of The University of Texas System Permanent University Fund Constitutional Amendment Bonds, Series 1985, authorized by the Board by resolution adopted on February 14, 1985.

The term "Series 1985 Bond Resolution" means the resolution authorizing the Series 1985 Bonds.

The term "Series 1985-A Bonds" means collectively the Initial Bond as authorized and defined in Section 2 of this Resolution and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Resolution, and the term "Series 1985-A Bond" means any of the Series 1985-A Bonds.

(b) The Board officially finds and determines that the cost value of investments and other assets of the Permanent University Fund (exclusive of real estate) is now in excess of \$2,260,455,966.

Section 2. AMOUNT, PURPOSE AND DESIGNATION OF THE BONDS. The bond or bonds of the Issuer are hereby authorized to be issued and delivered in the aggregate principal amount of \$75,000,000 FOR THE PURPOSE OF ACQUIRING LAND EITHER WITH OR WITHOUT PERMANENT IMPROVEMENTS, CONSTRUCTING AND EQUIPPING BUILDINGS OR OTHER PERMANENT IMPROVEMENTS, MAJOR REPAIR AND REHABILITATION OF BUILDINGS AND OTHER PERMANENT IMPROVEMENTS, ACQUIRING CAPITAL EQUIPMENT AND LIBRARY BOOKS AND LIBRARY MATERIALS, AT OR FOR THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION AND ITS COMPONENT INSTITUTIONS, TO THE EXTENT AND IN THE MANNER PROVIDED BY LAW, IN ACCORDANCE WITH THE AMENDMENT TO SECTION 18, ARTICLE VII, OF THE TEXAS CONSTITUTION ADOPTED BY VOTE OF THE PEOPLE OF TEXAS ON NOVEMBER 6, 1984.

Each bond issued pursuant to this Resolution shall be designated: "BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT BOND, SERIES 1985-A", and initially there shall be issued, sold, and delivered hereunder a single fully registered bond, without interest coupons, payable in installments of principal (the "Initial Bond"), but the Initial Bond may be assigned and transferred and/or converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, having serial maturities, and in the denomination or denominations of \$5,000 or any integral multiple of \$5,000, all in the manner hereinafter provided.

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

(a) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered bond, without interest coupons, dated AUGUST 1, 1985, in the denomination and aggregate principal amount of \$75,000,000, numbered R-1, payable in annual installments of principal to the initial registered owner thereof, to-wit:

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

(b) The Initial Bond (i) may be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and exchanged for other Series 1985-A Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Initial Bond shall be payable, all as provided, and in the manner required or indicated, in the FORM OF INITIAL BOND set forth in this Resolution.

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

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

FORM OF INITIAL BOND

NO. R-1

\$75,000,000

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT BOND
SERIES 1985-A

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

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

\$75,000,000
(SEVENTY-FIVE MILLION DOLLARS)

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

<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>
\$3,000,000	1986	\$3,750,000	1996
3,000,000	1987	3,750,000	1997
3,000,000	1988	4,150,000	1998
3,000,000	1989	4,150,000	1999
3,350,000	1990	4,150,000	2000
3,350,000	1991	4,150,000	2001
3,350,000	1992	4,500,000	2002
3,350,000	1993	4,500,000	2003
3,750,000	1994	4,500,000	2004
3,750,000	1995	4,500,000	2005

and to pay interest, from AUGUST 1, 1985, which is the date of this Bond, on the balance of each such installment of principal, respectively, from time to time remaining unpaid, at the rates as follows:

____ % per annum on the above installment due in 1986
____ % per annum on the above installment due in 1987
____ % per annum on the above installment due in 1988
____ % per annum on the above installment due in 1989
____ % per annum on the above installment due in 1990
____ % per annum on the above installment due in 1991
____ % per annum on the above installment due in 1992
____ % per annum on the above installment due in 1993
____ % per annum on the above installment due in 1994
____ % per annum on the above installment due in 1995
____ % per annum on the above installment due in 1996
____ % per annum on the above installment due in 1997
____ % per annum on the above installment due in 1998
____ % per annum on the above installment due in 1999
____ % per annum on the above installment due in 2000
____ % per annum on the above installment due in 2001
____ % per annum on the above installment due in 2002
____ % per annum on the above installment due in 2003
____ % per annum on the above installment due in 2004
____ % per annum on the above installment due in 2005

with said interest being payable on JANUARY 1, 1986, and semi-annually on each JULY 1 and JANUARY 1 thereafter while this Bond or any portion hereof is outstanding and unpaid.

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

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

THIS BOND has been authorized FOR THE PURPOSE OF ACQUIRING LAND EITHER WITH OR WITHOUT PERMANENT IMPROVEMENTS, CONSTRUCTING AND EQUIPPING BUILDINGS OR OTHER PERMANENT IMPROVEMENTS, MAJOR REPAIR AND REHABILITATION OF BUILDINGS AND OTHER PERMANENT IMPROVEMENTS, ACQUIRING CAPITAL EQUIPMENT AND LIBRARY BOOKS AND LIBRARY MATERIALS, AT OR FOR THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION AND ITS COMPONENT INSTITUTIONS, TO THE EXTENT AND IN THE MANNER PROVIDED BY LAW, IN ACCORDANCE WITH THE AMENDMENT TO SECTION 18, ARTICLE VII OF THE TEXAS CONSTITUTION, ADOPTED BY VOTE OF THE PEOPLE OF TEXAS ON NOVEMBER 6, 1984.

ON JULY 1, 1995, or on any interest payment date thereafter, the unpaid installments of principal of this Bond may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the particular portion of this Bond to be prepaid or redeemed shall be selected and designated by the Issuer (provided that a portion of this Bond may be redeemed only in an integral multiple of \$5,000), at the prepayment or redemption price of the par or principal amount thereof and accrued interest to the date fixed for prepayment or redemption.

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

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

AS PROVIDED above and in the Bond Resolution, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the initial registered owner hereof, or to the initial registered owner as to any portion of this Bond

which is not being assigned and transferred by the initial registered owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged, and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. AS PROVIDED IN THE BOND RESOLUTION, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for transferring, converting and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this Bond, together with other bonds, are equally and ratably secured by and payable from a lien on and pledge of the "Interest of The University of Texas System" in the "Available University Fund", subject only and subordinate to the prior and superior liens on and pledges of the "Interest of the University" in the income from the "Permanent University Fund" heretofore created and made to secure the "Old Series Outstanding Bonds" and the "New Series Outstanding Bonds," as defined and provided in the Bond Resolution.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue Constitutional Amendment Additional Parity Bonds and Notes which also

may be secured by and made payable from a lien on and pledge of the aforesaid Interest of The University of Texas System in the Available University Fund, in the same manner and to the same extent as this Bond, and (ii) to amend the Bond Resolution with the approval of the owners of 51% in principal amount of all outstanding Bonds and Constitutional Amendment Additional Parity Bonds and Notes.

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

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

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

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

Chairman, Board of Regents of The University of Texas System

(BOARD
SEAL)

FORM OF REGISTRATION CERTIFICATE OF THE

COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

Section 6. ADDITIONAL CHARACTERISTICS OF THE BONDS.

(a) Registration and Transfer. The Issuer shall keep or cause to be kept at the principal corporate trust office of _____, Texas (the "Paying Agent/Registrar") books or records of the registration and transfer of the Series 1985-A Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the

Paying Agent/Registrar shall make such transfers and registrations as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Series 1985-A Bond to which payments with respect to the Series 1985-A Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Series 1985-A Bond may be transferred in the Registration Books only upon presentation and surrender of such Series 1985-A Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing (i) the assignment of the Series 1985-A Bond, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and (ii) the right of such assignee or assignees to have the Series 1985-A Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Series 1985-A Bond or any portion thereof, a new substitute Series 1985-A Bond or Series 1985-A Bonds shall be issued in conversion and exchange therefor in the manner herein provided. The Initial Bond, to the extent of the unpaid or unredeemed principal balance thereof, may be assigned and transferred by the initial registered owner thereof once only, and to one or more assignees designated in writing by the initial registered owner thereof. All Series 1985-A Bonds issued and delivered in conversion of and exchange for the Initial Bond shall be in any denomination or denominations of any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Series 1985-A Bond shall have a single stated principal maturity date), shall be in the form prescribed in the FORM OF SUBSTITUTE SERIES 1985-A BOND set forth in this Resolution, and shall have the characteristics, and may be assigned, transferred, and converted as hereinafter provided. If the Initial Bond or any portion thereof is assigned and transferred or converted the Initial Bond must be surrendered to the Paying Agent/Registrar for cancellation, and each Series 1985-A Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Series 1985-A Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Series 1985-A Bond is being exchanged; and each such Series 1985-A Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If only a portion of the Initial Bond is assigned and transferred, there shall be delivered to and registered in the name of the initial registered owner substitute Series 1985-A Bonds in exchange for the unassigned balance of the Initial Bond in the same manner as if the initial registered owner were the assignee thereof. If any Series 1985-A Bond or portion thereof other than the Initial Bond is assigned and transferred or converted each Series 1985-A Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Series 1985-A Bond for which it is exchanged. A form of assignment shall be printed or endorsed on each Series 1985-A Bond, excepting the Initial Bond, which shall be executed by the registered owner or its

duly authorized attorney or representative to evidence an assignment thereof. Upon surrender of any Series 1985-A Bonds or any portion or portions thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new fully registered substitute Series 1985-A Bond or Series 1985-A Bonds, having the characteristics herein described, payable to such assignee or assignees (which then will be the registered owner or owners of such new Series 1985-A Bond or Series 1985-A Bonds), or to the previous registered owner in case only a portion of a Series 1985-A Bond is being assigned and transferred, all in conversion of and exchange for said assigned Series 1985-A Bond or Series 1985-A Bonds or any portion or portions thereof, in the same form and manner, and with the same effect, as provided in Section 6(d), below, for the conversion and exchange of Series 1985-A Bonds by any registered owner of a Series 1985-A Bond. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer and delivery of a substitute Series 1985-A Bond or Series 1985-A Bonds, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of any Series 1985-A Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Series 1985-A Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(b) Ownership of Series 1985-A Bonds. The entity in whose name any Series 1985-A Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Series 1985-A Bond shall be overdue, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Series 1985-A Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 1985-A Bond to the extent of the sum or sums so paid.

(c) Payment of Series 1985-A Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Series 1985-A Bonds, and to act as its agent to convert and exchange or replace Series 1985-A Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Series 1985-A Bonds, and of all conversions and exchanges of Series 1985-A Bonds, and all replacements of Series 1985-A Bonds, as provided in this Resolution.

(d) Conversion and Exchange or Replacement; Authentication. Each Series 1985-A Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal balance or principal amount thereof, may, upon surrender of such Series 1985-A Bond at the principal corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or

assignees, as appropriate, be converted into and exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF SUBSTITUTE SERIES 1985-A BOND set forth in this Resolution, in the denomination of \$5,000, or any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Series 1985-A Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal balance or principal amount of any Series 1985-A Bond or Series 1985-A Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If the Initial Bond is assigned and transferred or converted each substitute Series 1985-A Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Series 1985-A Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Series 1985-A Bond is being exchanged; and each such Series 1985-A Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If a portion of any Series 1985-A Bond (other than the Initial Bond) shall be redeemed prior to its scheduled maturity as provided herein, a substitute Series 1985-A Bond or Series 1985-A Bonds having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of \$5,000 at the request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Series 1985-A Bond or portion thereof (other than the Initial Bond) is assigned and transferred or converted, each Series 1985-A Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Series 1985-A Bond for which it is being exchanged. Each substitute Series 1985-A Bond shall bear a letter and/or number to distinguish it from each other Series 1985-A Bond. The Paying Agent/Registrar shall convert and exchange or replace Series 1985-A Bonds as provided herein, and each fully registered bond delivered in conversion of and exchange for or replacement of any Series 1985-A Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Series 1985-A Bonds for all purposes of this Resolution, and may again be converted and exchanged or replaced. It is specifically provided that any Series 1985-A Bond authenticated in conversion of and exchange for or replacement of another Series 1985-A Bond on or prior to the first scheduled Record Date for the Initial Bond shall bear interest from the date of the Initial Bond, but each substitute Series 1985-A Bond so authenticated after such first scheduled Record Date shall bear interest from the interest payment date next preceding the date on which such substitute Series 1985-A Bond was so authenticated, unless such Series 1985-A Bond is authenticated after any Record Date but on or before the next following interest payment date, in which case it shall bear interest from such next following interest payment date; provided, however, that if at the time of delivery of any substitute Series 1985-A Bond the interest on the Series 1985-A Bond for which it is being exchanged is due but has not been paid, then such Series 1985-A Bond shall bear interest from the date to which such interest has been paid in full. THE INITIAL BOND issued and delivered pursuant to this Resolution is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Series 1985-A Bond issued in conversion of and exchange for or replacement of any Series 1985-A Bond or Series 1985-A Bonds

issued under this Resolution there shall be printed a certificate, in the form substantially as follows:

"PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

Paying Agent/Registrar

Dated

Authorized Representative"

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Series 1985-A Bond, date and manually sign the above Certificate, and no such Series 1985-A Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Series 1985-A Bonds surrendered for conversion and exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Series 1985-A Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Series 1985-A Bonds in the manner prescribed herein, and said Series 1985-A Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Vernon's Ann. Tex. Civ. St. Art. 717k-6, and particularly Section 6 thereof, the duty of conversion and exchange or replacement of Series 1985-A Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the converted and exchanged or replaced Series 1985-A Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bond which originally was issued pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for transferring, converting and exchanging any Series 1985-A Bond or any portion thereof, but the one requesting any such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange or replacement of Series 1985-A Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Series 1985-A Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(e) In General. All Series 1985-A Bonds issued in conversion and exchange or replacement of any other Series 1985-A Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Series 1985-A Bonds to be payable only

to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Series 1985-A Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Series 1985-A Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF SUBSTITUTE SERIES 1985-A BOND set forth in this Resolution.

(f) Payment of Fees and Charges. The Issuer hereby covenants with the registered owners of the Series 1985-A Bonds that it will (i) pay the fees and charges, if any, of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Series 1985-A Bonds, when due, and (ii) pay the fees and charges, if any, of the Paying Agent/Registrar for services with respect to the transfer of registration of Series 1985-A Bonds, and with respect to the conversion and exchange of Series 1985-A Bonds solely to the extent above provided in this Resolution.

(g) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Series 1985-A Bonds that at all times while the Series 1985-A Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Series 1985-A Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Series 1985-A Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Series 1985-A Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

Section 7. FORM OF SUBSTITUTE SERIES 1985-A BONDS. The form of all Series 1985-A Bonds issued in conversion and exchange or replacement of any other Series 1985-A Bond or portion thereof, including the form of Paying Agent/Registrar's Certificate to be printed on each of such Series 1985-A Bonds, and the Form of Assignment to be printed on each of the Series 1985-A Bonds, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND is one of an issue of Bonds initially dated AUGUST 1, 1985, authorized in the principal amount of \$75,000,000, FOR THE PURPOSE OF ACQUIRING LAND EITHER WITH OR WITHOUT PERMANENT IMPROVEMENTS, CONSTRUCTING AND EQUIPPING BUILDINGS OR OTHER PERMANENT IMPROVEMENTS, MAJOR REPAIR AND REHABILITATION OF BUILDINGS AND OTHER PERMANENT IMPROVEMENTS, ACQUIRING CAPITAL EQUIPMENT AND LIBRARY BOOKS AND LIBRARY MATERIALS, AT OR FOR THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION AND ITS COMPONENT INSTITUTIONS, TO THE EXTENT AND IN THE MANNER PROVIDED BY LAW, IN ACCORDANCE WITH THE AMENDMENT TO SECTION 18, ARTICLE VII, OF THE TEXAS CONSTITUTION ADOPTED BY VOTE OF THE PEOPLE OF TEXAS ON NOVEMBER 6, 1984.

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

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

be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

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

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any

denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this Bond, together with other bonds, are equally and ratably secured by and payable from a lien on and pledge of the "Interest of The University of Texas System" in the "Available University Fund", subject only and subordinate to the prior and superior liens on and pledges of the "Interest of the University" in the income from the "Permanent University Fund," heretofore created and made to secure the "Old Series Outstanding Bonds" and the "New Series Outstanding Bonds", as defined and provided in the Bond Resolution.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue Constitutional Amendment Additional Parity Bonds and Notes which also may be secured by and made payable from a lien on and pledge of the aforesaid Interest of The University of Texas System in the Available University Fund, in the same manner and to the same extent as this Bond, and (ii) to amend the Bond Resolution with the approval of the owners of 51% in principal amount of all outstanding Bonds and Constitutional Amendment Additional Parity Bonds and Notes.

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

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

provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

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

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

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

(BOARD SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

Paying Agent/Registrar

Dated _____

Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

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

(Assignee's Social Security or Taxpayer Identification Number)

(print or typewrite Assignee's name and address, including zip code)

and hereby irrevocably constitutes and appoints

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

Dated: _____

Signature Guaranteed:

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

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

Section 8. SECURITY AND PLEDGE. (a) The Series 1985-A Bonds are Constitutional Amendment Additional Parity Bonds as permitted by Section 12 of the Series 1985 Bond Resolution, and it is hereby determined, declared, and resolved that all of the Bonds, including the Series 1985 Bonds and the Series 1985-A Bonds, and the interest thereon, are and shall be secured and payable equally and ratably on a parity, and that Sections 8 through 17 of this Resolution are supplemental to, cumulative of, and substantially restate Sections 8 through 17 of the Series 1985 Bond Resolution, so that Sections 8 through 17 of this Resolution are applicable to all of the Bonds, except that the term "Paying Agent/Registrar" as used in Sections 15 and 16 of this Resolution shall mean the entity acting as paying agent and registrar for any bond affected by such Sections.

(b) Pursuant to the provisions of the Amendment to Section 18 of Article VII of the Texas Constitution, approved by vote of the people of Texas on November 6, 1984, all of the Bonds, and any Constitutional Amendment Additional Parity Bonds and Notes hereafter issued, and the interest thereon, shall be and are hereby equally and ratably secured by and payable from a lien on and pledge of the Interest of The University of Texas System in the Available University Fund, subject only and subordinate to the prior and superior liens on and pledges of the Interest of the University in the income from the Permanent University Fund, heretofore created and made securing the Old Series Outstanding Bonds and the New Series Outstanding Bonds.

Section 9. PAYMENT OF BONDS. (a) The Comptroller of Public Accounts of the State of Texas previously has established and shall maintain in the State Treasury a fund to be known as "Board of Regents of The University of Texas System Permanent University Fund Bonds Interest and Sinking Fund" (hereinafter called the "Interest and Sinking Fund"). In addition to the moneys required to be transferred to the credit of the Interest and Sinking Fund in connection with the Old Series Outstanding Bonds and the New Series Outstanding Bonds, the Comptroller of Public Accounts of the State of Texas shall, for the benefit of the Bonds, transfer to the Interest and Sinking Fund, out of The University of Texas System Available University Fund (the fund in the State Treasury to which is deposited the Interest of The University of Texas System in the Available University Fund), on or before December 20, 1985, and semiannually thereafter on or before June 20 and December 20 of each year while the Bonds, or interest thereon, are outstanding and unpaid, the amount of interest or principal and interest which will come due on the Bonds on the January 1 or July 1 next following. It is hereby recognized that the amounts necessary for the payment of principal and interest on the Old Series Outstanding Bonds and the New Series Outstanding Bonds will have been transferred on or before May 1 and November 1 and May 15 and November 15, respectively, of each year from the aforesaid Available University Fund to the interest and sinking funds heretofore created for the benefit of the Old Series Outstanding Bonds and the New Series Outstanding Bonds.

(b) To the end that money will be available at the Paying Agent/Registrar in ample time to pay the principal of and interest on the Bonds as such principal and interest respectively come due, on or before December 25, 1985, and semiannually thereafter on or before June 25 and December 25 of each year while any of the Bonds, or interest thereon, are outstanding and unpaid, the Comptroller of The University of Texas System, or such officer as may hereafter be designated by the Issuer to perform the duties now vested in such officer, shall perform the following duties:

(1) Prepare and file with the Comptroller of Public Accounts of the State of Texas (hereinafter called the "Comptroller of Public Accounts") a voucher based on which the Comptroller of Public Accounts shall draw a warrant against the Interest and Sinking Fund in the amount of the interest or principal and interest (when both are scheduled to accrue and mature) which will become due on the January 1 or July 1 next following.

(2) In the event any Bonds or portions thereof shall have been called for prepayment or redemption on January 1 or July 1 next following of any year, and such Bonds or portions thereof are to be paid from funds subject to warrants drawn by the Comptroller of Public Accounts, prepare and file with the Comptroller of Public Accounts a voucher based on which the Comptroller of Public Accounts shall draw a warrant against funds of The University of Texas System legally available for such purpose in an amount sufficient to redeem the Bonds thus called.

(c) Whenever a voucher is so filed with the Comptroller of Public Accounts, he shall make the warrant based thereon payable to the order of the Paying Agent/Registrar, and shall deliver such warrant to such Paying Agent/Registrar on or before the December 31 or June 30 next following.

(d) When Constitutional Amendment Additional Parity Bonds or Notes are issued pursuant to the provisions of this Resolution, the Comptroller of The University of Texas System, the Comptroller of Public Accounts, and the Board shall follow substantially the same procedures to the extent applicable (to be set forth in each resolution authorizing each issue of Constitutional Amendment Additional Parity Bonds or Notes in connection with paying the principal of and interest on such Constitutional Amendment Additional Parity Bonds or Notes when due) as prescribed in sub-sections (b) and (c) of this Section 9; provided, however, that other and different banks or places of payment (paying agents) and/or Paying Agent/Registrars and dates of payment (to the extent permitted in Section 12) may be named in connection with each issue of Constitutional Amendment Additional Parity Bonds or Notes. In the event that any such Constitutional Amendment Additional Parity Bonds or Notes are made optional or redeemable prior to maturity, the resolution or resolutions authorizing the issuance of such Constitutional Amendment Additional Parity Bonds or Notes shall prescribe the appropriate procedures for redeeming same.

Section 10. DISPOSITION OF FUNDS. After provision has been made for the payment of the principal of and interest on the Old Series Outstanding Bonds, the New Series Outstanding Bonds, the Bonds, and any Constitutional Amendment Additional Parity Bonds and Notes, when issued, the balance of the Interest of The University of Texas System in the Available University Fund each year shall be made available to the Board in the manner provided by law and by regulations of the Board to be used by said Board as it may lawfully direct.

Section 11. COVENANTS. The Board covenants and agrees as follows:

(a) That while any Permanent University Fund Bonds are outstanding and unpaid, the Board of Regents of The University of Texas System will maintain and invest and keep invested the Permanent University Fund as required by law; and that while any such Permanent University Fund Bonds, and the interest thereon, are outstanding and unpaid, the Board of Regents of

The University of Texas System will invest such Fund in eligible and legal securities which will yield a maximum rate of return consistent with the Board of Regents' long established policy of purchasing for said Fund only securities of investment quality; and further that at all times the Fund will be maintained and invested so as to yield annually an amount of money not less than $1\frac{1}{2}$ times the principal and interest requirements of all of the aforesaid outstanding Permanent University Fund Bonds during the year in which such principal and interest requirements will be the greatest.

(b) That so much of the Permanent University Fund will be maintained and invested at all times in such amount of United States Government Bonds as will yield annually, at the effective rate or rates of interest borne by such United States Government Bonds, an amount of money not less than the principal and interest requirements of all outstanding Permanent University Fund Bonds which were issued prior to the year 1967, during the calendar year in which said principal and interest requirements of all such outstanding Permanent University Fund Bonds issued prior to 1967 will be greatest; and that neither the Board of Regents nor any officer of the Board of Regents or The University of Texas System shall be authorized to sell or withdraw any of said United States Government Bonds if by such sale or withdrawal the total amount of such United States Government Bonds remaining thereafter will yield annually an amount less than said principal and interest requirements of all such outstanding Permanent University Fund Bonds issued prior to 1967, during the calendar year in which said principal and interest requirements will be the greatest.

(c) That at all times the Permanent University Fund will be invested in an amount of direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which

(i) are at least equal in aggregate par or face value to the aggregate par or face value of all outstanding Permanent University Fund Bonds which were issued prior to the year 1985; and

(ii) will yield annually an amount of interest which will be at least equal to the maximum annual interest requirements of all outstanding Permanent University Fund Bonds which were issued prior to the year 1985,

and that at all times the Permanent University Fund will be invested in an amount of investment grade debt securities which are at least equal in aggregate par or face value to the aggregate par or face value of all outstanding Permanent University Fund Bonds.

(d) That the Board will restrict expenditures for administering the Permanent University Fund (administrative expenses) to a minimum consistent with prudent business judgment, and as long as any Permanent University Fund Bonds issued prior to 1985 remain outstanding, but not thereafter, such expenditures chargeable before debt service requirements on Permanent University Fund Bonds shall be limited and shall never exceed in any year an amount equal to $\frac{1}{5}$ of 1% of the book value of the Permanent University Fund.

(e) That the Board will duly and punctually pay or cause to be paid out of the income herein pledged for such purpose the principal of every Old Series Outstanding Bond, New Series Outstanding Bond, Bond, and any Constitutional Amendment Additional Parity Bond and Note, when issued, and the interest

thereon, on the days and at the places and in the manner mentioned in such obligations, and in the coupons, if any, thereto appertaining, according to the true intent and meaning thereof and that it will faithfully do and perform and at all times fully observe all covenants, undertakings and provisions contained in this Resolution and in the aforesaid obligations.

(f) That, except for the Old Series Outstanding Bonds, the New Series Outstanding Bonds, the Bonds, and the Constitutional Amendment Additional Parity Bonds and Notes authorized to be issued pursuant to Section 12 hereof, and the interest thereon, the Board will not at any time create or allow to accrue or exist any lien or charge upon the Fund or the Interest of The University of Texas System in the Available University Fund, unless such lien or charge is made junior and subordinate in all respects to the liens, pledges, and covenants in connection with said Old Series Outstanding Bonds, New Series Outstanding Bonds, the Bonds, and any Constitutional Amendment Additional Parity Bonds and Notes, that there is not now outstanding any lien or charge upon the Fund or the Interest of The University of Texas System in the Available University Fund, except for the Old Series Outstanding Bonds, the New Series Outstanding Bonds, and the Bonds herein authorized, and the interest thereon; and that the lien created by this Resolution will not be impaired in any manner as a result of any action or non-action on the part of the Board or officers of The University of Texas System, and that the Board will, subject to the provisions hereof, continuously preserve the Fund and each and every part thereof.

(g) That proper books of records and accounts will be kept in which true, full, and correct entries will be made of all income, expenses, and transactions of and in relation to the Fund and each and every part thereof in accordance with accepted accounting practices. As soon after the close of each fiscal year (September 1 to August 31, inclusive) as may reasonably be done the Board will furnish to all bondholders and owners who may so request, full audits and reports by the State Auditor of Texas for the preceding fiscal year, showing the income to the Fund, the amount realized from investments of the Fund, total sums accruing to The University of Texas System as the Interest of The University of Texas System in the income from the Permanent University Fund and in the Available University Fund, the cost of administering the Fund, the amount paid for debt service on the Old Series Outstanding Bonds, the New Series Outstanding Bonds, the Bonds, and the Constitutional Amendment Additional Parity Bonds and Notes, when issued, and the amount made available to the Board as available funds under Section 10 of this Resolution.

Section 12. ADDITIONAL PARITY BONDS AND NOTES. The Board reserves the right and shall have full power at any time and from time to time, to authorize, issue, and deliver Constitutional Amendment Additional Parity Bonds and/or Constitutional Amendment Additional Parity Notes, in as many separate installments or series as deemed advisable by the Board but only for the purposes and to the extent provided in the Amendment to Section 18, Article VII of the Texas Constitution, adopted by vote of the people of Texas on November 6, 1984, or in any Amendment hereafter made to said Section 18, Article VII, of the Texas Constitution, or for refunding purposes as provided by law. Such Constitutional Amendment Additional Parity Bonds and Notes, when issued, and the interest thereon, shall be equally and ratably secured by and payable from a lien on and pledge of the Interest of The University of Texas System in the Available University Fund, subject only and subordinate to the

prior and superior liens on and pledges of such Interest heretofore created securing the Old Series Outstanding Bonds and the New Series Outstanding Bonds, in the same manner and to the same extent as are the Bonds issued pursuant to this Resolution, and the Bonds and the Constitutional Amendment Additional Parity Bonds and Notes, when issued, and the interest thereon, shall be on a parity and in all respects of equal dignity. It is further specifically covenanted that the Board will not issue or attempt to issue any bonds or notes on a parity with the Old Series Outstanding Bonds or the New Series Outstanding Bonds. It is further covenanted that no installment or series of Constitutional Amendment Additional Parity Bonds or Notes shall be issued and delivered unless the Executive Director, Investments and Trusts of The University of Texas System or some other officer of The University of Texas System designated by the Board executes:

(a) a certificate to the effect that for the fiscal year next preceding the date of said certificate the amount of the Interest of The University of Texas System in the Available University Fund was at least 1-1/2 times the principal and interest requirements of all outstanding Permanent University Fund Bonds theretofore delivered by the Board of Regents of The University of Texas System and of the installment or series of Constitutional Amendment Additional Parity Bonds or Notes then proposed to be issued, during the fiscal year in which such principal and interest requirements will be the greatest; and

(b) a certificate to the effect that the total principal amount of all Permanent University Fund Bonds issued by the Board of Regents of The University of Texas System that will be outstanding after the delivery of the installment or series of Constitutional Amendment Additional Parity Bonds or Notes then proposed to be issued will not exceed 20% of the cost value of investments and other assets of the Permanent University Fund (exclusive of real estate) at the time the proposed series or installment of Constitutional Amendment Additional Parity Bonds or Notes are issued.

All Constitutional Amendment Additional Parity Bonds and Notes hereafter issued shall be made to mature on January 1 and/or July 1 of each of the years in which they are scheduled to mature.

Section 13. INDIVIDUALS NOT LIABLE. All covenants, stipulations, obligations, and agreements of the Board contained in this Resolution shall be deemed to be covenants, stipulations, obligations, and agreements of The University of Texas 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 the Bonds or Constitutional Amendment Additional Parity Bonds or Notes when issued, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 14. REMEDIES. Any owner or holder of any of the Old Series Outstanding Bonds, the New Series Outstanding Bonds, the Bonds, or Constitutional Amendment Additional Parity Bonds or Notes, when issued, in the event of default in connection with any covenant contained herein, or default in the payment of said obligations, or of any interest due thereon, shall have

the right to institute suit or suits against the Board or any other necessary or appropriate party for the purpose of enforcing payment from the moneys herein pledged or for enforcing any covenant herein contained.

Section 15. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Interest of The University of Texas System in the Available University Fund, and such principal and interest shall be payable solely from such money or Government Obligations.

(b) Any moneys so deposited with or made available to the Paying Agent/Registrar may at the written direction of the Issuer 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/Registrar which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer.

(c) 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) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Resolution.

Section 16. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

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

Section 17. AMENDMENT OF RESOLUTION. (a) The owners of Bonds and Constitutional Amendment Additional Parity Bonds and Notes (hereinafter collectively called "Bonds and Additional Bonds") aggregating 51% in principal amount of the aggregate principal amount of then outstanding Bonds and Additional Bonds shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of Bonds or Additional Bonds which may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the outstanding Bonds and Additional Bonds, the amendment of the terms and conditions in said resolutions or in the Bonds or Additional Bonds so as to:

- (1) Make any change in the maturity of the outstanding Bonds or Additional Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding Bonds or Additional Bonds;

- (3) Reduce the amount of the principal payable on the outstanding Bonds or Additional Bonds;
- (4) Modify the terms of payment of principal of or interest on the outstanding Bonds or Additional Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Bonds and Additional Bonds then outstanding;
- (6) Change the minimum percentage of the principal amount of Bonds and Additional Bonds necessary for consent to such amendment.

(b) If at any time the Issuer shall desire to amend a resolution under this Section, the Issuer shall cause notice of the proposed amendment to be published in a financial newspaper or journal published 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 Paying Agent/Registrar for the Bonds and Additional Bonds for inspection by all owners of Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to each owner of Bonds and Additional Bonds.

(c) 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 Issuer shall receive an instrument or instruments executed by the owners of at least 51% in aggregate principal amount of all Bonds and Additional Bonds then outstanding, 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 Issuer may adopt the amendatory resolution in substantially the same form.

(d) Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, the resolution being amended shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Issuer and all the owners of then outstanding Bonds and Additional Bonds and all future Additional Bonds shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such amendment.

(e) Any consent given by the owner of a Bond or Additional Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bond or Additional Bond 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 Paying Agent/Registrar for such Bonds and Additional Bonds and the Issuer, but such revocation shall not be effective if the owners of 51% in aggregate principal amount of the then outstanding Bonds and Additional Bonds as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(f) For the purpose of this Section the ownership and other matters relating to all Bonds and Additional Bonds shall

be determined from the registration books kept for such bonds by the Paying Agent/Registrar therefor.

Section 18. CUSTODY, APPROVAL, AND REGISTRATION OF INITIAL BOND; BOND COUNSEL'S OPINION, AND CUSIP NUMBERS. The Chairman of the Issuer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to the Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate printed and endorsed on the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Initial Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall be binding upon the Issuer or have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds.

Section 19. NO ARBITRAGE. The Issuer covenants to and with the registered owners of the Series 1985-A Bonds that it will make no use of the proceeds of the Series 1985-A Bonds at any time throughout the term of this issue of Series 1985-A Bonds which, if such use had been reasonably expected on the date of delivery of the Series 1985-A Bonds to and payment for the Series 1985-A Bonds by the purchasers, would have caused the Series 1985-A Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, or any regulations or rulings pertaining thereto; and by this covenant the Issuer is obligated to comply with the requirements of the aforesaid Section 103(c) and all applicable and pertinent Department of the Treasury regulations relating to arbitrage bonds. The Issuer further covenants that the proceeds of the Series 1985-A Bonds will not otherwise be used directly or indirectly so as to cause all or any part of the Series 1985-A Bonds to be or become arbitrage bonds within the meaning of the aforesaid Section 103(c), or any regulations or rulings pertaining thereto.

Section 20. SALE OF INITIAL BOND. The Initial Bond is hereby sold and shall be delivered to _____ for cash for the par value thereof and accrued interest thereon to date of delivery, plus a premium of \$ _____. It is hereby officially found, determined, and declared that the Initial Bond has been sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to an Official Notice of Sale and Bidding Instructions and an Official Statement dated July 22, 1985, prepared and distributed in connection with the sale of the Initial Bond. Such Official Notice of Sale and Bidding Instructions and the Official Statement, and any addenda, supplement, or amendment thereto have been and are hereby approved by the Issuer, and their use in the reoffering of the Initial Bond or any portion thereof or any Bond issued in substitution and exchange therefor is hereby approved. It is further officially found, determined, and declared that the statements and representations contained in such Official Notice of Sale and Bidding Instructions and the Official Statement are true and correct in all material respects, to the best knowledge and belief of the Issuer.

Section 21. FURTHER PROCEDURES. The Chairman of the Issuer, the Executive Secretary of the Issuer, and all other

officers, employees, and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Bond Resolution, the Series 1985-A Bonds, the sale of the Series 1985-A Bonds, and the Notice of Sale and Bidding Instructions and Official Statement. In case any officer whose signature shall appear on any Series 1985-A Bond shall cease to be such officer before the delivery of such Series 1985-A Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

RESOLUTION AUTHORIZING \$950,000
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
THE UNIVERSITY OF TEXAS AT ARLINGTON
APARTMENT REVENUE BONDS,
SERIES 1985

WHEREAS, the Board of Regents of The University of Texas System (the "Board") is authorized and empowered, without cost to the State of Texas, to acquire, purchase, construct, improve, enlarge, equip, operate, and/or maintain any property, buildings, structures, activities, services, operations, or other facilities, for and on behalf of The University of Texas at Arlington (the "University"), in accordance with the provisions of Chapter 55, Texas Education Code, as amended;

WHEREAS, it has been determined by the Board, and the Board hereby affirmatively determines, for the good of the University and of its students, that there is a need for housing facilities to serve the University in Arlington, Texas commonly known as the Warwick I, II, III, and V Apartments, which will consist of apartment units for the housing of students and faculty (the "Project");

WHEREAS, the Board has heretofore approved, and hereby affirmatively approves, the total cost, type, and plans and specifications of the acquisition of the Project;

WHEREAS, the Board has heretofore determined, and hereby affirmatively determines, to authorize the issuance of its negotiable revenue bonds to provide the Project and to secure the payment of same by a lien on and a pledge of the Net Revenues derived from the operation of the Project, as authorized by Chapter 55, Texas Education Code, as amended;

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

Section 1. DESIGNATION, AMOUNT, PURPOSE, AND AUTHORIZATION OF BONDS. Negotiable revenue bonds or bond of the Board, to be known and designated as "THE UNIVERSITY OF TEXAS AT ARLINGTON APARTMENT REVENUE BONDS, SERIES 1985" (the "Bonds"), are hereby authorized to be issued in the principal amount of \$950,000, for the purpose of paying the cost of acquiring, purchasing, constructing, improving, enlarging, and equipping housing facilities to serve the University in Arlington, Texas, commonly known as the Warwick I, II, III, and V Apartments, which will provide apartment units for the housing of students and faculty, including all property, buildings, structures,

activities, services, operations, or other facilities in connection therewith, under and in conformity with the Constitution and laws of the State of Texas, including particularly Chapter 55, Texas Education Code, as amended.

Section 2. DATE, NUMBERS, DENOMINATION, AND MATURITIES OF BONDS. The Bonds shall be dated July 1, 1985, and shall be initially issued as a single typewritten bond in the denomination of \$950,000. The owner of the Bond shall have the option, at its expense, to have the single Bond exchanged for printed Bonds which shall be in the denomination of \$5,000 each or or any multiple thereof for any one maturity. The principal of the initial Bond shall be payable in installments or the subsequent Bonds, if any, shall become due and payable serially, on the 1st day of July in each of the years 1987 to 2006, both inclusive, in the respective amounts as shown in the following schedule, to-wit:

<u>Principal Amount Maturing</u>	<u>Years</u>	<u>Princcipal Amount Maturing</u>	<u>Years</u>
\$20,000	1987	\$45,000	1997
20,000	1988	50,000	1998
20,000	1989	50,000	1999
25,000	1990	55,000	2000
25,000	1991	60,000	2001
30,000	1992	70,000	2002
30,000	1993	75,000	2003
35,000	1994	80,000	2004
35,000	1995	90,000	2005
40,000	1996	95,000	2006

Section 3. INTEREST RATE AND INTEREST PAYMENT DATES OF BONDS. The Bonds shall bear interest from the date of delivery until paid at the rate of nine percent (9%) per annum, and interest shall be payable on January 1, 1986, and semiannually thereafter on July 1 and January 1 of each year while the Bonds are outstanding. Such interest shall be payable in the manner provided in the FORM OF BOND all as set forth in Section 5 of this Resolution.

Section 4. GENERAL CHARACTERISTICS. The Bonds shall be issued, shall be payable, may be redeemed, prior to their scheduled maturity or maturities, shall be in fully registered form, shall have the characteristics, and shall be signed and executed (and the Bonds shall be sealed), all as provided, and in the manner indicated, in the FORMS OF BOND as set forth in Section 5 of this Resolution.

Section 5. FORMS. The forms of the Bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas which is to be printed and endorsed on the Initial Bond shall be, respectively, substantially as follows with necessary and appropriate variations, omissions, and insertions as permitted or required by this Resolution as set forth below:

FORMS OF THE BONDS

FORM OF THE INITIAL BOND

United States of America
State of Texas

NUMBER	DENOMINATION
R-1	\$950,000
REGISTERED	REGISTERED

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
THE UNIVERSITY OF TEXAS AT ARLINGTON APARTMENT REVENUE BOND
SERIES 1985

The Board of Regents of The University of Texas System (the "Board"), a public authority and a body politic and corporate of the State of Texas, promises to pay to the Registered Owner identified above or registered assigns, on the date specified above, upon presentation and surrender of this bond at the principal corporate trust office of a bank to be selected by the Board under the herein-mentioned Resolution, _____ (the "Paying Agent/Registrar"), as Paying Agent and also acting as the Registrar for this Bond, the principal amount of

NINE HUNDRED FIFTY THOUSAND DOLLARS

in lawful money of the United States of America, and to pay interest thereon at the rate of nine percent per annum, calculated on the basis of a 360-day year of twelve 30-day months. This Bond shall bear interest from the last interest payment date preceding the date of its authentication and delivery to which interest on the Bond has been paid; provided, however, that a Bond authenticated and delivered before the first interest payment date shall bear interest from the date of delivery; and, provided further, that a Bond authenticated and delivered between a record date and the interest payment date to which such record date relates, inclusive, shall bear interest from such interest payment date, unless interest on the Bond due on such interest payment date is not paid, in which case the Bond

shall bear interest from the last interest payment date preceding the date of its authentication and delivery to which interest on the Bond has been paid or, if no interest has been paid, from the date of delivery. Interest on this Bond is payable by check or draft on each July 1 and January 1 after January 1, 1986 to the Registered Owner of record as shown on the books of registration (the "Register") kept by the Paying Agent/Registrar as of the date which is 15th date of the month preceding the interest payment date (the "Record Date"), at the address of such registered owner as it appears on the Register or at such other address as is furnished to the Paying Agent/Registrar in writing by such Registered Owner, or in such other manner as may be acceptable to the Registered Owner and the Paying Agent/Registrar.

THIS BOND is one of a series of Bonds (the "Bonds") dated as of July 1, 1985, of like designation, date, and tenor, except as to number, interest rate, denomination, and maturity issued pursuant to the Resolution adopted by the Board on _____, 1985 (the "Resolution"), in the original aggregate principal amount of \$950,000 for the purpose of financing housing facilities to serve the System in Arlington, Texas, commonly known as the Warwick I, II, III, and V Apartments which will consist of 61 apartment units for the housing of students and faculty (the "Project").

THE OWNER HEREOF SPECIFICALLY UNDERSTANDS BY ACCEPTANCE OF THIS BOND THAT THE BOND IS NOT A DEBT OF THE STATE OF TEXAS OR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION THEREOF AND IS NOT A PLEDGE OF THE FAITH AND CREDIT OF ANY OF THEM, BUT IS PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE HEREIN-MENTIONED RESOLUTION). NEITHER THE STATE OF TEXAS NOR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND EXCEPT AS PROVIDED IN THE RESOLUTION AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BOND.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH PROVISIONS SHALL HAVE THE SAME FORCE AND EFFECT AS IF SET FORTH IN THIS SPACE.

ON JULY 1, 1994, and thereafter on any interest payment date, the Bonds are subject to optional redemption, in whole or in part (and if in part, the Board shall select the Bonds to be redeemed, and the participating Bonds, or portions thereof, by lot or other random methods) prior to their respective scheduled

maturity and the Bonds may be redeemed prior to their respective scheduled maturity, at the option of the Board, upon written notice of the exercise of the option to redeem delivered to the Paying Agent/Registrar by the Board not later than the 45th day prior to the date of redemption. The Bonds may be so redeemed at the redemption price of par, plus accrued interest to the date of redemption.

IF LESS THAN ALL of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed shall be selected by the Paying Agent/Registrar as aforesaid; provided, however, that portions of Bonds shall be redeemed in integral multiples of \$5,000 and, in selecting Bonds, or portions thereof, for redemption, the Paying Agent/Registrar shall treat each Bond as representing the number of Bonds which is obtained by dividing the denomination of each Bond by \$5,000. Upon redemption of a portion of a Bond, the Board shall cause to be delivered to the Bondholder thereof a new Bond of the same series, maturity, and interest rate, in the principal amount of the unredeemed portion.

AT LEAST 30 days prior to the date fixed for any redemption of the Bonds prior to their scheduled maturity, the Paying Agent/Registrar shall cause a written notice of such redemption to be mailed, postage prepaid, to each registered owner of the Bonds to be redeemed, at its address appearing on the Register maintained by the Paying Agent/Registrar. Any notice so mailed will be conclusively presumed to have given, irrespective of whether received, and any defect in such notice shall not affect the validity of any proceedings for the redemption of Bonds. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the appropriate redemption price. If such written notice of redemption is mailed and if due provision for payment of the redemption price is made, all as provided above, the Bonds, or portions thereof, which are to be redeemed, thereby automatically shall be deemed to have been redeemed prior to their scheduled maturity, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Bondholder to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

IF ANY BOND SHALL NOT BE PAID UPON THE SURRENDER THEREOF at the maturity or on a redemption date, such Bond shall continue to bear interest until paid and, to the extent permitted by law, interest on any overdue payments of principal of, premium, if any, or interest on such Bond shall be paid at the rate of interest borne by such Bond.

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

THE BONDS are issued pursuant to and secured by the Resolution and reference is hereby made to the Resolution for provisions with respect to the custody and application of the Board's funds, a description of the Pledged Revenues and the other security pledged for the payment of the Bonds and the terms are conditions on which such security is pledged, remedies in the event of a default hereunder or thereunder, and the respective rights, duties, and obligations of the Board, the Paying Agent/Registrar, and the Registered Owners of the Bonds. By acceptance of this Bond the Registered Owner consents to all of the provisions of the Resolution, a certified copy of which is on file in the office of the Board.

THIS BOND IS TRANSFERABLE OR EXCHANGEABLE only upon presentation and surrender at the principal corporate office of the Paying Agent/Registrar. If this Bond is being transferred, it shall be duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner, or his authorized representative, and will be transferred subject to the terms and conditions of the Resolution. If this Bond is being exchanged, it shall be duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his duly authorized representative, and will be exchanged for other Bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Indenture. The Paying Agent/Registrar is not required to accept any Bond for transfer or exchange during the 15 days prior to mailing of any notice of redemption, or to accept for transfer or exchange any Bond that has been called for redemption in whole or in part.

NO BONDS OF THIS SERIES SHALL BE VALID or obligatory for any purpose or be entitled to any benefit under the Resolution unless such Bond either (a) is registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon in the case of the initially issued Bonds or (b) is authenticated by the Paying Agent/Registrar as evidenced by execution of the authentication certificate endorsed hereon in the case of all Bonds exchanged for the initially issued Bonds.

IT IS HEREBY CERTIFIED AND COVENANTED that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special revenue obligation of the Board, and that the principal of, premium, if any, and interest on this Bond are payable from and secured by an irrevocable first lien on and pledge of the "Pledged Revenues" as defined in the Resolution.

UNDER THE TERMS OF THE RESOLUTION, provision may be made for the payment of the amounts due on this Bond in advance of the due date thereof, in which event this Bond will no longer be secured by or entitled to the benefits of the Resolution, except for the purpose of any such payment from the money or securities so held by the Trustee and except for purposes of transfer and exchange as provided in the Resolution.

THE REGISTERED OWNERS OF THE BONDS will have no right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Resolution or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Resolution, except on the terms and conditions and as provided in the Resolution.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Chairman of the Board and countersigned with the manual or facsimile signature of the Secretary of the Board, and the official seal of the Board has been duly impressed, or placed in facsimile, on this Bond.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Secretary

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Chairman

(BOARD'S SEAL)

* * *

FORM OF REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS FOR INITIAL BOND

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has examined and finds that this Bond has

been issued in conformity with the Constitution and laws of the State of Texas and is a valid and binding special obligation of the Board of Regents of The University of Texas System and further that this Bond has been registered this day by me.

WITNESS my signature and seal of office this _____.

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts
of the State of Texas

FORM OF AUTHENTICATION CERTIFICATE FOR INITIAL BONDS

AUTHENTICATION CERTIFICATE

This bond is one of the Bonds referred to in the within-mentioned Resolution.

Registration Date: _____

By _____
Authorized Officer

FORM OF ASSIGNMENT FOR ALL BONDS

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other tax identifying number: _____)
the within Bond and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

DATED: _____

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered holder(s) appearing on the face of the within Bond in every particular.

FORM OF THE SERIAL BONDS

United States of America
State of Texas

NUMBER

R-

REGISTERED

DENOMINATION

\$

REGISTERED

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
THE UNIVERSITY OF TEXAS AT ARLINGTON APARTMENT REVENUE BOND
SERIES 1985

INTEREST RATE:

9%

MATURITY DATE:

ISSUE DATE:

JULY 1, 1985

CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The Board of Regents of The University of Texas System (the "Board"), a public authority and a body politic and corporate of the State of Texas, promises to pay to the Registered Owner identified above, or registered assigns, on the date specified above, upon presentation and surrender of this bond at the principal corporate trust office of a bank to be selected by the Board under the herein-mentioned Resolution, (the "Paying Agent/Registrar"), as Paying Agent and also acting as the Registrar for this Bond, the principal amount identified above, in lawful money of the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360-day year of twelve 30-day months. This Bond shall bear interest from the last interest payment date preceding the date of its authentication and delivery to which interest on the Bonds has been paid; provided, however, that a Bond authenticated and delivered before the first interest payment date shall bear interest from the date of delivery; and, provided further, that a Bond authenticated and delivered between a record date and the interest payment date to which such record date relates, inclusive, shall bear interest from such interest payment date, unless interest on the Bonds due on such interest payment date is not paid, in which case Bond shall bear interest from the last interest payment date preceding the date of its authentication and delivery to which interest on the Bonds has been paid or, if no interest has been paid, from the date of delivery. Interest on this Bond is payable by check or draft on each July 1 and January 1 after January 1, 1986 to the Registered Owner of record as shown on the books of registration (the "Register") kept by the Paying Agent/Registrar as of the date which is 15th date of the month preceding the interest payment date (the "Record Date"), at the address of such

registered owner as it appears on the Register or at such other address as is furnished to the Paying Agent/Registrar in writing by such Registered Owner, or in such other manner as may be acceptable to the Registered Owner and the Paying Agent/Registrar.

THE OWNER HEREOF SPECIFICALLY UNDERSTANDS BY ACCEPTANCE OF THIS BOND THAT THE BONDS ARE NOT DEBTS OF THE STATE OF TEXAS OR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION THEREOF AND ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF ANY OF THEM, BUT ARE PAYABLE SOLELY FROM THE PLEDGED REVENUES (AS DEFINED IN THE HEREIN-MENTIONED RESOLUTION). NEITHER THE STATE OF TEXAS NOR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT AS PROVIDED IN THE RESOLUTION AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS OR ANY AGENCY, POLITICAL CORPORATION, OR POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH PROVISIONS SHALL HAVE THE SAME FORCE AND EFFECT AS IF SET FORTH IN THIS SPACE.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Chairman of the Board and countersigned with the manual or facsimile signature of the Secretary of the Board, and the official seal of the Board has been duly impressed, or placed in facsimile, on this Bond.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Secretary

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Chairman

(BOARD'S SEAL)

(Back Panel of Bonds)

THIS BOND is one of a series of Bonds (the "Bonds") dated as of July 1, 1985, of like designation, date, and tenor, except as to number, interest rate, denomination, and maturity issued pursuant to the Resolution adopted by the Board on _____, 1985 (the "Resolution"), in the original aggregate principal amount of \$950,000 for the purpose of financing housing facilities to serve the System in Arlington, Texas, commonly

known as the Warwick I, II, III, and V Apartments which will consist of 61 apartment units for the housing of students and faculty (the "Project").

ON JULY 1, 1994, and thereafter on any interest payment date, the Bonds are subject to optional redemption, in whole or in part (and if in part, the Board shall select the Bonds to be redeemed, and the participating Bonds, or portions thereof, by lot or other random methods) prior to their respective scheduled maturity and the Bonds may be redeemed prior to their respective scheduled maturity, at the option of the Board, upon written notice of the exercise of the option to redeem delivered to the Paying Agent/Registrar by the Board not later than the 45th day prior to the date of redemption. The Bonds may be so redeemed at the redemption price of par, plus accrued interest to the date of redemption.

IF LESS THAN ALL of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed shall be selected by the Paying Agent/Registrar as aforesaid; provided, however, that portions of Bonds shall be redeemed in integral multiples of \$5,000 and, in selecting Bonds, or portions thereof, for redemption, the Paying Agent/Registrar shall treat each Bond as representing the number of Bonds which is obtained by dividing the denomination of each Bond by \$5,000. Upon redemption of a portion of a Bond, the Board shall cause to be delivered to the Bondholder thereof a new Bond of the same series, maturity, and interest rate, in the principal amount of the unredeemed portion.

AT LEAST 30 days prior to the date fixed for any redemption of the Bonds prior to their scheduled maturity, the Paying Agent/Registrar shall cause a written notice of such redemption to be mailed, postage prepaid, to each registered owner of the Bonds to be redeemed, at its address appearing on the Register maintained by the Paying Agent/Registrar. Any notice so mailed will be conclusively presumed to have given, irrespective of whether received, and any defect in such notice shall not affect the validity of any proceedings for the redemption of Bonds. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the appropriate redemption price. If such written notice of redemption is mailed and if due provision for payment of the redemption price is made, all as provided above, the Bonds, or portions thereof, which are to be redeemed, thereby automatically shall be deemed to have been redeemed prior to their scheduled maturity, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Bondholder to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

IF ANY BOND SHALL NOT BE PAID UPON THE SURRENDER THEREOF at the maturity or on a redemption date, such Bond shall continue to bear interest until paid and, to the extent permitted by law, interest on any overdue payments of principal of, premium, if any, or interest on such Bond shall be paid at the rate of interest borne by such Bond.

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

THE BONDS are issued pursuant to and secured by the Resolution and reference is hereby made to the Resolution for provisions with respect to the custody and application of the Board's funds, a description of the Pledged Revenues and the other security pledged for the payment of the Bonds and the terms and conditions on which such security is pledged, remedies in the event of a default hereunder or thereunder, and the respective rights, duties, and obligations of the Board, the Paying Agent/Registrar, and the Registered Owners of the Bonds. By acceptance of this Bond the Registered Owner consents to all of the provisions of the Resolution, a certified copy of which is on file in the office of the Board.

THIS BOND IS TRANSFERABLE OR EXCHANGEABLE only upon presentation and surrender at the principal corporate office of the Paying Agent/Registrar. If this Bond is being transferred, it shall be duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner, or his authorized representative, and will be transferred subject to the terms and conditions of the Resolution. If this Bond is being exchanged, it shall be duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his duly authorized representative, and will be exchanged for other Bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Indenture. The Paying Agent/Registrar is not required to accept any Bond for transfer or exchange during the 15 days prior to mailing of any notice of redemption, or to accept for transfer or exchange any Bond that has been called for redemption in whole or in part.

NO BONDS OF THIS SERIES SHALL BE VALID or obligatory for any purpose or be entitled to any benefit under the Resolution unless such Bond either (a) is registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon in the case of the initially issued Bonds or (b) is authenticated by the Paying Agent/Registrar as evidenced by execution of the authentication certificate endorsed hereon in the case of all Bonds exchanged for the initially issued Bonds.

IT IS HEREBY CERTIFIED AND COVENANTED that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special revenue obligation of the Board, and that the principal of, premium, if any, and interest on this Bond are payable from and secured by an irrevocable first lien on and pledge of the "Pledged Revenues" as defined in the Resolution.

UNDER THE TERMS OF THE RESOLUTION, provision may be made for the payment of the amounts due on this Bond in advance of the due date thereof, in which event this Bond will no longer be secured by or entitled to the benefits of the Resolution, except for the purpose of any such payment from the money or securities so held by the Trustee and except for purposes of transfer and exchange as provided in the Resolution.

THE REGISTERED OWNERS OF THE BONDS will have no right to institute any suit, action, or proceeding in equity or at law for the enforcement of the Resolution or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Resolution, except on the terms and conditions and as provided in the Resolution.

* * *

FORM OF REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS FOR SERIAL BOND

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has examined and finds that this Bond has been issued in conformity with the Constitution and laws of the

State of Texas and is a valid and binding special obligation of the Board of Regents of The University of Texas System and further that this Bond has been registered this day by me.

WITNESS my signature and seal of office this _____.

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts
of the State of Texas

FORM OF AUTHENTICATION CERTIFICATE FOR SERIAL BONDS

AUTHENTICATION CERTIFICATE

This bond is one of the Bonds referred to in the within-mentioned Resolution.

Registration Date: _____

By _____
Authorized Officer

FORM OF ASSIGNMENT FOR ALL BONDS

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other tax identifying number: _____)
the within Bond and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

DATED: _____

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered holder(s) appearing on the face of the within Bond in every particular.

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a member firm of the National Association of Securities Dealers or a commercial bank or a trust company.

The following abbreviations, when used in the assignment above or on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minor
Act _____
State

Additional abbreviations may also be used though not in the list above.

[END OF FORMS]

Section 6. PAYING AGENT/REGISTRAR.

_____ Bank is hereby appointed as the Paying Agent/Registrar for the Bonds.

Section 7. DEFINITIONS. In this Resolution the following terms as used herein shall have the meanings hereinafter set forth, unless the text hereof specifically indicates otherwise, and are in addition to definitions in Section 6 hereof:

Board of Regents or Board: the Board of Regents of The University of Texas System.

Bonds or Bond: the Bonds authorized by this Resolution.

Current Expenses: all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance, and all other expenses incident to the operation of the Project, but excluding depreciation, all general administrative expenses of the University and the Board, and the payment into the Repair and Replacement Account, hereinafter provided for.

Depository Bank: the _____ Bank, _____, Texas, said bank being a member of the Federal Deposit Insurance Corporation.

Gross Revenues: all revenues derived from the operation and/or ownership of the Project, including income from the investment of any account or fund referred to herein.

Net Revenues: all Gross Revenues after deduction therefrom of Current Expenses.

Pledged Revenues: (1) the Net Revenues; (2) all interest and investment income derived from the deposit or investment of money credited to the Revenue Account, the Bond Account, and the Repair and Replacement Reserve Account; (3) any additional revenues, fees, income, receipts or other resources which hereafter may be pledged to the payment of the Bonds.

Project: The Warwick I, II, III, and V Apartments, all property, structures, activities, services, operations, or other facilities in connection therewith, together with all extensions and improvements thereto and replacements thereof hereafter constructed or acquired.

Record Date: the 15th day of the month preceding any Interest Payment Date.

Resolution: this Resolution authorizing the Bonds.

University: The University of Texas at Arlington.

Section 8. SECURITY FOR PAYMENT OF THE BONDS. The Bonds shall be payable as to principal, premium, if any, and interest from, and secured by a lien on and pledge of, the Pledged Revenues which include but not by way of limitation, the Net Revenues to the extent necessary to meet all debt service and reserve requirements of the Bonds, and said lien on and pledge of the Net Revenues is hereby irrevocably created and made.

Interest earnings from funds established in this Resolution are also hereby pledged as a part of the Pledged Revenues to meet all debt service and reserve requirements of the Bonds. The Bonds and the interest thereon shall constitute special obligations of the Board payable from the Pledged Revenues, and such obligations shall not constitute an indebtedness of the Board or the State of Texas, and the owners of the Bonds shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

Section 9. REVENUE ACCOUNT. The "Warwick I, II, III, and V Apartments Revenue Account" is hereby established as a separate account or accounts to be set up in the Depository Bank and all of the Gross Revenues shall be deposited into the Revenue Account. The Revenue Account shall be maintained as a separate account on the books of the University. So long as any of the Bonds are outstanding, the Revenue Fund shall be maintained in the Depository Bank and shall be expended and used only in the manner and order provided herein.

Section 10. BOND AND INTEREST SINKING FUND ACCOUNT AND DEBT SERVICE RESERVE. There is hereby established at the Depository Bank, and there shall be maintained so long as any of the Bonds are outstanding, a separate account to be known as the "Warwick I, II, III, and V Apartments Bond and Interest Sinking Fund Account" (hereinafter referred to as "Bond Account").

Section 11. REPAIR AND REPLACEMENT RESERVE ACCOUNT. There is hereby established at the Depository Bank, and there shall be maintained so long as any of the Bonds are outstanding, a separate account called the "Warwick I, II, III, and V Apartments Repair and Replacement Reserve Account" (hereinafter referred to as "Repair and Replacement Account"). All money in the Repair and Replacement Account may be drawn on and used by the University for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals, and replacements, and renovating or replacement of the furniture and equipment not paid as part of the ordinary and normal expense of Project operations. However, in the event the funds in the Bond Account should be reduced below the required debt service reserve, funds on deposit in the Repair and Replacement Account shall be transferred to the Bond Account to the extent required to eliminate the deficiency in the Bond Account.

Section 12. FLOW OF FUNDS. On or before January 1, 1986, and on or before each July 1 and January 1, thereafter, transfers will be made of Net Revenues from the Revenue Fund in the following order:

1. An amount equal to the next maturing interest and 1/2 of the next maturing principal on the Bonds will be deposited into the Bond Account;
2. An amount equal to \$13,125 annually will be deposited into the Bond Account to be held as a debt service reserve until a balance of \$105,000 is accumulated. Thereafter, when the required Reserve Fund balance has been accumulated, these same semiannual payments will be made into the Repair and Replacement Fund to be used by the University for those purposes described in Section 11 above, until a balance of \$35,500 has been accumulated therein; and
3. The balance in the Revenue Account after the foregoing prescribed transfers and payments may be used by the University for any lawful purposes.

Section 13. USE OF EXCESS FUNDS AND SPECIAL PROVISIONS AS TO FUNDS AND ACCOUNTS.

(a) Subject to making the foregoing required deposits, any excess funds in the Revenue Account may be used by the Board: (i) to prepay principal or to redeem Bonds on the next interest payment date in inverse numerical order and in amount of not less than \$5,000 par value at one time; or (ii) for any expenditures, including the payment of debt service, in improving or restoring any existing housing and dining facilities or providing any such additional facilities.

(b) If in any year the Board shall, for any reason, fail to pay into the fund and accounts established in this Resolution the full amounts stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said funds and accounts from the Net Revenues, and such payments shall be in addition to the payments provided to be otherwise paid into said funds and accounts.

(c) When the Bond Account and the debt service reserve thereof contain an aggregate balance of not less than an amount sufficient to pay all interest on and principal of all then outstanding Bonds, due and to become due to maturity, no further sums need be paid into said funds and accounts.

(d) Money in all funds and accounts created by this Resolution shall be secure by the pledge of direct obligations, or obligations unconditionally guaranteed by, the United States Government, in a principal amount at all times not less than the amount of money credited to such funds and accounts, respectively.

Section 14. INVESTMENT OF FUNDS. Money held in the Revenue Account, the Bond Account (including the debt service reserve thereof), and the Repair and Replacement Account shall, upon request by the Board, be invested in direct obligations of, or obligations the principal of and the interest on which are guaranteed by, the United States Government, or certificates of bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal full faith and credit agencies: Export-Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, Government National Mortgage Association, Maritime Administration and Public Housing Authorities; the following investments, fully insured by the Federal Deposit Insurance Corporation: certificates of deposit, savings accounts, deposit accounts or depository receipts of banks, savings and loan associations and mutual savings banks; or any investment agreement, repurchase agreement or other evidence by a banking association or bank holding company or other institution which is rated at least "AA" by Standard & Poors or "Aa" by Moody's Investor Service, and such investments shall be scheduled to mature not later than such times as shall be necessary to provide moneys when needed. Obligations so purchased shall be deemed at all times to be a part of the respective fund or account, but may, from time to time be sold or otherwise converted into cash, thereupon the proceeds derived from said sale shall be deposited into the respective account. Any interest accruing on and any profit realized from such investments shall be credited to the respective account. Investments of said funds and accounts shall be valued in terms of current market value as of June 1 and December 1 of each year.

Section 15. BOOKS AND RECORDS. The Board covenants that it will keep accurate financial records and proper books relating to the Project, and such records and books shall be open to inspection by the Bondholders and their agents and representatives. The Board further covenants that it will furnish to any Bondholder who shall request same in writing, copies of audit reports prepared by the State Auditor of Texas or an independent Certified Public Accountant.

Section 16. RATES AND CHARGES. The Board covenants and agrees that it shall fix, levy, charge, and collect so long as the Bonds remain outstanding rental rates and charges for the use and occupancy of the Project which shall at all times produce Gross Revenues sufficient to pay principal of and interest on the Bonds as same become due, to establish and maintain the reserve amounts and the Repair and Replacement Account in the amounts required by this Resolution, and to pay all Current Expenses. The Board's obligations hereunder are subject to and recognize

that the rates and charges must be such that the rates and charges must be competitive with those charged by other apartment owners.

Section 17. INSURANCE. (a) The Board covenants and agrees that, so long as the Bonds remain outstanding, it shall maintain fire and extended coverage insurance of the Project in amounts sufficient to provide for not less than full recover whenever a loss for perils insured against does not exceed 80% of the full insurable value of the damaged property. Such insurance shall be carried with a reliable insurance company or companies and the premiums on such insurance shall be paid as Current Expense. Upon the happening of any loss or damage covered by policies, the Board shall make proof of loss and shall do all things necessary or desirable to cause the insurance company to make payment in full directly to the Board. Upon the happening of any loss or damage to the insured property, the Board shall forthwith repair or replace the damaged or destroyed property and shall apply the insurance proceeds solely for the purpose. Any insurance proceeds remaining after the repair and replacement of the damaged or destroyed property shall be deposited to the credit of the reserve portion of the Bond Account. If the insurance proceeds shall be insufficient to make the property suffering such loss or damage tenantable or useful, and if no other funds are available for such purpose, then the insurance proceeds shall be deposited to the credit of the reserve portion of the Bond Account.

(b) The Board further covenants and agrees that, so long as the balance in the reserve portion of the Bond Account is less than the full amount required to be accumulated therein, it shall maintain use and occupancy insurance on the Project in an amount equal to the average annual principal and interest requirements on the Bonds then outstanding.

Section 18. ADDITIONAL COVENANTS. The Board covenants and agrees that:

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

(b) It is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its

part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the holders thereof are and will be valid and enforceable special obligations of the Board in accordance with their terms.

(c) The University owns and is lawfully possessed of, or will own and be lawfully possessed of within a reasonable time after the sale and delivery of the Bonds, the Project and has, or will have, good and indefeasible estate in the Project in fee simple, that it warrants that it has, and will defend, the title to all the aforesaid Project, and every part thereof and improvements thereon, for the benefit of the holders of the Bonds against the claims and demands of all persons whomsoever, that it is lawfully and qualified to pledge the Pledged Revenues to the payment of the Bonds in the manner prescribed herein, and has lawfully exercised such rights.

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

(e) Insofar as it lawfully may, it will continuously and efficiently operate and maintain in good condition, and at a reasonable cost, the Project and facilities and services thereof, so long as any Bonds are outstanding.

(f) While the Bonds are outstanding and unpaid, the Board shall not additionally encumber the Pledged Revenues in any manner, unless said encumbrance is made junior and subordinate in all respects to the lien, pledges, covenants, and agreements of this Resolution.

Section 19. NO ARBITRAGE. The Board certifies that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered

and paid for, the Board reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds or any portion of the Bonds to be an "arbitrage bond" under Section 103(c)(2) of the Internal Revenue Code of 1954, as amended, and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the Board or the University are authorized and directed to provide certifications of facts and estimates which are material to the reasonable expectations of the Board as of the date the Bonds are delivered and paid for. In particular, all or any officers of the Board or the University are authorized to certify for the Board the facts and circumstances and reasonable expectations of the Board on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the Board covenants that it shall make such use of the proceeds of the Bonds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds shall not be "arbitrage bonds" under Section 103(c)(2) of the Internal Revenue Code of 1954, as amended, and regulations prescribed from time to time thereunder.

Section 20. DISCHARGE BY DEPOSIT. The Board may discharge its obligation to the holders of any or all of the Bonds to pay principal, interest, and redemption premium (if any) thereon by depositing with the State Treasurer or at the Paying Agent/Registrar either: (1) cash equivalent to the principal amount and redemption premium, if any, plus interest to the date of maturity or redemption or (2) direct obligations of, or obligations the principal and interest of which are guaranteed by, the United States of America, in principal amounts and maturities and bearing interest at rates sufficient to provide for the timely payment of the principal amount and redemption premium, if any, on such Bonds plus interest to the date of maturity or redemption; provided, however, that if any of such Bonds are to be redeemed prior to their date of maturity, provision shall have been made for giving notice of redemption as provided herein. Upon such deposit, the Bonds shall no longer be regarded as outstanding and unpaid.

Section 21. AMENDMENT. (a) The Holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of the then outstanding Bonds shall have the right to approve any amendment to this Resolution which may be deemed necessary or desirable by the Board, provided, however, that no amendment may alter the terms and conditions in this Resolution or in the Bond so as to:

- (1) Make any change in the maturity of the outstanding Bonds;

(2) Reduce the rate of interest borne by any of the outstanding Bonds;

(3) Reduce the amount of the principal payable on the outstanding Bonds;

(4) Modify the terms of payment of principal of or interest on the outstanding Bonds, or impose any conditions with respect to such payment;

(5) Affect the rights of the holders of less than all of the Bonds then outstanding; or

(6) Change the minimum percentage of the principal amount of Bonds necessary for consent to such amendment.

(b) If the Board desires to amend the Resolution, such notice of the proposed amendment shall be published in a financial newspaper or journal published in the City of New York, New York, or in the City of Austin, Texas, once during each calendar week for at least two successive calendar weeks, setting forth the nature of the proposed amendment and stating that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all holders of Bonds. Such publication is not required, however, if notice in writing is given to each holder of Bonds.

(c) Whenever the Board shall receive an instrument executed by the holders of at least 51% in aggregate principal amount of all Bonds then outstanding within not less than thirty days nor more than one year from the date of publication of the notice or other service of written notice, referring to the proposed amendment described in said notice and which specifically consents to and approves such amendment in substantially the form of copy thereof on file with the Paying Agent/Registrar, the Board may adopt the amendatory resolution in substantially the same form.

(d) Upon the adoption of any amendatory resolution pursuant to the provisions provided herein, this Resolution shall be deemed to be amended in accordance with such amendatory resolution, and the respective rights, duties, and obligations under this Resolution of the Board, and all the holders of then outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced thereunder, subject in all respects to such amendments.

(e) Any consent given by the holder of a Bond pursuant to the provisions provided herein shall be irrevocable for a period of six months from the date of the first publication of

Section 25. OFFERING DOCUMENTS. The Offering Memorandum, together with any supplements and amendments thereto, are hereby ratified, authorized and approved for use in connection with the sale and distribution of the Bonds.

Section 26. CAPTIONS. The captions of the Sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof.

* * * * *

1985 Football Schedule for U. T. Arlington

September 7	7:00 p.m.	Angelo State	at Arlington
September 14	7:00 p.m.	Sam Houston State	at Huntsville
September 28	7:00 p.m.	Southwest Texas State	at San Marcos
October 5	7:00 p.m.	Wichita State	at Arlington
October 12	1:30 p.m.	Drake	at Des Moines, Ia.
October 19	7:00 p.m.	*Lamar	at Arlington
October 26	7:00 p.m.	*Northeast Louisiana	at Arlington
November 2	1:00 p.m.	*Arkansas State	at Jonesboro, Ark.
November 9	7:00 p.m.	*McNeese State	at Lake Charles, La.
November 16	1:30 p.m.	*Louisiana Tech	at Arlington
November 23	2:00 p.m.	*North Texas State	at Denton

*Denotes Southland Conference Games

1985 Football Schedule for U. T. Austin

September 21	7:00 p.m.	Missouri	at Austin
September 28	12:50 p.m.	Stanford	at Stanford
October 5	7:00 p.m.	*Rice	at Austin
October 12	2:00 p.m.	Oklahoma	at Dallas
October 19	2:00 p.m.	*Arkansas	at Arkansas
October 26	2:00 p.m.	*SMU	at Dallas
November 2	1:00 p.m.	*Texas Tech	at Austin
November 9	12 Noon	*Houston	at Houston
November 16	1:00 p.m.	*TCU	at Austin
November 23	12 Noon	*Baylor	at Austin
November 28	2:00 p.m.	*Texas A&M	at College Station

*Denotes Southwest Conference Games

1985 Football Schedule for U. T. El Paso

August 31	1:30 p.m.	*Air Force	at Colorado Springs
September 7	7:30 p.m.	SMU	at Dallas
September 14	1:30 p.m.	*Colorado State	at Ft. Collins
September 21	7:00 p.m.	New Mexico State	at El Paso
September 28	7:00 p.m.	*Utah	at Salt Lake City
October 12	1:00 p.m.	Kent State	at Kent, Ohio
October 26	7:00 p.m.	*Brigham Young	at El Paso
November 2	7:00 p.m.	*University of New Mexico	at El Paso
November 9	7:00 p.m.	*Hawaii	at El Paso
November 16	7:00 p.m.	*San Diego State	at San Diego
December 7	**	*Wyoming	at Melbourne, Australia

*WAC Conference Games

**To be announced

1985

January

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

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

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

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

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

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

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

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

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

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

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

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			

1986

January

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

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

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

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

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

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				

January

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

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					

March

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

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						

May

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						

June

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 HAY

Date: August 8, 1985
Time: Following the 1:00 p.m. Session of the Board of Regents
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>Ex.C</u>
1. U. T. System: Recommended Acceptance of Aetna Life and Casualty Insurance Company, Hartford, Connecticut, Renewal Rates for Employee Group Medical and Dental Insurance Contract for 1985-86 (Exec. Com. Letter 85-21)	2
2. U. T. System: Systemwide Comprehensive Dishonesty, Disappearance and Destruction Policy - Replacement for Cancelled Policy (Exec. Com. Letter 85-20)	3
3. U. T. Arlington: Recommendation to (a) Purchase Apartments for Student Housing, (b) Issue and Sell Board of Regents of The University of Texas System, The University of Texas at Arlington Apartment Revenue Bonds, Series 1985, (c) Appoint Bond Counsel and Bond Advisor and (d) Advertise for Bids for Paying Agent/Registrar and Printing (Exec. Com. Letter 85-22)	4
4. U. T. Austin: Recommendation to Accept an Offer to Purchase a Portion of Interests in Real Property in Tarrant County, Texas, Bequeathed from the Estate of Lylla Walker Arant (Exec. Com. Letter 85-22)	4
5. U. T. Austin - Former Nike Missile Base Property: Recommendation for Sale of Surface Easement on Ranch Road 2244, Travis County, Texas, to Mr. Randy Braband, Austin, Texas (Exec. Com. Letter 85-22)	5
6. U. T. Austin - Jester Center Food Service Facilities Improvements: Recommended Award of Contracts for Furniture and Furnishings to Architectural Interior Services/Finger Office Furniture, Houston, Texas; and Clegg/Austin, Austin, Texas (Exec. Com. Letter 85-20)	6
7. U. T. Dallas - Special Committee on Endowment Lands in Collin and Dallas Counties, Texas: Proposed Policy Statement on Use of Proceeds from Sale of Certain Lands (Exec. Com. Letter 85-20)	7

1. U. T. System: Recommended Acceptance of Aetna Life and Casualty Insurance Company, Hartford, Connecticut, Renewal Rates for Employee Group Medical and Dental Insurance Contract for 1985-86 (Exec. Com. Letter 85-21).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Office of the Chancellor for renewal of The University of Texas System employee group medical and dental insurance contract with Aetna Life and Casualty Insurance Company, Hartford, Connecticut, for 1985-86. Current rates which are proposed to continue for 1985-86 are as follows:

a. Group Medical Insurance

	<u>Plan I-UT</u>	<u>Plan II-UT</u>	<u>Plan III-UT</u>
Employee	\$ 93.70	\$ 54.25	\$ 29.82
Employee/Spouse	217.32	130.84	93.35
Employee/Children	177.70	98.31	70.34
Employee/Family	259.95	162.59	99.01

b. Group Dental Insurance

Monthly Dental (Aetna) Rates

Employee	\$ 9.28
Employee/Spouse	16.98
Employee/Children	22.70
Employee/Family	28.36

BACKGROUND INFORMATION

Renewal rates at no increase are the result of extensive negotiations with Aetna Life and Casualty Insurance Company and reflect the benefit of cost containment plan changes and employee information programs utilized in 1984-85. The renewed plan will continue to incorporate these cost containment features in an effort to produce equally desirable effects on rates in the future. The U. T. System insurance program continues to maintain quality features required for the protection of employees, and U. T. employees continue to be offered group insurance coverage at lower rates and with comparable or better benefits than is offered State employees.

The favorable nature of these rates suggest the wisdom of renewing the current contract. These rate quotes have the concurrence of the U. T. System Insurance Advisory Committee and have been approved by the Executive Director for Finance and Administration based upon concurrence of the Executive Vice Chancellors for Academic and Health Affairs.

Current law permits renewal of insurance contracts with rebidding required every four years. Action by the 69th Legislature will extend that renewal period to six years. Aetna was the successful bidder initially in fiscal 1982-83.

2. U. T. System: Systemwide Comprehensive Dishonesty, Disappearance and Destruction Policy - Replacement for Cancelled Policy (Exec. Com. Letter 85-20).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Office of the Chancellor that authorization be given to secure a replacement Comprehensive Dishonesty, Disappearance and Destruction Policy for The University of Texas System from the American International Group, Manchester, New Hampshire, with a one year premium charge of \$30,442.

BACKGROUND INFORMATION

The Hartford Insurance Company has underwritten the U. T. Systemwide Comprehensive Dishonesty, Disappearance and Destruction Policy (commonly referred to as U. T.'s employee bond coverage) on a continuous policy basis since 1973.

U. T. System Administration has been notified that as of June 1, 1985, the Hartford Insurance Company will no longer provide this coverage to U. T. System and the components. Two reasons were cited for their policy cancellation: (a) market conditions in the insurance industry have seriously deteriorated in the past twelve months causing the Hartford as well as other companies to reduce their exposure to certain risks, such as employee fidelity coverage, and (b) the loss frequency rate experienced throughout the U. T. System.

U. T. System Administration has thoroughly investigated the market for replacement coverage. Of twelve companies that previously indicated an interest in providing coverage, nine have since declined to underwrite the coverage, with three companies submitting the following quotes:

<u>Insurance Company</u>	<u>Premium Quoted</u>	<u>Deductible Quoted</u>
Chubb Group	\$33,000/year	\$25,000/occurrence
Reliance Company	\$20,626/year	\$25,000/occurrence
	or	
	\$58,381/3 years	\$25,000/occurrence
American International Group	\$24,049/year	\$25,000/occurrence
	or	
	\$30,442/year	\$10,000/occurrence for academic or non-health related units
		\$25,000/occurrence for all health related units

All quotes provide coverage identical to our existing policy except for the dollar deductible amount per loss occurrence. All premiums quoted, except for the Chubb Group, are less than the current premium paid to the Hartford (\$32,780 with a \$2,500/occurrence deductible).

The two level deductible quoted by the American International Group (AIG) offers the University the least level of dollar loss risk per dollar premium of any of the quotes received. The next best offer from the Reliance Company provides the lowest premium charge, but requires an across the board deductible of \$25,000.

3. U. T. Arlington: Recommendation to (a) Purchase Apartments for Student Housing, (b) Issue and Sell Board of Regents of The University of Texas System, The University of Texas at Arlington Apartment Revenue Bonds, Series 1985, (c) Appoint Bond Counsel and Bond Advisor and (d) Advertise for Bids for Paying Agent/Registrar and Printing (Exec. Com. Letter 85-22).--

RECOMMENDATION

The Executive Committee concurs with the recommendation of President Nedderman and the Office of the Chancellor to (a) purchase the Warwick Apartments I, II, III and V adjacent to the U. T. Arlington campus for \$950,000, (b) issue \$950,000 20-year Apartment Revenue Bonds, Series 1985, to the seller at a rate of 9% per annum, (c) appoint Reynolds Allen & Cook, Houston, Texas, as Bond Counsel, and Rotan Mosle, Inc., San Antonio, Texas, as Bond Advisor, and (d) authorize the Office of Investments and Trusts to advertise for bids for paying agent/registrar and printing of the bonds with bids submitted to the U. T. Board of Regents at a subsequent meeting.

BACKGROUND INFORMATION

The proceeds of the bonds will be used to purchase four apartment complexes consisting of a total of 62 units which will be used for student housing. Rental income from the apartments will be pledged to service the bonds. In the event that the apartments are unable to provide sufficient income to pay the debt, U. T. Arlington will apply income generated from its other housing units to retire the bonds. The acquisition will (a) add additional spaces for housing students at an affordable rate and without a significant increase in housing staff and (b) provide land which could be used at a later date for expansion of educational facilities.

See Item 2, Page B of R - 2.

4. U. T. Austin: Recommendation to Accept an Offer to Purchase a Portion of Interests in Real Property in Tarrant County, Texas, Bequeathed from the Estate of Lylla Walker Arant (Exec. Com. Letter 85-22).--

RECOMMENDATION

The Executive Committee concurs with the recommendation of President Flawn and the Office of the Chancellor to accept an offer from B & J Properties, Haltom City, Texas, to purchase two tracts of land in Tarrant County, Texas, from the Estate of Lylla Walker Arant for the benefit of U. T. Austin under the terms set out on Page Ex.C - 5.

Tract 1:

Description: Lot "A," Block 3, Richland Hills South
Size: 3.172 Acres
U. T. Austin
Interest: 10%
Sale Price: \$110,000
Down payment: \$22,000
Note: \$88,000 (amortized per a 20 year
payment schedule)
Interest Rate: 11%
Interest Payments: Semi-annually, Years 1-5
Principal Payments: Semi-annually, Years 4-5
Principal outstanding due at the
end of year 5.

Tract 2:

Description: Block 6, Richland Hills South
Size: 1.039 acres
U. T. Austin
Interest: 10%
Sale Price: \$40,000
Down payment: \$8,000
Note: \$32,000 (amortized per a 20 year
payment schedule)
Interest Rate: 11%
Interest Payments: Semi-annually, Years 1-5
Principal Payments: Semi-annually, Years 4-5,
Principal outstanding due at
the end of Year 5.

BACKGROUND INFORMATION

The sale of Tracts 1 and 2 to a different purchaser was originally approved by the U. T. Board of Regents at its October 1983 meeting for \$113,256 and \$31,500, respectively. However, the purchaser failed to obtain a required zoning variance, so the sale was never finalized.

In addition to U. T. Austin's 10% interest, the U. T. Austin Law School Foundation and Southern Methodist University (SMU), Dallas, Texas, own 40% and 50% interests, respectively. The Law School Foundation and the Investment Committee of SMU have approved the sale as recommended.

The appraised values of Tracts 1 and 2 were estimated at \$113,000 and \$35,000, respectively, by Mr. Bruce French, L & N Land Corp., (Lomas and Nettleton), Dallas, Texas. U. T. Austin's share of the proceeds will total \$14,100 net of a 6% sales commission.

5. U. T. Austin - Former Nike Missile Base Property: Recommendation for Sale of Surface Easement on Ranch Road 2244, Travis County, Texas, to Mr. Randy Braband, Austin, Texas (Exec. Com. Letter 85-22).--

RECOMMENDATION

The Executive Committee concurs with the recommendation of President Flawn and the Office of the Chancellor to sell a 1.0583 acre surface easement located on Ranch Road 2244,

Travis County, Texas (Former Nike Missile Base Property - The University of Texas at Austin), to Mr. Randy Braband, Austin, Texas, for \$26,123.33.

BACKGROUND INFORMATION

The U. S. Government conveyed approximately 33 acres out of the Parker Survey No. 703 to U. T. Austin in a deed dated July 17, 1967. Included in that transfer was ownership of a 1.0583 acre surface easement across the property immediately east of the 33 acre tract. Mr. Braband wants to purchase the easement in order to access property he owns which is south and is off Crystal Creek Drive across the easement that was conveyed to U. T. Austin by the U. S. Government.

The deed restrictions provide that proceeds from any such sale must be split between U. T. Austin and the U. S. Government, during the thirty-year period subsequent to the date of conveyance. Upon the 30th anniversary, the conveyance will vest unconditionally. The value of the easement was appraised by Thomas R. Gardner, M. A. I., Austin, Texas, and determined to be \$46,100. Accordingly, 17/30th (\$26,123.33) goes to U. T. Austin, and 13/30th (\$19,976.67) goes to the U. S. Government.

6. U. T. Austin - Jester Center Food Service Facilities Improvements: Recommended Award of Contracts for Furniture and Furnishings to Architectural Interior Services/Finger Office Furniture, Houston, Texas; and Clegg/Austin, Austin, Texas (Exec. Com. Letter 85-20).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Flawn and the Office of the Chancellor that the U. T. Board of Regents award contracts for furniture and furnishings for Food Service Facilities Improvements at Jester Center at U. T. Austin to the lowest responsible bidders as follows:

Architectural Interior Services/
Finger Office Furniture
Houston, Texas

Proposal "A"
(Wood Tables and Chairs) \$ 81,884.10

Clegg/Austin
Austin, Texas

Proposal "B"
(Pedestal Tables and
Upholstered Chairs) 141,607.03

GRAND TOTAL CONTRACT AWARDS \$223,491.13

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents on April 11, 1985, the bids as shown below were received and opened on May 9, 1985, for furniture and furnishings for Food Service Facilities Improvements, Jester Center at U. T. Austin. Funds for the contract awards are available in the Furnishings and Equipment Account.

Proposal "A", Wood Tables and Chairs

Architectural Interior Services/ Finger Office Furniture	\$ 81,884.10
Rockford Business Interiors	85,494.16
Wilson Business Products	95,952.03

Proposal "B", Pedestal Tables and Upholstered Chairs

Clegg/Austin	\$141,607.03
Rockford Business Interiors	143,766.17
Architectural Interior Services/ Finger Office Furniture	145,426.37
Wilson Business Products	146,944.05

7. U. T. Dallas - Special Committee on Endowment Lands in Collin and Dallas Counties, Texas: Proposed Policy Statement on Use of Proceeds from Sale of Certain Lands (Exec. Com. Letter 85-20).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Special Committee on Endowment Lands in Collin and Dallas Counties, Texas (Regent Rhodes, Chairman; Regent Milburn; and Regent Hay) that the U. T. Board of Regents adopt the following policy statement relating to the use of the proceeds from the sale of lands donated to U. T. Dallas by the Texas Research Foundation:

POLICY STATEMENT

The proceeds from any sale of lands acquired for and on behalf of The University of Texas at Dallas by deed of gift from the Texas Research Foundation dated September 1, 1972, are removed from the governance of the POLICY STATEMENT adopted by the Board of Regents of The University of Texas System on June 11, 1982, and will be governed instead by this policy statement.

The Deed of Gift from The Texas Research Foundation to The University of Texas System (dated September 1, 1972) conveying the Texas Research Foundation lands contains the following provisions:

"...that this gift and donation is made for the purpose of aiding the establishment and operation of the Institute for Environmental Sciences at The University of Texas at Dallas, but this proviso is never to be construed as a limitation or restriction on the use or sale of said real estate at any time; and in the event any of said real estate shall be sold

or exchanged by Grantee, the proceeds of such sales or exchanges shall not become a part of the Permanent University Fund, the Available University Fund or the general funds of the State of Texas, but their use shall be limited to the acquisition of other lands, the construction of buildings and improvements and the purchase of equipment and personal property for the use of The University of Texas at Dallas; and PROVIDED FURTHER, that no purchaser or grantee of any of said real estate shall be obliged to be concerned with the use or application made of any funds or other property paid or delivered by him or it to The University of Texas System for any of said real estate."

The Hoblitzelle Foundation held a reversionary interest in a portion of the lands conveyed to The University of Texas System by Texas Research Foundation. The Assignment of Reversionary Interest (dated September 1, 1972) from the Hoblitzelle Foundation contains the following provision:

"...that this gift and donation is made for the purpose of aiding the establishment and operation of the Institute for Environmental Sciences at The University of Texas at Dallas, but this proviso is never to be construed as a limitation or restriction on the use or sale of said real estate; and in the event any of said real estate shall be sold or exchanged by Grantee, the proceeds of such sales or exchanges shall not become a part of the Permanent University Fund, the Available University Fund or the general funds of the State of Texas, but their use shall be limited to the acquisition of other lands, the construction of buildings and improvements and the purchase of equipment and personal property for the use of The University of Texas at Dallas; and PROVIDED FURTHER, that no purchaser or grantee of any of said real estate shall be obliged to be concerned with the use or application made of any funds or other property paid or delivered by him or it to The University of Texas System for any of said real estate."

The agreement between the Texas Research Foundation and The University of Texas System dated August 15, 1972 concerning the gift of Texas Research Foundation lands to The University of Texas System contains the following recital:

"WHEREAS, UTD has been and is now and will continue to be engaged in activities of the kind and similar to those now being conducted by TRF at Renner, Texas, and its establishment of an institute for research and education in the environmental sciences on its campus will carry out and perform the purposes for which TRF was organized;"

In recognition of the above-referenced provisions of the legal instruments and the circumstances surrounding the conveyance of the Texas Research Foundation lands to the Board of Regents of The University of Texas System for and on behalf of The University of Texas at Dallas, the Board of Regents of The University of Texas System directs:

1. that the proceeds from the sale of such lands be placed in an appropriate investment account with The University of Texas System Office of Asset Management;
2. that, while the income from the investment account may be budgeted and spent (in accordance with the annual Regentally approved budget for U. T. Dallas) for one or more of the purposes for which the gifts

were made, expenditures from the corpus of the account may be made only by specific and separate action of the Board of Regents of The University of Texas System; and

3. that expenditures from the corpus of the account will be made only for one or more of the purposes for which the gifts were made.

As a matter of policy, it is the hope and intent of the Board of Regents of The University of Texas System to maximize the value of the gift of the Texas Research Foundation lands for and on behalf of The University of Texas at Dallas by first utilizing the income from said proceeds for the purposes for which the gifts were made, and then using from time to time such amounts of corpus, if any, as may be needed (i.e., is not available or obtainable from income or other sources) for the construction of buildings and improvements and the purchase of equipment and personal property for research and education in science and engineering on The University of Texas at Dallas campus.

BACKGROUND INFORMATION

Negotiations on resourcing requirements for the proposed School of Engineering at The University of Texas at Dallas indicate the possibility of the need for more flexibility in dealing with the proceeds from the sale of lands donated to U. T. Dallas by the Texas Research Foundation.

Finance and Audit Com.

FINANCE AND AUDIT COMMITTEE
COMMITTEE CHAIRMAN YZAGUIRRE

Date: August 8, 1985
Time: Following the meeting of the Executive Committee
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>F&A</u>
1. U. T. System: <u>Docket No. 23 of the Office of the Chancellor</u>	2
2. U. T. System: Recommended Approval of Non-Personnel Aspects of the 1985-86 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical Service, Research and Development Programs	2
3. U. T. System: Request to Approve Transfer of Funds Between Legislative Appropriation Items During the Biennium Beginning September 1, 1985	2
4. U. T. System: Proposed Rules and Regulations for the Administration of Line Item Scholarships Appropriated by the 69th Legislature	3
5. U. T. System: Proposed Approval of Plan for Implementation of Section 86 of Article V of the General Appropriation Act for 1986-87	5
6. U. T. System: Proposed Approval of Resolution with Regard to Acceptance of Welch Foundation Grants	7
7. U. T. System: Request for Authorization to Renew Automobile Liability Insurance Policy for the Period Beginning September 1, 1985 Through August 31, 1986	10
8. U. T. System: Recommended Acceptance of Health Maintenance Organization Contracts with Central Texas Health Plan, (Austin), Maxicare Texas, Inc. (Houston), and PruCare (Houston); and Renewal Rates for CIGNA Health Plan of Texas, Inc. (Dallas), CIGNA Health Plan of Texas, Inc. (Houston), HealthAmerica Corporation of Texas (San Antonio) [formerly Good Health Plus, Inc., (San Antonio)], Kaiser Foundation Health Plan of Texas (Dallas), and PruCare (Austin)	10

1. U. T. System: Docket No. 23 of the Office of the Chancellor.--

RECOMMENDATION

It is recommended that Docket No. 23 of the Office of the Chancellor be approved.

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

2. U. T. System: Recommended Approval of Non-Personnel Aspects of the 1985-86 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical Service, Research and Development Programs.--

RECOMMENDATION

The Office of the Chancellor and the chief administrative officers of the component institutions of the U. T. System recommend that the non-personnel aspects of the 1985-86 Operating Budgets, including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical Service, Research and Development Programs be approved.

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

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

BACKGROUND INFORMATION

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

3. U. T. System: Request to Approve Transfer of Funds Between Legislative Appropriation Items During the Biennium Beginning September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor recommends that the U. T. Board of Regents adopt the resolution set out on Page F&A - 3 in order to provide for the most effective utilization of the General Revenue Appropriations during the 1985-86 biennium.

RESOLUTION

Pursuant to the appropriate transfer provisions of Article III, H.B. 20, 69th Legislature, Regular Session, 1985, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations from the General Revenue Fund for each of the following components as authorized by the Chief Financial Officers of the U. T. System institution concerned:

- U. T. Arlington
- U. T. Austin
- U. T. Dallas
- U. T. El Paso
- U. T. Permian Basin
- U. T. San Antonio
- U. T. Tyler
- U. T. Health Science Center - Dallas
- U. T. Medical Branch - Galveston
- U. T. Health Science Center - Houston
- U. T. Health Science Center - San Antonio
- U. T. Cancer Center
- U. T. Health Center - Tyler

BACKGROUND INFORMATION

The above resolution is a standard action by the U. T. Board of Regents at the beginning of each biennium and is pursuant to provisions of the General Appropriations Bill by the 69th Legislature.

4. U. T. System: Proposed Rules and Regulations for the Administration of Line Item Scholarships Appropriated by the 69th Legislature.--

RECOMMENDATION

The Office of the Chancellor recommends that the following rules and regulations for the administration of line item scholarships appropriated in the General Appropriations Bill of the 69th Legislature be adopted for the 1985-86 biennium:

Rules and Regulations for Administration of Line Item Scholarships

1. Scholarships
 - a. Scholarships from said fund may be awarded only to students who have been accepted for enrollment and who actually enroll on at least a half-time basis in the term or terms for which the scholarship is awarded.
 - b. Scholarships are to be awarded based on the financial need of the applicant as determined by the component institution and based on accepted need analysis procedures generally in use in other "need based" financial assistance programs.

- c. Each student shall first utilize any other grant funds for support of educational expenses for which the student may reasonably be eligible before receiving state scholarship funds.
 - d. The amount of the scholarship award, when combined with all other grant or gift funds awarded to the student, shall not exceed 70% of the reasonable expenses to be incurred by the student in the semester or term for which the scholarship is awarded.
 - e. No student shall receive an amount in excess of demonstrated need.
 - f. No more than 10% of total scholarship funds awarded through the program in a fiscal year shall be awarded to nonresident students.
2. Institutional matching share of earnings in the Federal College Work-Study Program
 - a. Any or all of the scholarship funds appropriated may be used for the institutional matching share of earnings in the College Work-Study Program.
 - b. Funds used in this manner will not be subject to the restriction governing the scholarships.
 3. No funds appropriated in this Act for scholarships to institutions of higher education may be used to provide athletic scholarships.

BACKGROUND INFORMATION

Subsections b., c., and d. of Section 14 of Article III (the "riders") of the General Appropriations Bill of the 69th Legislature provide as follows:

b. Out of the funds appropriated by this Article in the line-item described as "Scholarships," the respective governing boards may allocate and expend for student scholarships and the institutional share required to match Federal Work Study Funds such amounts as said boards may determine; provided, however, that each student receiving such scholarship first shall have utilized any federal grant funds for which the student may reasonably be eligible; and, that such scholarship, when combined with all other grant or gift funds awarded to the student, shall not exceed seventy percent (70%) of the reasonable expenses to be incurred by the student in the semester or term for which the scholarship is awarded; and provided, however, that no student shall receive an amount in excess of demonstrated need. The respective governing boards may transfer up to one-half of the amount to be awarded as scholarships to each otherwise eligible student to the Coordinating Board, Texas College and University System, for use as matching funds to be awarded to that student through the Texas Public Educational Grants Program.

c. Copies of such approved allocations together with copies of rules and regulations adopted by the respective governing boards concerning the award of such scholarships, shall be filed with the Coordinating Board, Texas College and University System, and with the Comptroller prior to the disbursement of any moneys for scholarships. Copies of any subsequent changes in such allocations or rules shall be similarly filed with the Coordinating Board and with the Comptroller.

d. No funds appropriated in this Act for scholarships to institutions of higher education may be used to provide athletic scholarships.

The term "scholarships" as used in Section 14 b., as quoted above, refers to all line-item appropriations for scholarships to institutions of higher education (including health science centers) under the terms "tuition and fees scholarships," "tuition scholarships," "tuition and minority opportunity scholarships," and similar titles.

Section 14 c., as quoted above, also contemplates that the governing boards of institutions of higher education will adopt rules and regulations for the admission of the scholarships (in addition to the regulations specified by the rider provision quoted above) and instructs that such rules and regulations be filed with the Coordinating Board, Texas College and University System, and the Comptroller of Public Accounts prior to disbursement of funds. These proposed rules and regulations satisfy the provisions of the riders and, if approved, will be filed with the appropriate agencies as required.

5. U. T. System: Proposed Approval of Plan for Implementation of Section 86 of Article V of the General Appropriation Act for 1986-87.--

RECOMMENDATION

The Office of the Chancellor recommends that the following policy be adopted for the filing of financial disclosure statements as required by Section 86 of Article V of the General Appropriation Act for 1986-87:

- a. The financial disclosure statement form promulgated by the Secretary of State for purposes of compliance with Section 4 of Article 6252-9b, Vernon's Civil Statutes, shall be utilized by the U. T. System personnel who are required to file statements in compliance with Section 86 of Article V of the General Appropriation Act for 1986-87.
- b. The financial disclosure statement shall be submitted to the U. T. Board of Regents for review and approval through the dockets of the component institutions and the U. T. System and upon approval by the Board shall be filed as a part of the records of the Office of the Board of Regents.

- c. Initial financial disclosure statements shall be submitted for review and approval of the Board at its meeting on October 10-11, 1985, and thereafter shall be submitted annually at the meeting of the Board immediately preceding the beginning of the fiscal year on September 1. Persons who are appointed to positions requiring the filing of such statement shall submit same to the Board for review and approval at the first meeting of the Board following their appointment.
- d. Persons appointed to the following positions shall file the required financial disclosure statement:

U. T. System

- (1) Chancellor
- (2) Executive Vice Chancellor for Academic Affairs
- (3) Executive Vice Chancellor for Health Affairs
- (4) Executive Vice Chancellor for Asset Management
- (5) Vice Chancellor and General Counsel
- (6) Executive Director for Finance and Administration
- (7) Director, Business and Administrative Services
- (8) Comptroller
- (9) Director, Facilities Planning and Construction
- (10) Executive Director for Investments and Trusts

Component Institutions

- (11) Chief Administrative Officer
 - (12) Chief Business Officer
 - (13) Business Manager
 - (14) Purchasing Agent
- e. The Chancellor and Chief Administrative Officers of the academic component institutions of the U. T. System may file copies of the financial statements that they currently are required to file with the Secretary of State pursuant to Section 3 of Article 6252-9b, Vernon's Civil Statutes.

BACKGROUND INFORMATION

Section 86 of Article V of the General Appropriation Act for 1986-87 requires that persons who are responsible for entering into contracts obligating appropriated funds and approving expenditures for such contracts submit for the review and approval of the governing board of the employing agency a financial disclosure statement and that such statements remain on file with the administrative office of the governing board.

6. U. T. System: Proposed Approval of Resolution with
Regard to Acceptance of Welch Foundation Grants.--

RECOMMENDATION

The Office of the Chancellor recommends that the Standing Resolution with regard to the acceptance of Welch Foundation grants for The University of Texas System set out on Pages F&A 8 - 9 be approved and adopted.

BACKGROUND INFORMATION

Recently, the Robert A. Welch Foundation, at the behest of its legal counsel, circulated a draft of a Standing Resolution to the governing boards of institutions of higher education in Texas. The resolution is proposed for the purpose of assuring the Welch Foundation that individual institutions have the authority to sign grant award letters.

The Resolution, as drafted by legal counsel for the Welch Foundation, is recommended for approval with two modifications. The Resolution has been modified to include all institutions within the U. T. System in one resolution rather than adopting a resolution on behalf of each institution. The Resolution also has been modified to make it clear that, for state-supported institutions, the indemnification clause is operative only within the constraints of the laws and Constitution of the State of Texas. Both modifications are acceptable to legal counsel for the Welch Foundation.

STANDING RESOLUTION CONCERNING GRANTS BY
THE ROBERT A. WELCH FOUNDATION

WHEREAS, The Robert A. Welch Foundation (the "Foundation") from time to time makes grants to faculty members and institutions of higher education within the State of Texas for the purpose of supporting fundamental chemical research;

WHEREAS, The University of Texas System desires that its component institutions and the faculty members of those component institutions have the opportunity to receive consideration for chemical research grants from the Foundation;

WHEREAS, the Foundation requires, as a condition to the approval and funding of any grant, that the institution sponsoring a grant furnish a resolution passed by its governing body showing the authority of its signatory to bind the institution to the conditions stated in the Foundation's award letter and General Information and Instructions, copies of which are attached hereto and incorporated herein;

WHEREAS, the Foundation's award letter includes in its General Conditions an indemnity agreement favorable to the Foundation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents of The University of Texas System that:

1. The Board of Regents of the University of Texas System hereby authorizes the execution of such agreements, including such indemnification agreements as may be permitted under the laws and Constitution of the State of Texas, as may be required by the Robert A. Welch Foundation as a condition precedent to the awarding of grants from the Foundation supporting fundamental chemical research.
2. The Board of Regents of The University of Texas System hereby grants standing authority to the Chancellor of The University of Texas System and the Presidents of its component

institutions, or a designated representative of such institutions, to agree, as may be permitted under the laws and Constitution of the State of Texas, to indemnify the Robert A. Welch Foundation as stated in the Foundation's award letter and to agree to and accept such other conditions for obtaining grants as may be appropriate.

3. Upon execution by the Chancellor of The University of Texas System and the President of the component institution receiving a Welch Foundation award, or a designated representative of such institution, of such indemnity agreement, as may be permitted under the laws and Constitution of the State of Texas, and such other agreements as may be required by the Robert A. Welch Foundation as a condition precedent to the awarding of a grant to a component institution or its faculty, such component institution will be fully bound in accordance with the terms of such agreements.
4. A copy of this Resolution and of any amendatory resolutions shall be promptly furnished to the Robert A. Welch Foundation.

PASSED AND APPROVED BY THE U. T. BOARD OF REGENTS ON
AUGUST _____, 1985.

Arthur H. Dilly, Executive
Secretary to the Board of
Regents

7. U. T. System: Request for Authorization to Renew Automobile Liability Insurance Policy for the Period Beginning September 1, 1985 Through August 31, 1986.--

RECOMMENDATION

The Office of the Chancellor requests authorization to renew the U. T. System Automobile Liability Insurance Policy with the Granite State Insurance Company, Manchester, New Hampshire, for an additional one-year period beginning September 1, 1985 through August 31, 1986. This policy is a continuation of the policy originally approved by the U. T. Board of Regents on July 29, 1977. The policy is subject to the rates and premium discount prescribed by the State Board of Insurance, the loss experience modifier as published by the State Insurance Service Office, and the dividend rate as filed with the State Board of Insurance. This policy is approved each year by the State Board of Insurance and the Attorney General's Office.

BACKGROUND INFORMATION

In accordance with Article 6252-19a of Vernon's Texas Civil Statutes, the University is authorized to purchase Motor Vehicle Liability Insurance for officers' and employees' use and operation of University-owned and operated vehicles. Such coverage has been provided since 1970.

A continuing review of this market indicates no significant advantage to the University in seeking new proposals for this insurance coverage.

Premiums are applied to each institution in accordance with the vehicle inventory of that institution. Dividends received are apportioned to each institution according to the premium paid. Coverage provided by this policy is:

\$300,000/300,000 for bodily injury
\$150,000 for property damage

8. U. T. System: Recommended Acceptance of Health Maintenance Organization Contracts with Central Texas Health Plan, (Austin), Maxicare Texas, Inc. (Houston), and PruCare (Houston); and Renewal Rates for CIGNA Health Plan of Texas, Inc. (Dallas), CIGNA Health Plan of Texas, Inc. (Houston), HealthAmerica Corporation of Texas (San Antonio) [formerly Good Health Plus, Inc., (San Antonio)], Kaiser Foundation Health Plan of Texas (Dallas), and PruCare (Austin).--

RECOMMENDATION

The Office of the Chancellor recommends acceptance of the Health Maintenance Organization contracts with Central Texas Health Plan (Austin), Maxicare Texas, Inc. (Houston), and PruCare (Houston), and renewal rates for CIGNA Health Plan of Texas, Inc. (Dallas), and CIGNA Health Plan of Texas, Inc. (Houston), HealthAmerica Corporation of Texas (San Antonio) [formerly Good Health Plus, Inc. (San Antonio)], Kaiser Foundation Health Plan of Texas (Dallas), and PruCare (Austin).

Proposed monthly rates for 1985-86, with 1984-85 rate comparisons in parentheses, are as follows:

-Initial Acceptance-
Monthly Rates

	Central Texas Austin	Maxicare Houston	PruCare Houston
Employee	\$ 92.66	\$ 87.04	\$ 78.33
Employee/Spouse	195.51	172.57	168.94
Employee/Children	175.45	165.24	149.45
Employee/Family	291.88	259.65	240.13

-Renewal-
Monthly Rates

	CIGNA Dallas	CIGNA Houston	HealthAm San Antonio	Kaiser Dallas	PruCare Austin
Employee	\$ 75.40 (69.57)	\$ 78.59 (73.51)	\$ 84.58 (83.58)	\$ 80.44 (77.14)	\$ 84.92 (84.92)
Employee/Spouse	179.52 (173.92)	172.81 (163.51)	154.78 (198.08)	201.07 (192.85)	186.82 (186.82)
Employee/Children	160.06 (139.14)	149.27 (149.61)	139.56 (148.77)	160.88 (154.28)	165.60 (165.60)
Employee/Family	237.27 (208.70)	245.11 (238.65)	239.36 (215.64)	241.32 (231.42)	254.76 (254.76)

BACKGROUND INFORMATION

Central Texas Health Plan (Austin), Maxicare Texas, Inc. (Houston), and PruCare (Houston) are three additional Health Maintenance Organizations accepted for 1985-86. The proposals for the new Health Maintenance Organizations have been reviewed by the System Personnel Office and the Office of General Counsel, and have been approved by the Executive Director for Finance and Administration based upon the concurrence of the Executive Vice Chancellors for Academic and Health Affairs. They are consistent with Procedures for Inclusion of Health Maintenance Organizations approved by the U. T. Board of Regents on February 11, 1983. Kaiser Foundation Health Plan of Texas and Good Health Plus, Inc. (now HealthAmerica) were approved for 1983-84. CIGNA Health Plan of Texas, Inc. (Dallas and Houston) and PruCare (Austin) were approved for 1984-85.

Academic Affairs Com.

ACADEMIC AFFAIRS COMMITTEE
COMMITTEE CHAIRMAN BALDWIN

Date: August 8, 1985
Time: Following the meeting of the Finance and Audit Committee
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>AAC</u>
1. U. T. Board of Regents: Proposed Revision of Part Two, Chapter I, Section 9 of the Regents' <u>Rules and Regulations</u> (Catalog Change)	3
2. U. T. Austin: Proposed Appointment to the Ashley H. Priddy Centennial Professorship in Engineering, College of Engineering, Effective September 1, 1985	4
3. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Fine Arts Effective as Indicated	4
4. U. T. Austin: Proposed Appointment to the Lloyd M. Bentsen, Jr. Chair in Government/Business Relations in the Lyndon B. Johnson School of Public Affairs Effective September 1, 1985	5
5. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the School of Law Effective September 1, 1985	6
6. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Liberal Arts Effective September 1, 1985	7
7. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Natural Sciences Effective September 1, 1985	9
8. U. T. Austin: Proposed Appointment to the Edward Larocque Tinker Chair in Latin American Studies for the 1985-86 Spring Semester	14
9. U. T. Austin: Recommendation to Initiate and Change Miscellaneous Fees Effective with the Fall Semester 1985 (Catalog Change)	14
10. U. T. Austin: Recommended Amendments to the Guidelines for The Regents' Endowed Teachers and Scholars Program Effective September 1, 1985	16
11. U. T. Dallas: Request for Exception to Section 16, Chapter III, Part One of the Regents' <u>Rules and Regulations</u> to Grant a Fourth-Year Leave of Absence Without Pay to Professor Will Beth Stephens, School of Human Development, for the 1985-86 Academic Year	19

12. U. T. Dallas: Recommendation to Establish a Computer User Fee Effective Spring Semester 1986 (Catalog Change) 19
13. U. T. Dallas: The Aerospace Heritage Foundation, Inc. - Proposed Appointments to the Board of Directors 20
14. U. T. El Paso: Proposed Appointment to the Arleigh B. Templeton Professorship in Financial Management and Banking, College of Business Administration, Effective September 1, 1985 21
15. U. T. El Paso: Request for Authorization to Establish a Master of Arts in Art Degree and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change) 21
16. U. T. Permian Basin: Recommendation to Establish and Increase Miscellaneous Fees Effective with the Fall Semester 1985 (Catalog Change) 23
17. U. T. Permian Basin: Development Board - Proposed Nominees Thereto (NO PUBLICITY UNTIL ACCEPTANCES ARE RECEIVED) 24
18. U. T. Permian Basin: Proposed Approval of Amendments to the Student Senate Constitution 24

1. U. T. Board of Regents: Proposed Revision of Part Two, Chapter I, Section 9 of the Regents' Rules and Regulations (Catalog Change).--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that Part Two, Chapter I, Section 9 of the Regents' Rules and Regulations be revised as is indicated below in Congressional style.

- Sec. 9 Admission of Nonresident Students.--No nonresident of the State of Texas shall be enrolled as a new or transfer student in any school, college, or degree-granting program at any component institution of the System when all of the three following conditions occur: (1) when there is a limitation on the number of students who will be enrolled in the class of which such nonresident would be a member if he were enrolled; (2) when the result of enrolling such nonresident would be to increase to greater than 10% the percentage of nonresidents enrolled in the class of which such nonresident would be a member if he were enrolled; and (3) when at the time of the proposed enrollment of such nonresident, admission to the school, college, or degree-granting program is being denied to one or more Texas residents who have applied for admission and who reasonably demonstrate that they are probably capable of doing the quality of work that is necessary to obtain the usual degree awarded by the school, college, or degree-granting program. It is provided, however, that the nonresident enrollment at the School of Law, The University of Texas at Austin, may be equal to 15% of each class of which nonresidents are a part provided that the admission of such nonresidents is on the basis of academic merit alone.

BACKGROUND INFORMATION

The proposed revision is based upon the modification by the 69th Legislature to the appropriations bill rider which mandates a limitation on the number of nonresidents to be enrolled in restricted enrollment programs of some professional schools. A special provision related to the U. T. Austin School of Law was added to Article III, Section 19 of the appropriations bill. The proposed revision has been reviewed and approved by the Office of General Counsel.

Upon Regental approval, the next catalog published at U. T. Austin will be amended to reflect this action.

2. U. T. Austin: Proposed Appointment to the Ashley H. Priddy Centennial Professorship in Engineering, College of Engineering, Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that Dr. Stephen G. Wright, Professor of Civil Engineering, be appointed as the initial holder of the Ashley H. Priddy Centennial Professorship in Engineering in the College of Engineering at U. T. Austin.

BACKGROUND INFORMATION

Dr. Wright, a faculty member at U. T. Austin since 1969, is internationally recognized as one of the foremost authorities on the stability of earth slopes. He has authored or coauthored approximately twenty publications, as well as an equal number of research and consulting reports. Dr. Wright is also an excellent teacher and in 1971 received the Erwin S. Perry Student Appreciation Award from the U. T. Austin student chapter of the American Society of Civil Engineers. Dr. Wright has an outstanding record of administrative service as Associate Chairman in the Department of Civil Engineering and as advisor for all transfer students entering the U. T. Austin civil engineering and architectural engineering degree programs.

The Ashley H. Priddy Centennial Professorship in Engineering was established by the U. T. Board of Regents in August 1983.

3. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Fine Arts Effective as Indicated.--

RECOMMENDATION

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

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Gordon Peacock, Professor of Drama, University of Alberta (Canada)	Frank C. Erwin, Jr. Centennial Professorship in Drama, established December 1982; effective January 16, 1986
Dr. Gerard H. Behague, Professor and Chairman, Department of Music	Frank C. Erwin, Jr. Centennial Professorship in Music, established December 1982; initial appointment; effective September 1, 1985

BACKGROUND INFORMATION

Dr. Peacock is an internationally recognized director for the theatre. He has directed major productions for the University of Alberta, the Banff School of Fine Arts, the National Theatre School in Montreal and Stratford, the Pacific Conservatory in California, and the Greek National Theatre. Since joining the University of Alberta faculty in 1953, he has held the positions of Head, Drama Division, and Artistic Director, Studio Theatre, and in 1964, he founded the University of Alberta Drama Department and was appointed Professor of Drama.

Dr. Peacock is the recipient of numerous awards including The Canadian Drama Award; The British Council Research Award; and the Province of Alberta Award for Distinguished Attainment.

Dr. Behague, a faculty member at U. T. Austin since 1974, is an internationally recognized ethnomusicologist of Latin American music. He has authored or edited over forty books, monographs, and articles; more than twenty reviews; and more than two hundred music dictionary and encyclopedia entries. He is an excellent teacher and has been primarily responsible for the national recognition now accorded the U. T. Austin Department of Music's ethnomusicology program. Dr. Behague has chaired this department since 1981 and has actively served on numerous College of Fine Arts and Department of Music committees. He is a U. S. representative to the Inter-American Music Council of the Organization of American States.

4. U. T. Austin: Proposed Appointment to the Lloyd M. Bentsen, Jr. Chair in Government/Business Relations in the Lyndon B. Johnson School of Public Affairs Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that Dr. Robert C. Krueger be appointed to the Lloyd M. Bentsen, Jr. Chair in Government/Business Relations in the Lyndon B. Johnson School of Public Affairs at U. T. Austin for the 1985-86 academic year only, effective September 1, 1985.

BACKGROUND INFORMATION

Dr. Krueger was a faculty member at Duke University from 1961-1973 and served as Vice Provost and Dean of Trinity College of Arts and Sciences during 1972 and 1973. He was a member of the U. S. House of Representatives from the 21st District of Texas from 1975 to 1979 and served effectively and with distinction on the Interstate and Foreign Commerce Committee and the Science and Technology Committee. Dr. Krueger was appointed U. S. Ambassador-at-Large and Coordinator for Mexican Affairs by President Carter in 1979 and had the responsibility for reviewing and coordinating all U. S. government programs and activities affecting U. S.-Mexico relations until 1981.

The Lloyd M. Bentsen, Jr. Chair in Government/Business Relations was established by the U. T. Board of Regents in February 1980.

5. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the School of Law Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to approve the following appointments to endowed academic positions in U. T. Austin's School of Law effective September 1, 1985. Professors will vacate any currently held endowed positions on the effective date of the new appointment, except where noted.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Mr. John A. Robertson, Edward Clark Centennial Professor in Law	Baker and Botts Professorship in Law, established June 1968
Mr. Corwin W. Johnson, Baker and Botts Professor in Law	Edward Clark Centennial Professorship in Law, established June 1983
Mr. Joseph M. Dodge, Professor of Law	W. H. Francis, Jr. Professorship in Law, established July 1960
Mr. Lino A. Graglia, Rex G. Baker and Edna Heflin Baker Professor in Constitutional Law	Liddell, Sapp, Zivley & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law, for the 1985-86 fall semester only; established June 1978
Mr. Olin Guy Wellborn, Professor of Law	William C. Liedtke, Sr. Professorship in Law, established March 1974
Mr. Michael P. Rosenthal, William C. Liedtke, Sr. Professor in Law	Thomas Shelton Maxey Professorship in Law, established May 1970

BACKGROUND INFORMATION

Professor Robertson has been a faculty member at U. T. Austin since 1980 and is nationally recognized as an authority on law and medicine. He was a professor of law and medical ethics at the University of Wisconsin and teaches constitutional law, criminal law, criminal procedure, and law and medicine. He is the author or coauthor of three books, several law review articles, and more than thirty other legal publications and is annually an invited lecturer before legal and medical groups.

Professor Johnson has been a faculty member at U. T. Austin since 1947 and is nationally recognized for his teaching and scholarship in the areas of property law, land use planning, and water law. He is the coauthor of the most widely used property law casebook in the United States as well as approximately twenty other published legal articles and reports. Professor Johnson has held visiting faculty appointments at numerous universities, including Texas Tech University, the

University of California at Los Angeles, the University of Georgia and Brigham Young University.

Professor Dodge, a faculty member at U. T. Austin since 1978, has distinguished himself nationally in the fields of federal income and estate taxation and estate planning. He has authored several books and numerous articles on taxation and tax management. His professional activities have included Chair of the Advisory Committee of U. T. Austin's Annual Taxation Conference as well as membership on the American Bar Association's Section on Taxation, Committee on Legislative Changes, and Committee on Estate and Gift Tax Changes. Professor Dodge is an excellent teacher and serves as faculty sponsor for several student organizations.

Professor Graglia, a faculty member at U. T. Austin since 1966, is a nationally recognized expert in the fields of constitutional law and antitrust. He is the author of one book and approximately twenty book chapters, articles, and reviews. Professor Graglia, a member of the Advisory Board of the Bureau of Justice Statistics in the U. S. Department of Justice, also served for three years as a civil rights attorney in the U. S. Department of Justice and for nine years as an attorney in private practice in New York City and Washington, D.C. If this appointment is approved, he will retain his appointment as the Rex G. Baker and Edna Heflin Baker Professor in Constitutional Law during the one semester he holds the Liddell, Sapp, Zivley & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law.

Professor Wellborn joined the U. T. Austin faculty in 1974 and is recognized nationally for his work on evidence and torts. He has provided substantial assistance to State Bar of Texas committees charged with revising the civil and criminal rules of evidence. He is very active in the faculty governance of the School of Law, serving as Chairman of the Appointments Committee, Director of the Summer School, and a member of the Admissions Committee. Professor Wellborn has published several legal articles and notes and has held a visiting appointment in the Harvard University Law School.

Professor Rosenthal has been a faculty member at U. T. Austin since 1967 and is nationally recognized in the fields of criminal law, domestic relations, and juvenile justice. He has authored more than twenty publications, including several landmark articles on law enforcement and drug abuse. His research most recently has focused on child abuse and neglect and on intrafamily violence. Professor Rosenthal is a former member of the law school faculty at Rutgers University and was the Director of Community-Based Programs for the Texas Youth Council.

6. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Liberal Arts Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that the individuals set out on Page AAC - 8 be appointed to endowed academic positions in the College of

Liberal Arts at U. T. Austin effective September 1, 1985. Professors will vacate any currently held endowed positions on the effective date of the new appointment.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. G. Karl Galinsky, James R. Dougherty, Jr. Centennial Professor in Classics	Robert M. Armstrong Centennial Professorship in Classics, established August 1983; initial appointment
Dr. Walt W. Rostow, Rex G. Baker, Jr. Professor of Political Economy	Rex G. Baker, Jr. Professorship of Political Economy, established December 1979; reappointment
Dr. Joseph C. Carter, Jr., Professor of Classics	Centennial Professorship in Classical Archeology; contingent upon Regental redesignation and merger of two endowed positions; initial appointment (See Item 3, Page L&I - 9)
Dr. Peter M. Green, Professor of Classics	James R. Dougherty, Jr. Centennial Professorship in Classics, established August 1982
Dr. Clifton M. Grubbs, Jr. Sue Killam Professor in the Foundations of Economics and Professor of Economics	Sue Killam Professorship in the Foundations of Economics, established February 1980; reappointment

BACKGROUND INFORMATION

Dr. Galinsky, a faculty member at U. T. Austin since 1966, is nationally recognized for his scholarship in Roman civilization, literature, religion, and art. He is the author or coauthor of five books and more than eighty research articles and reviews and is frequently invited to lecture at universities and scholarly meetings in the United States and Europe. Dr. Galinsky has served as Chairman of the Department of Classics since 1974 and as a member of numerous departmental, college-level, and U. T. Austin committees and has received numerous awards for his teaching excellence.

Dr. Rostow joined the U. T. Austin faculty in 1969 and is internationally recognized for his numerous scholarly writings on political economy and the interrelationships between economic and political values. He has authored several books and has lectured in more than thirty countries in Asia, the Middle East, and Europe. Dr. Rostow's initial appointment to the Rex G. Baker, Jr. Professorship of Political Economy was approved for a five-year period at the July 1980 meeting of the U. T. Board of Regents, effective September 1, 1980.

Dr. Carter, a faculty member at U. T. Austin since 1971, is internationally recognized for his archaeology research and field work in southern Italy on Greek colonial sculpture.

Since 1974, he has directed U. T. Austin excavations at Metaponto, Italy, and has directed the U. T. Austin Institute of Classical Archaeology since 1978. Dr. Carter is the author of two books, more than fifteen articles, and numerous exhibition guides and abstracts. In 1984, he was elected a Fellow of the Society of Antiquaries of London. He is also an excellent teacher and is active in college and departmental governance. This appointment is contingent upon Regental approval to redesignate the Centennial Professorship in Classics (established December 1983) which is being merged with the Faculty Fellowship in Classical Archaeology (established February 1985) as the Centennial Professorship in Classical Archaeology (See Item 3, Page L&I - 9).

Dr. Peter M. Green has been a U. T. Austin faculty member since 1971 and is an internationally recognized scholar in Greek literature and history. He is the author or coauthor of more than twenty books and hundreds of scholarly articles, chapters, translations, and reviews. Dr. Green is frequently invited to present lectures at classics symposia and universities, and in 1984 he received the U. T. Austin Graduate School's Outstanding Teaching Award. Dr. Green will serve as Chairman of the U. T. Austin Graduate Assembly in 1985-86.

Dr. Grubbs, a faculty member at U. T. Austin since 1965, is highly regarded by colleagues and students for his effectiveness in communicating basic economic concepts and values and the nature of the American economic system. He has received eight major national and U. T. Austin awards for excellence in undergraduate teaching. He also has served as Director of Freshman Economics and Undergraduate Studies in the Department of Economics. Dr. Grubbs' initial appointment to the Sue Killam Professorship in the Foundations of Economics was approved for a five-year period at the July 1980 meeting of the U. T. Board of Regents, effective September 1, 1980.

7. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Natural Sciences Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that the following individuals be appointed to endowed academic positions in the College of Natural Sciences at U. T. Austin effective September 1, 1985. Professors will vacate any currently held endowed positions on the effective date of the new appointment.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Abraham Silberschatz, Professor of Computer Sciences	First David Bruton, Jr. Centennial Professorship in Computer Sciences, established February 1983
Dr. Simon S. Lam, Professor of Computer Sciences	Second David Bruton, Jr. Centennial Professorship in Computer Sciences, established February 1984

Dr. Jayadev Misra,
Professor of Computer
Science

Third David Bruton, Jr.
Centennial Professorship
in Computer Sciences,
established February 1984;
initial appointment

Dr. James C. Browne, David
Bruton, Jr. Centennial
Professor in Computer
Sciences

Professorship in Computer
Sciences, established
February 1984; initial
appointment

Dr. K. Mani Chandy, David
Bruton, Jr. Centennial
Professor in Computer
Sciences

Professorship in Computer
Sciences, established
February 1984; initial
appointment

Dr. Robert E. Wyatt,
Professor and Chairman,
Department of Chemistry

W. T. Doherty Professor-
ship in Chemistry,
established April 1973

Dr. Frank N. Bash,
Professor and Chairman,
Department of Astronomy

Frank N. Edmonds, Jr.
Regents Professorship in
Astronomy, established
August 1984; initial
appointment

Dr. Austin M. Gleeson,
Professor of Physics
and Associate Dean,
College of Natural
Sciences

Marian Harris Gilliam
Centennial Professorship
in Mathematics or Physics,
for the 1985-86 academic
year only; established
February 1983

Dr. J. Strother Moore II,
Associate Professor of
Computer Sciences

Gottesman Family Centennial
Professorship in Computer
Sciences, established
August 1983; initial
appointment

Dr. John M. White,
Professor of Chemistry

Norman Hackerman Professor-
ship in Chemistry, estab-
lished June 1977

Mr. Andrew J. Casson,
Professor of Mathematics

Mildred Caldwell and Baine
Perkins Kerr Centennial
Professorship in
Mathematics, established
June 1982

Dr. William H. Jefferys,
Professor of Astronomy

Harlan J. Smith Centennial
Professorship in Astronomy,
established June 1983;
initial appointment

Dr. Gillian R. Knapp,
Visiting Astronomer
at Bell Laboratories
and Associate Professor
Princeton University

Beatrice M. Tinsley Centen-
nial Visiting Professorship
in Astronomy, for the
1985-86 fall semester only,
established June 1983;
initial appointment

Dr. William Shive,
Professor of Chemistry

Roger J. Williams Centennial Professorship in Biochemistry, established August 1983; initial appointment

Dr. J. Craig Wheeler,
Professor of Astronomy

Samuel T. and Fern Yanagisawa Regents Professorship in Astronomy, established August 1984; initial appointment

BACKGROUND INFORMATION

Dr. Silberschatz, a faculty member at U. T. Austin since 1980, is internationally recognized for his research on database systems, operating systems, and programming languages. He is the coauthor of two books, one of which is now the standard textbook for upper-division undergraduate courses in operating systems at major universities throughout the United States. He has also authored or coauthored more than sixty scholarly articles. Dr. Silberschatz has served as Graduate Advisor in the Department of Computer Sciences and has been a program committee member for numerous international symposia.

Dr. Lam, a faculty member at U. T. Austin since 1977, is known internationally for his research in computer communication protocols, packet switching networks, and performance analysis and verification techniques. In 1984, he was elected a Fellow by the Institute of Electrical and Electronic Engineers. Dr. Lam has authored or coauthored over fifty articles in journals and conference proceedings and is the editor of a book in his field. He is an excellent classroom teacher, and has served as Graduate Advisor in the Department of Computer Sciences.

Dr. Misra, a faculty member at U. T. Austin since 1974, is internationally known for his research in programming language design and distributed systems. He is the author or coauthor of over forty scholarly articles in journals and conference proceedings and has taught at Stanford University. In 1984, Dr. Misra was elected to the International Federation of Information Processing Societies Working Group 2.3, a select group of internationally prominent computer scientists. He has presented invited lectures at several prestigious international conferences and is the editor of the Journal of the Association for Computing Machinery.

Dr. Browne served on the U. T. Austin faculty from 1960 to 1964 and rejoined the faculty in 1968. He is internationally recognized for his expertise in experimental systems, distributed processing, and high performance computing. He is a Professor of Physics and a Research Scientist in the U. T. Austin Computation Center as well as Professor of Computer Sciences. He has also accepted a second appointment as Chairman of the Department of Computer Sciences, effective September 1, 1985. Dr. Browne is the author or coauthor of more than 130 scholarly papers in computer science and physics and was instrumental in establishing the U. T. Austin Institute for Computing Science and Computer Applications. He is a Fellow of both the American Physical Society and the British Computer Society. Dr. Browne is or has been a member of most major national

advisory panels and councils concerned with computer research and applications.

Dr. Chandy, a faculty member at U. T. Austin since 1970, is internationally recognized for his research in performance modeling and evaluation and in distributed systems theory. His current level of sponsored research grants and contracts on distributed systems and performance analysis exceeds \$1 million. He is the author or coauthor of more than eighty-five technical papers, and is highly rated by students for his teaching, not only in upper-division and graduate lecture classes and seminars, but also in large undergraduate sections. Dr. Chandy has provided excellent administrative leadership as Chairman of the Department of Computer Sciences at a critical time in the Department's development. He is widely sought after by other universities and major technology companies and consortia as a consultant and lecturer.

Dr. Wyatt, a faculty member at U. T. Austin since 1967, is internationally recognized for his research work on the theory and quantum mechanical treatment of chemical reactions. He is currently the Chairman of the Department of Chemistry and is the Director of the Institute for Theoretical Chemistry. He is the author or coauthor of more than one hundred research publications. Dr. Wyatt is a former recipient of the International Academy of Quantum Molecular Science Award Medal.

Dr. Bash, a faculty member since 1969, is nationally recognized for his research on the interconnections between the spiral structure of the galaxy, molecular clouds, and star formation. He has played a primary role in developing the largest and strongest undergraduate astronomy program in the United States through his creation of new courses and revitalization of existing courses as well as through his personal instructional and administrative contributions. Dr. Bash has authored or coauthored more than thirty-five research articles and a widely used general textbook. He is a former holder of the William D. Blunk Memorial Professorship and recipient of the AMOCO Foundation Teaching Excellence Award.

Dr. Gleeson, a faculty member since 1969, is recognized nationally for his research in high-energy physics, especially classical and quantum field theories and the phenomenology of superdense matter. He is widely recognized on the U. T. Austin campus for his excellence in teaching physics to College of Engineering honors students. He has authored or coauthored more than thirty-five scholarly articles, and in 1977, he received the AMOCO Foundation Outstanding Teaching Award.

Dr. Moore, a faculty member at U. T. Austin since 1981, is internationally known for his research in automatic theorem proving and program verification. In 1983, he and Dr. Robert Boyer of the U. T. Austin Department of Computer Sciences received the first John McCarthy Prize for Work in Program Verification at the International Joint Conference on Artificial Intelligence. This award, bestowed only every two years, recognizes the development by these two individuals of a powerful automatic theorem prover which is now widely used for theoretical mathematical systems as well as for numerous applications. Dr. Moore is coauthor of a major monograph and more than twenty scholarly articles. In 1980, he was selected to hold the honorary and prestigious IBM Chaire Internationale d' Informatique, Universite de Liege in Belgium. Dr. Moore is an outstanding teacher in the

Department of Computer Sciences, and has served effectively on the committee that designed the current doctoral program in this department.

Dr. White, a faculty member since 1966, is internationally recognized for his experimental physical chemistry work in the area of surface chemistry and catalysis. He is the author or coauthor of more than 170 articles in refereed scientific journals and is a member of the Advisory Board for the Journal of Physical Chemistry and the Chemistry Division External Review Committee for the Los Alamos National Laboratory. He is a former Chairman of U. T. Austin's Department of Chemistry and has served previously as a Program Officer with the National Science Foundation.

Mr. Casson, a faculty member since 1981, is internationally recognized as one of the most creative research topologists in the world. His mathematical insights, reflected in the high quality of his written work, have attracted the leading topologists in the world as visitors to U. T. Austin and directly influenced their research. Currently, he holds a one-year appointment at the Mathematical Sciences Research Institute (MSRI) at the University of California, Berkeley.

Dr. Jefferys, a faculty member since 1965, is internationally recognized for his contributions to dynamical astronomy and celestial mechanics, especially in the application of mathematical methods to explain the orbits of certain planets and their moons. He is the author or coauthor of four books or monographs and more than fifty scientific papers and heads the ten-member Astrometry Team responsible for the development of the astrometric capability of the Hubble Space Telescope due to be launched in 1986. Dr. Jefferys has chaired or served on numerous M.A. and Ph.D. committees, in addition to designing several undergraduate astronomy courses. In 1982, he received the Department of Astronomy and McDonald Observatory Advisory Council Teaching Award.

Dr. Knapp is internationally known for her research on gas clouds in this galaxy and in external galaxies, especially with respect to studies of neutral atomic hydrogen in elliptical and lenticular galaxies. She has authored or coauthored more than ninety scientific papers and has held research or teaching positions with the University of Maryland; the California Institute of Technology; the University of Washington; the University of California at Los Angeles; and the University of Groningen in the Netherlands. By holding this visiting professorship, Dr. Knapp will be able to contribute significantly to the McDonald Observatory radio astronomy research program as well as to the instructional program of the U. T. Austin Department of Astronomy.

Dr. Shive, a faculty member since 1945, is internationally recognized for his contributions in biochemistry, especially in the areas of intermediary metabolism and nutrition. Since 1945, he has held a research scientist appointment in U. T. Austin's Clayton Foundation Biochemical Institute. He is the author or coauthor of more than 260 scholarly publications and has received the Eli Lilly Award in Biological Chemistry in 1950 and the Roger J. Williams Award in Preventive Nutrition in 1983. Dr. Shive has chaired the Interdisciplinary Cluster on Nutrition of the President's Biomedical Research Panel and served as a member and chairman of the Nutrition Study Section of the National Institutes of Health. He is a former Chairman of the Department of Chemistry.

Dr. Wheeler, a faculty member since 1974, is internationally recognized for his scholarly work on supernovae and on the accretion disks which apparently form around black holes. He is the author or coauthor of more than ninety published research papers and is frequently invited to present lectures at international symposia and university seminars. In 1983, Dr. Wheeler was a Senior Fellow of the Japan Society for the Promotion of Science at the University of Tokyo, and in 1984, he was Visiting Professor at Beijing Normal University in the Peoples' Republic of China. He received the College of Natural Sciences Teaching Excellence Award in Astronomy in 1984.

8. U. T. Austin: Proposed Appointment to the Edward Larocque Tinker Chair in Latin American Studies for the 1985-86 Spring Semester.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that Dr. Joao Alexandre Costa Barbosa, Chair Professor of Literary Theory and Comparative Literature, University of Sao Paulo, Brazil, be appointed to the Edward Larocque Tinker Chair in Latin American Studies for the 1985-86 Spring Semester. Dr. Barbosa will be Visiting Professor in the Department of Spanish and Portuguese at U. T. Austin during the Spring Semester 1986.

BACKGROUND INFORMATION

Dr. Barbosa is internationally recognized as one of the leading literature scholars and literary critics in Brazil. He has been a faculty member at the University of Sao Paulo since 1980 and has been a Visiting Lecturer at Yale University and a Guggenheim Fellow at Harvard University. Dr. Barbosa has authored six books and several book chapters and scholarly articles.

The Edward Larocque Tinker Chair in Latin American Studies was established by the U. T. Board of Regents in September 1973, to support visiting professors in Latin American studies.

9. U. T. Austin: Recommendation to Initiate and Change Miscellaneous Fees Effective with the Fall Semester 1985 (Catalog Change).--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that the U. T. Board of Regents approve the establishment of a Guaranteed Student Loan Processing Fee in the amount of \$15. It is further recommended that the fees listed on Page AAC - 15 be changed as indicated.

	<u>Current</u>	<u>Proposed</u>
Transcript Fee	\$3 for routine transcript; \$5 for emergency transcript	\$5 for transcript ordered by mail; \$10 for transcript ordered by telephone
In Absentia Registration Fee	\$12 for Texas resident; \$50 for nonresident	\$20 for Texas resident or nonresident student
Late Registration Fee	\$15 per student	\$25 per student

BACKGROUND INFORMATION

The Guaranteed Student Loan Processing Fee is being proposed because the Guaranteed Student Loan Program is the only federal student aid program for which the university receives no administrative allowance. With the cutback in General Administration and Student Services state funding for the next biennium, U. T. Austin finds it necessary to request authorization to charge a fee to each student borrowing under this program so it can maintain this essential service.

With installation of certain kinds of equipment, U. T. Austin can immediately service all who order transcripts in person and provide prompt response for mail orders. The substantially higher fee for telephone orders is being requested because of the extra staff time required to verify identification and prepare the order. In addition, telephone orders most often are received from older alumni whose records are not on the electronic system and, therefore, require considerably more time to process. The fee increase will enable the institution to maintain the essential registration and recordkeeping functions related to the issuance of transcripts in spite of the reductions in appropriated funds for administration.

The in absentia registration fee is charged to students completing their dissertation or thesis after the deadline set by the Graduate School, enabling them to register the following semester solely for the purpose of receiving their degrees. The proposed \$25 fee for either resident or nonresident students more nearly reflects the estimated costs of providing this service. The administrative effort to provide in absentia registration is the same regardless of whether the students are residents or nonresidents.

The proposed increase in the late registration fee will reflect more accurately the added cost of conducting late registration and will encourage more students to participate in regular registration.

If these recommendations are approved, the minute order will reflect that the next catalog published will conform to these actions.

10. U. T. Austin: Recommended Amendments to the Guidelines for The Regents' Endowed Teachers and Scholars Program Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to extend The Regents' Endowed Teachers and Scholars Program for the 1985-87 biennium and to amend the operating guidelines for the program effective September 1, 1985, as presented below in Congressional style:

GUIDELINES FOR MATCHING GRANTS UNDER
THE REGENTS' ENDOWED TEACHERS AND SCHOLARS PROGRAM
THE UNIVERSITY OF TEXAS AT AUSTIN

Subject to the availability of matching funds, the President of U. T. Austin and the Office of the Chancellor of the U. T. System shall make recommendations to the U. T. Board of Regents for the matching of individual private grants to endow faculty positions with Available University Fund monies under The Regents' Endowed Teachers and Scholars Program pursuant to the following guidelines:

- (1) that matching monies be available only for grants from private sources in amounts that will, at a minimum, fully fund one of the endowed academic positions provided for in Section 4, Chapter I, Part Two of the Regents' Rules and Regulations as the section now reads or as it later may be amended;
- (2) that once the condition in (1) above is met, the Board of Regents agrees to match from the Available University Fund each dollar granted by private sources as follows:
 - (a) to increase existing endowments based on institutional priorities.
 - (b) subject to institutionally established priorities for minimum endowments and model endowments (based on number and types of endowed positions), to match all eligible gifts to a school or college until the minimum endowment is met (therefore, gifts to a school or college which has met its minimum endowment will be matched on the basis of institutional priorities until the minimum endowments of all schools and colleges have been met. Once all school or college minimum endowments are met, eligible gifts to schools or colleges will be matched on the basis of institutional priorities until the model endowment is met);
 - (c) eligible matching funds will be distributed as follows:
 - [a] 1) the Board of Regents will provide matching monies in an amount sufficient to double the size of the grant for the establishment of one endowed academic position; or

[b] 2) the Board of Regents will allow the grant to be divided and will provide matching monies on a dollar-for-dollar basis to each divided portion of the grant in order to establish additional endowed academic positions that require the same or a lesser minimal amount for establishment; or

[e] 3) if a donor endows two or more academic positions in one academic unit of the University which endowments, when added together, are equivalent to or greater than the value of another endowed academic position, the Board of Regents will, from matching monies, create in the same or another academic unit of the University an endowed academic position of the equivalent value;

(d) the wishes of the donor will be considered within these overall guidelines; and

(e) matching in an academic year is to be limited to the amount budgeted for that year with eligible gifts beyond the budgeted amount to have priority for matching in subsequent years;

- (3) that, other than the matching of private grants with Available University Fund monies, all provisions of Section 4, Chapter I, Part Two of the Regents' Rules and Regulations, as that section now reads or as it later may be amended, will be in full force and effect;
- (4) that the investment procedures for the endowments established under The Regents' Endowed Teachers and Scholars Program be the same as those established for other endowments of academic positions;
- (5) that The Regents' Endowed Teachers and Scholars Program, be effective for gifts or pledges received on or after September 1, [~~1983~~] 1985 and, except as provided in (6) below, on or before August 31, [~~1985~~] 1987;
- (6) that matching monies made available under The Regents' Endowed Teachers and Scholars Program, be available for matching pledges made on or before August 31, [~~1985~~] 1987, if the pledges are to be fulfilled during the two-year period following August 31, [~~1985~~] 1987;
- (7) that matching monies made available under The Regents' Endowed Teachers and Scholars Program, be available for matching testamentary grants, insofar as the terms of the last will and testament of the donor, the wishes of the donor as determined by the last will and testament, and these guidelines are in harmony;
- (8) that payments of pledges for the establishment of endowed positions be matched as received if the first amount paid is at least equivalent to the value of the smallest endowed academic position provided for in the Regents' Rules and Regulations with the provision that, should any subsequent pledge not be received, the endowed academic position established pursuant to the original pledge will

be reduced to a level or levels equivalent to the value of payments received and in hand at the time the pledges cease to be paid;

- (9) that potential donors be informed that for such time as an endowed professorship is unfilled by regular appointment, annual or semester appointments in the same academic area may be made to a fellowship that bears the name of the endowed professorship;
- (10) that donors be encouraged to make undesignated gifts to colleges and schools rather than departments or disciplines so that endowed professorships and chairs can be established where they are most needed; and
- (11) that donors be encouraged to establish endowed fellowships and teaching fellowships to support and encourage outstanding assistant and associate professors who have not yet achieved the distinction required for a professorship or chair.

BACKGROUND INFORMATION

A program authorizing the matching of private grants for endowed academic positions at U. T. Austin with Available University Fund monies was authorized by the 67th Legislature for the fiscal biennium beginning September 1, 1981. That program, under the name "The Centennial Teachers and Scholars Program," was approved by the U. T. Board of Regents with an initial allocation of \$15 million on August 14, 1981. This matching program was extended by the 68th Legislature, and at the Board's meeting in August 1983, approval was given to amend the name of the program beyond the official centennial period to "The Endowed Teachers and Scholars Program, The University of Texas at Austin." In recognition of the U. T. Board of Regents, the program was subsequently renamed The Regents' Endowed Teachers and Scholars Program.

To date, response to The Regents' Endowed Teachers and Scholars Program has been extraordinary, and interest by other benefactors continues to be strong. The U. T. Board of Regents has already established over 860 new endowed academic positions with approximately \$80 million of Available University Fund monies being used to match private contributions of a comparable amount.

The proposed policy changes extend the matching plan under The Regents' Endowed Teachers and Scholars Program for the 1985-87 biennium with a control point being the level of funds provided in the U. T. Austin annual operating budget and with modifications designed to encourage growth of existing endowments and to further stimulate gifts for underendowed schools and colleges in accordance with base and model endowments for each school or college as established by the institution.

11. U. T. Dallas: Request for Exception to Section 16, Chapter III, Part One of the Regents' Rules and Regulations to Grant a Fourth-Year Leave of Absence Without Pay to Professor Will Beth Stephens, School of Human Development, for the 1985-86 Academic Year.--

RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's request for an exception to Section 16, Chapter III, Part One, of the Regents' Rules and Regulations so that a fourth-year leave of absence without pay may be granted to Professor Will Beth Stephens, School of Human Development at U. T. Dallas, for the 1985-86 academic year.

BACKGROUND INFORMATION

Professor Stephens has been on leave for the past three years to serve as Director of the Defense Department's Dependents Schools in Washington, D.C. That agency has requested an extension of her position through the 1985-86 academic year to enable her to conclude overseas educational responsibilities which she has undertaken. Specifically, in January of 1985 the Department of Defense was assigned additional responsibility for sixty-seven public schools located on military bases in the United States and has asked Professor Stephens to remain one final year until the realignment of these schools within the Office of Dependents Schools has been completed. Dr. Stephens has informed U. T. Dallas in writing of her intention to return to the institution no later than September 1, 1986, and her assurance that no further leave will be requested.

Professor Stephens' continuing public service reflects great credit on U. T. Dallas, will enhance her subsequent contributions on her return to the School of Human Development, and justifies the granting of a fourth consecutive leave of absence.

12. U. T. Dallas: Recommendation to Establish a Computer User Fee Effective Spring Semester 1986 (Catalog Change).--

RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's request that the U. T. Board of Regents approve establishment of a Computer User Fee of \$20 per student per semester at U. T. Dallas, effective with the Spring Semester 1986. Any student using computer resources will pay this fee.

BACKGROUND INFORMATION

U. T. Dallas presently charges a laboratory fee of \$5 per course for all courses requiring computer use. The fee change is being proposed to provide additional support for the University's Academic Computer Center and meet increased computer access demands at the institution.

Upon Regental approval, the minute order will reflect that the next appropriate catalog published will conform to this action.

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

RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's recommendation for approval of the following nominations to the U. T. Dallas Aerospace Heritage Foundation, Inc. Board of Directors:

Reappointments

For terms to expire December 31, 1986

Mr. M. A. "Dutch" Barbettini, Neosho, Missouri,
Business: Teledyne Neosho
Mr. Roy Cowan, Dallas, Business: Retired
Mr. Stewart C. Fallis, Dallas, Business: Senior
Vice President, U. T. Dallas
Mr. John J. Hospers, Dallas, Business: Retired
Mr. M. Howard Megredy, Dallas, Business: Retired
Brig. Gen. Herman Rumsey, Dallas, Business:
Retired
Mr. Henry Stuart, Dallas, Business: President,
Addison Airport
Mr. Richard E. Williamson, Dallas, Business:
Texas Credit Union League

New Appointments

For terms to expire December 31, 1986

Mr. W. C. "Bill" Cooper, Dallas, Business:
Investments
Mr. Ralph Emery, Dallas, Business:
Vice President, KC Aviation
Mr. David G. Fox, Dallas, Business: Retired
General Alfred F. Hurley, Ph.D., Denton, Business:
Chancellor, North Texas State University
Mrs. Kay Bailey Hutchison, Dallas, Business:
Attorney
Mr. Tom James, Dallas, Business: Attorney
Mr. Robert Lambert, Dallas, Business: President,
Aviall, Inc.
Mr. Michael R. Quinn, Dallas, Business: President,
Quinn Aviation, Inc.
Mr. William A. Solemene, Dallas, Business: Owner,
Solemene & Associates
Mrs. Louise Timkens, Cleveland, Ohio, Business:
Vice President, Timkens Foundation
Mr. Tommy L. Wilson, Dallas, Business: Director
of Public Relations & Advertising, LTV Corporation
- Vought Missile and Advanced Programs

BACKGROUND INFORMATION

The Aerospace Heritage Foundation, Inc. is an internal corporation as defined in Part One, Chapter VII, Section 6 of the Regents' Rules and Regulations and the U. T. Board of Regents is, under the charter of this corporation, authorized to appoint the Board of Directors and approve amendments to the Bylaws. A major purpose of The Aerospace Heritage Foundation, Inc. is the support of U. T. Dallas' History of Aviation Collection.

14. U. T. El Paso: Proposed Appointment to the Arleigh B. Templeton Professorship in Financial Management and Banking, College of Business Administration, Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation that Dr. Timothy P. Roth, Chairman of the Department of Economics and Finance at U. T. El Paso, be appointed as the initial holder of the Arleigh B. Templeton Professorship in Financial Management and Banking in the College of Business Administration at U. T. El Paso effective September 1, 1985.

BACKGROUND INFORMATION

Dr. Roth is the author of numerous journal articles, scholarly papers, research reports, and other publications. He is a member of the Economic Policy Advisory Committee of the Texas Economic Development Commission and formerly served as Executive Director of President Reagan's Steel Advisory Committee and Senior Economic Advisor in the Office of the Secretary of the U. S. Department of Commerce. His fields of specialization are the theory and application of microeconomics and fiscal and monetary policy.

The Arleigh B. Templeton Professorship in Financial Management and Banking was established by the U. T. Board of Regents in July 1980.

15. U. T. El Paso: Request for Authorization to Establish a Master of Arts in Art Degree and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's request for authorization to establish a Master of Arts in Art degree at U. T. El Paso. The proposed degree is within the role and scope of the institution as approved by the U. T. Board of Regents and was included in the University's six-year strategic plan.

BACKGROUND INFORMATION

Description: The purpose of this program is to enrich and further develop art education in individuals with a strong undergraduate background in the field. The program would contain two tracks, one in Studio Practice and one in Art Education. The track in Studio Practice would include curricula in painting, ceramics, sculpture, drawing, metals, printmaking, and graphic design. The Art Education curriculum would emphasize current theory and philosophy in Art Education and new techniques in media available to the art teacher. Approximately ten new courses will be required for the Studio Practice track and twelve new courses will be needed for the Art Education track. The program is projected for implementation upon approval of the Coordinating Board.

It is anticipated that approximately three full-time and ten part-time students would enroll in the program during its first year of operation and that by its fifth year twelve full-time and twenty-two part-time students would be enrolled. The estimated cost to the institution during the first year of the program is \$5,450, increasing to \$40,350 by its fifth year. The program would be supported entirely by formula generated funding. Adequate library holdings and equipment are available for the program and existing facilities in the Fox Fine Arts Center are more than adequate to support it. Sufficient faculty exist at the present time to initiate the program, although it is anticipated that one new faculty position will be needed by its third year and that the position will be supported by formula funding. Several teaching assistants will also be employed during the first five years of the program. The Art Department does intend to solicit support from various foundations, including the Texas Commission for the Arts, to fund special programs and exhibitions.

Justification: The far West Texas/El Paso area is the only major population area in the state not served by one or more institutions offering graduate degrees in art. At the present time, art is the only discipline in the fine arts at U. T. El Paso which does not offer a graduate degree.

Upon Regental and Coordinating Board approval, the next appropriate catalog published at U. T. El Paso will be amended to reflect this action.

16. U. T. Permian Basin: Recommendation to Establish and Increase Miscellaneous Fees Effective with the Fall Semester 1985 (Catalog Change).--

RECOMMENDATION

The Office of the Chancellor concurs with President Leach's recommendation that the U. T. Board of Regents authorize the establishment of a Computer Use Fee of \$20 per student per semester effective with the Fall Semester 1985 at U. T. Permian Basin. Only students enrolled in courses requiring computer use will pay this fee.

It is further recommended that the U. T. Board of Regents approve increases in the following fees at U. T. Permian Basin:

	<u>Current</u>	<u>Proposed</u>
Diploma Fee	\$8.00	\$12.00
General Use Fee	\$4.00 per student per semester credit hour	\$6.00 per student per semester credit hour
Student Services Fee (Required)	\$5.00 per semester credit hour	\$6.50 per semester credit hour, not to exceed \$78 for any one semester or summer session

BACKGROUND INFORMATION

Income from the proposed Computer Use Fee will be used to defray the cost of providing additional support to meet the vastly increased computer access demands for the institution's curricula and to provide a proper maintenance and replacement program.

The increase in the Diploma Fee is being requested to be effective for applicants graduating in the Fall Semester 1985. The previous fee was established in 1973 and has not been increased since then. The costs of the items covered by this fee have now more than doubled. Such items include: diploma insert and cover; postage and related costs associated with notifying students of commencement ceremonies and procedures for graduate participation; graduation refreshments; and the printing of the commencement program.

The increase in the General Use Fee is being requested to help support the Women's Center, computer services, development and alumni activities, and expenses related to resident instruction.

At a special meeting on April 3, 1985, the U. T. Permian Basin Student Senate approved the proposed increase in the Student Services Fee (Required). Services and activities supported by

this fee include the following: Student Publications; Recreational Activities and Intramurals; Cultural Entertainment; Testing; Career Planning and Placement; Student Financial Aid; Student Senate; Counseling Center; Music Performing Activities; Teacher Placement; Intercollegiate Athletics; and the Admissions Office.

Upon Regental approval, the minute order will reflect that the next catalog published at U. T. Permian Basin will conform to this action.

17. U. T. Permian Basin: Development Board - Proposed Nominees Thereto (NO PUBLICITY UNTIL ACCEPTANCES ARE RECEIVED).--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Leach for approval of the following nominations to the U. T. Permian Basin Development Board:

Reappointment

For three-year term to expire 1988

Mr. Charles R. Perry, Odessa, Business: President, Perry Management, Inc.

New Appointments

For three-year terms to expire 1988

Mr. Harrell Feldt, Midland, to replace Mr. Claude W. Brown. Business: Attorney, Stubbeman, McRae, Sealy, Laughlin and Browder

Mr. William Monroe Kerr, Sr., Midland, to replace Mr. Ignacio Cisneros. Business: Attorney, Kerr, Fitz-Gerald and Kerr

Mr. Thomas J. Wageman, Midland, to replace Mr. Ray F. Herndon, Jr. Business: President, Republic-Bank First National Midland

Mr. Cyril Wagner, Jr., Midland, to replace Mr. William F. Kennedy. Business: Co-owner, Wagner and Brown

BACKGROUND INFORMATION

In accordance with usual procedures, no publicity will be given to these nominations until acceptances are received and reported for the record at a subsequent meeting of the U. T. Board of Regents.

18. U. T. Permian Basin: Proposed Approval of Amendments to the Student Senate Constitution.--

RECOMMENDATION

The Office of the Chancellor concurs with President Leach's recommendation that approval be given to amend the Constitution

of the Student Senate at U. T. Permian Basin as set out in congressional style on Pages AAC 26 - 33. The proposed amendments constitute a complete revision of the existing constitution and have been proposed to accomplish the following:

- a. Reorganize the Constitution to reflect appropriate student representation from each academic division
- b. Fill vacancies within the Student Senate by providing a specific process of using the plurality vote taken at the regular general election
- c. Change the process of the line of succession in order to fill vacancies within the executive offices in an expeditious and prudent manner

BACKGROUND INFORMATION

The proposed amendments were adopted by the U. T. Permian Basin student body in a campus referendum on April 23 and 24, 1985, in accordance with the provisions of the Student Senate Constitution previously approved by the U. T. Board of Regents. The amendments have been reviewed and approved by the Office of Academic Affairs and the Office of General Counsel.

APPENDIX A

CONSTITUTION OF THE STUDENT BODY
AND THE STUDENT SENATE

The University of Texas of the Permian Basin

STATEMENT OF PURPOSE

It is the purpose of the Student Senate of The University of Texas of the Permian Basin to represent the student body and to provide a voice in student interaction with individuals and agencies outside of that body. This includes, but is not limited to the following:

1. Providing an official student organization to serve as a forum for the presentation of student interests and problems. (~~Providing an official student organization to receive student questions and to serve as a forum for the presentation of student interest and problems.~~)
2. Providing a official voice through which student opinion may be expressed.
3. Providing a mechanism for student-initiated policy change requests. (~~Providing a means for responsible student participation.~~)
4. Advising the administration of student positions on proposed university programs. (~~Advising the administration of student opinions of proposed university programs.~~)

ARTICLE I
STUDENT GOVERNMENT

Section 1. Membership

- A. The Student Body shall consist of all students enrolled at The University of Texas of the Permian Basin. (~~The Student Association shall consist of all students enrolled at The University of Texas of the Permian Basin.~~)
- B. The Student Senate shall consist of two representatives from each of the regularly constituted divisions, a President and a Vice President. (~~The Student Senate shall consist of five (5) representatives from each of the regularly constituted colleges.~~)

1. Senators will be elected by the student constituencies of their individual divisions on Tuesday and Wednesday of the last complete week in September. (~~Senators will be elected by the student constituencies of the individual colleges on Tuesday and Wednesday of the last complete week in September.~~)
 2. Senators shall serve through the summer of the year following their election.
 3. If vacancies occur in the Student Senate, they will be filled by the person receiving the next highest vote total from that division in the Student Senate elections. If this person declines, the next person with the most votes will take the position. This procedure will be followed until all candidates have been approached. If the seat is not filled, it becomes the responsibility of the entire Senate to fill it within a consecutive span of three additional weeks. No vacancy shall be open for more than six weeks. (~~If vacancies occur in the Student Senate, Senators will be chosen by the respective college council within three weeks. If the college council is unable to provide Senators for the vacancies, then the filling of the vacancies becomes the responsibility of the remaining Senators from that college.~~)
 4. All senators must be in good academic standing, having a cumulative grade point average no less than 2.0 on a 4.0 = "A" scale. (~~All senators must be in good academic standing. That is, no senator shall have a cumulative grade point average less than 2.0. Scholastic probation shall constitute cause for immediate removal from office.~~)
 5. (~~Senators may not hold office in their respective college councils.~~)
- C. The Programming Board of the Student Body will consist of a representative from each University-recognized club and organization, a chairperson, secretary and treasurer.

Section 2. Executive Board

(~~The Executive Board of the Student Senate shall consist of a President, Vice President, Secretary, Treasurer and Parliamentarian.~~)

- A. The Executive Board of the Student Senate shall

consist of the President, Vice President, Secretary and the chairpersons of standing committees.

- B. The duties of the Executive Board shall include:
1. Meeting as a group, chaired by the Vice President, at least one week prior to the regular Student Senate meeting to set the agenda.

Section 3. Election of (Executive) Officers

- A. The President and vice President shall be nominated and elected from the Student Body by the Senate at least four weeks prior to the final day of classes of the spring semester. They will take office on the final day of the spring semester and serve for one year. (The President and Vice President shall be elected from the Student Senate by Senators within the first two weeks of March. They shall take office on the final day of the spring semester and shall serve for one (1) year. Eligibility for the offices of President and Vice President shall be open only to those persons who have served for at least five weeks on the Student Senate or on a Student Senate-based committee.)
- B. The Secretary and the Treasurer will be nominated and elected from the Student Senate by Senators within one week following validation of Student Senate (Senator) election results.
- C. The Parliamentarian shall be appointed from the Student Body by the President of the Senate and confirmed by a two-thirds vote of the Senate. Term of appointment will be specified by the president to the Senate for a period of no more than twelve months. A newly elected President is not bound to retain the Parliamentarian appointed by the former President. (The Parliamentarian shall be appointed by the President of the Senate and confirmed by a two-thirds vote of the Senate. Term of appointment will be specified by the President to the Senators before confirmation for a period of less than twelve (12) months. A newly elected President is not bound to retain the Parliamentarian appointed by the former President.)
- D. Officers, with the exception of the President and Vice President, will be considered full Student Senate members, and as such will not create vacancies in their college by selection to executive office.

ARTICLE II
POWERS AND FUNCTIONS

Section 1. Powers and Responsibilities of the President

The President shall:

- A. Serve as the official representative of both the Student Body and the Student Senate. (~~Serve as official representative of the Student Association.~~)
- B. Preside at all meetings of the Student Senate. (~~Preside at all meetings of the Student Senate, as well as meetings of the Student Association.~~)
- C. Preside at all meetings of the Student Body. (~~Exercise the option of voting only in the case of a tie vote.~~)

Section 2. Powers and Responsibilities of the Vice President

The Vice President shall:

- A. Perform the duties of the President in the case of absence or disability. (~~Perform the duties of the President in the case of absence or disability, including exercise of the option to vote only in case of a tie vote.~~)
- B. Call and Chair the meetings of the Executive Board. (~~Assist the President in the execution of duties.~~)
- C. Assist the President in the execution of his/her duties. (~~Should the office of President become vacant, shall call a Senate meeting within two weeks for the purpose of electing a new President.~~)
- D. Assume the office of President if the Presidency is vacated and will call an election at the next regular meeting for the purpose of electing a new Vice President. (~~Exercise the option of voting on any proposal of the Student Senate.~~)

Section 3. Powers and Responsibilities of the Secretary

The Secretary shall:

- A. Maintain a record of all proceedings of the Student Senate, past and present. (~~Maintain a record of all proceedings of the Student Senate as well as the Student Association. The Secretary may, at his discretion, select a Recorder from the body of the Student Senate to aid in matters of internal communication.~~)

- B. Distribute the minutes of Senate meetings to each Senator, to the office of all academic administrators, and to the Student Senate faculty advisor within seventy-two hours of the meetings. (~~Be responsible for all correspondence with other universities and organizations.~~)
- C. Post in designated locations the minutes of each Senate meeting.
- D. Submit for publication the minutes of each Senate meeting to the editor of the student newspaper. (~~Distribute the minutes of Senate meetings to each college dean and to university administrators.~~)
- E. (~~Exercise the option of voting on any proposal of the Student Senate.~~)

Section 4. Powers and Responsibilities of the Treasurer

The Treasurer shall:

- A. Be prepared to report orally at each meeting of the Student Senate on the financial status of that organization. (~~Report orally at each meeting of the Student Senate on the financial status of that organization.~~)
- B. Be responsible for the Operating Fund of the Student Senate. (~~Shall be responsible for financial transactions of the Student Association.~~)
- C. Act as, or recommend for office, the treasurer of the Programming Board. (~~Exercise the option to vote on any proposal of the Student Senate.~~)

Section 5. Powers and Responsibilities of the Parliamentarian

The Parliamentarian shall:

- A. Advise the President of the Senate of basic parliamentary procedures. (~~Advise the President and Senate of basic parliamentary procedures.~~)
- B. Assist the President and Vice President in their duties. (~~whenever necessary.~~)
- C. At the request of the President, rule on any question of parliamentary procedure. (~~Exercise the option of voting on any proposal before the Senate.~~)

ARTICLE III
MEETINGS

Section 1. Student Senate (Association)

The Student Senate will meet at least once a month. The President may call the Senate into emergency session when less than one week is available for posting a meeting notice.
~~(The Student Association meeting will be called when deemed necessary by the President or Senate.)~~

Section 2. Executive Board (Student-Senate)

The Executive Board meeting will be held at least once a month, at least one week prior to the Student Senate meeting. The Vice President may call the Executive Board into emergency session when less than one week is available to prepare for a Senate meeting. This Board may call an emergency meeting of the Student Senate. ~~(The Student-Senate meeting will be held at least twice a month. The President may call the Senate into emergency session at his discretion when less than one week is available for posting a meeting notice.)~~

ARTICLE IV
REFERENDUM AND RECALL

Section 1. Proposals

Any member of the Student Body (Association) may present a proposal to the Senator from his respective college. That Senator is then required to take this proposal before the Student Senate.

Section 2. Removal from Office

- A. Any Senator serving under this Constitution may be removed from office by a two-thirds vote of those participating in a recall election from his electing college, pursuant to a petition to recall. ~~(Any Senator serving under this Constitution may be removed from office for due cause by a two-thirds vote of the total voting membership of the electing college.)~~
- B. Any Officer serving under this Constitution may be removed from executive office by a two-thirds vote of the total voting membership of the Student Senate. ~~(Any Executive Officer serving under this Constitution may be removed from office for due cause by a two-thirds vote of the total voting membership of the Student Senate.)~~

ARTICLE V
ADMINISTRATION

Section 1. Faculty Adviser

One faculty adviser will be selected by the Student Senate to serve a term of one year, beginning with the last day of the spring semester. The faculty adviser may serve consecutive terms with the Student Senate. The faculty adviser may be removed by a two-thirds vote of the total voting membership of the Student Senate. (~~One faculty adviser will be elected by a majority vote of the Student Senate to serve a term of one (1) year unless an extension is desired by a majority of the Student Senate. However, the faculty adviser may be replaced for due cause by a two-thirds majority vote of the total Student Senate membership.~~)

ARTICLE VI
RATIFICATION AND AMENDMENT

Section 1. Student Senate-Initiated Amendment

Any member of the Student Senate may propose amendments to this Constitution. The proposed amendment must lie on the table for thirty days, after which the Student Senate must vote on the proposed amendment. If three-fourths of the total membership of the Student Senate favor the amendment, it must be submitted to the Student Government Association (Body) for approval or disapproval. No summer amendments will be permitted.

Section 2. Student Body-Initiated Amendment

If ten percent of the Student Body petition the Student Senate to amend the Constitution, the Student Senate must call an election to be held no sooner than fourteen days, but less than thirty days following receipt of the petition for the purpose of obtaining Student Body approval or disapproval. No summer amendments will be permitted.

Section 3. Ratification

Amendments to this Constitution shall become effective after ratification by two-thirds of the Student Body voting on said amendments in an election, after certification by the Student Senate Election and Referendum Committee that such amendments have been duly ratified, and after transmission to and action by the President of the University, and Chancellor.

- A. (~~Amendments to this constitution shall become effective after ratification by two-thirds of the Student Body voting on said amendments in an election, after certification by the Student Senate Election and Referendum committee Chairman that such~~)

~~amendments have been duly ratified,--The change shall not become effective until transmitted to and acted upon by the chief student personnel officer, the President of the University, and the Deputy Chancellor and approved by the Board of Regents.)~~

- B. ~~(The Board of Regents have power to amend or repeal any portion of the constitution and laws of this Student Association when, in the judgement of the Board of Regents, the interest of the University shall require it.)~~
- C. ~~(The chief student personnel officer has the power, when in his judgement the interest of the University requires it, to amend or repeal any provision of the constitution or laws of the particular association, but his actions shall be in force only until the next meeting of Board of Regents when Section 3.b above shall become applicable.)~~

Section 4. Permanent Copy

Amendments shall be attached to the permanent copy of this Constitution preserved in the records of the Student Senate.
~~(Such amendments shall be attached to the permanent copy of this constitution preserved in the records of the Student Senate.)~~

Section 5. Deletion and Substitution

Amendment by deletion and substitution are permitted (allowed).

Section 6. Intent (~~Ex Post Facto~~)

No provision of this Constitution shall be interpreted to conflict with or contradict the Rules and Regulations of the Board of Regents of The University of Texas System. ~~(No proposed amendment or act of the Student Senate shall violate the rules of ex post facto, concerning present individuals or organizations so named in this constitution.)~~

Section 7.

All provisions of this Article shall be conducted in accordance with all other provisions set forth in this constitution and in the Election and Referendum Code.

Health Affairs Committee

HEALTH AFFAIRS COMMITTEE
COMMITTEE CHAIRMAN BRISCOE

Date: August 8, 1985
Time: Following the meeting of the Academic Affairs Committee
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>HAC</u>
1. U. T. Health Science Center - Dallas: Proposed Appointment to The Distinguished Chair in Biochemistry Effective August 1, 1985	3
2. U. T. Health Science Center - Dallas - Item for the Record: Approval of License Agreement with Mission Pharmacal Company, San Antonio, Texas, Relating to Urine Collection, Analysis and Reporting	3
3. U. T. Medical Branch - Galveston: Recommendation for Approval to Increase the 1985-86 Dormitory and Apartment Room Rates Effective September 1, 1985 (Catalog Change)	14
4. U. T. Medical Branch - Galveston (U. T. G.S.B.S. - Galveston): Request for Authorization to Establish a Master of Arts in Allied Health Sciences and to Submit the Proposed Degree to the Coordinating Board for Approval (Catalog Change)	14
5. U. T. Medical Branch - Galveston: Recommendation to Approve the Naming of the Physical Therapy Laboratory in the New School of Allied Health Sciences and Nursing Building as The Ruby Decker Physical Therapy Laboratory (Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings)	15
6. U. T. Medical Branch - Galveston: Recommendation to Approve Naming the Health Information Management Laboratory in the New School of Allied Health Sciences and Nursing Building as The Sally Mount Health Information Management Laboratory (Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings)	16
7. U. T. Health Science Center - Houston: Recommendation for Approval to Lease, Receive, Govern and Operate the Facilities of the Texas Research Institute of Mental Sciences (TRIMS) From the Texas Department of Mental Health and Mental Retardation (MHMR) and to Establish The University of Texas Mental Sciences Institute as a Part of the U. T. Health Science Center - Houston	16

8. U. T. Health Science Center - Houston: Speech and Hearing Institute Advisory Council - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED) 17
9. U. T. Health Science Center - San Antonio: Request for Permission for Individual to Serve on the National Advisory Council on Drug Abuse of the Alcohol, Drug Abuse, and Mental Health Administration [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)] 17
10. U. T. Health Science Center - San Antonio (U. T. Dental School - San Antonio): Proposed Bylaws for Dental Service, Research and Development Plan 18
11. U. T. Cancer Center: Proposed Appointment to the Kelcie Margaret Kana Research Chair Effective September 1, 1985 34

1. U. T. Health Science Center - Dallas: Proposed Appointment to The Distinguished Chair in Biochemistry Effective August 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Sprague to appoint Joseph Frank Sambrook, Ph.D., as the first holder of The Distinguished Chair in Biochemistry at the U. T. Health Science Center - Dallas effective August 1, 1985. This appointment is contingent upon approval of the establishment of the Chair as proposed in Item 32, Page L&I - 27.

BACKGROUND INFORMATION

Joseph Frank Sambrook, Ph.D., has accepted the position of Chairman of the Department of Biochemistry, U. T. Health Science Center - Dallas effective August 1, 1985. Dr. Sambrook graduated with first class honors in Microbiology from the University of Liverpool, Liverpool, England, and received his doctoral degree from Australian National University, Canberra, Australia. Dr. Sambrook has held research positions with the Salk Institute for Biological Studies, La Jolla, California, and Cold Spring Harbor Laboratory, Cold Spring Harbor, New York. He is currently Assistant Director of the Cold Spring Harbor Laboratory where he is an administrator and researcher. Dr. Sambrook has been awarded a number of honorary lectureships and fellowships.

2. U. T. Health Science Center - Dallas - Item for the Record: Approval of License Agreement with Mission Pharmacal Company, San Antonio, Texas, Relating to Urine Collection, Analysis and Reporting.--

At the June 1985 meeting, the Board approved the license agreement by and between The University of Texas Health Science Center at Dallas and Mission Pharmacal Company, San Antonio, Texas, whereby Mission was granted a license to use certain technology related to urine collection and analysis, subject to resolution by the Office of General Counsel of the issue of ownership of patent rights (if any) if Mission abandons the licensed technology program.

In its final form, a copy of which is set forth on Pages HAC 4 - 13 for the record, the agreement provides that if the University exercises its option to terminate the agreement because of Mission's failure to satisfactorily commercialize the technology under its exclusive license, then the University is free to pursue licensing and marketing of this technology through another entity. Paragraph 7.2 makes it clear that all information developed before and during the term of the agreement belongs to the University.

AGREEMENT

1. PARTIES:

1.1 The University of Texas Health Science Center at Dallas, referred to hereinafter as "UNIVERSITY", having an office at 5323 Harry Hines Boulevard, Dallas, Texas 75235, is a component institution of The University of Texas System, referred to hereinafter as "SYSTEM".

1.2 Mission Pharmacal Company, referred to hereinafter as "MISSION", is a Texas corporation, having offices at 1325 East Durango Street, San Antonio, Texas 78296.

2. CONSIDERATION:

2.1 This Agreement is entered into between the aforementioned parties for and in consideration of the undertakings herein expressed, the sufficiency and adequacy of which are hereby acknowledged.

3. SUBJECT MATTER OF AGREEMENT:

3.1 The present Agreement relates to technology for the Southwestern Mineral Metabolism Laboratory. As used herein, "TECHNOLOGY" shall refer to (1) a method of collecting and preserving urine specimens, adaptable for mailing without refrigeration, designed for reliable estimation of various stone-forming risks; (2) a method of data display, permitting visual recognition of important stone-forming risks; and (3) the copyright to item (2). Charles Y. C. Pak, M.D. ("PAK") is the developer of TECHNOLOGY.

4. WARRANTY:

4.1 UNIVERSITY represents and warrants that it is the sole owner of the entire right, title, and interest to TECHNOLOGY. UNIVERSITY and PAK do not warrant that making, using or selling TECHNOLOGY will not infringe patents or copyrights owned by others.

5. GRANT AND EXCHANGE OF INFORMATION:

5.1 UNIVERSITY hereby grants to MISSION the right to make, use and sell TECHNOLOGY.

5.2 Within thirty (30) days after final execution of this Agreement, UNIVERSITY and MISSION will enter into the feasibility phase of the transfer of TECHNOLOGY. During the phase, which will last approximately one (1) year, the Southwestern Mineral Metabolism Laboratory at UNIVERSITY will perform a reasonable number of chemical analyses and data reports using TECHNOLOGY, at the request of MISSION. MISSION will begin marketing TECHNOLOGY during the feasibility phase, including: billing customers, collecting from customers and distributing the reporting data.

5.3 At a mutually agreeable time following the one (1) year period, the feasibility phase of the transfer of TECHNOLOGY will end. At that time, MISSION agrees: (1) to establish the Southwestern Mineral Metabolism Laboratory as an arm of MISSION, completely separate and apart from UNIVERSITY; (2) to perform all further chemical analyses and distribute data reports using TECHNOLOGY; (3) to bill and collect from customers; (4) to do all other acts necessary to provide a fully

functioning laboratory for the chemical analysis and data reporting encompassed in TECHNOLOGY. MISSION agrees to use its best efforts to establish the Southwestern Mineral Metabolism Laboratory in the Dallas area as soon as possible, consistent with sound and reasonable business practices and judgment.

5.4 After the feasibility phase of the transfer of TECHNOLOGY ends, UNIVERSITY will have no further obligations in regards to TECHNOLOGY except for the receipt of royalties under paragraph 6 and the provision for consultation and advice under paragraph 7.

5.5 With respect to TECHNOLOGY disclosed by UNIVERSITY to MISSION under paragraph 5, MISSION agrees to keep such information confidential during the term of this Agreement, and for five (5) years thereafter. MISSION agrees to have each of its employees who come or may come into contact with TECHNOLOGY sign a statement agreeing to keep TECHNOLOGY confidential for the term of this Agreement and for five (5) years thereafter.

5.6 The TECHNOLOGY to be furnished to MISSION under this Agreement is for the use of MISSION in estimating various stone-forming risks. UNIVERSITY and PAK make no representations, extend no warranties of any kind, either expressed or implied, and assume no responsibilities whatever with respect to the use, sale, or other disposition by MISSION or any other person of the products or processes employing TECHNOLOGY or information resulting from TECHNOLOGY furnished under this Agreement. MISSION agrees to hold UNIVERSITY and PAK harmless against all liabilities, demands, damages, expenses or losses arising out of the use,

sale, or other disposition by MISSION or by third parties acquiring through MISSION, of any TECHNOLOGY furnished under this Agreement, and, if requested, to defend UNIVERSITY and PAK against any and all claims arising out of such use, sale or other disposition.

5.7 MISSION agrees to supply UNIVERSITY and PAK with sufficient quantities of urine preservation kits, including containers for urine, mailing boxes, and other materials for its use for UNIVERSITY patients at cost. UNIVERSITY reserves the right to use the method of data display for its own purposes.

6. PAYMENTS:

6.1 During the feasibility phase MISSION will pay UNIVERSITY Fifty (\$50.00) Dollars for each chemical analysis and data report initiated using TECHNOLOGY.

6.2 During the feasibility period, and after the establishment, if any, by MISSION of the Southwestern Mineral Metabolism Laboratory as an entity separate and apart from UNIVERSITY, MISSION will pay UNIVERSITY an amount in United States dollars equal to nine percent (9%) of the Net Selling Price as defined herein for each and every use of TECHNOLOGY disclosed by UNIVERSITY in accordance with paragraph 5, after the effective date of this Agreement and prior to the termination of this Agreement. MISSION will pay PAK an amount in United States dollars equal to three percent (3%) of the Net Selling Price as defined herein for such use of TECHNOLOGY disclosed by UNIVERSITY in accordance with paragraph 5, after the effective date of this Agreement and prior to the termination of this Agreement.

6.3 "Net Selling Price" as used herein shall mean MISSION'S invoice price for any chemical analysis and data report using TECHNOLOGY, less discounts thereon actually allowed and less sales, use, or other similar taxes and any transportation or delivery charges borne by MISSION. No royalties shall be due on any chemical analyses data reports which are not accepted by the customer and when royalties shall have been paid on such analyses and reports, they shall be credited against future royalties to be paid hereunder.

6.4 For the purposes of computing and paying the royalties referred to in paragraph 6.1 of this Agreement, the years shall be divided into quarters beginning May 1, August 1, November 1, and February 1 of each year. Within thirty (30) days after the end of each quarter, reports shall be made by MISSION to UNIVERSITY setting forth the number of chemical analyses and data reports which have been sold or otherwise disposed of during the preceding quarter, and also showing the Net Selling Price of such analyses and reports. MISSION'S remittance for the full amount of royalties due for such quarter shall accompany such reports. MISSION agrees to make and keep full and accurate books and records showing all sales under the grant of TECHNOLOGY herein in sufficient detail to enable royalties payable hereunder to be determined, and further agrees that UNIVERSITY shall be permitted to inspect such books and records from time to time during reasonably business hours, as to any data, material to the computation of royalties hereunder, and to make copies thereof to the extent necessary to verify the royalty reports and payments provided by this Agreement. Such books and records for any

royalty report may be destroyed by MISSION after three (3) years from the date of the report.

7. INTELLECTUAL PROPERTY AND TECHNOLOGY:

7.1 It is recognized by the parties hereto that a considerable amount of proprietary information, which may be patentable, copyrightable or otherwise protectable, has been developed by UNIVERSITY. It is also likely that MISSION has and will under this Agreement make contributions to such informational base.

7.2 All such information developed both before and during the term of the Agreement shall belong to UNIVERSITY and SYSTEM. MISSION shall have the right and the responsibility to pursue any patent applications and copyrights to protect its interest as an exclusive licensee and shall file all documents at its own expense in a timely manner, giving due credit to UNIVERSITY and its inventors as is required to comply with statutory prerequisites.

7.3 Nothing herein shall be construed as preventing UNIVERSITY and SYSTEM from utilizing any of TECHNOLOGY for any traditional purposes of research and teaching. Nor shall any constraints be inferred to prevent employees of UNIVERSITY and SYSTEM from publishing such research results. UNIVERSITY agrees to be reasonable cooperative with respect to timing and content of such publication so as to not unduly prejudice MISSION'S competitive position at an early stage.

8. CONSULTATION AND ADVICE:

8.1 UNIVERSITY shall, upon the request of MISSION, request PAK to act as consultant and adviser to MISSION on matters pertaining to the

TECHNOLOGY disclosed to MISSION under this Agreement. PAK will make himself available for such purpose for a total of not more than fifty-two (52) hours during any year following the date of the execution of this Agreement. For such consulting services, MISSION will not be required to furnish additional compensation to PAK or UNIVERSITY other than what has been agreed upon as royalties in this Agreement. However, MISSION will reimburse PAK for reasonable expenses incurred by him for transportation, lodging, meals, etc. in discharging his obligations under this Agreement.

9. REASONABLE EFFORTS:

9.1 MISSION agrees to use reasonable efforts to introduce TECHNOLOGY into the commercial market as soon as practicable, consistent with sound and reasonable business practices and judgment. Should MISSION not be commercially disseminating TECHNOLOGY satisfactorily on the second anniversary of this Agreement, UNIVERSITY may terminate the Agreement upon sixty (60) days written notice. UNIVERSITY shall then be free to pursue marketing through another firm.

10. TERMINATION:

10.1 If one party shall at any time commit a breach of any covenant, warranty or agreement herein contained, and shall fail to remedy any such breach within sixty (60) days after written notice thereof by the other party, such other party may at its option, and in addition to any other remedies that it may be entitled to, terminate this Agreement by notice in writing to such effect. Termination shall not affect UNIVERSITY'S right to collect payments accruing prior to termination.

10.2 In the event of termination of this Agreement, MISSION shall have the right to sell thereafter (1) completed chemical analyses and data reports then on hand; (2) those then being processed; and (3) those with respect to which a firm commitment has been made at the time of termination by reason of the existence of a written agreement. All such sales or other dispositions shall be subject to reporting and royalty payments exactly as if termination had not occurred.

10.3 Upon termination MISSION shall be obligated to return to UNIVERSITY the original and all copies of TECHNOLOGY sent to MISSION under this Agreement, and to continue to honor the commitment in paragraph 5.5 not to disclose such TECHNOLOGY to third parties.

10.4 In the event that MISSION should at any time become bankrupt or be placed in receivership, UNIVERSITY may elect to terminate this Agreement and revoke all rights granted herein, by serving written notice to that effect on MISSION at any time after such bankruptcy or receivership.

11. EXPIRATION:

11.1 Unless sooner terminated as provided herein, this Agreement shall continue for as long as MISSION continues to make, use, or sell TECHNOLOGY. MISSION shall give UNIVERSITY ninety (90) days written notice of its intent to terminate this Agreement and the making, using or selling of TECHNOLOGY. Should UNIVERSITY discover that MISSION is not making, using, or selling TECHNOLOGY but MISSION has failed to give such notice, UNIVERSITY may terminate this Agreement by giving ninety (90) days written notice.

12. ASSIGNMENT:

12.1 This Agreement shall be transferable by MISSION in a transfer of all of the assets of the business to which TECHNOLOGY pertains, but shall not otherwise be transferable without prior written consent of UNIVERSITY which shall not be unreasonably withheld.

12.2 This Agreement shall be binding and inure to the benefit of the successors and assigns of UNIVERSITY.

13. LAW APPLICABLE:

13.1 This Agreement shall be construed under the laws of the United States and of the State of Texas.

14. MISCELLANEOUS:

14.1 Notice under this Agreement may be given to MISSION by notifying Mr. Neill Walsdorf, President, Mission Pharmacal Company at Post Office Box 1676, San Antonio, Texas 78796. Notice may be given to UNIVERSITY in accordance with this Agreement by giving notice to Charles C. Sprague, M.D., President, The University of Texas Health Science Center at Dallas, 5323 Harry Hines Boulevard, Dallas, Texas 75235. A copy of Notice to UNIVERSITY should be sent to Charles Y.C. Pak, M.D., Department of Internal Medicine, The University of Texas Health Science Center at Dallas, Southwestern Medical School, 5323 Harry Hines Boulevard, Dallas, Texas 75235.

15. EXECUTION AND EFFECTIVE DATE:

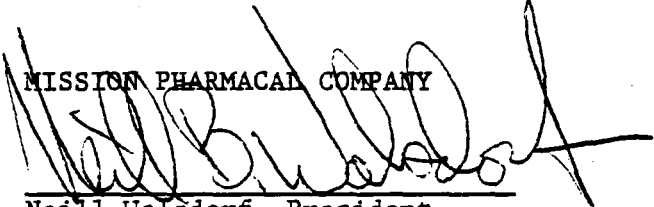
15.1 This Agreement is executed in multiple originals upon the date set forth beside the execution signatures, and shall be effective when signed by both parties.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement.

ATTEST:

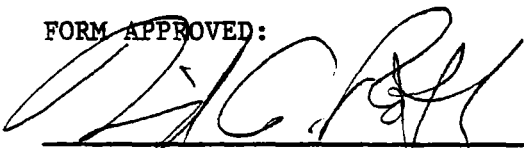
Secretary

MISSION PHARMACAL COMPANY



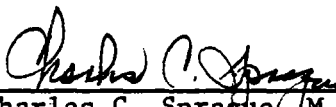
Neill Walsdorf, President

FORM APPROVED:

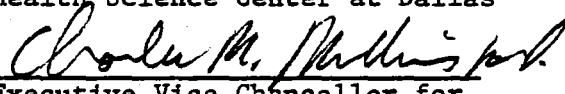


General Counsel, The University
of Texas System


CONTENT APPROVED:



Charles C. Sprague, M.D.,
President, The University of Texas
Health Science Center at Dallas



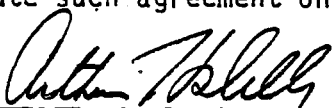
Executive Vice Chancellor for
Health Affairs, The University
of Texas System



Executive Vice Chancellor for
Asset Management, 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 13TH day of JUNE, 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

3. U. T. Medical Branch - Galveston: Recommendation for Approval to Increase the 1985-86 Dormitory and Apartment Room Rates Effective September 1, 1985 (Catalog Change).--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Levin to approve an increase in rental rates for dormitories and apartments at the U. T. Medical Branch - Galveston effective September 1, 1985, as follows:

	<u>Present Monthly Rate</u>	<u>Proposed Monthly Rate</u>
Dormitory:		
Semi-Private	\$ 95.00	\$105.00
Private Room	135.00	150.00
Apartments:		
Two persons per apartment	\$235.00	\$270.00
Three persons per apartment	270.00	300.00

BACKGROUND INFORMATION

This proposed increase is required due to the continuing escalation of operating costs such as utilities, salaries, and general maintenance. Rental rates were increased September 1, 1984; however, the proposed rates are in keeping with current cost escalations.

If this recommendation is approved, the minute order will reflect that the next appropriate catalog published will be amended to conform to this action.

4. U. T. Medical Branch - Galveston (U. T. G.S.B.S. - Galveston): Request for Authorization to Establish a Master of Arts in Allied Health Sciences and to Submit the Proposed Degree to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Office of the Chancellor concurs with the request by President Levin for authorization to establish a Master of Arts in Allied Health Sciences at U. T. G.S.B.S. - Galveston and, if approved by the U. T. Board of Regents, to submit the proposal to the Coordinating Board for approval.

BACKGROUND INFORMATION

Faculty of the U. T. Medical School - Galveston, the U. T. G.S.B.S. - Galveston, and the U. T. Allied Health Sciences School - Galveston have proposed a new Master of Arts in Allied Health Sciences to be administered by the U. T. G.S.B.S. - Galveston. The purpose of this program is to

educate a limited number of health professionals in clinical research and academia relating to allied health. The program will begin with five students and will be limited to nineteen students by 1991. Graduates will fill positions in clinical research, government health agencies and academia. Current trends in health care indicate expanding roles for masters' level graduates for health education and clinical research particularly in areas relating to the aging.

The proposed masters' degree is within the approved role and scope of U. T. Medical Branch - Galveston and is outlined in the 1985-91 Strategic Plan. The cost of the program will be minimal since no additional equipment or classroom space will be required. Twenty-three faculty members holding doctorate degrees and three faculty holding terminal masters' degrees in their fields have been selected from the present faculty to provide necessary didactics and supervision for the program. The undergraduate program in health education will be discontinued and faculty and clerical personnel will be reallocated to accommodate the workload of the proposed program. The proposed program has been incorporated into the budget for fiscal year 1986.

In addition to U. T. System review of the proposed program, it has been reviewed and recommended by scholarly experts from the University of Chicago, Georgetown University, University of Oklahoma, Georgia State University, State University of New York at Stony Brook, and Washington University School of Medicine.

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

5. U. T. Medical Branch - Galveston: Recommendation to Approve the Naming of the Physical Therapy Laboratory in the New School of Allied Health Sciences and Nursing Building as The Ruby Decker Physical Therapy Laboratory (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation to approve the naming of the Physical Therapy Laboratory in the new School of Allied Health Sciences and Nursing Building at the U. T. Medical Branch - Galveston as The Ruby Decker Physical Therapy Laboratory. This recommendation is in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

BACKGROUND INFORMATION

Ms. Ruby Decker, a distinguished physical therapist, graduated from U. T. Medical Branch - Galveston in 1961. From 1945 to 1963, Ms. Decker was Director of the School of Physical Therapy and the Clinical Department at U. T. Medical Branch - Galveston. She has been honored by local, state and national physical therapy organizations for her many contributions in the area of physical therapy. She recently established an emergency loan fund for students at the U. T. Medical Branch - Galveston and was the 1984 recipient of the School of Allied Health Sciences Distinguished Alumna Award.

6. U. T. Medical Branch - Galveston: Recommendation to Approve Naming the Health Information Management Laboratory in the New School of Allied Health Sciences and Nursing Building as The Sally Mount Health Information Management Laboratory (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings.)--

RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation to approve the naming of the Health Information Management Laboratory in the new Allied Health Sciences and Nursing Building at the U. T. Medical Branch - Galveston as The Sally Mount Health Information Management Laboratory. This recommendation is in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

BACKGROUND INFORMATION

Ms. Sally Mount, deceased, was the chairman of the Department of Medical Record Administration at the U. T. Medical Branch - Galveston when it was formed in 1968. She served with distinction in forming the department, developing the initial curriculum and recruiting faculty and students.

7. U. T. Health Science Center - Houston: Recommendation for Approval to Lease, Receive, Govern and Operate the Facilities of the Texas Research Institute of Mental Sciences (TRIMS) From the Texas Department of Mental Health and Mental Retardation (MHMR) and to Establish The University of Texas Mental Sciences Institute as a Part of the U. T. Health Science Center - Houston.--

EXPLANATION

Pursuant to the provisions of Senate Bill 1295 of the 69th Legislature, Regular Session, the Office of the Chancellor has entered into negotiations concerning an Agreement for Lease and Transfer between the U. T. Board of Regents and

HEALTH AFFAIRS COMMITTEE

SUPPLEMENTAL MATERIAL

August 8-9, 1985

7. U. T. Health Science Center - Houston: Recommendation for Approval to Lease, Receive, Govern and Operate the Facilities of the Texas Research Institute of Mental Sciences (TRIMS) From the Texas Department of Mental Health and Mental Retardation (MHMR) and to Establish The University of Texas Mental Sciences Institute as a Part of the U. T. Health Science Center - Houston

SEE ATTACHED

Materials Supplementing the Agenda of the Board of Regents
(Item 7, HAC 16)
August 8-9, 1985

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Bulger that the U. T. Board of Regents approve the following documents:

- (A) Agreement for Lease and Transfer of the Texas Research Institute of Mental Sciences by the Texas Board of Mental Health and Mental Retardation to the Board of Regents of The University of Texas System on behalf of The University of Texas Health Science Center at Houston and Establishment of The University of Texas Mental Sciences Institute.
- (B) Contract for Services for Psychiatric Inpatients and Outpatients between the Texas Board of Mental Health and Mental Retardation and The University of Texas System.
- (C) Subcontract for Services for Psychiatric Inpatients and Outpatients between Hermann Hospital and the Board of Regents of The University of Texas System.

The documents are attached hereto and an Executive Summary is provided below.

EXECUTIVE SUMMARY

The following documents are summarized below:

- (A) Agreement For Lease and Transfer of the Texas Research Institute of Mental Sciences by the Texas Board of Mental Health and Mental Retardation to the Board of Regents of The University of Texas System on behalf of The University of Texas Health Science Center at Houston and Establishment of The University of Texas Mental Sciences Institute.
- (B) Contract for Services for Psychiatric Inpatients and Outpatients.
- (C) Subcontract for Services for Psychiatric Inpatients and Outpatients.

GENERAL:

Pursuant to the provisions of Senate Bill 1295, the Texas Board of Mental Health and Mental Retardation (MHMR) has agreed to lease and transfer the land, buildings, and improvements, and major fixed equipment of the Texas Research Institute of Mental Sciences (TRIMS) to the Board of Regents of The University of Texas System (UTS) and UTS has been empowered to establish The University of Texas Mental Sciences Institute at the former TRIMS facilities.

By separate Contract for Services for Psychiatric Inpatients and Outpatients, MHMR has agreed to pay UTS to provide inpatient and outpatient services for former TRIMS patients and has permitted UTS to subcontract for the provision of inpatient services. The Executive Vice Chancellor's execution of the Contract for Services is expressly conditioned on Board of Regents approval.

By separate Subcontract for Services, Hermann Hospital has agreed to provide 40 beds and related psychiatric and medical services to former TRIMS patients during FY 1985-1986. The Executive Vice Chancellor's execution of the Subcontract for Services is expressly conditioned on Board of Regents approval.

The Board of Regents is being asked through this Agenda Item to: (a) approve the Agreement to Lease and Transfer, which MHMR's Board approved on August 2, 1985; (b) approve the Contract for Services for Psychiatric Inpatients and Outpatients, which was executed by Executive Vice Chancellor Mullins and Commissioner Miller on July 30, 1985, and which was approved by the MHMR Board on August 2, 1985; (c) approve the Subcontract for Services for Psychiatric Inpatients and Outpatients, which was executed by President for

Administration Walker on July 31, 1985, and will be presented to the Board of Trustees of the Hospital at its next meeting on August 20, 1985, and which is expected to be executed by Executive Vice Chancellor Mullins before August 8, 1985; (d) authorize Executive Vice Chancellor Mullins to take these actions; and (e) establish The University of Texas Mental Sciences Institute (UTMSI) as a part of The University of Texas Health Science Center at Houston (UTHSCH).

PURPOSES:

The UTMSI shall be utilized only for purposes of patient care services, research, and education related to mental health and mental retardation.

GOVERNANCE:

Pursuant to S.B. 1295, the governance, management, and control of the operations of TRIMS is transferred to the Board of Regents on September 1, 1985.

LEASE:

Subject to legislative action, the land, buildings, improvements, and major fixed equipment are leased to UTS for \$1 per year for a two-year term, automatically renewable unless prior written notice of cancellation is given. UTS delegates to UTHSCH the authority to manage the day-to-day operations of UTMSI.

EVALUATION OF TRANSFER; LIMITATION ON DISPOSITION:

Pursuant to S.B. 1295, UTS and MHMR shall review and evaluate the TRIMS transfer with the Assets Management Division of the General Land Office and submit a written report to the next Legislature. MHMR may sell or otherwise dispose of the leased premises only upon the prior approval of the Board of Regents and after the submission of the evaluation report. The Board of Regents has approval authority over the allocation of disposition proceeds.

PERSONNEL:

Pursuant to S.B. 1295, UTS will give former TRIMS employees priority consideration for employment.

FUNDING; MOVABLE EQUIPMENT:

Pursuant to S.B. 1295, any gifts, grants, unexpended balances of appropriated or unappropriated funds, and all movable equipment held by MHMR on behalf of, or for the use and benefit of TRIMS shall be transferred to UTS on September 1, 1985. Pursuant to H.B. 20 (the General Appropriations Act), MHMR has been appropriated \$7.1 million in FY 1985-1986 and \$895 thousand plus unexpended balances in FY 1986-1987 for the TRIMS phaseout. Pursuant to S.B. 1295, MHMR shall transfer \$1 million of the \$7.1 to UTS for research. (Pursuant to the Contract for Services, MHMR has agreed to pay UTS the remaining funds in consideration of the services.)

CLOSING OF TRANSACTIONS:

The Board of Regents' approval of the documents attached permits closing to occur on August 19, 1985.

AGREEMENT
FOR LEASE
AND TRANSFER
OF THE
TEXAS RESEARCH INSTITUTE OF MENTAL SCIENCES

BY
TEXAS BOARD OF MENTAL HEALTH AND MENTAL RETARDATION
TO
THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
ON BEHALF OF
THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER
AT HOUSTON

AND ESTABLISHMENT OF
THE UNIVERSITY OF TEXAS MENTAL SCIENCES INSTITUTE

AUGUST 1985

Table of Contents
 AGREEMENT FOR LEASE AND TRANSFER AND ESTABLISHMENT
 OF THE UNIVERSITY OF TEXAS MENTAL SCIENCES INSTITUTE

	<u>Page</u>
Parties to Agreement.....	1
Recitals.....	1
<u>PART A: NAMES, PURPOSES, EXHIBITS, DEFINITIONS, GOVERNANCE</u>	
Article I. NAME, PURPOSES, EXHIBITS, DEFINITIONS	
Section 1. Name, Purposes.....	3
Section 2. Patient Care; Contract for Services.....	3
Section 3. Research.....	4
Section 4. Education.....	4
Section 5. Extramural and Other Laboratory Consultative Services.....	4
Section 6. Exhibits.....	4
Section 7. Definitions.....	6
Article II. GOVERNANCE	
Section 8. Governance; Phases of Transition.....	7
Section 9. Lease and Operations.....	7
Section 10. Research; Advisory Committee on Research Protocols.....	8
Section 11. Oversight Committee.....	8
Section 12. Volunteers.....	9
Section 13. Evaluation of Transfer of Research Institute.....	9
Section 14. Statewide Training of MHRM Personnel and Program Evaluation.....	10
<u>PART B: LEASE</u>	
Article III. LEASE	
Section 15. Survey, Floorplans, and Photographs....	10
Section 16. Lease.....	11
Section 17. Term.....	15
Section 18. Rent.....	16
Section 19. Sale or Other Disposition of Land, Buildings, Improvements, Major Fixed Equipment.....	16
Section 20. Conditions Prior to Sale or Other Disposition.....	16

PART C: TRANSFER AGREEMENTS, CONDITIONS TO OBLIGATIONS,
CLOSING, FUNDS, RESEARCH, APPROPRIATIONS, CONTRACTS FOR SERVICES

Article IV. TRANSFER AGREEMENTS	
Section 21.	Representations and Covenants of MHMR and UTS Regarding Personnel.....17
Section 22.	Representations, Covenants, Warranties of MHMR and UTS Regarding Inventories, Maintenance, Agreements, and Other Miscellaneous Matters.....19
Section 23.	Financial Audit of TRIMS.....22
Section 24.	Ratification, Confirmation, and Validation of Contracts and Written Obligations; Waivers.....23
Article V. CONDITIONS TO OBLIGATIONS UNDER TRANSFER AGREEMENTS; CLOSING	
Section 25.	Conditions to Obligations of MHMR.....23
Section 26.	Conditions of Obligations of UTS.....25
Section 27.	Closing.....26
Article VI. FUNDS, RESEARCH APPROPRIATIONS, CONTRACT FOR SERVICES	
Section 28.	Funds.....28
Section 29.	Research Appropriations.....28
Section 30.	Contract for Services.....28
Article VII. OTHER TRANSFER AGREEMENTS	
Section 31.	Phases of Transition and Transfer.....28
Section 32.	Agreements to be Performed by MHMR Before Closing.....29
Section 33.	Agreements of UTS to be Performed Prior to Closing.....30
Section 34.	Agreements to be Performed by MHMR After Closing.....30
Section 35.	Agreements of UTS to be Performed After the Closing.....31

PART D: MISCELLANEOUS

Article VIII. MISCELLANEOUS	
Section 36.	Survival of Representations.....31
Section 37.	Construction of Agreement.....31
Section 38.	Amendments.....32
Section 39.	Non-Assumption of Liabilities.....32
Section 40.	Exoneration.....32
Section 41.	Notices.....32
Execution.....35	
Exhibits Separately Boxed; See Section 6	

AGREEMENT FOR LEASE AND TRANSFER AND ESTABLISHMENT
OF THE UNIVERSITY OF TEXAS MENTAL SCIENCES INSTITUTE

PARTIES TO AGREEMENT

THIS AGREEMENT, dated August 19, 1985, by and between The Texas Board of Mental Health and Mental Retardation (MHMR) and, The Board of Regents of The University of Texas System (UTS), acting on behalf of its component institution The University of Texas Health Science Center at Houston (UTHSCH), to be effective on September 1, 1985, unless otherwise expressly indicated,

WITNESSETH:

RECITALS:

WHEREAS, pursuant to the provisions of Senate Bill 1295, Acts of the 69th Legislature, Regular Session, 1985, a copy of which is attached as Exhibit 1, the Texas Research Institute of Mental Sciences (TRIMS) shall be transferred on September 1, 1985, from MHMR to UTS, and

WHEREAS, pursuant to the provision of S.B. 1295, on September 1, 1985, the name of the institute shall be The University of Texas Mental Sciences Institute (UTMSI), and

WHEREAS, pursuant to the provisions of Senate Bill 1322, Acts of the 69th Legislature, Regular Session, 1985, a copy of which is attached as Exhibit 2, any funds generated by its passage for fiscal year 1986 and 1987, on September 1, 1985, shall be appropriated to UTS for the provision of the services authorized by S.B. 1295, and

WHEREAS, pursuant to the provisions of S.B. 1295, on September 1, 1985, the sum of \$1 million appropriated to MHMR for the conduct of research at TRIMS in House Bill 20, Acts of the 69th Legislature, Regular Session, 1985, the General Appropriations Act, a copy of portions of which are attached as Exhibit 3, shall be transferred by MHMR to UTS for the conduct of that research, and

WHEREAS, MHMR and UTS desire to provide for a smooth transition and implementation of the provisions of S.B. 1295, and

WHEREAS, among the provisions, S.B. 1295 requires that MHMR provide for the continuity of inpatient and outpatient care of patients and programs operated at TRIMS, and

WHEREAS, among other provisions, S.B. 1295 requires that the governance, operation, management, and control of TRIMS and all land, buildings, improvements thereon, and major fixed

equipment comprising TRIMS be leased from MHMR and transferred to the Board of Regents of UTS for \$1 a year and be subject to Section 65.02(a)(9), Education Code, a copy of which is attached as Exhibit 4, and

WHEREAS, among other provisions, S.B. 1295 requires that all land, buildings, and improvements thereon and major fixed equipment so leased be utilized only for purposes of patient care services, research, and education related to mental health and mental retardation, and

WHEREAS, among other provisions, S.B. 1295 authorizes MHMR to sell or otherwise dispose of the land, buildings, improvements thereon, or major fixed equipment so long as the proceeds from the sale or other disposition be used for the purposes recited immediately above and only if prior to the sale or other disposition UTS has given its approval of such sale or disposition and the allocation of proceeds, and

WHEREAS, among other provisions, S.B. 1295 authorizes present TRIMS personnel to apply for employment with UTS; be given priority consideration for such employment; and, if employed by UTS be subject to the personnel policies, rules, and regulations of the Board of Regents of UTS after the transition, and

WHEREAS, among other provisions, S.B. 1295 requires that any gifts, grants, unexpended balances of appropriated or unappropriated funds, and all movable equipment held by MHMR for, on behalf of, or for the use and benefit of TRIMS be transferred to UTS, and

WHEREAS, among other provisions, S.B. 1295 requires that all previously appropriated funds for statewide training of MHMR personnel and program evaluation by TRIMS be retained by MHMR, and

WHEREAS, among other provisions, S.B. 1295 permits UTS to contract with MHMR for continued extramural and other laboratory services, and

WHEREAS, among other provisions, S.B. 1295 states that as of September 1, 1985, all contracts and written obligations of every kind and character entered into by MHMR for and on behalf of TRIMS will be ratified, confirmed, and validated by statute and that in all such contracts and obligations the Board of Regents of UTS as of September 1, 1985, is to be substituted in lieu and stand and act in place and stead of MHMR so long as an advisory committee be established with regard to research protocols and the Commissioner of MHMR be a member, and

WHEREAS, among other provisions, S.B. 1295 requires that UTS, MHMR, and the Assets Management Division of the General Land Office review and evaluate the use of the TRIMS land and buildings and submit a report containing the results of the review to the 70th Legislature, and

WHEREAS, among other provisions, S.B. 1295 permits MHMR to contract for the provision of inpatient and outpatient care of the patients cared for at TRIMS, all in accordance with the provisions of and appropriations provided in the General Appropriations Act of the 69th Legislature, pertinent portions of which are attached as Exhibit 3,

NOW, THEREFORE, MHMR AND UTS MUTUALLY AGREE AS FOLLOWS:

PART A: NAMES, PURPOSES, EXHIBITS, DEFINITIONS, GOVERNANCE

Article I: NAME, PURPOSES, EXHIBITS, DEFINITIONS

Sec. 1. Name, Purposes

- (a) On September 1, 1985, and at all times thereafter, the name of the institute that is hereby established by the Board of Regents of The University of Texas System as a part of The University of Texas Health Science Center at Houston, and is the subject of this Agreement, shall be The University of Texas Mental Sciences Institute (UTMSI).
- (b) All land, buildings, and improvements thereon and major fixed equipment comprising said institute shall be utilized only for purposes of patient care services, research, and education related to mental health and mental retardation.

Sec. 2. Patient Care; Contract for Services

- (a) The list of medical records numbers set out at Exhibit 5 shows the number of patients currently being treated on an inpatient or outpatient basis as of the Closing Date.
- (b) UTS and MHMR have contracted patient care services on an inpatient or outpatient basis to those previous psychiatric patients, i.e. fiscal year (FY) 1984-85 patients, of TRIMS who need them and whose identifying numbers are listed at Exhibit 5 at Closing under the terms and conditions as the Commissioner of MHMR and the Executive Vice Chancellor of Health Affairs of UTS have mutually agreed in writing provided the patients proposed to be served consent to such care or involuntarily committed to such care. UTS and MHMR

hereby approve the Contract for Services set out at Exhibit 40 and incorporate it herein as if recited verbatim.

Sec. 3. Research

The research projects listed at Exhibit 6 may be continued by UTS under the terms and conditions set out in the written contracts upon which they are based.

Sec. 4. Education

The education programs listed at Exhibit 7 shall be continued by UTS under the terms and conditions set out in the written contracts upon which they are based.

Sec. 5. Extramural and Other Laboratory Consultative Services

MHMR and UTS may contract at Closing for the extramural and other laboratory consultative services listed at Exhibit 8 by written agreement of the Commissioner of MHMR and the Executive Vice Chancellor for Health Affairs of UTS.

Sec. 6. Exhibits

(a) Incorporated into this Agreement and made a part hereof for all purposes as if recited verbatim or described fully and completely are the following exhibits:

- EXHIBIT 1: S.B. 1295
- EXHIBIT 2: S.B. 1322
- EXHIBIT 3: General Appropriations Act (portions)
- EXHIBIT 4: Section 65.02(a) (9), Education Code
- EXHIBIT 5: Medical Record Numbers of Patient Files
Without Patient Names
- EXHIBIT 6: Research Projects
- EXHIBIT 7: Education Programs and Trainees
- EXHIBIT 8: Extramural and Other Laboratory Consultative
Services
- EXHIBIT 9: List of Volunteers and Copy of Charter
- EXHIBIT 10: Equipment Associated with Statewide Training
of Department Personnel and Program Evaluation
- EXHIBIT 11: Survey of Leased Premises

- EXHIBIT 12: Floorplans of the Leased Premises and Photographs
- EXHIBIT 13: Center Pavilion Lease
- EXHIBIT 14: Shamrock Building Lease
- EXHIBIT 15: Personnel Names and Titles
- EXHIBIT 16: Copy of Deed to Leased Premises
- EXHIBIT 17: List of Major Fixed Equipment
- EXHIBIT 18: List of Movable Equipment
- EXHIBIT 19: List of Leased Personal Property
- EXHIBIT 20: Copies of Leased Personal Property
- EXHIBIT 21: List of Maintenance or Other Contracts
- EXHIBIT 22: Copies of Maintenance or Other Contracts
- EXHIBIT 23: List of Affiliation Agreements
- EXHIBIT 24: Copies of Affiliation Agreements
- EXHIBIT 25: Library Inventory
- EXHIBIT 26: List of Permits
- EXHIBIT 27: Copies of Permits
- EXHIBIT 28: List of Licenses
- EXHIBIT 29: Copies of Licenses
- EXHIBIT 30: List of Accreditations
- EXHIBIT 31: Copies of Accrediting Statements
- EXHIBIT 32: List of Grievances, EEOC or Section 504 Complaints, and Lawsuits
- EXHIBIT 33: List of Motor Vehicle Titles and Copies
- EXHIBIT 34: List of Grants
- EXHIBIT 35: Copies of Grants
- EXHIBIT 36: List of Utility Providers
- EXHIBIT 37: List of Copyrights and Other Intellectual Property
- EXHIBIT 38: Audit Report, 1983-84
- EXHIBIT 39: Balance Sheets, September 1984 - July 1985
- EXHIBIT 40: Contract for Services
- EXHIBIT 41: Plan of Dissolution

(b) These Exhibits have been separately boxed and will be made available for inspection at all reasonable times during normal business hours by MHMR and UTS at the offices of TRIMS, 1300 Moursund Avenue, Houston, Texas, until August 31, 1985, and thereafter at the offices of UTMSI, at the same address, unless the Exhibits are being examined by Members of their respective Boards or unless they are in the custody of staff for official purposes.

Sec. 7. Definitions

The following definitions apply throughout this Agreement unless expressly indicated otherwise or unless the context clearly indicates another meaning:

"Commissioner" means the Commissioner of the Texas Department of Mental Health and Mental Retardation.

"Executive Vice Chancellor" means the Executive Vice Chancellor for Health Affairs of The University of Texas System.

"Grants" mean those grants listed in Exhibit 35 and include, where applicable, any research animals purchased with grant funds, unless expressly provided for otherwise herein.

"Leased Premises" means the land, the legal description of which is found at Exhibit 16 and incorporated herein as if recited verbatim, and buildings, improvements, and major fixed equipment situated thereon.

"MHMR" means the Texas Board of Mental Health and Mental Retardation.

"Movable equipment" means that equipment listed in Exhibit 18.

"President" means the President of The University of Texas Health Science Center at Houston.

"Priority consideration" means the consideration given by The University of Texas System or its components to employees of TRIMS who were full-time employees of TRIMS prior to June 1, 1985, and who apply for employment with The University of Texas System or any of its components during the period of time beginning June 1, 1985, and ending December 31, 1985, whereby for a given posted position for which such TRIMS or former TRIMS employee applies The University of Texas System agrees to choose such employee for employment over any other applicant not currently employed by The University of Texas System, when taken as a whole the qualifications of all applicants are otherwise equally valued.

"TRIMS" means the Texas Research Institute of Mental Sciences, a part of the Texas Department of Mental Health and Mental Retardation.

"UT Health Science Center" or "UTHSCH" means The University of Texas Health Science Center at Houston, a component institution of The University of Texas System.

"UTMSI" means The University of Texas Mental Sciences Institute.

"UTS" means the Board of Regents of The University of Texas System.

Article II. GOVERNANCE

Sec. 8. Governance; Phases of Transition

- (a) The governance, management and control of TRIMS, the institute created by Chapter 427, Acts of the 55th Legislature, Regular Session, 1957, as amended (Article 3174-4, Vernon's Texas Civil Statutes) is the responsibility of MHMR prior to the Closing Date of this Agreement; shall be the responsibility of MHMR and UTS after the Closing Date but prior to September 1, 1985; and shall be the responsibility of the Board of Regents of UTS on and after September 1, 1985.
- (b) Between the Closing Date and September 1, 1985, the governance management and control of TRIMS shall remain the responsibility of MHMR, but any and all actions taken by MHMR for or on behalf of TRIMS shall be taken only after and with the approval of the Executive Vice Chancellor for Health Affairs of UTS or his designee.

Sec. 9. Lease and Operations

- (a) All land, buildings, improvements thereon, and major fixed equipment comprising TRIMS shall be leased from the MHMR as of September 1, 1985, in accordance with the provisions of this Agreement, and transferred to the Board of Regents of The University of Texas System and shall be subject to the provisions of Subdivision (9) of Subsection (a) of Section 65.02 of the Education Code.
- (b) Except as provided in Section 8(b) above, the operation of the institute shall be the responsibility of MHMR until midnight, August 31, 1985, and shall be the responsibility of UTS at 12:01 a.m., September 1, 1985.

- (c) From and after September 1, 1985, the Board of Regents of UTS delegates to the UT Health Science Center at Houston the general authority to manage the day-to-day operations of the UTMSI and to perform functions consistent with the role of manager of UTMSI.

Sec. 10. Research; Advisory Committee on Research Protocols

- (a) With respect to the research projects listed at Exhibit 6 and future proposed projects, MHMR and UTS hereby establish an Advisory Committee on Research Projects who shall meet as necessary to advise UTS on the selection and conduct of research projects.
- (b) The Advisory Committee on Research Projects shall consist of the following members:
- (1) Commissioner of MHMR;
 - (2) Executive Vice Chancellor, ex officio, nonvoting;
 - (3) Dean of the UTHSCH Medical School, ex officio, nonvoting;
 - (4) Other persons as may be appointed.
- (c) The Chairman and the Committee Members of the Advisory Committee on Research shall be appointed by the President of UT Health Science Center at Houston in consultation with the Chairman of the Psychiatry Department of the UTHSCH Medical School and the Commissioner.
- (d) Meetings of the Advisory Committee shall be called by the Chairman as necessary. The Committee shall meet at least once each year.

Sec. 11. Oversight Committee

- (a) MHMR, UTS, and UT Health Science Center at Houston recognize their mutual interdependence in carrying out the terms of this Agreement and agree that there shall be consultation and good faith cooperation among all persons representing each entity.
- (b) An Oversight Committee shall be established to resolve disputes between MHMR and UTS, in any manner mutual agreed

upon, regarding the transition under and implementation of this Agreement.

- (c) The Oversight Committee consists of the following persons:
 - (1) the Executive Vice Chancellor for Health Affairs of UTS;
 - (2) the Commissioner of MHMR.
- (d) The Oversight Committee shall expire on August 31, 1986.

Sec. 12. Volunteers

- (a) UTS acknowledges the existence and outstanding contributions that volunteers and their nonprofit corporations listed at Exhibit 9 have made to the work of TRIMS over the years and pledges to work with them during and after the transition.
- (b) MHMR pledges to work with these volunteers and UTS to assure the continued support of these generous citizens to the future activities of UTMSI.

Sec. 13. Evaluation of Transfer of Research Institute

- (a) UTS, MHMR, and the Assets Management Division (the Division) of the General Land Office shall review and evaluate the use of the transferred institute's land and buildings and shall submit a report containing the results of the review to the 70th Legislature.
- (b) In conducting the review, UTS and MHMR shall consider at least the following factors:
 - (1) the future need for continued use of this land and buildings for outpatient services and mental health sciences research;
 - (2) alternative locations for any future needed outpatient services and mental health sciences research;
 - (3) alternatives for disposition of the land and buildings, including the possibility of continued leasing to UTS, leasing to other entities, or sale of the land and buildings; and

- (4) the cost benefits of each alternative for disposition, including the revenue that might be generated and the possibility of applying that revenue toward the provision of mental health services.
- (c) Not later than the second Tuesday in January, 1987, UTS and MHMR, along with the Division, shall jointly prepare and submit a report to the 70th Legislature detailing the findings and conclusions made by the participants.
- (d) This section of the Agreement shall expire upon submission of the report.

Sec. 14. Statewide Training of MHMR Personnel and Program Evaluation

All previously appropriated funds to MHMR and the programs themselves for statewide training of department personnel and program evaluation by TRIMS shall be retained by MHMR. The equipment listed at Exhibit 10 shall be moved by MHMR prior to the Closing Date.

PART B: LEASE

Article III. LEASE

Sec. 15. Survey, Floorplans, and Photographs

- (a) MHMR agrees to furnish UTS at Closing the updated or certified versions of the following:
- EXHIBIT 11: Survey of the Leased Premises
 - EXHIBIT 12: Floorplans of the Leased Premises and Photographs
 - EXHIBIT 13: Center Pavilion Lease
 - EXHIBIT 14: Shamrock Building Lease
- (b) If at Closing MHMR no longer leases space at the Center Pavilion or the Shamrock Building, documents need not be furnished.
- (c) MHMR shall furnish UTS prior to Closing photographs of the entire TRIMS premises.

Sec. 16. Lease

- (a) MHMR, as owner of the Leased Premises, acting as Lessor herein, in consideration of the rents, covenants, agreements and conditions herein set forth, which UTS, acting as Lessee herein, on behalf of UT Health Science Center, hereby agrees shall be paid, kept and performed by Lessee, does hereby lease, let, demise, and rent exclusively unto Lessee, and Lessee does hereby rent and lease from Lessor, the Leased Premises, together with all and singular the rights, privileges and appurtenances thereunto attaching or in anywise belonging or hereinafter provided for under the terms of this Lease;

SUBJECT HOWEVER, among other matters, to the Easement provided for in subsection (b);

TO HAVE AND TO HOLD the Leased Premises subject to the matters as aforesaid, together with all and singular the rights, privileges and appurtenances thereunto attaching or in anywise belonging or hereinafter provided for under the terms of this Lease, exclusively unto Lessee, its successors and assigns, for a two-year term commencing on September 1, 1985, and, automatically renewable for two-year terms thereafter unless prior written notice of cancellation is given; and upon and subject to the covenants, agreements, terms, provisions and limitations hereinafter set forth, all of which Lessee covenants and agrees to perform and observe.

- (b) MHMR, hereby retains in its ownership interest the right to have access to the premises by way of driveways, walkways, and corridors of the Leased Premises for purposes of inspection as provided for at subsection (m), below.
- (c) This lease agreement is subject to the prior fulfillment by MHMR and UTS of all conditions expressed throughout this Agreement.
- (d) MHMR covenants to UTS that if UTS shall discharge the covenants, agreements and obligations herein set forth to be performed by UTS, UTS shall have and enjoy, during the Term hereof the quiet and undisturbed possession of the Leased Premises.
- (e) UTS covenants that during the Term hereof, UTS will comply, at its sole cost, the expense with all federal and state laws which may be applicable to the Leased Premises, the

buildings, improvements and equipment to be situated on the Leased Premises, the use or manner of use of the Leased Premises or the carrying on of UTS business on the Leased Premises.

- (f) UTS shall have the right, and MHMR agrees to cooperate with UTS to the extent fully reasonable, including if necessary the joining in suit, after written notice to them to contest by appropriate legal proceedings the validity of the law, ordinance, rule, regulation or requirement of the nature referred to in subsection (e), above, and to postpone compliance with the same, provided such contest shall be promptly and diligently prosecuted. MHMR, at its expense, shall also have the right, but not the obligation, to contest any such law, ordinance, rule, regulation or requirement.
- (g) Any construction or improvements on the Leased Premises shall be approved in writing by MHMR prior to commencement of construction or improvement and such approval shall not be unreasonably withheld.
- (h) All major fixed equipment listed at Exhibit 17 shall be owned by MHMR. The entire cost and expense of repairing or replacing such fixed equipment shall be borne and paid for by UTS. At any time of a sale or other disposition of major fixed equipment, MHMR shall reimburse UTS an amount of money equal to the then fair market value of such repairing or replacement projects, as determined by the Commissioner and the Executive Vice Chancellor.
- (i) Any and all movable equipment, signs, furniture, and other property installed by UTS, shall be and remain the property of UTS and may be removed from the Leased Premises by UTS at its cost at any time prior to or upon the termination of this Lease; provided, however, UTS shall be liable for any material damage or injury to the Leased Premises occasioned by such removal.
- (j) UTS shall have the right to finance the acquisition and installation of UTS property by granting a security interest therein or entering into an equipment lease therefor; and in connection therewith, MHMR agrees to subordinate any landlord's lien which it may possess on any and all of UTS property.
- (k) Any and all necessary or desirable changes and alterations in or to the improvements, in excess of \$10,000,

constructed by UTS upon the Leased Premises shall be approved in writing by MHMR prior to the commencement of the changes or alterations and such approval shall not be unreasonably withheld. All such permitted changes and alterations shall be immediately considered a part of the Leased Premises. UTS covenants and agrees that all work done in connection with any alteration shall be done in a good workmanlike manner and in compliance with all federal and state rules and regulations.

- (l) All of the covenants, agreements, conditions and restrictions set forth in this Agreement are intended to be and shall be construed as covenants running with the land, binding upon, inuring to the benefit of and enforceable by the parties hereto and their successors and assigns.
- (m) MHMR, through agents or representatives, shall have full right and authority to enter in and upon the Leased Premises, and any building or improvements to be constructed by UTS thereon, at any and all reasonable times during normal business hours during the Term of this Lease upon reasonable notice to UTS and without interference with the use or business of UTS for the purpose of inspecting the same, without the interference or hindrance by UTS or by agents or representatives.
- (n) With the prior written consent of MHMR, UTS shall have the right to sublet all or any portion of the Leased Premises, or the improvements constructed thereon by UTS for activities consistent with or related to the construction and operation of UTMSI. Any sublease or assignment shall be subject and subordinate to this Lease. No prior written consent shall be required for the assignment, subletting or transfer of this Lease in the event that such assignment, subletting or transfer occurs in connection with a reorganization of UTS by a mere change in the identity, form, or place of organization. UTS and MHMR agree to share equally the net excess of revenues over expenditures incurred as a result of any such sublease.
- (o) On September 1, 1985, and thereafter, UT Health Science Center shall obtain utility services and sewer facilities required for use of the Leased Premises. UTS shall pay or cause to be paid all subsequent charges for gas, electricity, water, sewer service, telecommunications, and other utilities obtained for the Leased Premises during the Term of this Lease and all sewer use charges or similar charges or assessments for utilities levied against the Leased

Premises during the Term of this Lease. A list of utility providers is attached at Exhibit 36.

- (p) On September 1, 1985, and thereafter, UTS covenants, throughout the Term hereof, to take good care of all improvements constructed by UTS upon the Leased Premises and, subject to the provisions of this Lease, elsewhere set forth, to keep the same in good working order and condition, excepting reasonable wear and tear, and to make all necessary repairs thereto, interior and exterior, structural and nonstructural. UTS shall keep and maintain all portions of the improvements constructed by UTS upon the Leased Premises and all sidewalks, passageways and driveways within the Leased Premises in a clean and orderly condition.
- (q) On September 1, 1985, and thereafter, UTS shall not suffer or permit any mechanics' or materialmen's liens to be enforced against the Leased Premises or against the fee estate of MHMR as to the Leased Premises, by reason of work, labor, services or materials supplied or claimed to have been supplied to UTS or anyone holding the Leased Premises or any part thereof, through or under the Lease. If any such mechanics' or materialmen's liens shall at any time be filed against the Leased Premises, UTS shall, within 90 days after notice to UTS of the filing thereof, cause the same to be discharged of record or make provisions acceptable to MHMR for the discharge of such lien; provided, however, that UTS shall have the right to contest the amount or validity, in whole or in part, of any such lien by appropriate proceedings.
- (r) If, at any time during the Term of this Agreement, the Leased Premises or any part thereof shall be damaged or destroyed by fire or other casualty of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, UTS shall, to the extent only that funds are made available by MHMR, repair, alter, restore, replace or rebuild the same to such extent and in such manner as UTS may deem appropriate; provided, however, in the event such damage or destruction occurs during the last five years of the Term of this Lease, UTS may elect whether or not it wishes to repair, restore, replace or rebuild. Such repair, alteration, restoration, replacement or rebuilding, including such changes and alterations as aforementioned and including temporary repairs for the protection of other property pending the completion of any thereof, are sometimes referred to in this Section as "Work." All insurance

money, if any, paid on account of such damage or destruction, shall be available for the payment of the cost of the Work to the extent such insurance proceeds are required for such purpose. No mortgage of the fee or any other creditor of MHMR shall be entitled to receive any of the proceeds.

- (s) In no event shall UTS be entitled to any abatement, allowance, reduction or suspension of rent because part or all of the Leased Premises shall be untenable owing to the partial or total destruction thereof, and notwithstanding anything herein to the contrary, no such damage or destruction shall affect in any way the obligation of UTS to pay the rent due and other charges herein reserved or required to be paid, nor release UTS of or from any obligation imposed upon UTS under this Lease.
- (t) Notwithstanding the provisions of (r) and (s) above, UTS shall have the right to terminate this Lease if at any time during the Term of this Lease any Improvements constructed by UTS on the Leased Premises shall be damaged or destroyed by fire or any other casualty whatsoever to the extent that it would not be in the best interest of UTS and MHMR to repair such damage.
- (u) The time within which either party hereto shall be required to perform any act under this Agreement shall be extended by a period of time equal to the number of days during which performance of such act is delayed unavoidably by strikes, lockouts, Acts of God, governmental restrictions, failure or inability to secure materials or labor by reason of priority or similar regulations or order of any governmental or regulatory body, enemy action, civil disturbance, fire, unavoidable casualties or any other cause beyond the reasonable control of either party hereto.

Sec. 17. Term

- (a) Subject to Legislative action, this Lease between MHMR and the Board of Regents of UTS shall be for an initial term of two years, automatically renewable for two-year terms thereafter unless either party gives written notice of this intention not to renew at least sixty (60) days prior to the expiration of the initial term or renewal term, as the case may be.
- (b) Notwithstanding any other provisions in this Lease, to the contrary, either party may terminate this Lease for good

cause so long as such termination is not inconsistent with applicable state law, at any time prior to the expiration of the initial term or any renewal term, by giving the other party written notice one year prior to the proposed date of termination. Such notice shall include a detailed statement of the cause or causes, which may be deficiencies in the performance of responsibilities under this Lease and the other party shall have 6 months within which to remedy the cause or causes or to cure the specified deficiencies, as the case may be. In the event there remains a dispute as to whether or not the cause or causes have been remedied or at the proposed date of termination, then such dispute shall be submitted to the Oversight Committee.

- (c) UTS shall have the right to terminate this Lease upon 90 days prior written notice upon failure to obtain funds sufficient to operate UTMSI as budgeted.

Sec. 18. Rent

Pursuant to S.B. 1295, UTS shall pay rent to MHMR in the amount of one dollar per year for the Term of this Lease.

Sec. 19. Sale or Other Disposition of Land, Buildings, Improvements, Major Fixed Equipment

Pursuant to S.B. 1295, and subject to the prior fulfillment of the conditions set forth in Sec. 13, above, and subject to the provisions of Section 20 below, MHMR may sell or otherwise dispose of the land, buildings, improvements thereon, or major fixed equipment provided that the proceeds from the sale or other disposition shall be used in Harris County for the purposes indicated in Section 1(b) of this Agreement. Subject to the requirements of S.B. 1295, the acquisition or improvement of capital assets which will assist MHMR in the delivery of services in Harris County shall be the purpose for which any such proceeds will be expended.

Sec. 20. Conditions Prior to Sale or Other Disposition

Subject to the prior fulfillment of the conditions set forth in Sec. 13, above, the Board of Regents of The University of Texas System, prior to any sale or other disposition as provided for in Section 19, shall consider and determine whether to approve such sale or disposition and the allocation of

proceeds. No sale or other disposition shall be valid without the approval of the Board of Regents.

PART C: TRANSFER AGREEMENTS, CONDITIONS TO
OBLIGATIONS, CLOSING FUNDS, RESEARCH,
APPROPRIATIONS, CONTRACTS FOR SERVICES

Article IV. TRANSFER AGREEMENTS

Sec. 21. Representations and Covenants of MHMR and UTS
Regarding Personnel

- (a) MHMR represents that the names and titles of persons listed at Exhibit 15 constitute the present institute personnel. UTS agrees that present institute personnel shall be allowed to apply for employment with UTS and be given priority consideration for such employment.
- (b) Unless or until state law provides otherwise, if employed by UTS on or after September 1, 1985, TRIMS employees who become employees of the UTS shall, pursuant to S.B. 1295, become members of the Teacher Retirement System of Texas, if they are otherwise eligible under the law and rules governing membership, and all their service and salary credit shall be transferred from the Employees Retirement System to the Teacher Retirement System, subject to Subsections (c) and (d) of this section.
- (c) Unless or until state law provides otherwise, service of those employees that was covered by the Employees Retirement System before the transfer shall thereafter be regarded as service that was covered by the Teacher Retirement System. The law and rules of the Teacher Retirement System pertaining to membership, service and salary credit, member contributions, and reinstatement of withdrawn accounts shall apply to service occurring before the transfer, except that the member contribution rate for such service shall be that in effect for members of the Employees Retirement System. Member contributions previously withdrawn from the Employees Retirement System may be reinstated in the Teacher Retirement System only subject to the laws and rules governing reinstatement of accounts and credit in the Teacher Retirement System.

- (d) Unless or until state law provides otherwise, military service credit already established with the Employees Retirement System shall be credited by the Teacher Retirement System only when the employee's service credit, excluding military credit, in the Teacher Retirement System consists of at least 10 years. Deposits for military credit transferred under Subsection (e) of this section will be placed in the member savings account of the employee and refunded if the employee dies or retires on a disability benefit before obtaining 10 years of credit. An employee may obtain a total of no more than five years of military service credit in the Teacher Retirement System, including military credit transferred pursuant to this section, and may not receive duplicate credit for the same military duty.
- (e) Unless or until state law provides otherwise, when credit is transferred pursuant to this section or as soon thereafter as possible, the Employees Retirement System shall transfer to the Teacher Retirement System the following:
- (1) all amounts in the individual member accounts with the Employees Retirement System of employees described in Subsection (b) of this section and of any member contributions subsequently received for these employees for service before the date of transfer; and
 - (2) an amount from the state accumulation fund determined by the actuary of the Employees Retirement System to be such that the transfer of funds and service credit under this section will neither increase nor diminish the period required to amortize the unfunded liability of that system.
- (f) Unless or until state law provides otherwise, an employee described in Subsection (b) of this section shall not be entitled to a refund of contributions or retirement from the Employees Retirement System in lieu of the transfer of credit provided by S.B. 1295. After the transfer of the institute to UTS, the employee shall not be entitled to credit in the Employees Retirement System for service subject to transfer to the Teacher Retirement System under this section.
- (g) Unless or until state law provides otherwise, MHMR and UTS acknowledge that the legislature may appropriate to the Teacher Retirement System an amount determined necessary to finance the additional actuarial liabilities created by

this section and not financed by the transfer of funds provided by Subsection (e) of this section.

- (h) Unless or until state law provides otherwise, MHMR and UTS shall provide the Teacher Retirement System with information necessary to establish employees' rights to credit under this section. The Employees Retirement System and the Teacher Retirement System shall establish procedures to prevent duplication of retirement credit for the same service.
- (i) If employed by The University of Texas System, such former TRIMS employees shall be subject to the personnel policies, Rules and Regulations of the Board of Regents of The University of Texas System, after the transfer provided for in this Agreement.

Sec. 22. Representations, Covenants, Warranties of MHMR and UTS Regarding Inventories, Maintenance, Agreements, and Other Miscellaneous Matters

- (a) MHMR is a nonprofit state agency duly organized and validly existing under the laws of the State of Texas.
- (b) MHMR has the legal power and authority to own all of the assets and properties that will be owned by it on the Closing Date and to perform all of its agreements and obligations set forth in this Agreement; and the execution and delivery of this Agreement and performance of MHMR agreements and obligations set out herein by its officers and agents have been duly approved and authorized by the Board of MHMR.
- (c) The consummation of the transactions contemplated by this Agreement will not result in the breach of any term or provision of, or constitute a default under, any deed, mortgage, deed of trust, lease, grant or contract, or other agreement or instrument to which MHMR is a party or by which it is bound, or to which any of its assets or properties are subject.
- (d) MHMR is the fee estate owner of the Leased Premises under Deed in lieu of Lost Deed dated May 19, 1959, a copy of which is attached as Exhibit 16, between donor, and MHMR as donee; and the Deed is now and on the Closing Date will be in full force and effect, and MHMR is not now and on the

Closing Date will not be in violation of or default under any term or provision thereof.

- (e) MHMR now owns, and on the Closing Date will own, the building and improvements including major fixed equipment, a list of which equipment is attached as Exhibit 17, constituting TRIMS, that are constructed and are located on the land covered by the Deed, subject to the terms and provisions of the Deed.
- (f) MHMR, on behalf of TRIMS, now owns all of the movable equipment described in Exhibit 18, attached hereto and made a part hereof, and none of the movable equipment is, to the knowledge or belief of MHMR, subject to any lien, security agreement, encumbrance or other charge; and on the Closing Date, the movable equipment (except for such changes therein as may in the meantime be made in due course of operations) will be owned by MHMR and not, to the knowledge or belief of MHMR, subject to any lien, security agreement, encumbrance or other charge (except as stated above).
- (g) MHMR, on behalf of TRIMS, is not now, and on the Closing Date will not be, a party, as lessor or lessee, to any lease covering personal property except those listed at Exhibit 19. Copies of such leases are attached at Exhibit 20.
- (h) MHMR, on behalf of TRIMS, is not now, and on the Closing Date will not be a party to any maintenance or other contract except those listed at Exhibit 21. Copies of maintenance or other contracts are attached at Exhibit 22.
- (i) MHMR, on behalf of TRIMS, is not now, and on the Closing Date will not be a party to any Affiliation Agreements except those listed at Exhibit 23. Copies of Affiliation Agreements are attached at Exhibit 24.
- (j) MHMR, on behalf of TRIMS, is not now, and on the Closing Date will not be the owner or the owner of any parts of a library except that inventory of the library of the institute as listed at Exhibit 25.
- (k) MHMR, on behalf of TRIMS, is not now, and on the Closing Date will not be the permit holder of any permits except those listed at Exhibit 26. Copies of permits are attached at Exhibit 27.

- (l) MHMR, on behalf of TRIMS, is not now, and on the Closing Date will not be the licensor nor licensee of any licensor except for those listed at Exhibit 28. Copies of licenses are attached as Exhibit 29.
- (m) MHMR, on behalf of TRIMS, is not now, and on Closing Date, will not be accredited excepted by those entities listed at Exhibit 30. Copies of Accrediting Statements are attached as Exhibit 31.
- (n) MHMR, on behalf of TRIMS, is not now, and on Closing Date will not be a party to any grievance, EEOC or Section 504 complaint, or lawsuit other than those listed at Exhibit 32.
- (o) MHMR, on behalf of TRIMS, is not now, and on Closing Date will not be the owner or holder of title of any motor vehicle except except for those listed at Exhibit 33. MHMR agrees that the titles, copies of which are found at Exhibit 33, shall be signed over by its representative to UTS's representative at 12:01 a.m. on September 1, 1985, at the administrator's office.
- (p) MHMR is the recipient of the grants and is the performing party under the contracts described in Exhibit 34, hereto attached and made a part hereof, and the data shown on Exhibit 35, pertaining to the grants and contracts are true and correct. MHMR will use its best efforts to continue each of the grants and contracts in effect to the Closing Date. MHMR, on behalf of TRIMS, is not now, and on the Closing Date will not be, a party to any grants and contracts except those described on Exhibits 34 and 35, those, if any, which MHMR may, prior to the Closing Date, receive or enter into with the written consent of UTS.
- (q) MHMR, on behalf of TRIMS, is not now, and on the Closing Date, will not be the owner or holder of copyrights or other intellectual property interests except those listed at Exhibit 37.
- (r) UTS represents, covenants and warrants that the Board of Regents of UTS, for the benefit of the UT Health Science Center at Houston, has the legal power and authority to accept and own the assets and properties of MHMR or TRIMS that will be contributed, transferred, assigned and delivered to the Board of Regents of UTS for the benefit of

UT Health Science Center, as contemplated by this Agreement, and to perform all of its agreements and obligations set forth in this Agreement.

- (s) The execution and delivery of this Agreement and performance of UTS's agreements and obligations set out herein by its officers and agents and by the officers and agents of UT Health Science Center have been duly approved and authorized by the Board of Regents of UTS.
- (t) The Board of Regents of UTS hereby authorizes UT Health Science Center at Houston to recruit, employ, train, promote, assign and set rates of compensation, suspend or terminate employees of UTMSI in accordance with the Rules and Regulations of the Board of Regents, all as necessary for UTS to fulfill its obligations under this Agreement for the proper operation and maintenance of the UTMSI. All such employees shall be employees of and shall be carried on the payroll of UT Health Science Center and shall not be employees of MHMR.

Sec. 23. Financial Audit of TRIMS

- (a) MHMR will before December 31, 1985, deliver to UTS the Balance Sheet of TRIMS as of August 31, 1985 and a related Operating Statement for the 12 month period then ended, certified by a joint audit team of employees of MHMR and UTHSCH. Such statements will be true, correct and complete, will be prepared in accordance with sound accounting practice and principles consistently followed, and will fairly present the condition of TRIMS on the date of said Balance Sheet. MHMR will have no knowledge of any liability, actual, contingent or otherwise, which will not be reflected in said Balance Sheet, including the related schedules, if any, and notes.
- (b) MHMR and UTS agree that MHMR may sublease space in the Leased Premises for purposes of closing the books of TRIMS and closing personnel matters under such terms and conditions as the Commissioner and the Executive Vice Chancellor may in writing mutually agree upon at Closing. The sublease may also be entered into for such other purposes as the Commissioner and the Executive Vice Chancellor may mutually agree upon.

Sec. 24. Ratification, Confirmation, and Validation of
Contracts and Written Obligations; Waivers

- (a) Pursuant to S.B. 1295, the contracts and written obligations of every kind and character as listed in Exhibits attached to this agreement and entered into by the MHMR for and on behalf of TRIMS shall be considered by UTS as ratified, confirmed, and validated by operation of law on September 1, 1985, and in all such contracts and written obligations, the Board of Regents of The University of Texas System shall be substituted in lieu and shall stand and act in place and stead of MHMR.
- (b) No variations, modifications or changes herein or hereof shall be binding upon any party hereto unless executed by such party or by a duly authorized officer or a duly authorized agent of the particular party. No waiver or waivers of any breach or default or any breaches or defaults by either party of any term, condition or liability of or a performance by the other party of any duty or obligation hereunder, including without limitation the acceptance by MHMR, or payment by UTS of any rentals at any time or in any manner other than as herein provided, shall be deemed a waiver thereof or of any waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver or waivers of subsequent breaches or defaults of any kind, character or description under any circumstances. The acceptance by MHMR of any performance, rental, additional rent or other sum or sums of money or other charges herein reserved to be paid or provided to be done by UTS from any person, firm, or corporation other than UTS shall not discharge UTS or any others liable with UTS except to the extent of the performance any payment so accepted by MHMR from liability to pay the rental, additional rent or other sum or sums of money and other charges herein provided to be paid by UTS or from liability to perform any of the terms, covenants, conditions and agreements herein set forth.

Article V. CONDITIONS TO OBLIGATIONS
UNDER TRANSFER AGREEMENTS; CLOSING

Sec. 25. Conditions to Obligations of MHMR

The agreements and obligations of MHMR herein set forth shall be subject to the fulfillment of each of the following

conditions on or before the Closing Date (any one or more of which MHMR may expressly waive by a written instrument signed by its Commissioner or written designee and delivered to UTS):

- (a) UTS shall have performed all of the agreements required to be performed by it on or before the Closing Date;
- (b) The representations, covenants and warranties of UTS shall be true in all material respects on and as of the Closing Date as if made on the Closing Date, except as otherwise contemplated by this Agreement;
- (c) UTS shall have delivered to MHMR its certificate signed by a duly authorized officer stating that all representations, covenants and warranties of UTS herein contained are true on and as of the Closing Date in all material respects as if made on that date;
- (d) MHMR or UTS shall have received from all necessary persons written consents to any assignments and transfer of rights, titles and interests in written contracts to the Board of Regents of UTS for the benefits of UT Health Science Center;
- (e) MHMR or UTS shall have received from the various lessors of the equipment leases their consents to the assignment and transfer to UTS of the rights, titles and interests of the lessee under their respective equipment leases;
- (f) MHMR or UTS shall have received from the donors and contracting parties of the grants and contracts their written consents to the assignment and transfer of their respective grants and contracts to UTS, and the assumption and agreement to perform same by UTS, and
- (g) UTS shall have delivered to MHMR an opinion from its Office of General Counsel for UTS in this transaction, dated the Closing Date, to the effect that:
 - (1) The Board of Regents of UTS, for the benefit of UT Health Science Center, has the legal power and authority to accept and own the assets and properties of MHMR that will be contributed, transferred, assigned and delivered to the Board of Regents of UTS for the benefit of UT Health Science Center as contemplated by this Agreement, and to perform all of its agreements and obligations set forth in this Agreement; and

- (2) The execution and delivery of this Agreement and performance of the agreements and obligations of UTS set out herein by the officers and agents of UTS have been duly approved and authorized by the Board of Regents of UTS; and no further approval or action is required in connection therewith.

Sec. 26. Conditions of Obligations of UTS

The agreements and obligations of the Board of Regents of UTS, expressly including those of UTS and the UT Health Science Center at Houston herein set forth shall be subject to the fulfillment of each of the following conditions on or before the Closing Date (any one or more of which the Board of Regents of UTS may expressly waive by a written instrument signed by the Chancellor or the Executive Vice Chancellor for Health Affairs of UTS, or by the President of the UT Health Science Center, and delivered to MHMR):

- (a) MHMR shall have performed all of its agreements required to be performed by it on or before the Closing Date;
- (b) The representations, covenants and warranties of MHMR shall be true in all material respects on and as of the Closing Date as if made on the Closing Date, except as otherwise contemplated by this Agreement;
- (c) MHMR shall have delivered to UTS its certificate signed by its Commissioner stating that all representations, covenants and warranties of MHMR herein contained are true on and as of the Closing Date in all material respects as if made on that date;
- (d) UTS shall have received from the various lessors of the equipment leases their consents to the assignment and transfer to UTS of the rights, titles and interests of the lessee under their respective equipment leases;
- (e) UTS shall have received from the donors and contracting parties of the grants and contracts their written consents to the assignment and transfer of their respective grants and contracts to UTS and the assumption and agreement to perform same by UTS;
- (f) MHMR shall have delivered to UTS an opinion from its Office of General Counsel for MHMR in this transaction, dated the Closing Date, to the effect that:

- (1) The Board of MHMR has the legal power and authority to lease and transfer the assets and properties of MHMR that will be contributed, transferred, assigned and delivered to the Board of Regents of UTS for the benefit of UT Health Science Center as contemplated by this Agreement, and to perform all of its agreements and obligations set forth in this Agreement; and
- (2) The execution and delivery of this Agreement and performance of the agreements and obligations of MHMR set out herein by the officers and agents of MHMR have been duly approved and authorized by the Board of MHMR; and no further approval or action is required in connection therewith.

Sec. 27. Closing

Consummation of the assignment and transfer of TRIMS to UTS, as contemplated by this Agreement, which event is herein sometimes called the "Closing", will take place at the office of TRIMS, at 1300 Moursund Avenue in Houston, Texas, at 1:00 o'clock p.m. (Central Daylight Savings Time) on August 19, 1985. PROVIDED, HOWEVER, that if the conditions for closing hereinabove set forth shall not have been fulfilled by August 19, 1985, or other good cause exists for deferring the Closing, MHMR or UTS may upon written notice to the other postpone the Closing to another date mutually agreed upon by them, but not beyond August 31, 1985. The date of the Closing is herein called the "Closing Date." The Closing shall be effective on and as of August 19, 1985, (herein called the "Effective Date of the Closing") whether such date be prior or subsequent to the actual Closing Date; but by mutual agreement of MHMR and UTS a different date may be designated as the Effective Date of the Closing.

At the Closing MHMR will execute and deliver to UTS designating as grantee or assignee the Board of Regents of The University of Texas System, for the use and benefit of UT Health Science Center in the operation of UTMSI:

- (a) MHMR's good and sufficient Lease, leasing the fee estate and the right, title and interest of MHMR to the Leased Premises, and granting and conveying the building and improvement on the land covered by the Lease, together with the major fixed equipment;

- (b) MHMR's good and sufficient Bill of Sale assigning, transferring and delivering the movable equipment;
- (c) MHMR's good and sufficient Assignments, assigning, transferring and delivering:
 - (1) the rights, titles and interest of the lessee under the equipment leases;
 - (2) the rights, agreements and obligations of MHMR under those maintenance contracts which will not have been theretofore terminated at the request of UTS;
 - (3) the rights, agreements and obligations of MHMR under the grants and contracts (except any approval for the transfer of which, shall not have been obtained); and
- (d) Under appropriate cover letter from the Commissioner to the Executive Vice Chancellor, MHMR's good and sufficient checks, stock powers, assignments and other instruments as may be necessary or appropriate to assign, transfer and deliver to UTS all of MHMR's cash funds, bank accounts, insurance policies (except those that shall have been cancelled or terminated at the request of UTS) and other assets and properties owned by it on the Effective Date of the Closing, and appropriate references to sources of funds for this agreement and contracts hereunder; and
- (e) Duplicate signed or other copies of any releases MHMR will have obtained from MHMR employees;

At the Closing the Board of Regents of UTS will join MHMR in the execution of, and deliver to MHMR executed counterparts of the Assignments of MHMR, whereby the Board of Regents of UTS will expressly assume and agree to perform all of the agreements and obligations of MHMR contained in, arising out of or pertaining to the equipment leases, maintenance and other contracts, grants and contracts referred to therein.

Each party agrees to pay and discharge all costs and expenses, including attorneys' fees and expenses, incurred by it in connection with this Agreement and its consummation.

Article VI. FUNDS, RESEARCH APPROPRIATIONS,
CONTRACT FOR SERVICES

Sec. 28. Funds

Any gifts, grants, unexpended balances of appropriated or unappropriated funds, and all movable equipment held by MHMR on behalf of, or for the use and benefit of the TRIMS shall be transferred to UTS on September 1, 1985, pursuant to the provisions of S.B. 1295, S.B. 1322, H.B. 20. Unless otherwise determined through a review of legislative intent, all funds collected and held by the Genetics Counseling and Screening component of TRIMS through August 31, 1985, pursuant to the provisions of Sec. 2.25 of Art. 5547-202, V.T.C.S., shall be retained by MHMR.

Sec. 29. Research Appropriations

Pursuant to S.B. 1295, the sum of \$1 million appropriated to MHMR for the conduct of research at TRIMS in H.B. 20, Acts of the 69th Legislature, Regular Session, 1985, shall be transferred by MHMR to UTS for the conduct of that research on September 1, 1985.

Sec. 30. Contract for Services

Funds that are the subject of the contract for inpatient and outpatient services between MHMR and UTS, as found at Exhibit 40, shall be paid from MHMR to UTS in the manner indicated in the terms of such a contract.

Article VII. OTHER TRANSFER AGREEMENTS

Sec. 31. Phases of Transition and Transfer

(a) MHMR and UTS agree that the transition and transfer from TRIMS to UTMSI consists of three phases as follows:

- Phase I: Activities prior to Closing Date;
- Phase II: Activities from Closing Date to September 1, 1985; and
- Phase III: Activities after September 1, 1985.

- (b) During Phase I, the Contract for Services for Psychiatric Inpatients and Outpatients was executed by the Commissioner on behalf of MHMR and by the Executive Vice Chancellor on behalf of UTS.
- (c) The Contract for Services executed by the Commissioner and the Executive Vice Chancellor during Phase I is in all respects hereby ratified, confirmed and validated by MHMR and UTS.
- (d) During Phase II, the activities listed in Sections 32 and 33, below, are to take place and MHMR and UTS agree to approve, confirm, and validate those activities at their respective next meetings of their Boards.
- (e) During Phase III, MHMR and UTS agree to participate in the transfer evaluation as provided for in Section 13, above, and perform the actions required of each in any contract of services for inpatient and outpatient care, and for any extramural and other laboratory consultative services.

Sec. 32. Agreements to be Performed by MHMR Before Closing

- (a) MHMR will duly adopt:
 - (1) a resolution to dissolve TRIMS and cease conducting its affairs (except insofar as may be necessary for the winding up thereof); and
 - (2) the Plan of Dissolution (the "Plan of Dissolution") consistent with the terms and provisions of this Agreement, a copy of which is set out in Exhibit 41 and incorporated herein as if recited verbatim.
- (b) MHMR will promptly deliver to UTS: certificates in due form of the resolutions of its Board authorizing and directing the execution of this Agreement and performance of the agreements and obligations of MHMR set forth herein, and authorizing the dissolution of TRIMS; and a copy of the Plan of Dissolution.
- (c) MHMR will use its best efforts to obtain prior to the Closing:
 - (1) The written consent of the various lessors of the equipment leases to the assignment and transfer of the

rights, titles and interests of the lessee thereunder to UTS;

- (2) The written consent of the other parties to all maintenance contracts to UTS (except such of them as UTS will request MHMR to terminate as of the Effective Date of the Closing);
 - (3) The written approval of those who made same to the assignment and transfer of the pledges to UTS; and
 - (4) The written consent of the donors and contracting parties of the grants and contracts to the assignment and transfer thereof to UTS as of the Effective Date of the Closing.
- (d) MHMR will not, after August 2, 1985, without the prior written consent of UTS accept or enter into any new grant or contract similar to those described in Exhibit 35.
- (e) MHMR will, upon being requested in writing by UTS to do so, give notice of termination, as of the Effective Date of the Closing, to the other parties to such maintenance contracts as are described in Exhibit 22 that UTS will not desire to maintain in effect after the Effective Date of the Closing.

Sec. 33. Agreements of UTS to be Performed Prior to Closing

UTS will promptly deliver to MHMR a certificate in due form of the resolution of its Board of Regents authorizing and directing the execution of this Agreement and performance of the agreements and obligations of UTS set forth herein.

Sec. 34. Agreements to be Performed by MHMR After Closing

- (a) MHMR will upon the request of UTS execute and deliver such additional correction Assignments, Bills of Sale and supplemental and other documents and instruments as may be required, appropriate or reasonably requested in order to vest in the Board of Regents of UTS the leasehold estate under the Lease, the movable equipment and the other assets and properties to be conveyed, assigned and delivered hereunder, and otherwise to carryout and perform the terms, provisions and intent of this Agreement.

- (b) MHMR will carry out and comply with the Plan of Dissolution of TRIMS and dissolve and wind up its affairs as set forth in the Plan of Dissolution.

Sec. 35. Agreements of UTS to be Performed After the Closing

- (a) The Board of Regents of UTS will upon the request of MHMR execute and deliver such additional documents and instruments as may be required, appropriate or reasonably request to carry out and perform the terms, provisions and intent of this Agreement.
- (b) UTS agrees that, except only to the extent it may be unable to obtain funds therefor: UTS will maintain and continue the operation of UTMSI in the manner specified herein.

PART D: MISCELLANEOUS

Article VIII. MISCELLANEOUS

Sec. 36. Survival of Representations

All representations, covenants, warranties, agreements, and obligations of either party contained herein shall survive the Closing and remain in full force and effect.

Sec. 37. Construction of Agreement

- (a) This Agreement shall be liberally construed, consistent with the provisions of the laws of the State of Texas.
- (b) If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement, or the application of such term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(c) This Agreement, together with the exhibits hereto attached and the schedules and documents herein referred to and prepared and delivered pursuant to this Agreement, embody the entire agreement between the parties. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall be deemed for all purposes one Agreement.

Sec. 38. Amendments

This Agreement may be amended only by written instrument executed by authorized signatories for the parties hereto.

Sec. 39. Non-Assumption of Liabilities

UTS shall not by entering into and performing this Agreement assume or become liable for any of the obligations, liabilities or debts of MHMR or TRIMS other than as provided for in S.B. 1295 and H.B. 20. No partnership or joint venture is intended or created by this Agreement.

Sec. 40. Exoneration

Notwithstanding any term or provision of this Agreement or any statute or rule of law to the contrary, no officer, employee or agent of MHMR, UTS, and TRIMS shall have any personal responsibility, obligation or liability for, arising out of, or in connection with any term or provision of this Agreement or hereunder, and each of them is fully exonerated in connection therewith, except only for acts or conduct involving personal dishonesty.

Sec. 41. Notices

Any Notice, communication, request, reply or advice, or duplicate thereof (hereinafter severally and collectively, for convenience, called "Notice") in this Agreement provided or permitted to be given, made or accepted by the parties to any other party must be in writing, and may, unless otherwise in this instrument expressly provided, be given or be served by depositing the same in the United States mail, postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party, or if the party or parties to be

notified be incorporated, to an officer of such party, or be prepaid telegram when appropriately addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be effective, unless otherwise stated in this Agreement, from and after the expiration of five (5) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For purposes of notice and addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to MHMR, addressed to:

Board of Texas Department
Mental Health and Mental Retardation
909 West 45th Street
Austin, Texas 78756
Attention: Dr. Gary Miller, Commissioner

with copies to:

Office of General Counsel, MHMR
909 West 45th Street
Austin, Texas 78756
Attention: Mr. W. Kent Johnson,
Director of Legal Services

If to UTS addressed to:

The Board of Regents of The University
of Texas System
c/o The University of Texas System
Office of Investments and Trusts
210 West Sixth Street
Austin, Texas 78701
Attention: Executive Secretary
Arthur H. Dilly

with copies to:

(1) Office of the Chancellor
601 Colorado Street
Austin, Texas 78701
Attention: Dr. Charles B. Mullins,
Executive Vice Chancellor for Health Affairs

- (2) Office of the President
The University of Texas Health
Science Center at Houston
P.O. Box 20036
Houston, Texas 77225
Attention: Dr. Roger J. Bulger, President
- (3) Office of General Counsel, U.T. System
Attention: John L. Darrouzet, Attorney
201 West Seventh Street
Austin, Texas 78701

However, the parties hereto and their respective heirs, successors, legal representatives and assigns shall have the right from time to time and at any time to change their respective addresses and shall have the right to specify as their respective addresses and other addresses within the United States of America by at least fifteen (15) days' written notice to the other party; provided, however, if at any one time more than one person or party owns an interest in the Leased Premises, nevertheless such persons or parties may not designate more than two such persons or parties may not designate more than two places or addresses to receive notice pursuant to the terms hereof. Each party shall have the right to change such party's address for purposes of notice, by giving written notice to the other party in the manner herein set forth.

EXECUTION

EXECUTED as of the day and year first above written.

Texas Board of Mental Health
and Mental Retardation

Recommended for Approval:

By: _____

Title: _____

Form Approved:

Content Approved:

W. Kent Johnson
Director of Legal Services

Dr. Gary Miller
Commissioner

Attest:

Approved:

Barbara Miller
Secretary
MHMR Board

R. Coke Mills
Chairman
Board of MHMR

The Board of Regents of
The University of Texas
System on behalf of The
University of Texas Health
Science Center at Houston

Recommended for Approval:

Dr. Roger J. Bulger
President
The University of Texas
Health Science Center at
Houston

Form Approved:

Office of General Counsel
The University of Texas
System

Content Approved:

Dr. Charles B. Mullins
Executive Vice Chancellor for
Health Affairs

Attest:

Arthur H. Dilly
Executive Secretary to the
Board of Regents

Approved:

Jess Hay
Chairman
The Board of Regents

CONTRACT FOR SERVICES
FOR
PSYCHIATRIC INPATIENTS AND OUTPATIENTS

TEXAS BOARD OF
MENTAL HEALTH AND
MENTAL RETARDATION

THE BOARD OF REGENTS
OF THE UNIVERSITY OF
TEXAS SYSTEM

July 1985

Contract for Services
for
Psychiatric Inpatients and Outpatients

THIS CONTRACT, dated August 1, 1985, by and between The Texas Board of Mental Health and Mental Retardation (MHMR) and The Board of Regents of The University of Texas System (UTS), acting on behalf of its component health institution, The University of Texas Health Science Center at Houston (UTHSCH), to be effective September 1, 1985, unless otherwise expressly indicated,

WITNESSETH:

WHEREAS, pursuant to the provisions of Senate Bill 1295, Acts of the 69th Legislature, Regular Session, 1985, effective September 1, 1985, MHMR by law is required to insure continuity of care for inpatients and outpatients previously served by the Texas Research Institute of Mental Sciences (TRIMS), a facility of MHMR, located in Houston, Harris County, Texas, which will be dissolved by MHMR pursuant to S.B. 1295, and

WHEREAS, pursuant to the provisions of House Bill 20, Acts of the 69th Legislature, Regular Session, 1985, MHMR has been appropriated certain funds with which to contract for services for such psychiatric patients, and

WHEREAS, pursuant to the provisions of S.B. 1295, UTS will establish on September 1, 1985, The University of Texas Mental Sciences Institute (UTMSI) as a part of UTHSCH in order to take over the facilities of TRIMS, and govern and operate such facilities, and

WHEREAS, MHMR and UTS are entering into an Agreement for Lease and Transfer of TRIMS which authorizes this Contract for Services, and

WHEREAS, UTS desires to provide services to the previous psychiatric inpatients and outpatients of TRIMS beginning on September 1, 1985,

NOW, THEREFORE, MHMR AND UTS MUTUALLY
AGREE AS FOLLOWS:

Part A: INPATIENT SERVICES

Sec. 1. Previous Patients

UTS agrees to make inpatient services available to any of the previous psychiatric patients, i.e., fiscal year (FY) 1984-85 patients of TRIMS who need them and whose identifying numbers are listed in Exhibit 5 of the Agreement for Lease and Transfer, beginning on September 1, 1985, and ending August 31, 1986, to insure continuity of services offered by TRIMS to the extent funds are made available hereunder.

Sec. 2. Other Patients

UTS agrees to make inpatient services available to mentally ill persons in Harris County other than those referred to in Section 1 to the extent funds are made available hereunder; provided, however, that previous patients receive services first; provided, further, that the number of such other mentally ill persons together with the number of previous patients being served may not be less than the number of inpatients admitted to TRIMS facilities during FY 1984-1985, provided funds are available for such treatment.

Sec. 3. Quality Inpatient Services

UTS agrees to provide quality inpatient services that are equal to or greater than those previously provided by TRIMS.

Sec. 4. Delegation

UTS may, and hereby does, delegate the authority to provide such inpatient services to UTHSCH.

Sec. 5. Subcontracting

MHMR agrees that UTS or UTHSCH may subcontract for the provision of such inpatient services.

Part B: OUTPATIENT SERVICES

Sec. 6. Previous Patients

UTS agrees to make outpatient services available to the previous psychiatric patients, i.e., FY 1984-85 patients, of TRIMS who need them and whose identifying numbers are listed in Exhibit 5 of the Agreement for Lease and Transfer, beginning September 1, 1985, and ending August 31, 1987, to insure continuity of services currently offered by TRIMS to the extent funds are made available hereunder.

Sec. 7. Other Patients

UTS agrees to make outpatient services available to mentally ill persons in Harris County other than those referred to in Section 6 to the extent funds are made available hereunder; provided, however, that previous patients receive services first.

Sec. 8. Quality Outpatient Services

UTS agrees to provide quality outpatient services that are equal to or greater than those previously provided by TRIMS.

Sec. 9. Delegation

UTS may, and hereby does, delegate the authority to provide such outpatient services to UTHSCH.

Part C: PAYMENT FOR SERVICES

Sec. 10. Payment

In consideration of services to be rendered, MHMR shall pay UTS the amount of \$6.1 million in four payments, quarterly, with the first quarterly payment being paid on September 1, 1985, for services to be rendered during FY 1985-1986 and \$895 thousand and any unexpended balances in four payments, quarterly, with the first payment being paid on September 1, 1986, for services to be rendered during FY 1986-1987. MHMR agrees to seek additional funds, pursuant to the provisions of H.B. 20, Art. II, MHMR Central Office appropriation, Sec. 20, Page II-28, should these amounts become insufficient for UTS to provide the services to the number of patients described in Parts A and B.

Sec. 11. Method of Payment

MHMR shall cause its state funds to be paid to UTS by any method allowable under state law.

With regard to the \$7.1 million noted in Item 9 of the MHMR Central Office appropriation page II-23 of Article II of H.B. 20 for the fiscal year beginning September 1, 1985, not more than \$5,635,053 applicable to inpatient and outpatient care and the \$1.0 million made applicable to research by the provisions of S.B. 1295 will be paid by MHMR to UTS from money appropriated from general revenue funds, unless otherwise permitted by law.

Any funds paid to UTS by MHMR in excess of the referenced \$5,635,053 for inpatient and outpatient care may be paid under this or other contracts provided UTS provides for the services and provides any documents to enable MHMR to meet its obligations to the original funding entity.

Part D: MISCELLANEOUS PROVISIONS

Sec. 12. Records

MHMR shall cause all records of TRIMS patients currently under control of TRIMS to be delivered to the custody of UTHSCH on September 1, 1985. At the end of the contract period, MHMR shall resume custody of the records and cause them to be removed from the premises.

Sec. 13. Amendments

MHMR and UTS agree that this Contract for Services may be amended in writing by the MHMR's Commissioner and UTS's Executive Vice Chancellor for Health Affairs or their respective designees.

Sec. 14. Notice of Cancellation

Either party to this contract may cancel the contract after giving 6 months written notice to the other party of its intent to cancel, unless an earlier time is otherwise mutually agreed upon in writing.

Sec. 15. Return of Unobligated Balances

Any funds paid to UTS by MHMR under this contract which are unobligated by UTS on the date of cancellation of this contract will be returned to MHMR within 30 days.

Sec. 16. Limitation on Expenditures

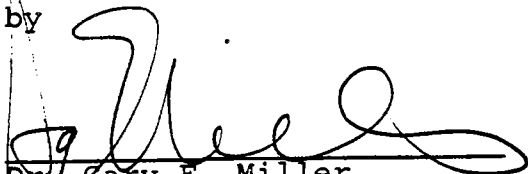
UTS will not expend or obligate any funds under this contract on or after the date it receives notice from MHMR of the intent to cancel without the prior written approval of such expenditures by MHMR, except in emergency situations; provided, however, that any and all phase out costs or obligations shall be approved.

Sec. 17. Conditioned on Board Approval

This Contract for Services is expressly conditioned on the written approval of the Texas Board of Mental Health and Mental Retardation, and on the written approval of the Board of Regents of The University of Texas System.


Executed this 30th day of July, 1985.

MHMR
by



Dr. Gary E. Miller
Commissioner

UTS
by



Dr. Charles B. Mullins
Executive Vice Chancellor
for Health Affairs

SUBCONTRACT FOR SERVICES
FOR
PSYCHIATRIC INPATIENTS

HERMANN HOSPITAL

THE UNIVERSITY OF TEXAS
SYSTEM ON BEHALF OF THE
UNIVERSITY OF TEXAS HEALTH
SCIENCE CENTER AT HOUSTON

July 1985

Subcontract for Services
for
Psychiatric Inpatients

THIS SUBCONTRACT, dated July 31, 1985, by and between the Hermann Hospital (Hospital) and The Board of Regents of The University of Texas System (UTS) on behalf of The University of Texas Health Science Center at Houston (UTHSCH) to be effective September 1, 1985, unless otherwise expressly indicated,

WITNESSETH:

WHEREAS, UTS has entered into a Contract for Services for Psychiatric Inpatients and Outpatients (primary contract) with The Texas Board of Mental Health and Mental Retardation (MHMR) which permits UTS to subcontract for the provision of inpatient services to certain psychiatric patients, and

WHEREAS, UTS desires Hospital to provide inpatient psychiatric services on a subcontract basis, and

WHEREAS, Hospital desires to provide such services,

NOW, THEREFORE, HOSPITAL AND UTS MUTUALLY
AGREE AS FOLLOWS:

Part A: FACILITIES AND SERVICES; PATIENTS: LIMITATIONS

Sec. 1. Facilities and Services

Hospital shall make available: (a) forty (40) private or semiprivate beds for adult patients participating in the primary contract psychiatric program of UTHSCH; (b) admission workups; (c) 24-hour medical care and other basic hospital care; (d) occupational therapy and social work services; (e) appropriate diagnostic testing and medication; and (f) other usual and customary services available to other admitted patients of Hospital.

Sec. 2. Patients

Participating patients will be identified for the hospital admitting office by the Chief of Psychiatry of Hospital or the Chief's designee.

Sec. 3. Limitations

- (a) No patient shall be admitted to Hospital under this Subcontract without the prior approval of the Chief of Psychiatry of Hospital or the Chief's designee.
- (b) The availability of beds shall be subject to disaster and emergency situations.

Part B: PAYMENT

Sec. 4. Charges

The charges for all services to participating patients shall be assessed by Hospital in accordance with its customary fee schedule.

Sec. 5. Payment

- (a) In consideration for the facilities and services set out under Section 1, above, UTS shall pay \$250,000 per month or a total of \$3.0 million for the year beginning September 1, 1985, and ending August 31, 1986.
- (b) Hospital shall make a concerted effort to collect payments from any available source which shall be deducted on a monthly basis from UTS monthly statement; provided, however, that the total amount of deductions shall not exceed \$500,000 for the contract year; and provided further that collections which are received after August 31, 1986, shall be paid to UTS so long as the total of the deductions and these additional collection payments does not exceed \$500,000 altogether.
- (c) If it becomes necessary to extend this contract beyond its term as provided in Section 10, below, UTS and Hermann shall enter into a new agreement at a rate of payment proportional to \$250,000 per month, but not to exceed that \$250,000 per month.

Part C: OTHER PROVISIONS

Sec. 6. MHMR

Hospital agrees that it will permit MHMR or any other party so designated by UTHSCH to examine and evaluate the services provided under this Subcontract, to do periodic on-site surveys and to audit or inspect its fiscal and service records relating to said services at any time. Hospital will also furnish UTHSCH or MHMR such information as may be requested relating to the services herein provided including information from Hospital records maintained on persons served by it; provided, however, that the disclosure of such information is permitted by law.

Sec. 7. Insurance

Hospital has adopted a self-insurance program for its protection against Hospital Professional Liability consisting of a combination of purchased insurance and self-insurance complying with the standards of the Medicare Provider Reimbursement Manual, Section 2162. Participants in the primary contract psychiatric program of UTHSCH would be covered while hospitalized in Hospital. Parameters of the plan are specified in the attached sworn affidavit, Exhibit A.

Sec. 8. Hospital Assurances

In providing the services for which funds are allocated, Hospital gives assurance and agrees that:

- (a) Information obtained in services to any person or persons served under this Subcontract will be available, as permitted by law, to TDMHMR and MHMRA of Harris County.
- (b) All persons shall be served without discrimination because of race, creed, religion, handicap, national origin, or sex and all services provided by Hospital will be provided in compliance with Title VI of the Civil Rights Act of 1964, and all amendments thereto.
- (c) Persons employed or under contract to Hospital will be employed and paid without discrimination because of race, creed, religion, sex, handicap, age, national origin or other Texas or federal, protected classification under Texas or federal law.

(d) Hospital shall give priority consideration to employees and former employees of the Texas Research Institute of Mental Sciences (TRIMS) in staff expansions, reorganizations, or internal transfers necessitated for the services provided for under this Subcontract. By "priority consideration" Hospital means the consideration it will give to TRIMS employees or former employees who apply for employment with Hospital during the period of time beginning June 1, 1985, and ending December 31, 1985, whereby for a given posted position for which a TRIMS or former TRIMS employee applies, Hospital agrees to choose such employee for employment over any other applicant not then currently employed by Hospital, when taken as a whole the qualifications of all applicants are otherwise equally valued.

Sec. 9. Assignments; Amendments

No assignment of the Subcontract or the rights and obligations thereunder shall be valid without the written consent of both parties hereto; and this Subcontract may be amended only by an instrument in writing signed by both parties or representatives authorized to do so.

Sec. 10. Term

This Subcontract shall begin September 1, 1985, and shall terminate August 31, 1986, but maybe extended on a weekly basis thereafter until the opening of the Harris County Psychiatric Center. Failure to comply with the terms of this Subcontract or to provide the services herein are grounds for cancellation. Such cancellation for cause shall require 30 days advance written notice.

Sec. 11. Compliance With Law

It is mutually understood and agreed by the parties that each will comply with the laws of the State of Texas and federal laws of the United States, the regulations, orders and rules of the respective governing bodies and the terms of this Subcontract.

Sec. 12. Reservation of Rights

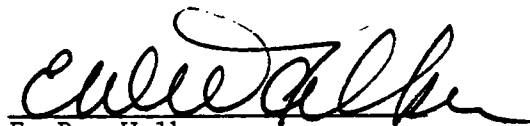
This Subcontract for Services is not a third-party beneficiary agreement and confers no rights upon any person or persons other than the parties to this Subcontract.

Sec. 13. Conditioned on Board Approval

This Subcontract for Services is expressly conditioned on the written approval of the Board of Trustees of the Hermann Hospital Estate and on the written approval of the Board of Regents of The University of Texas System.

Executed this 31st day of July, 1985.

HERMANN HOSPITAL
by



E. Don Walker
President of Administration

THE UNIVERSITY OF TEXAS SYSTEM
by

Dr. Charles B. Mullins
Executive Vice Chancellor
for Health Affairs

APPROVED:



V RANDOLPH GLEASON
GENERAL COUNSEL

the Texas Department of Mental Health and Mental Retardation Board. The lease and transfer will include necessary provisions for the U. T. System to take over the operation of TRIMS on September 1, 1985, and for the establishment of a successor facility, named The University of Texas Mental Sciences Institute as a part of the U. T. Health Science Center - Houston. Related documents are likely to include, among others, agreements with regard to the care of inpatients and outpatients of the former TRIMS.

Inventorying, negotiations on terms of the transfer, novations on contracts and grants, and similar necessary activities are proceeding rapidly, but are not yet complete. As early as possible, a mailing will be made to the U. T. Board of Regents containing the recommendations of the Office of the Chancellor and President Bulger and the final draft of the agreement and related documents.

8. U. T. Health Science Center - Houston: Speech and Hearing Institute Advisory Council - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED).--

RECOMMENDATION

The Office of the Chancellor concurs with President Bulger's recommendation for approval of the nomination of Mr. Richard A. Schey, owner of Schey Advertising and Public Relations, Houston, Texas, to the Speech and Hearing Institute Advisory Council at U. T. Health Science Center - Houston for a one-year term to expire in 1986.

BACKGROUND INFORMATION

This advisory council was established and initial nominees were approved at the April 1983 Board of Regents' meeting. The nomination of Mr. Schey is to an unfilled vacancy on the advisory council.

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

9. U. T. Health Science Center - San Antonio: Request for Permission for Individual to Serve on the National Advisory Council on Drug Abuse of the Alcohol, Drug Abuse, and Mental Health Administration [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

The Office of the Chancellor concurs with President Howe's recommendation that approval be given for Dr. Leonard Lawrence, Associate Dean for Student Affairs at the U. T. Health Science Center - San Antonio, to serve on the National Advisory Council on Drug Abuse of the Alcohol, Drug Abuse, and Mental Health Administration.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this position by Dr. Lawrence is of benefit to the State of Texas; and (2) there is no conflict between the position this individual holds at the U. T. Health Science Center - San Antonio and his appointment to this council.

BACKGROUND INFORMATION

Dr. Lawrence's service in this capacity would be of value to the U. T. Health Science Center - San Antonio and to the U. T. System. The 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.

10. U. T. Health Science Center - San Antonio (U. T. Dental School - San Antonio): Proposed Bylaws for Dental Service, Research and Development Plan.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Howe to approve bylaws for the Dental Service, Research and Development Plan for the U. T. Dental School - San Antonio of the U. T. Health Science Center - San Antonio as set out on Pages HAC 19 - 33.

BACKGROUND INFORMATION

The Dental Service, Research and Development Plan provides for the management of professional income of the faculty members derived from services provided to patients. The Plan will create an Institutional Trust Fund consisting of a Business Operation Fund, Dental School Development Fund, Dental School Fringe Benefit Fund, and Dental School Faculty Fund. From this Fund, payment will be made for administrative and operational expenses and for funding fringe benefits and augmenting salaries for participating faculty members. Other expenditures in accordance with U. T. System policies will be made in support of the dental programs as a whole.

The U. T. Board of Regents adopted similar bylaws at their meeting in July 1980, but the Plan was never implemented because of disagreement by the San Antonio District Dental Society. Since 1980, a Liaison Committee consisting of representatives from the San Antonio District Dental Society and the U. T. Dental School - San Antonio have reached agreement on issues believed to be important by both groups. The Plan will be a "pilot program" and will be reviewed at the end of three years to determine the success and continuation of the Plan.

The Office of General Counsel has reviewed and approved the bylaws.

BYLAWS
THE DENTAL SCHOOL OF
THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER
AT SAN ANTONIO
DENTAL SERVICE, RESEARCH AND DEVELOPMENT PLAN

ARTICLE I
PURPOSE

The purpose of the Dental Service, Research and Development Plan (the "Plan") is to manage and hold in trust the professional income of faculty members of the Plan at the Dental School of The University of Texas Health Science Center at San Antonio (the "School"). The Plan will contribute to and safeguard the continued growth in excellence of the School. The Plan creates an Institutional Trust Fund. The purposes and operation of the Fund are described in these Bylaws.

ARTICLE II
DEFINITIONS

2.10 TOTAL COMPENSATION

2.11 For purposes of this Plan, "Total Compensation" shall be defined as that total remuneration comprised of salary and other compensation paid to faculty members by The University of Texas Health Science Center at San Antonio (the "Institution"). Total Compensation shall not be construed to include fringe benefits.

2.20 SALARY

2.21 For purposes of this Plan, "Salary" shall be defined as that part of Total Compensation set forth as "Total Salary" in the annual operating budget of the Institution, and amendments thereto as approved by the Board of Regents of The University of Texas System upon recommendation of the administration.

2.22 Each Member's Salary shall be determined annually, upon recommendation of his or her Department Chairman and the Dean of the Dental School with approval of the President of the Institution and the Office of the Chancellor in accordance with The University of Texas System Budget Rules and Procedures.

2.30 OTHER COMPENSATION

2.31 For purposes of the Plan, "Other Compensation" shall be defined as that part of Total Compensation set forth as an addition to Total Salary in the annual operating budget of the Institution, and amendments thereto, as approved by the Board of Regents of The University of Texas System upon recommendation of the administration.

2.32 Each Member's "Other Compensation" shall be determined annually, upon recommendation of his or her Department Chairman and the Dean of the Dental School with approval of the President of the Institution and the Office of the Chancellor in accordance with The University of Texas System Budget Rules and Procedures.

ARTICLE III
ORGANIZATION OF PLAN

3.10 MEMBERSHIP

- 3.11 Membership in the Plan is required of each full-time faculty member in a clinical department who performs professional activities as set out in 4.30, except as authorized by the U.T. Board of Regents. Members of the Plan who are licensed to practice dentistry in Texas may be active members. All other Members of the Plan are nonactive members.
- 3.12 A full-time faculty member in a preclinical department who generates income from dental professional activities must be a Member of the Plan.
- 3.13 Part-time faculty may become Members upon recommendation of the Department Chairman, and approval of the Dean of the Dental School and the President of the Institution.
- 3.14 All Members shall be entitled to participate in the Plan, all active Members may vote upon all business brought before the Membership of the Plan, and all active Members shall be eligible for any election or appointment to any committee of the Plan.
- 3.15 A Member leaving the faculty terminates Membership in the Plan without recourse.

3.20 MEETINGS OF MEMBERSHIP

- 3.21 The Membership shall meet in general session annually at a place designated by the Chairman of the Board of Directors. Notice of the annual meeting shall be distributed to each Member at least two weeks prior to the meeting.
- 3.22 Special meetings may be called by the Board, the President, the Dean, the Director, or upon written petition of one-half (1/2) of the active Members subject to two weeks notice in writing.
- 3.23 The Chairman of the Board of Directors or in his absence, the Vice-Chairman shall preside. The Secretary of the Board of Directors shall serve as Secretary of the Plan.

- 3.24 One-half (1/2) of the Membership shall constitute a quorum.
- 3.25 Each active Member shall have one (1) vote.
- 3.26 Except where otherwise specified within these Bylaws, a simple majority of the active Members who are present and voting shall constitute a prevailing vote.
- 3.27 Minutes of each meeting shall be prepared by the Secretary, published and circulated to each Member of the Board of Directors, and shall be available to each Member upon request.
- 3.28 The rules of order for meetings shall be the current edition of Robert's Rules of Order.

3.30 BOARD OF DIRECTORS

- 3.31 The Board of Directors will assume its responsibilities annually on September 1.
- 3.32 The Board of Directors shall be composed as follows:
 - A. President and Executive Vice-President for Administration and Business Affairs of the Institution.
 - B. Dean of the Dental School.
 - C. The Chairman of each Clinical Department, if an active Member of the Plan.
 - D. The Clinic Coordinator of the Dental School.
 - E. Five active Members-at-Large, no two of whom shall be from the same clinical department, elected during the annual meeting of Members.
 - F. Two active Members (clinical departments) elected from the Dental School Faculty Council after the five active Members-at-Large have been elected; with these Faculty Council members not being from the same departments as the five Members-at-Large.
 - G. The President of the San Antonio District Dental Society or a designee.
 - H. Two persons appointed by the President of the San Antonio District Dental Society.
 - I. The Director of the Plan shall be an Ex Officio Member without vote.

- 3.33 The Board of Directors shall be advisory to the Dean of the Dental School and the President of the Institution on all matters relating to the Plan.
- 3.34 The Board of Directors may create standing and ad hoc committees from the Directors or from the active Members to make recommendations upon specific matters when necessary. Committees may also be appointed at request of the active Members by vote. Appointment to these committees shall be noted in the Minutes of the Board of Directors. The Minutes shall be kept of all committee meetings and recommendations shall be submitted to the Board in writing.
- 3.35 The Board of Directors shall report its activities to the Membership at the annual meeting.
- 3.36 The Board shall meet at least quarterly on call of the Chairman of the Board, the Dean of the Dental School, the President, or on the written petition of two-thirds (2/3) of the Members of the Board.
- 3.37 The officers of the Board shall be a Chairman, a Vice-Chairman, and a Secretary.
- 3.38 The officers shall be elected annually, by the Board at the meeting of the Board in the first quarter.
- 3.39 The Chairman and Vice-Chairman shall not serve in the same office more than two (2) consecutive terms but are eligible for re-election after an intervening year. No two (2) elected officers shall be from the same clinical department.
- 3.40 The Terms of office shall be from September 1 to August 31 of the following year.
- 3.41 One-half (1/2) of the Board of Directors shall constitute a quorum.
- 3.42 Except where otherwise specified within these Bylaws, a simple majority vote shall prevail.
- 3.43 If a vacancy occurs on the Board, the President on the recommendation of the Dean of the Dental School shall appoint an active Member to fill the remainder of the unexpired term.

3.50 BUSINESS OPERATIONS

- 3.51 A Business Office shall be maintained for the Plan.
- 3.52 The Director of the Plan shall be the general and chief administrative officer and business manager. The Director and staff shall be under the direction and supervision of the Executive Vice President for Administration and Business Affairs of the Institution.
- 3.53 An annual operating budget for all income and expenditures of the Plan shall be prepared and approved in accordance with the Budget Rules and Procedures of the Board of Regents of The University of Texas System.
- 3.54 Financial reports for the Plan shall be prepared by the Director of the Plan and submitted to the Executive Vice President for Administration and Business Affairs for review and submission to the Board of Directors at each regular meeting. A copy shall also be submitted to the Office of the Chancellor.
- 3.55 Detailed accounting records of all revenue under the Plan shall be maintained by the Director of the Plan.
- 3.56 The cost of business operations and other expenses incurred in the generation of income shall be paid from income to the Institutional Trust Fund as noted in Article 4.52.
- 3.57 Professional fees shall be centrally billed and collected by the business office for the Plan, in accordance with procedures developed by the Director of the Plan in consultation with the Board and approved by the Executive Vice President for Administration and Business Affairs and the President. All collections will be deposited in the Institutional Trust Fund.

ARTICLE IV
INSTITUTIONAL TRUST FUND

4.10 COMPOSITION

- 4.11 An Institutional Trust Fund shall be established for the receipt and disbursement of Plan income.
- 4.12 The Institutional Trust Fund shall be composed of one or more component sections as follows:
- A. Business Operation Fund
 - B. Institutional Development Fund
 - C. Institutional Fringe Benefit Fund
 - D. Clinical Department Fund
- 4.13 The Institutional Trust Fund and the component sections shall be audited annually in accordance with regulations of The University of Texas System. The cost of said audit shall be paid for from the Business Operation Fund described in 4.50.

4.20 SOURCES OF INCOME

- 4.21 Pursuant to the Member's contract with the Institution for participation in the DSRDP, each Member shall assign his professional income to the Institutional Trust Fund.
- 4.22 Income can be accepted from voluntary and part-time faculty who are not Members of the Plan, at the discretion of the individual, upon the recommendation of the Director and approval of the Dean of the Dental School, and the President of the Institution.

4.30 ITEMS INCLUDED IN PROFESSIONAL INCOME

- 4.31 Professional fees generated for all patient care services rendered by full-time faculty regardless of where rendered and by all part-time faculty who are Members of the Plan.
- 4.32 Fees for all court appearances, depositions, or legal consultations.
- 4.33 All other professional income with the exception of the following:
- A. Honoraria, royalties, nonprofessional retainers.

B. Payment for editing scientific publications.

C. Nondental professional consultation fees
(honoraria).

4.34 Other income not specifically described above shall be reported to the President or a designee for determination.

4.40 DETERMINATION OF PROFESSIONAL FEES

4.41 Individual active Members of the Plan will prepare a fee schedule which shall be used for billing purposes, subject to procedures to be determined by the Board of Directors.

4.42 Guidelines for discounting fees will be developed by the Director of the Plan, recommended by the Board of Directors, and approved by the President. Individual active Members may alter or extinguish any charge for professional services at any time prior to billing for such services, or after billing and prior to collection where the initial charge resulted from an incorrect financial classification of patient.

4.50 BUSINESS OPERATION FUND

4.51 The Business Operation Fund shall be expended for the conduct of general administrative and business affairs of the Plan.

4.52 A percentage of the gross income from the Institutional Trust Fund, as needed to fund the approved budget of the business office of the Plan, shall be deposited each month into the Business Operation Fund.

4.53 Expenditures from the Business Operation Fund shall be subject to the same budget rules and procedures applicable to other funds within the Institutional Trust Fund.

4.60 INSTITUTIONAL DEVELOPMENT FUND

4.61 The Institutional Development Fund shall be expended to enhance and support programs of the Institution as a whole.

4.62 Additions to the Institutional Development Fund shall result from a distribution of net cash

collections as determined by the President on an annual basis, after consultation with the Dean of the Dental School and the Board of Directors.

- 4.63 Expenditures from the Institutional Development Fund shall be at the discretion of the President. Such expenditures shall also be subject to the same budget rules and procedures applicable to other funds within the Institutional Trust Fund.

4.70 INSTITUTIONAL FRINGE BENEFIT FUND

- 4.71 The Institutional Fringe Benefit Fund shall be expended for basic fringe benefits, and may include supplemental retirement benefits for faculty members of the School.
- 4.72 Additions to the Institutional Fringe Benefit Fund shall result from a distribution of net cash collections deposited in the Institutional Trust Fund. Such distribution shall be in such amount as may be necessary to cover the basic Fringe Benefit Program plus appropriate reserves.
- 4.73 Expenditures from the Institutional Fringe Benefit Fund shall be made at the recommendation of the Board of Directors subject to approval of the Dean of the Dental School and the President. Such expenditures shall also be subject to the same budget rules and procedures applicable to other funds within the Institutional Trust Fund.
- 4.74 Expenditures allowable from the Institutional Fringe Benefit Fund shall be subject to the guidelines issued by the Office of the Chancellor. Fringe Benefits authorized by the Office of the Chancellor are set out in Appendix A.

4.80 CLINICAL DEPARTMENT FUND

- 4.81 An individual Clinical Department Fund shall be established for each clinical department in the Dental School. Clinical Department Funds shall be expended in support of faculty compensation, approved fringe benefits, Professional Liability Insurance, and functions related to teaching, research and patient-care activities.
- 4.82 Additions to the Clinical Department Fund shall result from a distribution of net cash collected and deposited in the Institutional Trust Fund.

Such distribution shall be the remaining balance of said net income after the distributions to the Development Fund and the Fringe Benefit Fund.

- 4.83 Expenditures from the Clinical Department Fund shall be under the direction of the Dean of the Dental School in accordance with those items allowable per Section 4.84. Such expenditures shall also be subject to the same budget rules and procedures applicable to other funds within the Institutional Fund.
- 4.84 Expenditures allowable from the Clinical Department Fund will be detailed in Appendix B of the Plan.
- 4.85 Benefits provided pursuant to 4.71 and 4.81 which are determined by the Office of the Chancellor to be taxable to the individual Member shall be subject to withholding and reported pursuant to the rules and regulations of the Internal Revenue Service.
- 4.86 The fringe benefits provided to each Member shall be designated by the President from among those authorized by the Office of the Chancellor upon recommendation by the Dean of the Dental School. Members shall not have the authority to determine which fringe benefits they shall receive.

ARTICLE V GENERAL PROVISIONS

5.10 ETHICS

- 5.11 The principles of ethics of the American Dental Society, the Texas Dental Association, and the San Antonio District Dental Society are accepted as the governing code of ethics by the Members of the Plan.
- 5.12 Should the principles of ethics described in 5.11 be found to be in conflict with the constitution or laws of the State of Texas or the United States of America, they shall not apply to the extent of the conflict.

5.20 AMENDMENTS

- 5.21 These Bylaws have been developed consistent with the standard format for Medical Service, Research, and Development Plans approved by the Board of Regents on June 14, 1984. Amendments under 5.22 may be made only as they affect discretionary provisions within that standard format.
- 5.22 These Bylaws may be amended by a two-thirds (2/3) vote of the active Members at any regular meeting of the Plan, provided that the proposed amendment shall have been offered at the previous meeting or by written notice to the Board of Directors and the Members not less than sixty (60) days prior to the meeting at which the amendment is brought to a vote. The President of the San Antonio District Dental Society shall be given notice of all proposed Bylaw changes.
- 5.23 Notice of proposed amendments required in 5.22 shall include the complete text of the proposed amendments.
- 5.24 Amendments shall become effective upon vote of the active Members as described in 5.22, approval by the President of Institution and the Office of the Chancellor.

5.30 CONTRACT

- 5.31 A contract prescribed by the Office of the Chancellor of The University of Texas System shall be executed between each Member and The University of Texas Health Science Center at San Antonio.
- 5.32 Execution of the Contract by the Member is a condition for membership and participation in the Plan, notwithstanding any other provision in these Bylaws.

5.40 DISSOLUTION

- 5.41 The Plan may be dissolved by the Dean of the Dental School and the President. All monies residual in the Trust Fund shall be utilized to discharge obligations of the Plan with the balance to become the property of The University of Texas Health Science Center at San Antonio.

5.50 LIAISON COMMITTEE

5.51 A Liaison Committee between the San Antonio District Dental Society and the Dental School shall be formed. The Liaison Committee shall be composed of representatives in equal numbers from the Dental School and the Dental Society.

5.52 The Liaison Committee shall review all matters of mutual concern to the Dental School and the Dental Society relating to the Plan. The Liaison Committee shall make recommendations to the Dean of the Dental School and the President of the Health Science Center.

APPENDIX A

DSRDP AUTHORIZED FRINGE BENEFITS*

Effective September 24, 1982

<u>Authorized Fringe Benefits</u>	<u>Maximum</u>
1. Health Insurance	UT Plan I for Member & Family plus TMA Plan or Equivalent (May include reimbursement allowance for incidental expenses not to exceed approved yearly limits).
2. Term Life	Maximum of 4 times the annual compensation.
3. Long-Term Disability	UT Plan with Umbrella Coverage.
4. Accidental Death	UT Plan for Member & Family.
5. Dental	UT Plan plus Umbrella Coverage for Member & Family.
6. College-Educational Allowance	In accordance with approved yearly limits per dependent in Post High School Educational Institution, not to exceed eight years. Tuition & Fees only for part-time enrollment.
7. Membership Dues	Memberships in Faculty Clubs, Dental Center Clubs, or Equivalent.

*Note: This list of authorized fringe benefits and yearly limits may be periodically amended by action of the Office of the Chancellor.

APPENDIX A

Page 2

<u>Authorized Fringe Benefits</u>	<u>Maximum</u>
8. Auto Lease Allowance	In accordance with approved limits.
9. Supplemental Retirement	Statutory limit plus additional taxable.
10. Parking Fees	For Member only.
11. Travel Expense: Spouse or Family Member	In rare instances-- by special approval.
12. Allowance for Special Education-Training	In accordance with yearly limits per dependent in special education or training program, necessitated by physical or mental impairment, not to exceed eight years.

In addition to the above, DSRDP funds may be used for Professional Business purposes set forth below:

Additional Expenditures

1. Malpractice Insurance.
2. Official Travel Expense to Maximum of Actual Expense.
3. Faculty Development Leaves in Accordance with Regents' Rules and Regulations.
4. Uniforms or Lab Coats.
5. Membership Dues in Professional or Scientific Organizations.
6. Education Aids related to Dentistry, such as Books, Journals, Slides and Audio or Video Cassettes and Tapes.

APPENDIX B

EXPENDITURES ALLOWABLE FROM CLINICAL DEPARTMENT FUND

1. Augmentation of member salaries.
2. Salary for faculty and/or staff.
3. General maintenance, operation and equipment for education, research and patient care.
4. Ordinary and necessary business expenses incurred by the member in earning the professional fees charged by said member.
5. Travel and other expenses including registration fees and tuition incident to attendance at meetings and courses as required by the Dental School or Department.
6. Travel in support of education, research and patient care activities.
7. Professional society memberships.
8. Fringe benefits as approved by The University of Texas System.
9. Permanent equipment and facilities.
10. Consultant fees, expenses and official entertainment including guest speakers at official University sponsored or sanctioned meetings.
11. Expenses incident to faculty or staff recruitment.
12. Establishment or endowment of lectureships, professorships, or chairs, and academic and institutional programs.

All expenditures are subject to the Rules and Regulations of the Board of Regents of The University of Texas System and applicable institutional regulations and procedures. This list of authorized expenditures may be periodically amended by action of the Office of the Chancellor.

11. U. T. Cancer Center: Proposed Appointment to the Kelcie Margaret Kana Research Chair Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President LeMaistre to appoint Donald Pinkel, M.D., as the holder of the Kelcie Margaret Kana Research Chair at the U. T. Cancer Center effective September 1, 1985.

BACKGROUND INFORMATION

The Kelcie Margaret Kana Research Chair was established by the U. T. Board of Regents at the October 1981 meeting based upon a gift from Mr. and Mrs. R. B. Trull of Palacios, Texas.

The nominee has accepted the position of Pediatrician, Professor of Pediatrics, with tenure, and Chief of the Section of Pediatric Leukemia in the Department of Pediatrics at this institution effective September 1, 1985.

Dr. Pinkel is presently Professor and Chairman, Department of Pediatrics, Temple University School of Medicine, Philadelphia, Pennsylvania, and Director at St. Christopher's Hospital for Children. He has an extensive background in pediatric care and leukemia research. He also has had several high-level administrative positions in academic and research institutions in recent years, including an appointment as Medical Director of St. Jude Children's Research Hospital. While at the Milwaukee Children's Hospital, he established the Midwest Children's Cancer Center and recruited excellent basic and clinical researchers for this center.

Dr. Pinkel will have full responsibility for organizing and directing the childhood leukemia program, including setting program design, establishing research priorities and maintaining therapeutic standards. In addition, he will assume full responsibility for clinical and/or research performance of the faculty assigned to that program, as well as many other administrative responsibilities.

Dr. Pinkel is board certified by the American Board of Pediatrics with sub-speciality certification in Pediatric Hematology/Oncology.

Buildings and Grounds Com.

BUILDINGS AND GROUNDS COMMITTEE
COMMITTEE CHAIRMAN RHODES

Date: August 8, 1985
Time: Following the meeting of the Health Affairs Committee
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

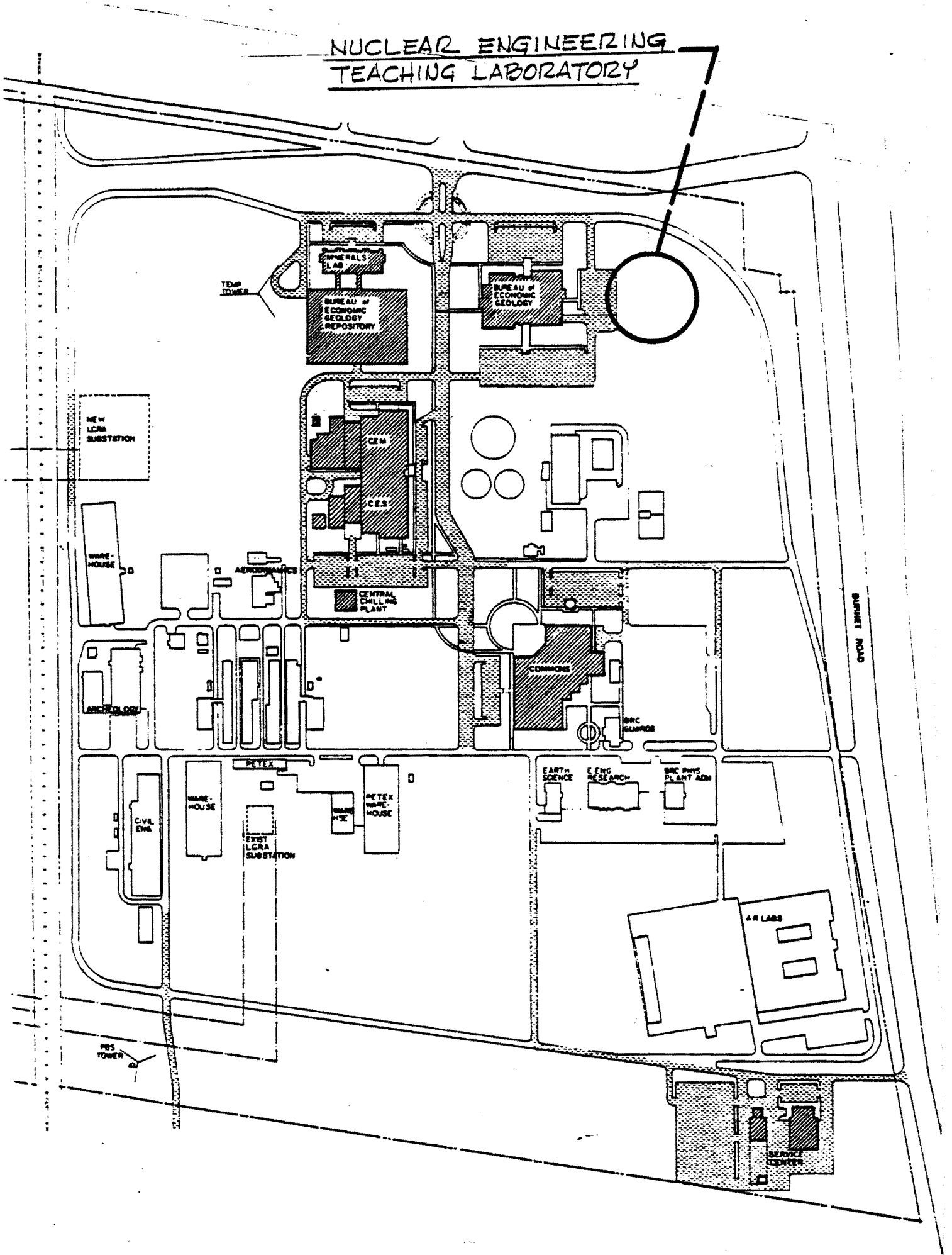
	<u>Page</u> <u>B&G</u>
1. U. T. Austin - Balcones Research Center - Nuclear Engineering Teaching Laboratory (Project No. 102-568): Presentation of Preliminary Plans; and Request for Authorization to Prepare Final Plans	3
2. U. T. Austin - Expansion of Physical Plant Facilities, Phase I (Project No. 102-454): Request for Approval of Final Plans	3
3. U. T. Austin: Recreational Sports Facilities - Request for Project Analysis; Appointment of Consulting Architect; and Appropriation Therefor	4
4. U. T. Austin - E. P. Schoch Laboratories - Renovation: Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans and Cost Estimate; and Appropriation Therefor	5
5. U. T. Austin - Scott House - Sweetbrush - Renovation and Additions (Project No. 102-582): Request for Approval of Final Plans for Renovation	6
6. U. T. San Antonio: Recommendation to Dedicate Six Acres of U. T. San Antonio Campus Land for Sorority and Fraternity Houses and Authorization to Negotiate Long-Term Ground Leases on This Acreage	7
7. U. T. San Antonio - Lutcher Center - Restoration (Project No. 401-547): Request for Increase in Project Cost; Recommended Acceptance of Additional Gift Funds and Appropriation Thereof; Report of Receipt of Bids and Recommended Award of Construction Contract to MSA General Contractors, Inc., San Antonio, Texas	8
8. U. T. Medical Branch - Galveston - Pharmacology Building - Containment Laboratory: Request for Authorization to Advertise for Bids and for Executive Committee to Award Contract, and Additional Appropriation Therefor	9

9. U. T. Medical Branch - Galveston - Remodeling of John Sealy Hospital (Old Building) - Remodeling of Seventh Floor for Department of Otolaryngology (Project No. 601-594): Request for Approval of Final Plans; Authorization to Advertise for Bids and for the Executive Committee to Award Contract 10
10. U. T. Health Science Center - San Antonio - Warehouse Building: Request for Approval of Final Plans; Authorization to Advertise for Bids and to Award a Construction Contract Within Authorized Project Cost 11
11. U. T. Cancer Center - Uniform Graphics System: Request for Project Authorization; Submission to Coordinating Board; Preparation of Final Plans; Advertisement for Bids; and Award of Contract by U. T. Cancer Center Administration 11
12. U. T. Board of Regents: Report by Regent Hay as Chairman of the Special Committee on the Permanent University Fund Which was Appointed on June 17, 1983, in Anticipation of the Approval of Proposition 2 in November 1984 12

U. T. AUSTIN BALCONES RESEARCH CENTER

EAST TRACT

NUCLEAR ENGINEERING
TEACHING LABORATORY



1. U. T. Austin - Balcones Research Center - Nuclear Engineering Teaching Laboratory (Project No. 102-568): Presentation of Preliminary Plans; and Request for Authorization to Prepare Final Plans.--

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of President Flawn that the U. T. Board of Regents:

- a. Approve the preliminary plans for the Nuclear Engineering Teaching Laboratory at the Balcones Research Center for U. T. Austin at an estimated total project cost of \$5,860,700
- b. Authorize the Project Architect/Engineer to prepare final plans and specifications for consideration at a future meeting

BACKGROUND INFORMATION

In accordance with the October 1983 authorization of the U. T. Board of Regents, preliminary plans have been prepared for the proposed Nuclear Engineering Teaching Laboratory (NETL) for the Balcones Research Center (BRC) at U. T. Austin by the Project Engineer, EBASCO, Houston, Texas. A construction permit has been approved by the Nuclear Regulatory Commission.

The overall project cost estimate is subdivided as follows:

BRC Site Utilities and Road Extensions	\$ 413,000
BRC NETL Facility	4,840,400
Taylor Hall Decommissioning	<u>607,300</u>
Estimated Total Project Cost	\$5,860,700

2. U. T. Austin - Expansion of Physical Plant Facilities, Phase I (Project No. 102-454): Request for Approval of Final Plans.--

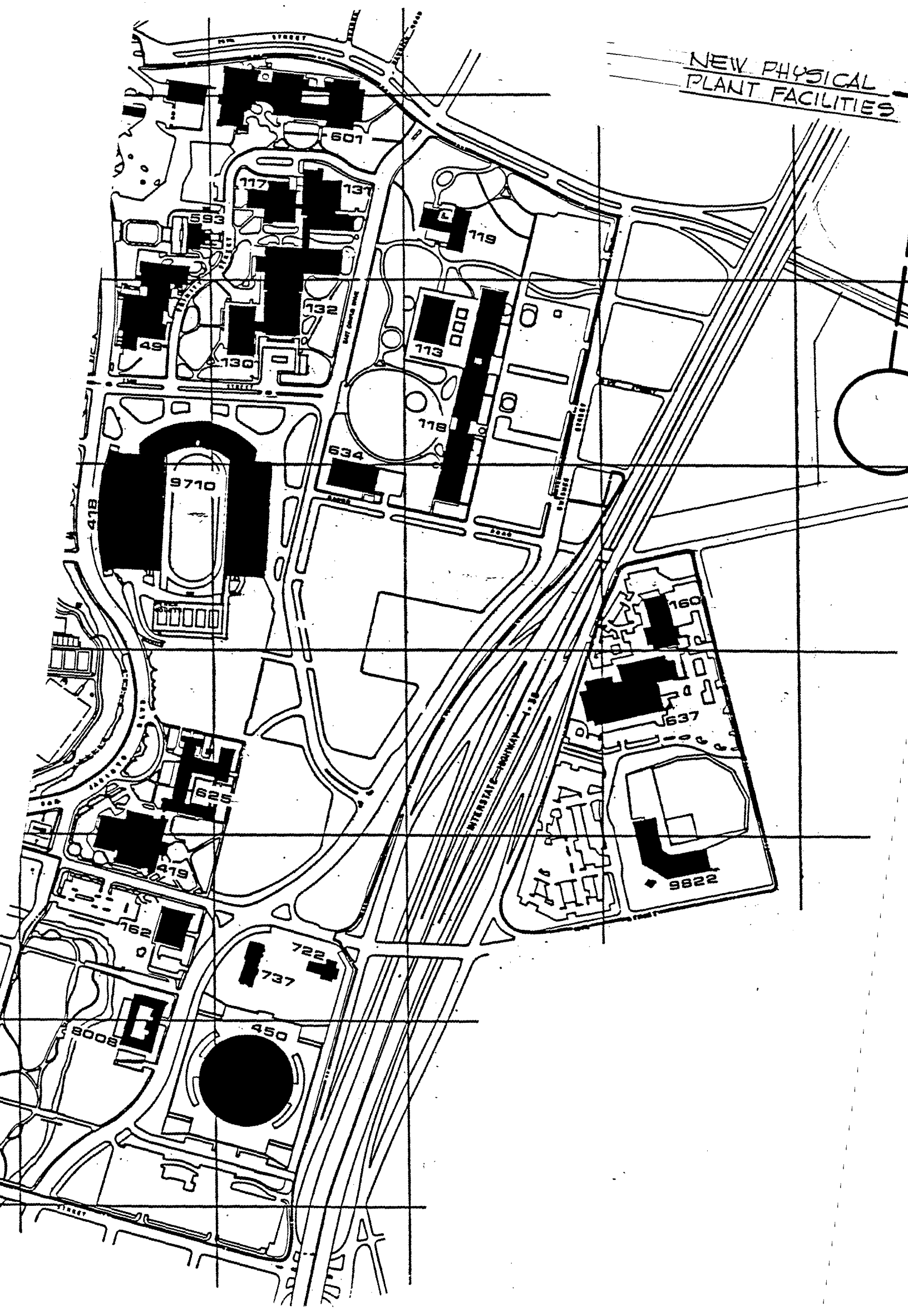
RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Flawn that the U. T. Board of Regents approve the final plans for the Expansion of Physical Plant Facilities, Phase I, for U. T. Austin at an estimated total project cost of \$12,500,000.

UNIVERSITY OF TEXAS AT AUSTIN

MAIN CAMPUS EAST SIDE
(BUILDING INDEX ON BACK)

NEW PHYSICAL
PLANT FACILITIES



BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents in August 1984, final plans and specifications for the Expansion of Physical Plant Facilities, Phase I, at U. T. Austin have been completed by the Project Architect, Wilson Stoeltje Martin, Inc., Austin, Texas.

The project will provide new Physical Plant Facilities to be constructed on approximately 12.4 acres east of IH-35 between East 26th Street and Manor Road. These facilities include approximately 210,000 square feet of floor area for workshops, central stores, greenhouses, and administrative offices for the Department of Physical Plant.

The estimated construction cost of the new facilities is \$11,200,000 resulting in an average unit cost of approximately \$53.00 per gross square foot. Total project cost is estimated to be \$12,500,000.

3. U. T. Austin: Recreational Sports Facilities - Request for Project Analysis; Appointment of Consulting Architect; and Appropriation Therefor.--

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of President Flawn that the U. T. Board of Regents:

- a. Authorize a project analysis of Recreational Sports Facilities for U. T. Austin
- b. Appoint a Consulting Architect from the list set out on Page B&G - 5
- c. Appropriate \$40,000 from Auxiliary Enterprise Fund Balances for fees and expenses related to the project analysis

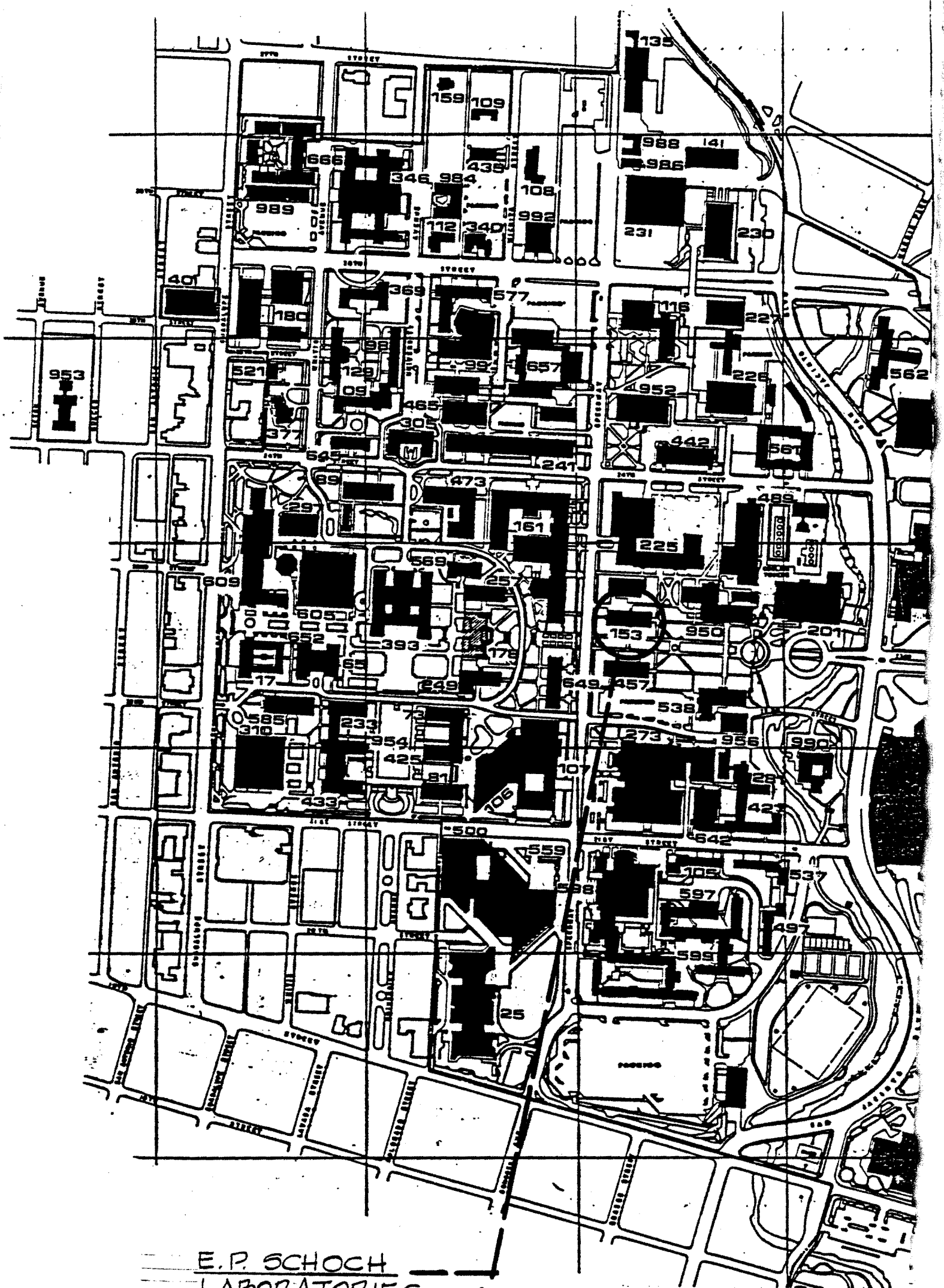
BACKGROUND INFORMATION

House Bill 1593, 69th Legislature, authorizes the assessment of a \$20.00 (per semester) recreational sports facility fee at U. T. Austin subject to approval by referendum of the student body. The students voted in favor of the fee during the 1985 spring semester.

It is estimated that this fee will support a revenue bond issue of about \$16,420,000. After deducting funds for interest during construction and to prefund the debt service reserve, it is estimated that about \$12,460,000 will be available for the total project cost and that about \$10,500,000 will be available for the construction contract.

The project analysis should address the programmatic needs of recreational sports, the size and location of the facility (within the funding limits), the annual operating costs and include a construction cost estimate and schedule.

UNIVERSITY OF TEXAS AT AUSTIN
MAIN CAMPUS WEST SIDE
(BUILDING INDEX ON BACK)



--- E. P. SCHOCH
--- LABORATORIES

List of Firms for Consideration:

<u>Consulting Architect</u>	<u>Representative Projects</u>
The White Budd VanNess Partnership Austin, Texas	U. T. Austin: Addition to Pharmacy Building Lamar University: Gymnasium, Health & Physical Education Building, Student Center University of Houston: Classroom, Administration and Recreational Facilities
JPJ Architects Dallas, Texas	Texas Tech University: Recreation Center North Texas State University: Health & Physical Education Building U. T. Arlington: Hereford University Center
F&S Partners, Inc. Dallas, Texas	U. T. Austin: College of Fine Arts and Performing Arts Center, Texas Swimming Center U. T. Dallas: Student Union Building Highland Park School District: Stadium, Pool Facilities, Gymnasium
4. <u>U. T. Austin - E. P. Schoch Laboratories - Renovation: Request for Project Authorization; Appointment of Project Architect to Prepare Preliminary Plans and Cost Estimate; and Appropriation Therefor.--</u>	

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of President Flawn that the U. T. Board of Regents:

- a. Authorize a project for the renovation of the E. P. Schoch Laboratories at U. T. Austin at an estimated total project cost of \$3,375,000
- b. Appoint a Project Architect from the list set out on Page B&G - 6 to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents at a future meeting
- c. Appropriate \$90,000 from Permanent University Fund Bond Proceeds for fees and related expenses through the preparation of preliminary plans

This item requires the concurrence of the Academic Affairs Committee.

BACKGROUND INFORMATION

The Department of Chemical Engineering will relocate from E. P. Schoch Laboratories to the new Chemical and Petroleum Engineering Building in the Spring of 1986. After renovation, E. P. Schoch Laboratories will be used by the College of Liberal Arts to house the Departments of Germanic Languages and Anthropology.

The building was first occupied in 1942, and contains approximately 49,000 gross square feet of space. The speculative estimate of renovation cost is \$3,375,000.

List of Firms for Consideration:

<u>Project Architect</u>	<u>Representative Projects</u>
MGM Architects of Austin, Inc. Austin, Texas	Motorola: Central Plant Remodel, Austin Data General: Completion of Shell Space, Austin
Chartier Newton & Associates Austin, Texas	U. T. Austin: Renovation of Sutton Hall and Goldsmith Hall (in association) Texas A&M University: Restoration of Academic Building Eanes I.S.D.: Administration Building
Zapalac Associates Austin, Texas	U. T. Austin: Academic Center 4th Floor Remodel United Bank Tower Austin: Completion of Shell Space Historic Bosche Building: Restoration Congress Avenue, Austin

5. U. T. Austin - Scott House - Sweetbrush - Renovation and Additions (Project No. 102-582): Request for Approval of Final Plans for Renovation.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Flawn that the U. T. Board of Regents approve the final plans for the renovation phase of the Scott House - Sweetbrush project at U. T. Austin at an estimated total project cost of \$587,300.

BACKGROUND INFORMATION

At the April 1982 meeting, the U. T. Board of Regents accepted the Scott House - Sweetbrush as a gift from Mrs. Sallie Lee Scott. The deed provides that "...the subject property shall only be used and maintained by Grantee as a residence for officials of The University of Texas at Austin." In June 1984, the firm of Bell, Klein & Hoffman, Austin, Texas, was appointed to prepare plans and specifications for the restoration and adaptive reuse of this historic structure as a residence for the President of U. T. Austin.

The project architects have now completed final plans for renovations and additions to the house. The estimated total project cost for remodeling the existing house is \$587,300. The renovation, with the addition of a downstairs bedroom and office suite, is estimated to be \$824,400. General site improvements would bring the total project cost to \$914,000. These costs do not include furnishings.

President Flawn recommends only that the final plans for the renovation phase of this project be approved at this time. The construction of an addition and general site improvements may be considered at a future date.

6. U. T. San Antonio: Recommendation to Dedicate Six Acres of U. T. San Antonio Campus Land for Sorority and Fraternity Houses and Authorization to Negotiate Long-Term Ground Leases on This Acreage.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Wagener that six acres of the U. T. San Antonio campus be set aside as "Greek Row," and that authorization be given to negotiate with national chapters of fraternities and sororities for long-term ground leases on this property for housing for their members. Negotiated leases will be subject to approval by the U. T. Board of Regents.

This item requires the concurrence of the Academic Affairs Committee.

BACKGROUND INFORMATION

The acreage involved fronts on UTSA Boulevard and will consist of six one-acre tracts. In February 1980, the U. T. Board of Regents adopted a standard long-term ground lease for campus properties involving sorority and fraternity houses, and this lease form will be used with slight modifications as required by the various lending agencies. Each lease, as developed, will be subject to Regental approval. The concept of leasing campus land for fraternity and sorority houses has been approved by the U. T. Board of Regents and utilized by U. T. Arlington. This method has proved to be very effective for housing additional students on university campuses.

7. U. T. San Antonio - Lutcher Center - Restoration (Project No. 401-547): Request for Increase In Project Cost; Recommended Acceptance of Additional Gift Funds and Appropriation Thereof; Report of Receipt of Bids and Recommended Award of Construction Contract to MSA General Contractors, Inc., San Antonio, Texas.--

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of President Wagener that the U. T. Board of Regents:

- a. Authorize an increase in the project cost for this phase of the Lutcher Center Restoration at U. T. San Antonio from \$505,883 (available from previous appropriations) to \$657,060
- b. Accept a gift not to exceed \$200,000 from the San Antonio Area Foundation and appropriate this additional amount to the Lutcher Center Restoration project
- c. Award a construction contract for the Lutcher Center Restoration to MSA General Contractors, Inc., San Antonio, Texas, for the base bid amount of \$532,060

BACKGROUND INFORMATION

Subsequent to the authorization of the U. T. Board of Regents in January 1983, final plans and specifications for the Restoration at the Lutcher Center of U. T. San Antonio were prepared by the Project Architect, Jones & Kell, Inc. (formerly Chumney, Jones & Kell) San Antonio, Texas.

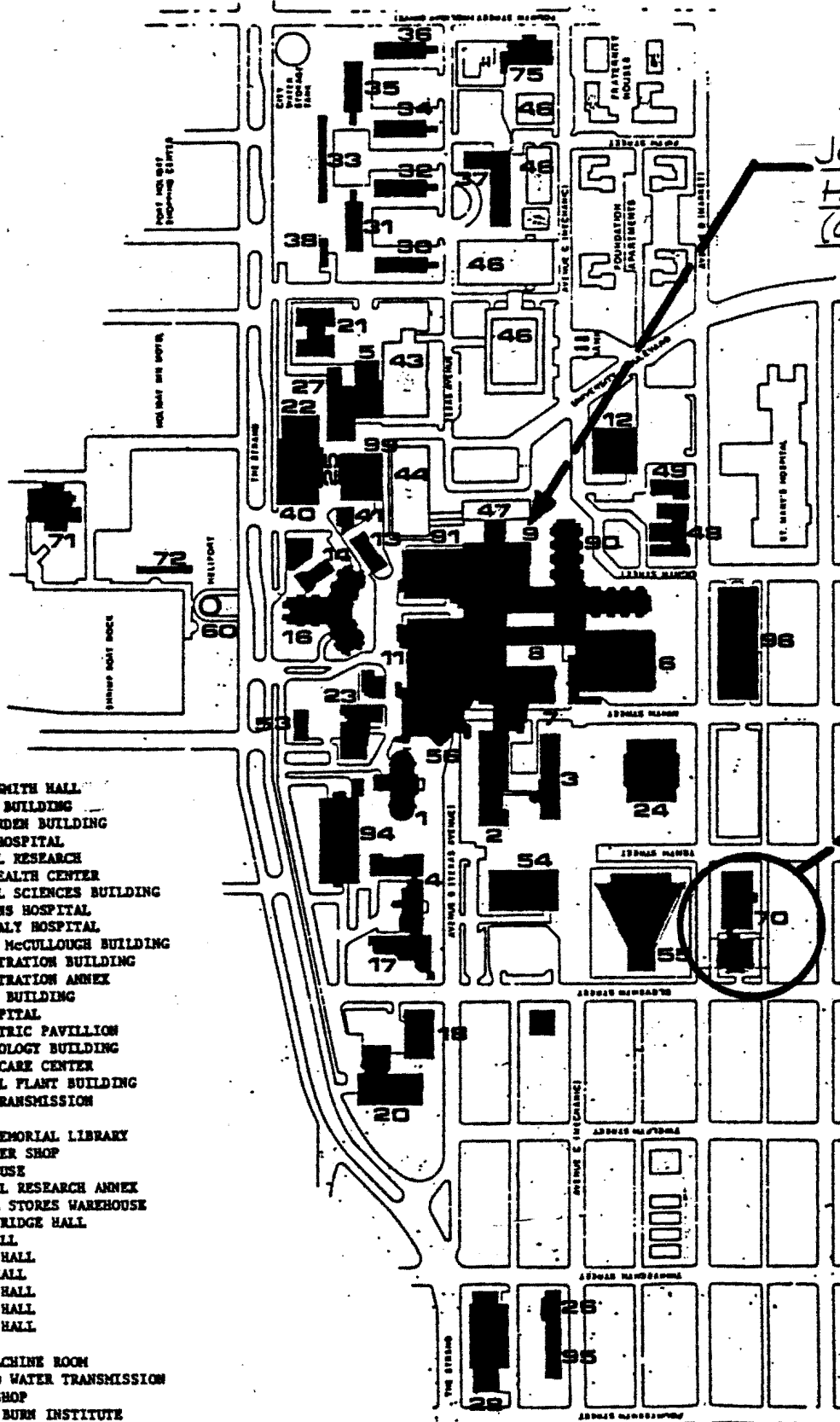
This project was approved by the Coordinating Board, Texas College and University System at its April 1983 meeting.

On June 6, 1985, bids were received, opened and tabulated as shown on Page B&G - 22. A contract award to the low bidder, MSA General Contractors, Inc., San Antonio, Texas, would result in the following project cost for this phase of the work:

Recommended Contract Award	\$532,060
Future Work (Minor Interior Repairs and Cleanup)	65,000
Professional Fees	55,000
Project Contingency	4,824
Miscellaneous	<u>176</u>
Recommended Project Cost	\$657,060

Previous appropriations have been \$825,000 from the sale of property at the U. T. San Antonio Lutcher Center and \$750,000 provided by Mrs. Lutcher Brown through the Emily Wells Brown Trust of the San Antonio Area Foundation.

U. T. MEDICAL BRANCH AT GALVESTON



JOHN SEALY
HOSPITAL
(OLD BUILDING)

PHARMACOLOGY
BUILDING

1. ASHBY SMITH HALL
2. KILLER BUILDING
3. GAIL BORDEN BUILDING
4. GRAVES HOSPITAL
5. SURGICAL RESEARCH
6. CHILD HEALTH CENTER
7. CLINICAL SCIENCES BUILDING
8. CHILDRENS HOSPITAL
9. JOHN SEALY HOSPITAL
11. JOHN W. McCULLOUGH BUILDING
12. ADMINISTRATION BUILDING
13. ADMINISTRATION ANNEX
14. HENDRIX BUILDING
16. TDC HOSPITAL
17. PSYCHIATRIC PAVILLION
18. MICROBIOLOGY BUILDING
20. ANIMAL CARE CENTER
21. PHYSICAL PLANT BUILDING
22. STEAM TRANSMISSION
23. LAUNDRY
24. MOODY MEMORIAL LIBRARY
25. CARPENTER SHOP
26. GREENHOUSE
27. SURGICAL RESEARCH ANNEX
28. GENERAL STORES WAREHOUSE
30. BRACKENRIDGE HALL
31. CLAY HALL
32. BETHEL HALL
33. NOLAN HALL
34. VISANT HALL
35. MORGAN HALL
36. LEAGUE HALL
37. UNIT D
38. DOWN MACHINE ROOM
40. CHILLED WATER TRANSMISSION
41. PAINT SHOP
43. SHRINE BURN INSTITUTE
44. JENNIE SEALY HOSPITAL
46. SEALY-SMITH FOUNDATION PROPERTY
47. WAVERLY SMITH PAVILLION
48. ALLIED HEALTH SCIENCES BUILDING
49. ADMINISTRATION ANNEX 2
53. LABOR BUILDING
54. BASIC SCIENCES BUILDING
55. LEARNING CENTER
56. AMBULATORY CARE CENTER
60. HELIPORT
70. PHARMACOLOGY BUILDING
71. MARINE SCIENCES INSTITUTE (U. T. AUSTIN)
72. MARINE SUPPORT
75. FIELD HOUSE
90. JOHN SEALY ANNEX, SOUTH ADDITION
91. JOHN SEALY ANNEX, NORTH ADDITION
94. PARKING GARAGE
95. CONSTRUCTION WAREHOUSES
96. PARKING GARAGE
99. PHYSICAL PLANT STOREROOM

From this previous total project cost of \$1,575,000, the amount of \$1,069,117 has been expended on foundation repair, limited restoration, and site utilities. The remaining balance of \$505,883 will be supplemented by an additional gift not to exceed \$200,000 from the San Antonio Area Foundation to support a project cost of \$657,060 for this phase of the Lutcher Center Restoration.

<u>Bidder</u>	<u>Base Bid</u>
MSA General Contractors, Inc. San Antonio, Texas	\$532,060
JUD Plumbing & Heating Co., Inc. San Antonio, Texas	625,699
Stoddard Construction Company San Antonio, Texas	680,000
Stout Construction, Inc. San Antonio, Texas	690,000
Scott & Jennison, Inc. San Antonio, Texas	714,141
Contemporary Enterprises Inc. San Antonio, Texas	752,489
Hill Contractors, Inc. Natalia, Texas	760,000
J. J. Falbo Company San Antonio, Texas	788,888

8. U. T. Medical Branch - Galveston - Pharmacology Building - Containment Laboratory: Request for Authorization to Advertise for Bids and for Executive Committee to Award Contract, and Additional Appropriation Therefor.--

RECOMMENDATIONS

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

- a. Authorize the Office of Facilities Planning and Construction to advertise for bids for a Containment Laboratory in the Pharmacology Building at U. T. Medical Branch - Galveston
- b. Authorize the Executive Committee to award a contract within a project cost of \$694,000
- c. Appropriate \$99,895 from U. T. Medical Branch Unappropriated Balances and approve the transfer of \$594,105 from Pharmacology Building Project No. 601-543

BACKGROUND INFORMATION

At the April 1985 meeting of the U. T. Board of Regents authorization was granted to execute a change to the construction contract with Sirron Corporation, Houston, Texas, to provide for a containment laboratory on the third floor of the Pharmacology Building at U. T. Medical Branch - Galveston. Subsequently, the General Contractor has indicated that the additional work cannot be accepted because the firm is bankrupt and is being dissolved.

The need still exists for a properly designed containment laboratory for research projects involving high hazard toxic materials. It is therefore recommended that the work be bid as a separate project. The estimated total project cost of \$694,000 is available from U. T. Medical Branch - Galveston Unappropriated Balances and from funds remaining within the Pharmacology Building Project No. 601-543.

9. U. T. Medical Branch - Galveston - Remodeling of John Sealy Hospital (Old Building) - Remodeling of Seventh Floor for Department of Otolaryngology (Project No. 601-594): Request for Approval of Final Plans; Authorization to Advertise for Bids and for the Executive Committee to Award Contract.--

RECOMMENDATIONS

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

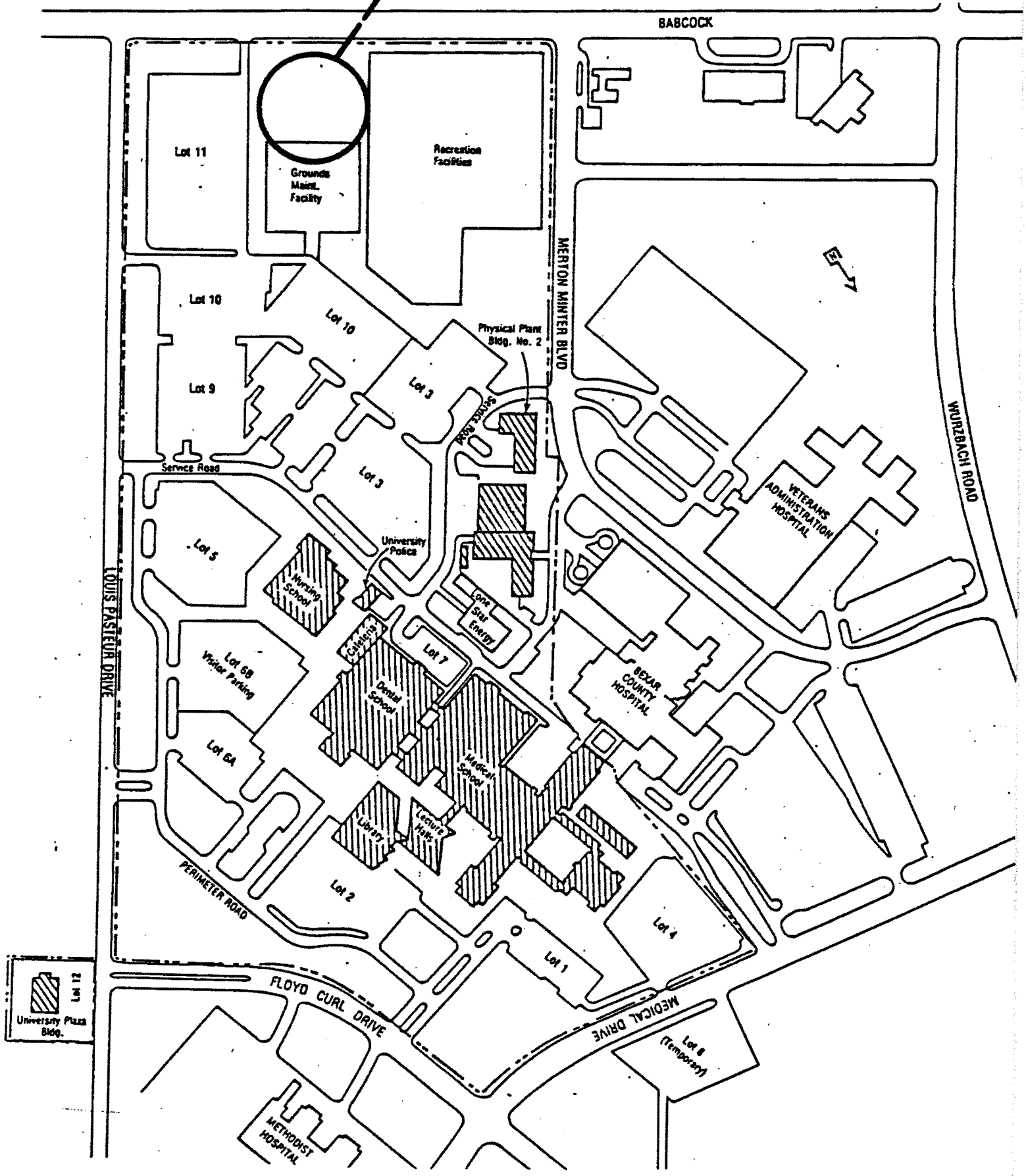
- a. Approve the final plans and specifications for Remodeling the Seventh Floor of John Sealy Hospital (Old Building) for the Department of Otolaryngology at the U. T. Medical Branch - Galveston at an estimated total project cost of \$750,000
- b. Authorize the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorize the Executive Committee to award all contracts associated with this project within the authorized total project cost
- d. Appropriate \$750,000 from grant funds awarded by The Sealy & Smith Foundation for the John Sealy Hospital

BACKGROUND INFORMATION

As part of the phased remodeling of the 1954 sector of the John Sealy Hospital, final plans and specifications for the Department of Otolaryngology have been prepared by the Project Architect, Page Southerland Page, Houston, Texas. This represents a continuing effort to renovate the older section of the Hospital as authorized by the U. T. Board of Regents in February 1974.

U. T. HEALTH SCIENCE CENTER AT SAN ANTONIO

WAREHOUSE BUILDING



This particular project will provide for expansion of the Department of Otolaryngology, including research laboratories and faculty offices to support the patient care activities at the U. T. Medical Branch - Galveston.

The project provides for remodeling 8,300 square feet on the seventh floor at an estimated total project cost of \$750,000 to be funded by a grant from The Sealy & Smith Foundation.

10. U. T. Health Science Center - San Antonio - Warehouse Building: Request for Approval of Final Plans; Authorization to Advertise for Bids and to Award a Construction Contract Within Authorized Project Cost.--

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of President Howe that the U. T. Board of Regents:

- a. Approve the final plans for a Warehouse Building at the U. T. Health Science Center - San Antonio at an estimated total project cost of \$560,000
- b. Authorize the U. T. Health Science Center - San Antonio Administration to advertise for bids and award a contract within the authorized total project cost

BACKGROUND INFORMATION

In accordance with the authorization of the U. T. Board of Regents in June 1984, final plans and specifications for a Warehouse Building have been prepared by the U. T. Health Science Center - San Antonio Department of Physical Plant in consultation with the Office of Facilities Planning and Construction. The Coordinating Board, Texas College and University System approved the project in July 1984.

The estimated total project cost for the 21,000 square foot building is \$560,000 which was previously appropriated from Unexpended Plant Funds.

11. U. T. Cancer Center - Uniform Graphics System: Request for Project Authorization; Submission to Coordinating Board; Preparation of Final Plans; Advertisement for Bids; and Award of Contract by U. T. Cancer Center Administration.--

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of President LeMaistre that the U. T. Board of Regents:

- a. Authorize a project for a Uniform Graphics System for the U. T. Cancer Center at an estimated total project cost of \$500,000 (previously appropriated by U. T. Board of Regents in August 1984)

- b. Authorize submission of the project to the Coordinating Board, Texas College and University System
- c. Authorize preparation of final plans and specifications by the U. T. Cancer Center Administration with its own forces or through contract services, as required
- d. Subject to approval of the Coordinating Board, authorize the U. T. Cancer Center Administration to advertise for bids and award a construction contract within the authorized total project cost

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

At the August 1984 meeting, the U. T. Board of Regents appropriated \$500,000 for the development of a Uniform Graphics System throughout the various facilities of the U. T. Cancer Center.

The U. T. Cancer Center Administration requests authorization to proceed with design development and implementation with its own forces or through contract services, as required. The project will be submitted to the Coordinating Board, Texas College and University System prior to award of a contract.

12. U. T. Board of Regents: Report by Regent Hay as Chairman of the Special Committee on the Permanent University Fund Which was Appointed on June 17, 1983, in Anticipation of the Approval of Proposition 2 in November 1984.--

BUILDINGS AND GROUNDS COMMITTEE

EMERGENCY ITEM

August 9, 1985

Page
B&G

13. U. T. Austin: Request for Exception to Regents' Rules and Regulations (Part One, Chapter VIII, Section 1.1) and Approval to Name a Building

13

DOCUMENTATION

13. U. T. Austin: Request for Exception to Regents' Rules and Regulations (Part One, Chapter VIII, Section 1.1) and Approval to Name a Building.--

RECOMMENDATION

Chairman Hay recommends that the U. T. Board of Regents authorize an exception to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1.1, which requires that persons in whose honor a building is to be named "shall have been deceased at least five years," and approve the naming of the Undergraduate Library and Academic Center at U. T. Austin in honor of President Flawn with the designation the "Peter T. Flawn Academic Center."

BACKGROUND INFORMATION

On August 31, 1985, Dr. Peter T. Flawn will conclude a notable thirty year career with The University of Texas System, including distinguished service as the president of U. T. San Antonio and U. T. Austin. Throughout this career and especially during his years of presidential leadership, his emphasis was on the quality of the academic programs and on the enhancement of teaching and learning for both graduate and undergraduate students. The naming of the building which houses the undergraduate library and other academic resources in his honor is a fitting tribute to his invaluable service to this University System and especially to The University of Texas at Austin.

Land and Investment Com.

LAND AND INVESTMENT COMMITTEE
COMMITTEE CHAIRMAN MILBURN

Date: August 8, 1985
Time: Following the meeting of the Buildings and
Grounds Committee
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	Page
	<u>L&I</u>
I. <u>Permanent University Fund</u>	
A. <u>Investment Matters</u>	
1. Permanent University Fund: Report on Clearance of Monies to Permanent Univer- sity Fund for May and June, 1985, and Report on Oil and Gas Development as of June 30, 1985	6
2. Permanent University Fund: Proposed Appointments to the Investment Advisory Committee	7
B. <u>Land Matters</u>	
U. T. System: Exercise of Rights Under Paragraphs 18.1.10 and 18.1.16 of the Lease Agreement (Permanent University Fund Lands Winery Project) Between the U. T. Board of Regents and G-R-C, Corporation and S-G-R-C Limited, Both of Austin, Texas	8
II. <u>Trust and Special Funds</u>	
<u>Gifts, Bequests and Estates</u>	
U. T. SYSTEM	
1. Recommendation to Accept Bequest from the Estate of Leonard D. Ormsby to Establish the Leonard D. Ormsby Medical Schools' Endowment Fund	8
U. T. ARLINGTON	
2. Recommendation to Accept Gift to Establish the Elizabeth Ann and M. J. Alsbury Memorial Scholarship Fund	9
U. T. AUSTIN	
3. Centennial Professorship in Classics and the Faculty Fellowship in Classical Archaeology Both in the College of Liberal Arts - Recommendation to Redesignate as the Centennial Professorship in Classical Archaeology and Establish Two Faculty Fellowships in Classics in the College of Liberal Arts with Previously Approved Matching Funds Under The Regents' Endowed Teachers and Scholars Program	9

4. Recommendation to Redesignate the Centennial Chair in Computing Theory as the Admiral B. R. Inman Centennial Chair in Computing Theory and the Centennial Chair in Computing Systems as the Peter O'Donnell, Jr. Centennial Chair in Computing Systems Both in the College of Natural Sciences 10
5. Recommendation to Accept Gifts and Pledges to Establish the Bartlett Cocke Regents Professorship in Architecture in the School of Architecture and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program 10
6. Recommendation to Accept Gift and Pledge to Establish the Leroy G. Denman, Jr. Regents Professorship in Real Property Law in the School of Law and Establish the Leroy G. Denman, Jr. Regents Professorship in Economics in the College of Liberal Arts with Matching Funds Under The Regents' Endowed Teachers and Scholars Program 11
7. Recommendation to Accept Gifts and Pledges to Establish the Priscilla Pond Flawn Regents Professorship in Child Development in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program (No Publicity) 12
8. Chair of Free Enterprise in the College of Engineering - Recommendation to Accept Pledge and Redesignate as the Clint W. Murchison Sr. Chair of Free Enterprise and Establish the (a) John D. Murchison Regents Professorship in Art, (b) Virginia L. Murchison Regents Professorship in Fine Arts, (c) John D. Murchison Fellowship in Art, and (d) John D. Murchison Fellowship in Fine Arts, All in the College of Fine Arts, with Matching Funds Under The Regents' Endowed Teachers and Scholars Program 12
9. Recommendation to Accept Gift and Pledge to Establish the Louise Spence Griffeth Fellowship for Excellence in the College of Education and Establish the Judy Spence Frank Fellowship for Excellence in the College of Education with Matching Funds Under The Regents' Endowed Teachers and Scholars Program 13
10. Johnson & Johnson Centennial Professorship in Pharmacy in the College of Pharmacy - Recommendation to Accept Pledge and Redesignate as the Johnson & Johnson Centennial Chair in Pharmacy and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program 14

11. W. James Kronzer Chair in Trial and Appellate Advocacy in the School of Law and Texas Centennial Lectureship in Astronomy and Astrophysics in the College of Natural Sciences - Recommendation to Carry Forward Reserved Funds from The Centennial Teachers and Scholars Program to The Regents' Endowed Teachers and Scholars Program 14
12. Recommendation to Accept Gift, Pledge and Transfer of Funds to Establish Two Andrew W. Mellon Foundation Faculty Fellowships in Latin American Studies in the College of Liberal Arts and Establish Three Andrew W. Mellon Foundation Faculty Fellowships in Latin American Studies, All in the College of Liberal Arts, with Matching Funds Under The Regents' Endowed Teachers and Scholars Program 15
13. Recommendation to Accept Gifts and Pledges to Establish the Shakespeare at Winedale Teaching Fellowship in the College of Liberal Arts and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program 16
14. Recommendation to Accept Gifts and Pledges to Establish the Texas Union Lectureship in Student Leadership in the College of Education and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program 16
15. Louis Nicolas Vauquelin Centennial Lectureship in Inorganic Chemistry in the College of Natural Sciences - Recommendation to Accept Additional Pledge and to Redesignate as the Louis Nicolas Vauquelin Regents Professorship in Inorganic Chemistry and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program for Addition to the Johann Friedrich Miescher Centennial Lectureship in Molecular Biology and Redesignation as the Johann Friedrich Miescher Regents Professorship in Molecular Biology (No Publicity) 17
16. Recommendation for Allocation of Additional Matching Funds Under The Regents' Endowed Teachers and Scholars Program for Previously Established Endowed Academic Positions 18
17. G. B. Dealey Scholarship Fund in the College of Communication - Recommendation to Redesignate as The Dallas Morning News-WFAA Foundation Scholarship Fund 20

	<u>Page</u> <u>L&I</u>
18. Recommendation to Accept Gift to Establish the Deloitte Haskins & Sells Glenn A. Welsch Endowed Scholarship in the College of Business Administration	20
19. Recommendation to Accept Gift of Security to Establish the Department Chairman's Permanent Endowment for Discretionary Spending in the College of Natural Sciences	21
20. Recommendation to Accept Gifts to Establish the Homer Garrison Endowed Scholarship in Liberal Arts in the College of Liberal Arts	21
21. Recommendation to Accept Gifts to Establish the Louis Pearce Endowed Presidential Scholarship	22
22. Recommendation to Accept Bequest from the Estate of Ralph R. Read, III to Establish the Ralph R. Read Endowed Scholarship for Undergraduate Students	22
23. Recommendation to Accept Gift to Establish The Wayne and Marjorie Riddell Endowed Scholarship for Women's Athletics	23
24. Recommendation to Accept Gift to Establish the Southland Paper Mills Foundation Endowed Scholarship	23
25. Recommendation to Accept Bequest from the Estate of Thomas Thompson to Establish the Thomas Thompson Journalism Scholarships in the College of Communication	23
U. T. DALLAS	
26. Recommendation to Accept Gifts and Pledges to Establish the History of Aviation Collection Endowment Fund	24
U. T. EL PASO	
27. Recommendation to Accept Gift to Establish the James D. DeGroat Memorial Presidential Scholarship Fund	24
28. Recommendation to Accept Gift to Establish the Mr. and Mrs. MacIntosh Murchison Professorship in the College of Engineering and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity)	25
U. T. INSTITUTE OF TEXAN CULTURES - SAN ANTONIO	
29. Recommendation to Accept Transfer of Funds to Establish The Alliance Endowment	25
30. Recommendation to Accept Gifts and Transfer of Funds to Establish the Pat and Jack Maguire Cultural Outreach Endowment Fund	26

U. T. HEALTH SCIENCE CENTER - DALLAS

31. (U. T. Southwestern Medical School - Dallas):
Recommendation to Accept Gifts to Establish
the David G. Beddow, M.D. Memorial Lecture-
ship 26
32. (U. T. Southwestern Medical School - Dallas):
Recommendation to Accept Gift and Establish
The Distinguished Chair in Biochemistry and
Eligibility for Matching Funds Under the Texas
Eminent Scholars Program (No Publicity) 27
33. (U. T. Southwestern Medical School - Dallas):
Recommendation to Accept Gift to Establish
The Ray A. and Robert L. Kroc Lectureship
in Rheumatology and Eligibility for Matching
Funds Under the Texas Eminent Scholars Program 27

U. T. MEDICAL BRANCH - GALVESTON

34. C. M. Phillips Lectureship in Medical Economics-
Recommendation to Accept Transfer of Funds,
Gift and Pledge and Redesignate as the Evalyn
Matheson Phillips and Clairice M. Phillips, M.D.
Professorship in Family Medicine and Eligibil-
ity for Matching Funds Under the Texas Eminent
Scholars Program 28
35. Recommendation to Accept Gift of Land to
Establish the J. F. Seinsheimer, Jr. and
Jessie Lee Seinsheimer Lectureship in
Otolaryngology and Gift of Land and
Securities to Establish the Edna S. and
William C. Levin Professorship in
Internal Medicine and Eligibility of
the Gift of Securities for Matching
Funds Under the Texas Eminent Scholars
Program 28

U. T. HEALTH SCIENCE CENTER - SAN ANTONIO

36. Recommendation to Establish the Ray A.
and Robert L. Kroc Visiting Scientist
and Lectureship Program and Eligibility
for Matching Funds Under the Texas Eminent
Scholars Program 29
37. Meadows Foundation Teaching Fellowship in
Child Psychiatry - Recommendation to Accept
Gifts and Redesignate as Meadows/San Antonio
Area Foundation (Semp Russ) Research
Professorship in Child Psychiatry and
Eligibility for Matching Funds Under the
Texas Eminent Scholars Program 30

III. Intellectual Property

- U. T. System: Recommendation for Approval of
Policy Statements, Guidelines and Amendments
to the Regents' Rules and Regulations, Part Two,
Chapter V, Section 2.4, with Regard to the
Management of Intellectual Property 30

I. PERMANENT UNIVERSITY FUND

A. INVESTMENT MATTERS

1. Report on Clearance of Monies to Permanent University Fund for May and June, 1985, and Report on Oil and Gas Development as of June 30, 1985.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for May and June, 1985, and (b) Oil and Gas Development as of June 30, 1985, are submitted by the Executive Director for Investments and Trusts:

<u>Permanent University Fund</u>	<u>May, 1985</u>	<u>June, 1985</u>	<u>Cumulative Through June of This Fiscal Year (1984-1985)</u>	<u>Cumulative Through June of Preceding Fiscal Year (1983-1984)</u>	<u>Per Cent Change</u>
<u>Royalty</u>					
Oil	\$ 8,810,150.49	\$ 7,603,864.87	\$ 84,962,081.78	\$ 88,947,110.54	(4.48%)
Gas	2,571,828.24	3,062,152.61	27,182,579.81	31,645,573.79	(14.10)
Sulphur	58,110.74	29,697.94	457,476.43	90,000.00	
Water	38,307.99	78,825.01	345,940.21	477,066.85	
Brine	9,875.43	6,964.99	83,461.45	137,882.80	
<u>Rental</u>					
Oil and Gas Leases	1,687.20	(611.80)	1,729,399.38	1,363,810.13	
Other	686.00	11,885.00	24,110.67	12,181.11	
Sale of Sand, Gravel, Etc.			18,142.00	10,728.25	
Gain or (Loss) on Sale of Securities	10,204,599.67	6,419,958.29	80,116,744.22	23,397,073.10	
Sub-Total	<u>21,695,245.76</u>	<u>17,212,736.91</u>	<u>194,919,935.95</u>	<u>146,081,426.57</u>	<u>33.43%</u>
<u>Bonuses</u>					
Oil and Gas Lease Sales	-0-	-0-	-0-	7,006,200.00	
Amendments and Extensions to Mineral Leases	-0-	-0-	227,270.46	215,427.19	
Total Bonuses	<u>-0-</u>	<u>-0-</u>	<u>227,270.46</u>	<u>7,221,627.19</u>	
TOTAL CLEARANCES	<u>\$21,695,245.76</u>	<u>\$17,212,736.91</u>	<u>\$195,147,206.41</u>	<u>\$153,303,053.76</u>	<u>27.30%</u>

Oil and Gas Development - June 30, 1985
Acreage Under Lease - 849,465

Number of Producing Acres - 557,075

Number of Producing Leases - 2,246

2. Permanent University Fund: Proposed Appointments to the Investment Advisory Committee.--

RECOMMENDATION

The Office of the Chancellor recommends the appointment of Mr. John T. Trotter, to replace Mr. Thomas B. McDade, and the reappointment of Mr. Andrew Delaney, both of Houston, Texas, to the Investment Advisory Committee for the Permanent University Fund. Both appointments are for a three-year term through August 31, 1988.

BACKGROUND INFORMATION

Mr. Thomas B. McDade has served on the Investment Advisory Committee since 1973. Under the Regents' Rules and Regulations, the length of his term precludes reappointment. His twelve years of dedicated service and wise counsel are greatly appreciated.

Mr. John T. Trotter is active in various business investments, and is Chairman of the Board of Directors of Allied Bank of Texas, and a partner in the Washington, D.C. law firm, McClure and Trotter. In addition to being a member of the Board of Trustees of Rice University and Baylor College of Medicine, he is a member of the board of Allied Bancshares, Inc., Houston Industries, Inc., Houston Lighting and Power Co., Parker Drilling Co., Service Corporation International, and Tracor, Inc.

Mr. Andrew Delaney is Vice Chairman and Chief Investment Officer of American General Corporation. He was first appointed to the Investment Advisory Committee for a two-year term on August 31, 1983. With approval of these recommended appointments, the Investment Advisory Committee members and terms would be as follows:

	<u>Term Expires</u>
Orson C. Clay	8/31/86
J. Donald Squibb, Jr.	8/31/86
Harold W. Hartley	8/31/87
Dee S. Osborne	8/31/87
Andrew Delaney	8/31/88
John T. Trotter	8/31/88

B. LAND MATTERS

U. T. System: Exercise of Rights Under Paragraphs 18.1.10 and 18.1.16 of the Lease Agreement (Permanent University Fund Lands Winery Project) Between the U. T. Board of Regents and G-R-C, Corporation and S-G-R-C Limited, Both of Austin, Texas.--

EXPLANATION

The Executive Vice Chancellor for Asset Management and the Vice Chancellor and General Counsel have been notified that the Richter Corporation intends to buy the interest of the Cordier Corporation in the Richter-Cordier Corporation (a Delaware Corporation). The Richter-Cordier Corporation is an owner of 49 percent in G-R-C Corporation and is a limited partner in S-G-R-C Limited, both of Austin, Texas, which are the parties to the Lease Agreement for the operation of the winery on Permanent University Fund Lands in West Texas.

The Office of General Counsel and the Office of Asset Management are investigating the situation. A recommendation from the Office of the Chancellor as to the exercise of the U. T. Board of Regents' rights under Paragraphs 18.1.10 and 18.1.16 of the Lease Agreement to either approve or disapprove this change of ownership may result. If it does, full background information along with the recommendation will be mailed to the U. T. Board of Regents as early as possible.

II. TRUST AND SPECIAL FUNDS

GIFTS, BEQUESTS AND ESTATES

1. U. T. System: Recommendation to Accept Bequest from the Estate of Leonard D. Ormsby to Establish the Leonard D. Ormsby Medical Schools' Endowment Fund.--

RECOMMENDATION

The Office of the Chancellor recommends acceptance of a \$75,000 bequest from the Estate of Leonard D. Ormsby, San Antonio, Texas, to establish the Leonard D. Ormsby Medical Schools' Endowment Fund.

Income earned from the endowment will be used at the discretion of the Executive Vice Chancellor for Health Affairs for educational projects at medical schools within The University of Texas System.

BACKGROUND INFORMATION

Leonard D. Ormsby, deceased in 1983, was a resident of San Antonio, Texas, with no known ties to any U. T. System component. In May 1985, the Executor of Mr. Ormsby's estate notified the U. T. System Director of Development of the \$75,000 bequest from Mr. Ormsby's estate. After consultation between the Executor, the Executive Vice Chancellor for Health Affairs, and chief business officers of the U. T. System health components, it was agreed that the bequest be used to establish a named endowment fund with income to be used as set out above.

LAND AND INVESTMENT COMMITTEE

SUPPLEMENTAL MATERIAL

August 8-9, 1985

Page
L&I

I. PERMANENT UNIVERSITY FUND

B. LAND MATTERS

U. T. System: Exercise of Rights Under Paragraphs 18.1.10 and 18.1.16 of the Lease Agreement (Permanent University Fund Lands Winery Project) Between the U. T. Board of Regents and G-R-C, Corporation and S-G-R-C Limited, Both of Austin, Texas

Below

DOCUMENTATION

I-B. U. T. System: Exercise of Rights Under Paragraphs 18.1.10 and 18.1.16 of the Lease Agreement (Permanent University Fund Lands Winery Project) Between the U. T. Board of Regents and G-R-C, Corporation and S-G-R-C Limited, Both of Austin, Texas.--

RECOMMENDATION

The Executive Vice Chancellor for Asset Management and the Vice Chancellor and General Counsel recommend that the Board of Regents refuse to approve the proposed purchase by Richter Corporation of the interest of Cordier Corporation in the Richter-Cordier Corporation (a Delaware Corporation).

BACKGROUND INFORMATION

The Richter-Cordier Corporation is the owner of 49 percent of G-R-C Corporation and is a limited partner in S-G-R-C Limited which are the Lessees under the Lease Agreement for the operation of the winery and commercial vineyards on Permanent University Fund Land in West Texas. Under the terms of Paragraphs 18.1.10 and 18.1.16 of the Lease Agreement and the Mutual Agreement between Richter Corporation and Cordier Corporation relating to the proposed purchase of Cordier's interest in Richter-Cordier Corporation (copy and translation attached), the Board of Regents has the right to either approve or disapprove any change in ownership in G-R-C Corporation or S-G-R-C Limited that would divest the principals in such corporation or limited partnership, as of the date the Lease Agreement and Lease Agreement Amendment No. 4, of their right to operate and manage the leased premises under the Lease Agreement. Because of the long and successful history of Cordier Corporation in the operation and management of vineyards and wineries in France and the marketing of wine produced at those wineries, the continued participation of Cordier Corporation in the management and operation of the West Texas winery and vineyards as a principal under the Lease Agreement is considered to be highly advantageous and desirable.

MUTUAL AGREEMENT

CORDIER offers to purchase from RICHTER, which acknowledges receipt of this offer, all of its shares in RICHTER CORDIER CORPORATION, for the sum of 9,955,000 FF. (Approximately One Million Dollars in American money.)

The parties agree that prior to June 30, 1985, RICHTER may respond to this offer either by agreeing to sell all its shares, or by purchasing all shares of CORDIER, which agrees to sell its shares to RICHTER at the same price. In either case, the purchase of shares will take place within ninety (90) days.

If on the 30th day of June 1985, RICHTER has not responded to this offer, then this offer is withdrawn and the articles in the RICHTER CORDIER CORPORATION'S By-Laws relevant to the "buy and sell" clause becomes automatically effective under the following specific conditions:

- the 60-day option period will be considered completed;
- the duration of the "buy and sell" period will be reduced from 30 days to 15 days; i.e., until July 14, 1985.

The balance of the by-laws relevant to the "buy and sell" clause remains unchanged.

The parties agree that the Seller will give its consent so that the loans and the special arrangements that it (Seller) had obtained to finance its participation in RICHTER CORDIER CORPORATION may be transferred to the Buyer with the consent of the lending institutions.

The parties agree that the Buyer will guarantee the Seller's visitation rights to the vineyards and the storage cellar, as well as the right to use for promotional or advertising purposes, the products of the vineyard and the cellar.

The Buyer will give to the Seller a release for technical services rendered prior to the sale. This release will be given at the time of the transfer of the ownership of the shares; prior to this transfer, the Seller will remain fully and completely responsible and will continue until the aforementioned transfer to fulfill its technical role.

Buyer agrees to assume all of the guaranteed indebtedness which Seller incurred in connection with the original transaction, in order to release Seller from its obligations and responsibilities. This assumption of indebtedness must occur prior to the transfer of the ownership of shares.

The Seller will turn over to the Buyer its directorship (seats) on the Board of SANCHEZ-GILL-RICHTER-CORDIER-CORPORATION and RICHTER CORDIER CORPORATION at the time of closing.

The transfer of the ownership of shares of RICHTER CORDIER CORPORATION will occur on the day of payment. This payment will be made by check in accordance with standard banking procedures.

This contract is governed by the laws of the Republic of France, and venue for all and any litigation associated with this contract shall be at the domicile of the Seller.

In the event of a disagreement with The University of Texas concerning Article 18.1.10 of the Lease Agreement between The University of Texas and SANCHEZ-GILL-RICHTER-CORDIER-CORPORATION, the Buyer may require the Seller, who hereby agrees to abide by these terms, to appoint a third party, under conditions yet to be defined, so that SANCHEZ-GILL-RICHTER-CORPORATION does not enter into default vis a vis The University of Texas.

This Agreement is effective unless objected to by The University of Texas, the Bank of America, General Food Credit Corporation, and any Federal or State agency governing the production of alcohol.

Entered into Montpellier, on April 19, 1985.

/s/ _____
Henry BERNABE
RICHTER S.A.

/s/ _____
Jean-Louis BLANC
Societe CORDIER

PROTOCOLE D'ACCORD

43
CORDIER offre à RICHTER, qui accuse réception de cette offre, de racheter toutes ses parts dans RICHTER CORDIER CORPORATION, au prix de 955 000 FF.

Les parties conviennent que, jusqu'au 30 Juin 1985, RICHTER puisse répondre à cette offre soit en acceptant de vendre toutes ses parts, soit en rachetant toutes celles de CORDIER, qui s'engage à les lui vendre au même prix. Dans l'un ou l'autre cas, le règlement des actions s'effectuera dans les 90 jours.

Si au 30 Juin 1985, RICHTER n'a pas donné de réponse à cette offre, cette offre tombe et l'article des statuts de RICHTER CORDIER CORPORATION relatif à la clause "buy and sell" jouera automatiquement dans les conditions particulières suivantes :

- la période de blocage de 60 jours sera réputée achevée;
- la durée de la période de "buy and sell" sera réduite de 30 à 15 jours, soit jusqu'au 14 Juillet 1985.

Les autres dispositions des Statuts relatives au "buy and sell" restent inchangées.

Les parties conviennent que le vendeur donnera son accord pour que les prêts et les facilités éventuelles qu'il a obtenus pour le financement de sa participation dans RICHTER CORDIER CORPORATION soient transférés à l'acheteur sous réserve de l'acceptation de l'organisme prêteur.

412
Les parties conviennent que l'acheteur garantira au vendeur le droit de visite du vignoble et de la cave, ainsi que le droit d'utiliser à titre publicitaire ou promotionnel les réalisations du vignoble et de la cave.

L'acheteur donnera au vendeur quitus pour les actions techniques qu'il aura menées jusqu'à la vente. Ce quitus sera donné au moment du transfert de propriété des parts; jusqu'à ce transfert le vendeur restera responsable pleinement et entièrement et continuera jusqu'au dit transfert à assumer son rôle technique comme auparavant.

L'acheteur se substituera au vendeur pour les cautions et garanties données à l'occasion de cette affaire, afin de dégager le vendeur de toutes ses obligations et responsabilités. Ce transfert des garanties devra intervenir avant le transfert de propriété des parts.

Le vendeur mettra à la disposition de l'acheteur les sièges d'administrateur dans la Société SANCHEZ-GILL-RICHTER-CORDIER CORPORATION et dans la Société RICHTER CORDIER CORPORATION le jour du paiement des actions.

La transmission de la propriété des parts de RICHTER CORDIER CORPORATION interviendra le jour du règlement. Ce règlement sera effectué par chèque au cours de la période conventionnelle ou statutaire de règlement.


La loi de ce contrat est la loi française et le tribunal de commerce du siège du vendeur sera compétent pour les éventuels litiges liés à son application.

43 18-1-10 En cas de problème avec l'Université du Texas découlant de l'article du bail de location entre l'Université du Texas et SANCHEZ-GILL-RICHTER-CORDIER CORPORATION, l'acheteur pourra demander au vendeur, qui s'engage à l'accepter, d'apporter une collaboration externe, dans des conditions à définir, afin que la Société SANCHEZ-GILL-RICHTER-CORDIER CORPORATION ne soit pas en défaut vis à vis de l'Université du Texas.

43 =

Cet accord est effectué sous la condition suspensive de la non opposition de l'Université du Texas, de la Bank of America, de General Food Credit Corporation, ainsi que des organismes fédéraux et de l'Etat du Texas de délivrance de permis de production alcoolique.

Fait à Montpellier, le 19 Avril 1985



Henri BERNABE
RICHTER S.A.



Jean-Louis BLANC
Société CORDIER

2. U. T. Arlington: Recommendation to Accept Gift to Establish the Elizabeth Ann and M. J. Alsbury Memorial Scholarship Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Nedderman's recommendation to accept a \$10,000 gift from Mrs. M. J. (Lila) Alsbury, Comanche, Texas, to establish the Elizabeth Ann and M. J. Alsbury Memorial Scholarship Fund in the School of Nursing at U. T. Arlington.

BACKGROUND INFORMATION

Mrs. Alsbury is making this gift in memory of her daughter, Elizabeth, and her husband, Mr. M. J. Alsbury, both deceased. Mr. Alsbury attended U. T. Arlington in the 1940's and Elizabeth also attended the institution in 1970 before her death in 1971.

3. U. T. Austin: Centennial Professorship in Classics and the Faculty Fellowship in Classical Archaeology Both in the College of Liberal Arts - Recommendation to Redesignate as the Centennial Professorship in Classical Archaeology and Establish Two Faculty Fellowships in Classics in the College of Liberal Arts with Previously Approved Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to merge and redesignate the Centennial Professorship in Classics and the Faculty Fellowship in Classical Archaeology both in the College of Liberal Arts at U. T. Austin as the Centennial Professorship in Classical Archaeology with a total endowment of \$202,227.32.

It is further recommended that \$100,000 in previously approved matching funds under The Regents' Endowed Teachers and Scholars Program for the Centennial Professorship in Classics be used to establish two Faculty Fellowships in Classics in the College of Liberal Arts.

BACKGROUND INFORMATION

The Centennial Professorship in Classics was established at the December 1983 meeting of the U. T. Board of Regents with a \$20,000 gift from Travel Dynamics, Inc., New York, New York, and \$80,000 in pledges from various donors for a total of \$100,000. Matching funds of \$100,000 were reserved pending designation for use.

At its February 1985 meeting, the U. T. Board of Regents established the Faculty Fellowship in Classical Archaeology with \$51,113.66 in gifts and pledges from various donors and matching funds of \$51,113.66 for a total of \$102,227.32.

4. U. T. Austin: Recommendation to Redesignate the Centennial Chair in Computing Theory as the Admiral B. R. Inman Centennial Chair in Computing Theory and the Centennial Chair in Computing Systems as the Peter O'Donnell, Jr. Centennial Chair in Computing Systems Both in the College of Natural Sciences.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to redesignate two chairs in the Department of Computer Sciences, College of Natural Sciences, at U. T. Austin as follows:

- a. Centennial Chair in Computing Theory as the Admiral B. R. Inman Centennial Chair in Computing Theory
- b. Centennial Chair in Computing Systems as the Peter O'Donnell, Jr. Centennial Chair in Computing Systems

BACKGROUND INFORMATION

The Centennial Chair in Computing Theory was established with a \$1,000,000 gift from an anonymous donor at the June 1983 U. T. Board of Regents' meeting. Matching funds under The Regents' Endowed Teachers and Scholars Program were used to establish the Centennial Chair in Computing Systems.

Admiral B. R. Inman, Austin, Texas, received a B.A. in History from U. T. Austin in 1950 and is a member of the College of Engineering Foundation Advisory Council.

Mr. Peter O'Donnell, Jr., Dallas, Texas, is president of the O'Donnell Foundation and is a director at InterFirst Bank Dallas.

5. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the Bartlett Cocke Regents Professorship in Architecture in the School of Architecture and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept \$74,787.98 in gifts and \$25,213 in pledges, payable prior to August 31, 1987, from various donors for a total of \$100,000.98 to establish the Bartlett Cocke Regents Professorship in Architecture in the School of Architecture at U. T. Austin.

It is further recommended that the gifts and pledges, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to double the endowment.

BACKGROUND INFORMATION

Mr. Bartlett Cocke, Sr., Floresville, Texas, received a B.S. in Architecture from U. T. Austin in 1922 and a M.S. from Massachusetts Institute of Technology. He is a member of the U. T. Austin President's Associates and founder of Chumney, Jones & Kell, Inc., San Antonio, Texas. Mr. Cocke was instrumental in the design of the U. T. Health Science Center - San Antonio and the U. T. Austin Perry-Castaneda Library.

6. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Leroy G. Denman, Jr. Regents Professorship in Real Property Law in the School of Law and Establish the Leroy G. Denman, Jr. Regents Professorship in Economics in the College of Liberal Arts with Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$25,000 gift from Mr. Charles M. Armstrong, San Benito, Texas, and a \$75,000 pledge, payable prior to August 31, 1987, from the John B. Armstrong family, Kingsville, Texas, for a total of \$100,000 to establish the Leroy G. Denman, Jr. Regents Professorship in Real Property Law to be administered by the John Charles Townes Foundation in the School of Law at U. T. Austin.

It is further recommended that the gift and pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to establish the Leroy G. Denman, Jr. Regents Professorship in Economics in the College of Liberal Arts.

BACKGROUND INFORMATION

Mr. Charles M. Armstrong and the John B. Armstrong family are funding this professorship in honor of Mr. Leroy G. Denman, Jr., president of the San Antonio Bank and Trust Company and director of the Kleberg First National Bank of Kingsville. Mr. Denman received his L.L.B. from U. T. Austin in 1939 and is a member of The President's Associates and the Marine Science Institute Advisory Council.

Mr. John B. Armstrong, executive vice president of the King Ranch, Kingsville, Texas, received his B.A. in Art and Sciences from U. T. Austin in 1942.

7. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the Priscilla Pond Flawn Regents Professorship in Child Development in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept \$97,456.50 in gifts and \$153,175 in pledges, payable prior to August 31, 1987, for a total of \$250,631.50 from various donors to establish the Priscilla Pond Flawn Regents Professorship in Child Development in the College of Natural Sciences at U. T. Austin.

It is further recommended that these gifts and pledges, as received, be matched under The Regents' Endowed Teachers and Scholars Program. A designation for use of the matching allocation will be made at a later time.

BACKGROUND INFORMATION

Mrs. Priscilla Flawn, Austin, Texas, received her B.A. in English and Organ from Oberlin College, Oberlin, Ohio, in 1946. She is the wife of Dr. Peter Tyrrell Flawn, president of U. T. Austin and past president of U. T. San Antonio.

NO PUBLICITY

8. U. T. Austin: Chair of Free Enterprise in the College of Engineering - Recommendation to Accept Pledge and Redesignate as the Clint W. Murchison, Sr. Chair of Free Enterprise and Establish the (a) John D. Murchison Regents Professorship in Art, (b) Virginia L. Murchison Regents Professorship in Fine Arts, (c) John D. Murchison Fellowship in Art, and (d) John D. Murchison Fellowship in Fine Arts, All in the College of Fine Arts, with Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$750,000 pledge, payable prior to August 31, 1987, from Ms. Virginia L. Murchison, Athens, Texas, for addition to the Chair of Free Enterprise in the College of Engineering at U. T. Austin and redesignate as the Clint W. Murchison, Sr. Chair of Free Enterprise.

It is further recommended that the pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to establish the following endowments in the College of Fine Arts:

<u>Endowed Academic Position</u>	<u>Matching</u>
a. John D. Murchison Regents Professorship in Art	\$300,000

<u>Endowed Academic Position</u>	<u>Matching</u>
b. Virginia L. Murchison Regents Professorship in Fine Arts	\$ 300,000
c. John D. Murchison Fellowship in Art	75,000
d. John D. Murchison Fellowship in Fine Arts	75,000

BACKGROUND INFORMATION

The Chair of Free Enterprise was established at the May 1976 meeting of the U. T. Board of Regents with \$546,878 in gifts raised through the College of Engineering Foundation Advisory Council. Mr. John D. Murchison, deceased, and his brother, Mr. Clint W. Murchison, were partners in Murchison Brothers, a business involved in insurance, building, and banking.

9. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Louise Spence Griffeth Fellowship for Excellence in the College of Education and Establish the Judy Spence Frank Fellowship for Excellence in the College of Education with Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$20,000 gift and a \$30,000 pledge, payable prior to August 31, 1987, from Mr. and Mrs. Ralph Spence, Tyler, Texas, for a total of \$50,000 to establish the Louise Spence Griffeth Fellowship for Excellence in the College of Education at U. T. Austin.

It is further recommended that the gift and pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to establish the Judy Spence Frank Fellowship for Excellence in the College of Education.

BACKGROUND INFORMATION

Mr. Ralph Spence received a B.B.A. from U. T. Austin in 1942 and is a member of The President's Associates, The Chancellor's Council, the U. T. Austin Dads' Association, and the College of Business Administration Foundation Advisory Council. Mrs. Louise Spence Griffeth, Dallas, Texas, and Mrs. Judy Spence Frank, Houston, Texas, are the daughters of Mr. and Mrs. Spence.

Mrs. Griffeth and Mrs. Frank received B.S. degrees in Curriculum and Instruction from U. T. Austin in 1972 and 1973, respectively, and are members of the The President's Associates and The Chancellor's Council. Mrs. Griffeth is also a member of the College of Education Foundation Advisory Council.

10. U. T. Austin: Johnson & Johnson Centennial Professorship in Pharmacy in the College of Pharmacy - Recommendation to Accept Pledge and Redesignate as the Johnson & Johnson Centennial Chair in Pharmacy and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$450,000 pledge, payable prior to August 31, 1987, from Johnson & Johnson Products, Inc., New Brunswick, New Jersey, for addition to the Johnson & Johnson Centennial Professorship in Pharmacy in the College of Pharmacy at U. T. Austin and redesignate as the Johnson & Johnson Centennial Chair in Pharmacy.

It is further recommended that the pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment of the chair.

BACKGROUND INFORMATION

The Johnson & Johnson Centennial Fellowship in Pharmacy was established at the February 1983 meeting of the U. T. Board of Regents with \$25,000 in gifts and a \$30,000 pledge from Johnson & Johnson Products, Inc. The fellowship was increased at the August 1983 U. T. Board of Regents' meeting with an additional \$50,000 pledge from Johnson & Johnson for a total endowment of \$105,000 and redesignated as a professorship. The pledges have been paid in full. Johnson & Johnson Products, Inc. is a generous supporter of the U. T. Austin College of Pharmacy.

11. U. T. Austin: W. James Kronzer Chair in Trial and Appellate Advocacy in the School of Law and Texas Centennial Lectureship in Astronomy and Astrophysics in the College of Natural Sciences - Recommendation to Carry Forward Reserved Funds from The Centennial Teachers and Scholars Program to The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that funds reserved for the biennium ending August 31, 1985, under The Centennial Teachers and Scholars Program to match the projected value of the sale of real estate donated for the W. James Kronzer Chair in Trial and Appellate Advocacy in the School of Law and the Texas Centennial Lectureship in Astronomy and Astrophysics in the College of Natural Sciences at U. T. Austin be carried forward to the biennium ending August 31, 1987, and reserved for the same purpose.

BACKGROUND INFORMATION

It was originally anticipated that the real property donated to partially fund these two endowed academic positions would be sold prior to August 31, 1985. Under prevailing economic conditions, however, it would be disadvantageous to sell the property prior to that date.

The W. James Kronzer Chair in Trial and Appellate Advocacy was established at the April 1983 meeting of the U. T. Board of Regents with a gift of land appraised at \$125,500, \$40,000.01 in gifts, and \$334,499.99 in pledges for a total of \$500,000 from friends of Mr. W. James Kronzer. Subsequent gifts of land have increased the approximate value of real estate donated to the Chair to approximately \$285,500. The funds for the Chair are held by The University of Texas Law School Foundation (an external foundation) per the agreement with the Foundation.

The Texas Centennial Lectureship in Astronomy and Astrophysics was established at the June 1983 meeting of the U. T. Board of Regents with a gift of land and improvements appraised at approximately \$35,000 from Dr. and Mrs. Gerard de Vaucouleurs, Austin, Texas.

Matching funds from The Centennial Teachers and Scholars Program were reserved and are to be used to double the endowments of the Chair and Lectureship.

12. U. T. Austin: Recommendation to Accept Gift, Pledge and Transfer of Funds to Establish Two Andrew W. Mellon Foundation Faculty Fellowships in Latin American Studies in the College of Liberal Arts and Establish Three Andrew W. Mellon Foundation Faculty Fellowships in Latin American Studies, All in the College of Liberal Arts, with Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$75,000 gift and a \$50,000 pledge, payable prior to August 31, 1987, for a total of \$125,000 from The Andrew W. Mellon Foundation, New York, New York, and a transfer of previously reported gifts totaling \$125,000 from U. T. Austin restricted funds for a total of \$250,000 to establish two Andrew W. Mellon Foundation Faculty Fellowships in Latin American Studies in the College of Liberal Arts at U. T. Austin with one fellowship endowed at \$200,000 and the other at \$50,000.

It is further recommended that the gift, pledge, and transfer of funds, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to establish three Andrew W. Mellon Foundation Faculty Fellowships in Latin American Studies in the College of Liberal Arts. Two fellowships are to be endowed at \$100,000 each and a third at \$50,000.

BACKGROUND INFORMATION

The Andrew W. Mellon Foundation has approved a challenge grant of one dollar for every three dollars of non-foundation funds received by U. T. Austin over the next three to four years to establish endowments to support teaching and research on Latin America.

13. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the Shakespeare at Winedale Teaching Fellowship in the College of Liberal Arts and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept \$29,027.50 in previously reported gifts and \$39,500 in pledges, payable prior to August 31, 1987, for a total of \$68,527.50 from various donors to establish the Shakespeare at Winedale Teaching Fellowship in the College of Liberal Arts at U. T. Austin.

It is further recommended that the gifts and pledges, as received, be matched under The Regents' Endowed Teachers and Scholars Program and be used to increase the endowment of the fellowship.

BACKGROUND INFORMATION

The Winedale Historical Center was a gift to U. T. Austin from the late Miss Ima Hogg, daughter of former Texas Governor James S. Hogg. Dr. James Ayres, Professor of English at U. T. Austin, began the Winedale project at Miss Hogg's request. Each summer, Dr. Ayres takes a group of students to the Center to experience the meaning of Shakespeare's words through studying, performing, and producing three of his plays.

14. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the Texas Union Lectureship in Student Leadership in the College of Education and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept \$10,000 in gifts and \$15,000 in pledges, due prior to August 31, 1987, from various donors and \$25,000 in matching funds from the Texas Union Endowment Fund for a total of \$50,000 to establish the Texas Union Lectureship in Student Leadership in the College of Education at U. T. Austin.

It is further recommended that the gifts, pledges, and matching funds, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment of the lectureship to \$100,000.

BACKGROUND INFORMATION

The Texas Union Advisory Council at U. T. Austin is establishing this lectureship to enhance student leadership development and provide a focus for contact with highly qualified role models in leadership. The Texas Union Board of Directors established the Texas Union Endowment Fund in 1983 to provide the Union with a guaranteed, ongoing, and increasing source of income.

15. U. T. Austin: Louis Nicolas Vauquelin Centennial Lectureship in Inorganic Chemistry in the College of Natural Sciences - Recommendation to Accept Additional Pledge and to Redesignate as the Louis Nicolas Vauquelin Regents Professorship in Inorganic Chemistry and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program for Addition to the Johann Friedrich Miescher Centennial Lectureship in Molecular Biology and Redesignation as the Johann Friedrich Miescher Regents Professorship in Molecular Biology (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept an additional pledge of \$60,000, payable prior to August 31, 1987, from anonymous donors for addition to the Louis Nicolas Vauquelin Centennial Lectureship in Inorganic Chemistry in the College of Natural Sciences at U. T. Austin for a total endowment of \$100,000 and to redesignate as the Louis Nicolas Vauquelin Regents Professorship in Inorganic Chemistry.

It is further recommended that the \$60,000 pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program and added to the Johann Friedrich Miescher Centennial Lectureship in Molecular Biology in the College of Natural Sciences for a total endowment of \$100,000. This lectureship is to be redesignated as the Johann Friedrich Miescher Regents Professorship in Molecular Biology.

BACKGROUND INFORMATION

The Louis Nicolas Vauquelin Centennial Lectureship in Inorganic Chemistry was established with a \$10,000 gift and a \$10,000 pledge from anonymous donors at the February 1983 U. T. Board of Regents' meeting. The pledge has been paid in full. Matching funds under The Centennial Teachers and Scholars Program were used to establish the Johann Friedrich Miescher Centennial Lectureship in Molecular Biology. The endowments of the two lectureships were increased at the August 1983 meeting of the U. T. Board of Regents with a \$20,000 pledge from anonymous donors and a \$20,000 matching allocation from The Centennial Teachers and Scholars Program for a total endowment of \$40,000 each.

NO PUBLICITY

16. U. T. Austin: Recommendation for Allocation of Additional Matching Funds Under The Regents' Endowed Teachers and Scholars Program for Previously Established Endowed Academic Positions.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to allocate matching funds totaling \$35,775.00 from The Regents' Endowed Teachers and Scholars Program for additional gifts to the endowments of the following previously established endowed academic positions at U. T. Austin.

<u>Eligible Position, Date of Establishment, and Donor</u>	<u>Matching Designation</u>	<u>Total Previously Approved</u>	<u>Additional Gifts/Pledges</u>
<u>College of Business Administration and the Graduate School of Business</u>			

Teeple Properties, Inc. Lectureship in Business Administration 8/9-10/84	Add to Lectureship	\$ 20,000.00	\$ 25.00
--	-----------------------	--------------	----------

Donor: Teeple Properties, Inc.,
Mr. Charles S. Teeple

College of Communication

DeWitt Carter Reddick Centennial Professor- ship in Journalism Education 6/10-11/82	DeWitt C. Reddick Cen- tennial Lec- tureship in Communication	140,639.00	1,400.00
---	---	------------	----------

Donor: Various Donors

College of Engineering

Brunswick-Abernathy Regents Professorship in Soil Dynamics and Geotechnical Engineering 8/9-10/84	Add to Professorship	100,000.00	2,000.00
--	-------------------------	------------	----------

Donor: Mr. K. Brooks Abernathy,
The Brunswick Foundation, Inc.

Claude R. Hocott Lectureship in Petroleum Engineering 8/9-10/84	Add to Lectureship	24,180.00	2,225.00
---	-----------------------	-----------	----------

Donor: Friends of Alec

<u>Eligible Position, Date of Establishment, and Donor</u>	<u>Matching Designation</u>	<u>Total Previously Approved</u>	<u>Additional Gifts/Pledges</u>
--	---------------------------------	--	-------------------------------------

College of Liberal Arts

Liz Sutherland Carpenter Distinguished Visiting Lectureship in the Humanities and Sciences 8/11-12/83	Add to Lectureship	\$ 74,205.89	\$ 1,250.00
---	-----------------------	--------------	-------------

Donor: Various Donors

College of Natural Sciences

Leonidas T. Barrow Centennial Chair in Mineral Resources 8/4/78	Add to Chair	217,421.00	500.00
--	--------------	------------	--------

Donor: Mrs. L. T. Barrow

Beatrice M. Tinsley Centennial Visiting Professorship in Astronomy 6/17-18/83	Add to Professorship	100,000.00	3,000.00
---	-------------------------	------------	----------

Donor: Various Donors

College of Pharmacy

The Hoechst-Roussel Centennial Endowed Professorship in Pharmacy 8/28-29/80	Add to Professorship	450,000.00	25,000.00
---	-------------------------	------------	-----------

Donor: Hoechst-Roussel
Pharmaceuticals, Inc.

Stephen H. Spurr Centennial Fellowship 8/11-12/83	Add to Fellowship	63,695.00	375.00
--	----------------------	-----------	--------

Donor: Various Donors

BACKGROUND INFORMATION

The additional gifts to each endowment fund have been reported in the institutional docket or small gifts report.

17. U. T. Austin: G. B. Dealey Scholarship Fund in the College of Communication - Recommendation to Redesignate as The Dallas Morning News-WFAA Foundation Scholarship Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to redesignate the G. B. Dealey Scholarship Fund in the College of Communication at U. T. Austin as The Dallas Morning News-WFAA Foundation Scholarship Fund.

This recommendation is being made in accordance with the donor's request.

BACKGROUND INFORMATION

The G. B. Dealey Scholarship Fund was established with a \$50,000 gift and a \$150,000 pledge for a total endowment of \$200,000 from The G. B. Dealey Foundation, Dallas, Texas, at the September 1980 meeting of the U. T. Board of Regents. The pledge has been paid in full.

The G. B. Dealey Foundation was established in 1952 and primarily makes contributions to hospitals, secondary education, cultural programs, and youth agencies in the Dallas area. It was named after the late George Bannerman Dealey who established the Dallas Morning News in 1885.

18. U. T. Austin: Recommendation to Accept Gift to Establish the Deloitte Haskins & Sells Glenn A. Welsch Endowed Scholarship in the College of Business Administration.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$12,000 gift from Deloitte Haskins & Sells, Houston, Texas, to establish the Deloitte Haskins & Sells Glenn A. Welsch Endowed Scholarship in the Department of Accounting, College of Business Administration, at U. T. Austin.

Income earned from the endowment will be used to grant a scholarship annually to an upper division undergraduate student in the Department of Accounting with preference given to members of the University Accounting Association.

BACKGROUND INFORMATION

Deloitte Haskins & Sells hires an average of twenty BBA and MBA graduates from U. T. Austin each year and is a member of the Dean's Associates for Faculty Development in the College of Business Administration and the Graduate School of Business. The accounting firm is establishing this scholarship in recognition of the accounting education achievements of Dr. Glenn A. Welsch.

Dr. Welsch, Austin, Texas, received his Ph.D. from U. T. Austin in 1952 and joined the U. T. Austin faculty as a teaching assistant in 1949. He became a professor of accounting in 1956, the position he presently holds.

19. U. T. Austin: Recommendation to Accept Gift of Security to Establish the Department Chairman's Permanent Endowment for Discretionary Spending in the College of Natural Sciences.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$100,000 Certificate of Deposit issued by Texas Federal Savings and Loan Association bearing 11% interest and due January 31, 1988, from an anonymous donor to establish the Department Chairman's Permanent Endowment for Discretionary Spending in the Department of Computer Sciences, College of Natural Sciences, at U. T. Austin.

20. U. T. Austin: Recommendation to Accept Gifts to Establish the Homer Garrison Endowed Scholarship in Liberal Arts in the College of Liberal Arts.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$7,000 gift from Mr. and Mrs. David Herndon and a \$5,000 gift from Mrs. Isabelle Thomason Decherd, all of Austin, Texas, for a total of \$12,000 to establish the Homer Garrison Endowed Scholarship in Liberal Arts in the College of Liberal Arts at U. T. Austin.

Income earned from the endowment will be used to grant a scholarship to a student pursuing a degree in the College of Liberal Arts. Students will be selected on the basis of scholastic merit and financial need.

BACKGROUND INFORMATION

Mr. and Mrs. David Herndon and Mrs. Isabelle Thomason Decherd are establishing this scholarship in honor of the late Homer Garrison, Jr., his wife Mary Nell, and their son Homer Trey Garrison, III, and daughter-in-law Anne, all of Austin, Texas. Mr. Homer Garrison served as Director of the Texas Department of Public Safety from September 26, 1938 to May 7, 1968. Mr. Homer Trey Garrison received a B.A. in History from U. T. Austin in 1968 and is a member of The President's Associates and a Life Member of The Ex-Students' Association.

21. U. T. Austin: Recommendation to Accept Gifts to Establish the Louis Pearce Endowed Presidential Scholarship.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept gifts totaling \$32,975 from various donors to establish the Louis Pearce Endowed Presidential Scholarship at U. T. Austin.

BACKGROUND INFORMATION

Mr. Louis M. Pearce, Jr., Houston, Texas, received a degree in Arts and Sciences from U. T. Austin in 1939. He is a former president and Life Member of The Ex-Students' Association and also a member of The President's Associates, The Chancellor's Council, and the U. T. Institute of Texan Cultures - San Antonio Development Board.

22. U. T. Austin: Recommendation to Accept Bequest from the Estate of Ralph R. Read, III to Establish the Ralph R. Read Endowed Scholarship for Undergraduate Students.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a bequest estimated to be in excess of \$100,000 from the Estate of Ralph R. Read, III, Austin, Texas, to establish the Ralph R. Read Endowed Scholarship for Undergraduate Students at U. T. Austin. Initial distributions of \$79,913.16 have been received to date. A final report will be submitted upon completion of the estate administration.

Income earned from the endowment will be used to grant undergraduate scholarships to students demonstrating financial need and academic achievement. Priority in the selection of the recipients will be given to students in the Department of Germanic Languages, and then to students in the College of Liberal Arts. This scholarship is to be administered by the Office of Student Financial Aid.

Mr. Thomas J. O'Hare, Austin, Texas, was named Independent Executor of the estate.

BACKGROUND INFORMATION

Dr. Ralph R. Read, III, who died in January 1985, was a professor of Germanic Languages at U. T. Austin. He served on nine dissertation committees and the Graduate Students Committee.

23. U. T. Austin: Recommendation to Accept Gift to Establish The Wayne and Marjorie Riddell Endowed Scholarship for Women's Athletics.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$10,000 gift from Mr. and Mrs. Wayne Riddell, Austin, Texas, to establish The Wayne and Marjorie Riddell Endowed Scholarship for Women's Athletics, Intercollegiate Athletics for Women, at U. T. Austin.

BACKGROUND INFORMATION

Mr. Riddell graduated in 1949 with a BBA from U. T. Austin. Mr. and Mrs. Riddell are Life Members of The Ex-Students' Association.

24. U. T. Austin: Recommendation to Accept Gift to Establish the Southland Paper Mills Foundation Endowed Scholarship.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$100,000 gift from the Southland Paper Mills Foundation, Houston, Texas, to establish the Southland Paper Mills Foundation Endowed Scholarship at U. T. Austin.

Income earned from the endowment will be used to grant annual scholarships to be administered by the Office of Student Financial Aid.

BACKGROUND INFORMATION

The Southland Paper Mills Foundation has been a strong supporter of higher education through scholarship programs and grants to Texas colleges and universities.

25. U. T. Austin: Recommendation to Accept Bequest from the Estate of Thomas Thompson to Establish the Thomas Thompson Journalism Scholarships in the College of Communication.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a bequest of \$50,000 from the Estate of Thomas Thompson, Fort Worth, Texas, to establish the Thomas Thompson Journalism Scholarships in the College of Communication at U. T. Austin.

BACKGROUND INFORMATION

Mr. Thompson, deceased, received a B.J. in Journalism from U. T. Austin in 1955. He was a noted author, journalist, and former city editor of the Houston Press.

26. U. T. Dallas: Recommendation to Accept Gifts and Pledges to Establish the History of Aviation Collection Endowment Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Rutford's recommendation to accept gifts of \$72,840 and pledges of \$23,660, payable over the next three years, for a total of \$96,500 from various donors to establish the History of Aviation Collection Endowment Fund at U. T. Dallas.

BACKGROUND INFORMATION

The History of Aviation Collection at U. T. Dallas is an internationally recognized aviation historical research facility. It serves to inform the general public on the history of flight through displays at the McDermott Library and an annual lecture series. The Collection is the result of a lifetime of work by two gentlemen, George E. Haddaway and G. Edward Rice. Mr. Haddaway, former publisher of "Flight" magazine, established The Collection in 1963. Mr. Rice, an aviation enthusiast, served as its curator from 1978 to 1984.

27. U. T. El Paso: Recommendation to Accept Gift to Establish the James D. DeGroat Memorial Presidential Scholarship Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$25,000 gift from Mrs. Mary Carolyn DeGroat, El Paso, Texas, to establish the James D. DeGroat Memorial Presidential Scholarship Fund at U. T. El Paso.

Income earned from the endowment fund will be used to award an annual scholarship of \$1,500 or more renewable for four years to a qualified student recommended by the Department of Intercollegiate Athletics. The student shall be nominated from men's football, basketball, track, or a women's NCAA approved program.

BACKGROUND INFORMATION

Mrs. Mary Carolyn DeGroat is making this gift in memory of her late husband, James D. DeGroat. Mr. DeGroat, a 1950 U. T. El Paso graduate, served as president of the U. T. El Paso Alumni Association. He was a football and track star and in 1976 was named to the El Paso Athletic Hall of Fame.

28. U. T. El Paso: Recommendation to Accept Gift to Establish the Mr. and Mrs. MacIntosh Murchison Professorship in Engineering and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a gift of Hilton Corporation common stock valued at \$251,750 from Mrs. Louise B. Murchison, El Paso, Texas, to establish the Mr. and Mrs. MacIntosh Murchison Professorship in Engineering at U. T. El Paso.

It is further recommended that the actual income which will be earned on the \$251,750 be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Mr. and Mrs. Murchison are from early pioneer families that have aided El Paso in civic activities for many years. The current mayor of El Paso, Jonathan W. Rogers, is their son-in-law and has acted with power of attorney for the Murchisons on this donation.

NO PUBLICITY

29. U. T. Institute of Texan Cultures - San Antonio: Recommendation to Accept Transfer of Funds to Establish The Alliance Endowment.--

RECOMMENDATION

The Office of the Chancellor concurs with Executive Director Maguire's recommendation to accept a transfer of \$20,000 in current restricted funds to establish The Alliance Endowment at the U. T. Institute of Texan Cultures - San Antonio.

Income earned from the endowment will be used to support volunteer service at the Institute.

BACKGROUND INFORMATION

The Alliance is a group of 325 volunteers who have contributed many hours of service to the Institute. This endowment is being established in recognition of this organization and its work and to support volunteer efforts.

30. U. T. Institute of Texan Cultures - San Antonio: Recommendation to Accept Gifts and Transfer of Funds to Establish the Pat and Jack Maguire Cultural Outreach Endowment Fund.--

RECOMMENDATION

The Office of the Chancellor recommends the acceptance of gifts totaling \$24,900 from various donors and a transfer of \$5,357.98 in current restricted funds for a total of \$30,257.98 to establish the Pat and Jack Maguire Cultural Outreach Endowment Fund at the U. T. Institute of Texan Cultures - San Antonio.

The endowment is to be used at the discretion of the Executive Director to meet needs in the areas of research, education, and communications at the U. T. Institute of Texan Cultures - San Antonio.

BACKGROUND INFORMATION

Mr. Jack Maguire is currently Executive Director of the U. T. Institute of Texan Cultures - San Antonio and will retire in August 1985. The Institute Development Board proposed establishing this fund to commemorate Pat and Jack Maguire's years of service to the Institute and the U. T. System.

31. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gifts to Establish the David G. Beddow, M.D. Memorial Lectureship.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President Sprague to accept gifts totaling \$24,007.50 from associates, colleagues, family, and friends of David G. Beddow, M.D., deceased, to establish the David G. Beddow, M.D. Memorial Lectureship at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas. The lectureship will be administered by the Department of Pathology.

BACKGROUND INFORMATION

David G. Beddow, M.D., deceased, graduated with honors from the U. T. Health Science Center - Dallas where he received his specialty training in Pathology.

32. U. T. Health Science Center - Dallas: Recommendation to Accept Gift and Establish The Distinguished Chair in Biochemistry and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept a \$1,000,000 gift from an anonymous donor to establish The Distinguished Chair in Biochemistry at the U. T. Health Science Center - Dallas.

It is further recommended that the gift of \$1,000,000 be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

See related item set forth on Page HAC - 3, Item - 1.

NO PUBLICITY

33. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gift to Establish The Ray A. and Robert L. Kroc Lectureship in Rheumatology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept a \$50,000 gift from The Kroc Foundation, Santa Barbara, California, to establish The Ray A. and Robert L. Kroc Lectureship in Rheumatology at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas.

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

Mr. Ray A. Kroc and Dr. Robert L. Kroc are founder and president, respectively, of The Kroc Foundation. The Foundation was founded in 1969 to support institutions in the research of diabetes, arthritis and other endocrine diseases.

34. U. T. Medical Branch - Galveston: C. M. Phillips Lectureship in Medical Economics - Recommendation to Accept Transfer of Funds, Gift and Pledge and Redesignate as the Evalyn Matheson Phillips and Clairice M. Phillips, M.D. Professorship in Family Medicine and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation to accept a transfer of a previously reported gift of \$2,000 from the U. T. Medical Branch - Galveston restricted funds and a \$30,000 cash gift and a \$58,000 pledge, to be paid over the next two years, from Dr. C. M. Phillips, Austin, Texas, for a total of \$90,000 for addition to the C. M. Phillips Lectureship in Medical Economics at the U. T. Medical Branch - Galveston for a total endowment of \$100,000. This lectureship is to be redesignated as the Evalyn Matheson Phillips and Clairice M. Phillips, M.D. Professorship in Family Medicine.

It is further recommended that the actual income which will be earned on the gift and pledge of \$88,000, as received, be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

At the February 1976 meeting of the U. T. Board of Regents, the C. M. Phillips Lectureship in Medical Economics was established with a gift of \$10,000.

Dr. C. M. Phillips received his M.D. from the U. T. Medical Branch - Galveston in 1931. He is a member and past president of the U. T. Medical Branch - Galveston Alumni Association Officers and Trustees and is a member of the President's Club, The Chancellor's Council, and the Development Board Executive Committee, all at the U. T. Medical Branch - Galveston.

35. U. T. Medical Branch - Galveston: Recommendation to Accept Gift of Land to Establish the J. F. Seinsheimer, Jr. and Jessie Lee Seinsheimer Lectureship in Otolaryngology and Gift of Land and Securities to Establish the Edna S. and William C. Levin Professorship in Internal Medicine and Eligibility of the Gift of Securities for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation to accept a gift of 156,000 square feet of land being Block 164 and Block 194, Galveston County, Texas, from Mr. and Mrs. J. F. Seinsheimer, Jr., and Dr. and Mrs. William C. Levin, all of Galveston, Texas, to establish the J. F. Seinsheimer, Jr. and Jessie Lee Seinsheimer Lectureship in

Otolaryngology and the Edna S. and William C. Levin Professorship in Internal Medicine at the U. T. Medical Branch - Galveston. The appraised value of the land is \$39,000 and is to be divided equally between the two endowments. It is also recommended to accept a gift of various common stocks valued at \$80,636.62 from Dr. and Mrs. William C. Levin to be added to the Edna S. and William C. Levin Professorship in Internal Medicine for a total endowment of \$100,136.62.

It is further recommended that the actual income which will be earned on the \$80,636.62 for the Edna S. and William C. Levin Professorship in Internal Medicine be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Mr. and Mrs. J. F. Seinsheimer, Jr., and Dr. and Mrs. William C. Levin are members of the U. T. Medical Branch President's Club and Chancellor's Council. Mr. Seinsheimer received his B.B.A. from Tulane University, New Orleans, Louisiana, and is the brother of Edna Seinsheimer Levin. Dr. Levin received his M.D. from the U. T. Medical Branch - Galveston in 1941 and is currently President of that institution, the position he has held since 1974.

36. U. T. Health Science Center - San Antonio: Recommendation to Establish the Ray A. and Robert L. Kroc Visiting Scientist and Lectureship Program and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Howe's recommendation to accept a \$50,000 gift from The Kroc Foundation, Santa Barbara, California, to establish the Ray A. and Robert L. Kroc Visiting Scientist and Lectureship Program at the U. T. Health Science Center - San Antonio.

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

Mr. Ray A. Kroc and Dr. Robert L. Kroc are founder and president, respectively, of The Kroc Foundation. The Foundation was founded in 1969 to support institutions in the research of diabetes, arthritis and other endocrine diseases.

37. U. T. Health Science Center - San Antonio: Meadows Foundation Teaching Fellowship in Child Psychiatry - Recommendation to Accept Gifts and Redesignate as Meadows/San Antonio Area Foundation (Semp Russ) Research Professorship in Child Psychiatry and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Howe's recommendation to accept gifts of \$50,000 from the San Antonio Area Foundation, San Antonio, Texas, and \$10,000 from the Abell-Hanger Foundation, Midland, Texas, for a total of \$60,000 for addition to the Meadows Foundation Teaching Fellowship in Child Psychiatry at the U. T. Health Science Center - San Antonio. This fellowship is to be redesignated as the Meadows/San Antonio Area Foundation (Semp Russ) Research Professorship in Child Psychiatry with a total endowment of \$110,000.

It is further recommended that the actual income which will be earned on the \$60,000 be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

The Meadows Foundation Teaching Fellowship in Child Psychiatry was established by the U. T. Board of Regents at their meeting in April 1985 with a \$50,000 gift.

The San Antonio Area Foundation, incorporated in 1964, and the Abell-Hanger Foundation, incorporated in 1954, are foundations supporting activities in the areas of health, education, civic and cultural programs, arts, and social service.

III. INTELLECTUAL PROPERTY

U. T. System: Recommendation for Approval of Policy Statements, Guidelines and Amendments to the Regents' Rules and Regulations, Part Two, Chapter V, Section 2.4 with Regard to the Management of Intellectual Property.--

EXPLANATION

Recommendations will include proposed policy statements on (1) the development of relationships by component institutions of the U. T. System with private entities that have been formed to develop technology from intellectual efforts at one or more U. T. components, (2) review procedures for proposed research contracts and grant documents when non-governmental entities are involved, and (3) procedures for marketing

technology along with recommended amendments to the current patent policy contained in the Regents' Rules and Regulations, Part Two, Chapter V, Section 2.4.

Final recommendations for the implementation of an intellectual property management plan are nearing completion, but an unexpectedly heavy workload in the Office of the Chancellor and the Office of General Counsel has precluded its finalization. It is expected that the recommendations can be finalized and mailed to the Board of Regents under separate cover in sufficient time for their consideration at the meeting.

BACKGROUND INFORMATION

Several factors operate to make it timely that the U. T. System update its procedures for dealing with intellectual property.

Over the last ten years (particularly the past five) there has been a significant progressive increase in the development of research relationships between universities and the private sector.

The 69th Legislature of the State of Texas evidenced a significant interest in the development of high technology at the state's colleges and universities. The momentum for this is perceived to have come from the conviction that the State's major research universities can be leaders in the development of technology in the State. Several interim "high technology" studies led to the introduction of a "high technology package" in the 69th Legislature. This package consisted of 12 bills, approximately one-half of which passed. Significant among those which passed were bills:

- a. requiring each university in the State to file a comprehensive intellectual property management plan with the Coordinating Board prior to January 1, 1986 (the Coordinating Board is simply a "repository" for such plans and is not an approval agency)
- b. creating a State agency whose job is to attempt to facilitate the location of federal research labs in the State
- c. removing state bureaucratic procedures on the purchase of research equipment at universities

The 69th Legislature also authorized a \$35,000,000 high technology fund for university research.

The U. T. System has, with the assistance of a committee whose membership was constituted country-wide, studied its intellectual properties procedures and has looked at various organizational and contractual formats for the conduct of an intellectual property management plan for the U. T. System.

At the U. T. Health Science Center - Dallas and the U. T. Cancer Center, there is significant local support for the creation of outside entities to develop and market intellectual property created on those two campuses.

An essential component of any intellectual property plan is careful review of the contractual relationship between a component of the U. T. System and the research sponsor. If these contractual relationships are not entered into thoughtfully and carefully at the "front door," the University may well have no rights in the technology developed at the "back door." To accomplish this review on a timely basis (and, thus, avoid being non-competitive with other universities) is a significant task--particularly given the increased interest by non-governmental entities in developing such relationships. Such reviews, however, must take into consideration that the primary interest of many faculty members is research and publication.

Liberalized federal patent policy currently allows universities to commercialize inventions made under federal contracts and grants.

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: August 9, 1985

Time: The Board will recess to Executive Session, if time permits, on Thursday afternoon and continue at 9:00 a.m. on Friday morning. If the regular agenda on Thursday does not permit sufficient time to begin the Executive Session, it will convene at 9:00 a.m. on Friday.

Place: Regents' Conference Room, Ninth Floor, Ashbel Smith Hall

1. Pending and/or Contemplated Litigation - Section 2(e)
 - a. U. T. Austin: Proposed Settlement of Potential Litigation Involving B. B. Anderson Construction Company
 - b. U. T. Health Science Center - Houston: Proposed Settlement of Medical Malpractice Litigation
 - c. U. T. Health Science Center - San Antonio: Proposed Settlement of Medical Malpractice Litigation
 - d. U. T. Health Science Center - San Antonio: Proposed Settlement of Medical Malpractice Litigation
2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)
 - a. U. T. System: Consideration of Proposed Amendment(s) to the Lease Agreement for Commercial Vineyards on West Texas Lands
 - b. U. T. System: Consideration of Value and Purchase of a Tract of Land in Travis County, Texas
3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees
 - a. U. T. System: Consideration of Personnel Aspects of the 1985-86 Operating Budgets, Including Auxiliary Enterprises, Grants and Government Contracts, Designated Funds, Restricted Current Funds and Medical Service, Research and Development Programs
 - b. U. T. Austin: Consideration of Personnel Matters Related to the Possible Election and Employment of a President