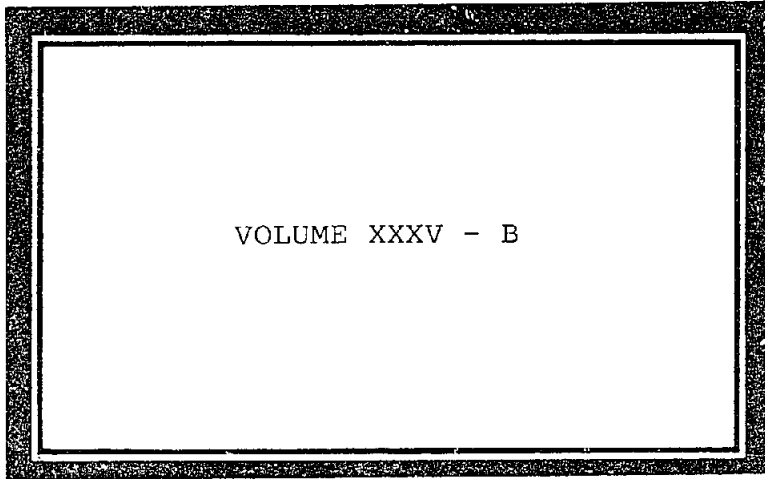


Meeting No. 830

THE MINUTES OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM



VOLUME XXXV - B

Pages 1 - 112

December 3, 1987

Austin, Texas

TABLE OF CONTENTS
 THE MINUTES OF THE BOARD OF REGENTS
 OF
 THE UNIVERSITY OF TEXAS SYSTEM
 DECEMBER 3, 1987
 AUSTIN, TEXAS

MEETING NO. 830

I.	Attendance	1
II.	U. T. Board of Regents: Approval of Minutes of Regular Meeting Held on October 9, 1987	1
III.	REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES	3
	A. REPORT OF EXECUTIVE COMMITTEE	3
	U. T. SYSTEM	
	1. Common Trust Fund: Employment of Tweedy, Browne Company L. P. (a New York Limited Partnership) as Investment Counselor; Authorization of Initial Amount to be Managed; and Authorization for Executive Vice Chancellor for Asset Management to Execute Investment Agreement (Exec. Com. Letter 88-8)	3
	U. T. AUSTIN	
	2. Renovation of Economics Building (Project No. 102-589) and E. P. Schoch Building Renovation (Project No. 102-595): Award of Construction Contract to Warrior Builders, Inc., Houston, Texas, and Approval of Plaque Inscriptions (Exec. Com. Letter 88-3)	3
	3. Facilities Improvements for School of Architecture - Remodeling and Expansion of Goldsmith Hall and Site Development (Project No. 102-496): Award of Contracts for Furniture and Furnishings to Architectural Interior Services, A Division of Finger Office Furniture, Houston, Texas; C/A Corporate Furnishings, Austin, Texas; Disco Print Company, Houston, Texas; G. Madison Company, Dallas, Texas; Business Interiors, A Division of Miller Business Systems, Inc., Arlington, Texas; and Wilson Business Products, San Antonio, Texas; and Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 88-6)	4

U. T. DALLAS

4. Acceptance of Telecommunications Equipment from Northern Telecom Inc., Nashville, Tennessee, a Subsidiary of the Parent Company Northern Telecom Limited, Mississauga, Ontario, Canada, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute the Charitable Donation Agreement (Exec. Com. Letter 88-8)

6

U. T. EL PASO

5. Physical Plant Facilities (Project No. 201-563): Award of Contracts for Furniture and Furnishings to Business Products & Services Inc., El Paso, Texas; Office Pavilion/H. McCoy, Inc., Austin, Texas; CDM Contract Furnishings, Austin, Texas; Austin Material Handling, Austin, Texas; Lundia Division of MII Inc., Jacksonville, Illinois; Harrison Business Interiors, El Paso, Texas; Bexar Floor Covering Company, San Antonio, Texas; Sierra Machinery, Inc., El Paso, Texas; Tennant Company, Anaheim, California; Kessel's Pump Service, El Paso, Texas; and Hoyt Corporation, Westport, Massachusetts; and Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 88-5)

7

U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS

6. Cecil and Ida Green Biomedical Research Building - Completion of Eighth Floor Shell Space (Project No. 303-662): Award of Construction Contract to Partners Construction, Inc. - Texas, Dallas, Texas (Exec. Com. Letter 88-4)

8

U. T. MEDICAL BRANCH - GALVESTON

7. Expansion of Thermal Energy Plant (Project No. 601-657): Award of Equipment Purchase Contracts to (a) BAC-Pritchard, Inc., Baltimore, Maryland, (b) Goulds Pumps Inc., Seneca Falls, New York, (c) Westinghouse Electric Corporation, Houston, Texas, and (d) York International Corporation, York, Pennsylvania (Exec. Com. Letters 88-4 and 88-6)

9

U. T. CANCER CENTER		
8.	(U. T. M.D. Anderson Hospital - Houston): Acceptance of Bequest from the Estate of Aurelia Schmidt Janek, Deceased, Colorado County, Texas, and Authorization for the Executive Vice Chancellor for Asset Management to Execute Documents Concerning the Distribution and Sale of the Estate Assets After Review and Approval of the Documents by the Office of General Counsel (Exec. Com. Letter 88-7)	10
B.	REPORT AND RECOMMENDATIONS OF THE FINANCE AND AUDIT COMMITTEE	11
U. T. SYSTEM		
1.	Approval of <u>Docket No. 37 of the Office of the Chancellor (Catalog Change)</u>	11
U. T. BOARD OF REGENTS		
2.	Regents' <u>Rules and Regulations</u> , Part One: Amendments to Chapter I, Section 10, Subsection 10.1 (Signature Authority for Documents Executed on Behalf of the Board) and Authorization for the Executive Secretary to the Board to Make Appropriate Editorial Changes Therein	11
3.	Regents' <u>Rules and Regulations</u> , Part Two: Amendments to Chapter III, Section 1, Subsection 1.4, Concerning Admission Tickets	12
C.	REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE	13
U. T. ARLINGTON		
1.	Permission for Dr. Wendell H. Nedderman to Serve on the National Small Business Development Center Advisory Board [<u>Regents' Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)]	13
U. T. AUSTIN		
2.	Appointment of (a) Dr. Leif N. Persen to the W. A. "Monty" Moncrief Centennial Chair in Petroleum Engineering for the 1987-88 Spring Semester Only and (b) Dr. Morris E. Fine to the Robert B. Trull Chair in Engineering in the College of Engineering for the Period February 1, 1988 to February 29, 1988 Only	13

U. T. AUSTIN

3. School of Law: Appointment of Professor Olin G. Wellborn III to the Board of Directors of The University of Texas at Austin School of Law Continuing Legal Education, Inc. and The University of Texas at Austin School of Law Publications, Inc. Effective Immediately (Regents' Rules and Regulations, Part One, Chapter VII, Section 6, Subsection 6.1, Internal Corporations) 14
4. Approval to Establish the Longhorn Foundation and the Longhorn Associates for Excellence in Women's Athletics Foundation and to Amend the Regents' Rules and Regulations, Part One, Chapter VII, Section 4, Subsection 4.33 (Internal Foundations); Establishment of the Longhorn Foundation Advisory Council and the Longhorn Associates for Excellence in Women's Athletics Advisory Council; and Approval of Initial Nominees to the Longhorn Associates for Excellence in Women's Athletics Advisory Council (Regents' Rules and Regulations, Part One, Chapter VII, Section 3) 14
5. Request to Approve Private Fund Development Campaign for the College of Natural Sciences McDonald Observatory (Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.44) (Deferred) 17
6. Approval of Amendments to Declaration of Trust with the Board of Operating Trustees of Texas Student Publications 17
7. Establishment of Differential Tuition Rates for the Graduate School of Business and the School of Law Effective with the Fall Semester 1988; Approval of 1988-89 and 1989-90 Tuition Rates for Both; and Allocation of Increased Tuition (Catalog Change) 18

U. T. DALLAS

8. Development Board: Approval of Nominees Thereto 20

U. T. EL PASO

9. Permission for Dr. Diana S. Natalicio to Serve on the Board of Directors of the El Paso Branch, Federal Reserve Bank of Dallas [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)] 20

U. T. TYLER	
10.	Appointment of Dr. Robert T. Partain to the Sam A. Lindsey Chair for the 1987-88 Academic Year Only Effective Immediately 20
D.	REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE 21
U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS	
1.	Appointment of Charles R. Baxter, M.D., as Initial Holder of the Golden Charity Guild Charles R. Baxter, M.D. Chair Effective Immediately 21
U. T. MEDICAL BRANCH - GALVESTON	
2.	Dr. Harvey S. Levin Appointed Initial Holder of the Chela and Jimmy Storm Distinguished Professorship in Surgical Research Effective Immediately 21
3.	Approval of Affiliation Agreement with the Clinical Center, National Institutes of Health, Bethesda, Maryland 21
U. T. HEALTH SCIENCE CENTER - HOUSTON	
4.	Appointment of John H. Harris, Jr., M.D., as Initial Holder of the John S. Dunn Chair in Radiology Effective Immediately 26
5.	Development Board - Approval of Nominees Thereto 26
U. T. HEALTH SCIENCE CENTER - SAN ANTONIO	
6.	Approval of Affiliation Agreement with St. Mary's Medical Center, Inc., Knoxville, Tennessee 26
U. T. CANCER CENTER	
7.	Approval to Appoint (a) Albert Deisseroth, M.D., as Initial Holder of the Anderson Clinical Faculty Chair for Cancer Treatment and Research Effective November 1, 1987, (b) Donald Pinkel, M.D., as Initial Holder of The Irving and Nadine Mansfield and Robert David Levitt Cancer Research Chair and (c) Jan van Eys, M.D., as Initial Holder of the Mosbacher Pediatrics Chair Effective Immediately 33
8.	Report by President LeMaistre 33

U. T. BOARD OF REGENTS		
9.	Report by Executive Vice Chancellor for Health Affairs Mullins Related to Meeting of Joint Conference Committee of Board of Regents of The University of Texas System and Trustees of Hermann Trust	34
E.	REPORT AND RECOMMENDATIONS OF THE BUILDINGS AND GROUNDS COMMITTEE	36
U. T. SYSTEM		
1.	Revised Schedule of Fees for Basic Architect/Engineer Services	36
U. T. AUSTIN		
2.	Lila B. Etter Alumni House (Alumni Center) - Remodeling and Expansion: Approval of Preliminary Plans and Approval of Lease Agreement with The Ex-Students' Association	36
3.	Approval of the Sale of Land and Improvements on the Casis School Site Being a 13,554 Square Foot South Wing to Casis School and Two Acres Out of the Daniel J. Gilbert Survey, Austin, Texas, to the Austin Independent School District (A.I.S.D.), Austin, Texas, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute All Documents Pertaining to the Sale	52
U. T. DALLAS		
4.	Engineering and Computer Science Building (Project No. 302-570): Authorization to Purchase and Install a 525-Ton Chiller in the Central Energy Plant and Additional Appropriation Therefor	52
U. T. MEDICAL BRANCH - GALVESTON		
5.	New Parking Structures (Project No. 601-670): Approval of Final Plans; Authorization to Advertise for Bids and Executive Committee to Award Contracts; and Additional Appropriation Therefor	53
6.	John Sealy Hospital - New Emergency Department and Trauma Center Facility (Project No. 601-658): Approval of Preliminary Plans; Authorization for Site Preparation and Related Construction Activities; Authorization for Submission to the Coordinating Board; Authorization to Prepare Final Plans for the Facility; and Authorization to Proceed with Elements of Site Preparation Activities Subject to Grant Funding	54

U. T. MEDICAL BRANCH - GALVESTON		
7.	Remodeling of John Sealy Hospital (Old Building) - Remodeling R. Waverley Smith Pavilion (Project No. 601-667): Authorization for Project; Authorization to Prepare Final Plans; Authorization to Adver- tise for Bids and Executive Commit- tee to Award Contracts; and Appropriation Therefor	55
U. T. CANCER CENTER		
8.	(U. T. Science Park) - Research Laboratory Expansion (Project No. 703-668): Approval of Prelimi- nary Plans; Authorization for Sub- mission to Coordinating Board; and Authorization to Prepare Final Plans	56
F.	REPORT AND RECOMMENDATIONS OF THE LAND AND INVESTMENT COMMITTEE	57
1.	Permanent University Fund	
A.	<u>Investment Matters</u>	
1.	Report on Clearance of Monies to Permanent University Fund for September and October 1987 and Report on Oil and Gas Devel- opment as of October 31, 1987	58
2.	Report on Investments for the Fiscal Year Ended August 31, 1987	59
B.	<u>Land Matters</u>	
	Permanent University Fund - University Lands: Report by Dr. William L. Fisher on Geo- logical Characterization of University Lands Reservoirs	59
2.	Trust and Special Funds	
A.	Gifts, Bequests and Estates	
U. T. ARLINGTON		
1.	Acceptance of Gift from the Kaiser Foundation Health Plan of Texas, Dallas, Texas, and Establishment of the Kaiser Permanente Lecture in Health Promotion	60
U. T. AUSTIN		
2.	Acceptance of Bequest from the Estate of Mrs. Willya L. Cantrell, Georgetown, Texas, and Establish- ment of the Willya L. Cantrell Scholarship(s)	60

U. T. AUSTIN

3. Approval to Accept Gifts from Mr. and Mrs. Winston Cave, Austin, Texas, and to Establish the Carol Diane Cave Memorial Scholarship in the School of Nursing 61
4. Pharmaceutical Foundation Fellowship in Psychiatric Pharmacy (No. 2) in the College of Pharmacy - Approval to Redesignate as the William I. Dismukes Fellowship in Pharmacy 61
5. J. Anderson Fitzgerald Special Scholarship Fund - Acceptance of a Trust Distribution from Mr. and Mrs. Frank M. Holloway, Formerly of Austin, Texas, and Bequest from the Estate of Floy Smith Holloway and Redesignation as the J. Anderson Fitzgerald Endowed Presidential Scholarship in the Graduate School of Business and Establishment of the Frank M. Holloway Endowed Presidential Scholarship in the College of Business Administration and the Graduate School of Business 61
6. Approval to Dissolve Piner Publication Fund and Transfer Balance to The University of Texas Press Revolving Publication Fund 62
7. Establishment of the Summer Theatre Workshop Scholarships in the College of Fine Arts 62
8. Establishment of the Harlan Tod Sutherland Memorial Scholarship Fund in the College of Natural Sciences 62
9. Elizabeth Tarpley Regents Lectureship in Textiles and Clothing in the College of Natural Sciences - Acceptance of Gift from the Trustees of the Ella F. Fondren Trust for the Benefit of Sue Trammell Whitfield, Houston, Texas; Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program; Designation of Previously Approved Matching Funds; and Redesignation as the Elizabeth Tarpley Regents Fellowship in Textiles and Clothing 62

U. T. AUSTIN

10. Texas Corporate Centennial Professorship in Human Resource Development in the College of Education - Approval to Redesignate as the Gordon Lippitt Centennial Lectureship in Human Resource Development and to Dissolve the Malcolm Knowles Centennial Fellowship and the Gordon Lippitt Centennial Fellowship in the College of Education; and Redesignation of Funds from The Regents' Endowed Teachers and Scholars Program to Establish the Malcolm Knowles Centennial Lectureship in Adult Education in the College of Education 63

11. Fred and Emily Marshall Wulff Centennial Faculty Fellowship in Law in the School of Law - Acceptance of Gift from the G. Rollie White Trust, Fort Worth, Texas; Allocation of Matching Funds from the Sheffield Challenge Endowment Fund Program; and Redesignation as the Fred and Emily Marshall Wulff Centennial Research Professorship in Law 63

U. T. DALLAS

12. Establishment of the Daniel L. Harris Biology Scholarship 63

U. T. EL PASO

13. Acceptance of Bequest from the Estate of Lucille B. Pillow, El Paso, Texas, and Establishment of the D. L. and Lucille Pillow Library Fund 64

U. T. PERMIAN BASIN

14. Acceptance of Lots 25 and 26, Block 3, Industrial Sites, Located in Ector County, Texas, from Mr. Warren Burnett, Odessa, Texas; Approval of Lease Agreement with Warren Burnett Associated, Odessa, Texas; Authorization for President Leach to Execute the Lease; and Authorization to Establish Endowed Scholarship Fund 64

U. T. SAN ANTONIO

15. Establishment of the Keyboard Endowment in the College of Fine Arts and Humanities 72

16. Acceptance of Gift from the Peat Marwick Foundation, New York, New York, and Establishment of the Peat Marwick and Co-Partners Endowment 72

U. T. TYLER	
17.	Acceptance of Gift from Mr. and Mrs. Phil Hurwitz, Tyler, Texas, and Establishment of the Hurwitz Endowed Presidential Scholarship 72
18.	Approval to Accept Gift from Mr. and Mrs. John E. White, Jr., Tyler, Texas, and Corporate Matching Funds from Atlantic Richfield Foundation, Los Angeles, California and to Establish the Jack and Dorothy Fay White Endowed Presidential Scholarship III 72
U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS	
19.	Establishment of the Paul C. MacDonald Professorship in Obstetrics and Gynecology 73
U. T. MEDICAL BRANCH - GALVESTON	
20.	Approval to Accept Grant from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, to Fund Remodeling of John Sealy Hospital (Old Building) - Remodeling R. Waverley Smith Pavilion 73
21.	Mr. and Mrs. James C. Storm Endowment Fund for Biomedical Research - Redesignation as the Chela and Jimmy Storm Distinguished Professorship in Surgical Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 73
U. T. HEALTH SCIENCE CENTER - HOUSTON	
22.	Acceptance of Gift from the John S. Dunn Research Foundation, Houston, Texas, and Establishment of the John S. Dunn Chair in Radiology 73
U. T. HEALTH SCIENCE CENTER - SAN ANTONIO	
23.	Establishment of the Paul C. Weinberg Lectureship 74
U. T. CANCER CENTER	
24.	Acceptance of a Distribution from the Hal E. and Annie B. Adams Trust, Midland, Texas 74
25.	Mosbacher Pediatrics Professorship - Redesignation as the Mosbacher Pediatrics Chair 74
26.	Approval to Accept Bequest from the Estate of Mary Beth Pawelek, Houston, Texas 74

U. T. CANCER CENTER		
27.	Establishment of the W. W. Sutow Visiting Professorship in Pediatrics	74
28.	(U. T. M.D. Anderson Hospital - Houston): Acceptance of Gift of Land Being Lot 268, Block 5, Unit 5 in the Cypress Lakes Subdivision Located in Liberty County, Texas, from Mr. and Mrs. Wayne Wilkerson, Katy, Texas; Authorization for the Office of Asset Management to Negotiate the Sale of the Property; and Authorization for the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale	75
B. Real Estate Matters		
U. T. SYSTEM AND U. T. AUSTIN		
1.	(Hogg Foundation for Mental Health) and (Mike Hogg Fund): Report of Sale of Land and Improvements Located at 720 Fannin Street in Houston, Harris County, Texas, to Texaco Producing Inc., Houston, Texas	75
U. T. EL PASO		
2.	Frank B. Cotton Trust Fund - Approval of the Sale of Real Estate Located at 205-209 Texas Street, El Paso, Texas, to Mr. Harry Abraham, El Paso, Texas; and Authorization for the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale	75
3.	Frank B. Cotton Trust Fund - Approval to Grant Leases Covering 2.49 Acres in the 1700 Block of East First Street in the Cotton Addition in El Paso, Texas, to Ortega Construction Co., Inc.; Border Industrial Motors, Inc.; KOL Equipment Company; and C & I Forwarding Agency, All of El Paso, Texas	76
3. Intellectual Property Matters		
U. T. SYSTEM		
1.	Approval of Amendments to the Policy and Guidelines Relating to Intellectual Property License Agreements with Private Entities	77
U. T. AUSTIN		
2.	Approval of Patent License Agreement with Nova Automation Corporation, Austin, Texas	79

4.	Other Matters	
	U. T. BOARD OF REGENTS	
	Amendments to (a) Regents' <u>Rules and Regulations</u> , Part One, Chapter II, Section 9.2 (Investments and Trusts); (b) Regents' <u>Rules and Regulations</u> , Part Two, Chapter IX, Sections 1, 2 and 5 (Matters Relating to Investments, Trusts, and Lands); (c) The Charter of The University of Texas System Common Trust Fund; (d) The Common Trust Fund Investment Policy Statement; and (e) the Medical Malpractice Self-Insurance Fund Investment Policy Statement	94
IV.	EXECUTIVE SESSION OF THE BOARD OF REGENTS	108
	U. T. MEDICAL BRANCH - GALVESTON	
	1. Settlement of Medical Malpractice Litigation - Marks Thomas and Tamara Thomas	108
	2. Texas Department of Corrections Hospital, Graves Hospital and Ambulatory Care Center - Settlement of Litigation Involving Brinderson Corporation, Irvine, California	108
	U. T. HEALTH SCIENCE CENTER - HOUSTON	
	3. Settlement of Medical Malpractice Litigation - Diana Baldrige, et al	108
	U. T. SYSTEM	
	4. Consideration of Negotiated Acquisition or Lease of Real Property in Travis County, Texas (SEMATECH Proposal)	109
	5. Consideration of the Appointment of an Administrative Officer of the System Related to the Regents' <u>Rules and Regulations</u> , Part One, Chapter II, Section 7.2	109
V.	REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS	109
VI.	REPORT OF SPECIAL COMMITTEE	110
	U. T. DALLAS	
	Special Committee on Endowment Lands in Collin and Dallas Counties, Texas: Approval of One Year Moratorium on Future Sale of Endowment Lands in Synergy Park	110

VII.	OTHER MATTERS	110
	U. T. SYSTEM	
	1. Report by Chancellor Mark on Strategic Planning Programs	110
	U. T. BOARD OF REGENTS	
	2. Certificate of Appreciation to Mr. James L. Crowson, Vice Chan- cellor and General Counsel of The University of Texas System	111
	U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS	
	3. Recognition of Mr. Julius E. Weeks, Executive Vice President for Admin- istration and Business Affairs	112
VIII.	SCHEDULED MEETING	112

MEETING NO. 830

THURSDAY, DECEMBER 3, 1987.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:45 a.m. on Thursday, December 3, 1987, in the Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Blanton, presiding	
Vice-Chairman Ratliff	
Vice-Chairman Roden	
Regent Baldwin	
Regent Barshop	
Regent Beecherl	
Regent Hay	
Regent Moncrief	
Regent Yzaguirre	

Executive Secretary Dilly

Chancellor Mark
Executive Vice Chancellor Duncan
Executive Vice Chancellor Mullins
Executive Vice Chancellor Patrick

Chairman Blanton announced a quorum present and called the meeting to order.

RECESS TO EXECUTIVE SESSION.--Chairman Blanton announced that the Board would recess to 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: litigation, land acquisition and personnel matters.

RECONVENE.--At 2:15 p.m., the Board reconvened in open session. On behalf of the Board, Chairman Blanton expressed appreciation to the Office of the Chancellor and the component chief administrative officers for their continued cooperation in limiting attendance at these meetings to those most involved with the substance of the agenda.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON OCTOBER 9, 1987.--Upon motion of Vice-Chairman Ratliff, seconded by Regent Hay, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on October 9, 1987, in Richardson, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XXXV, Pages 1 - 931.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 2:17 p.m., the Board recessed for the meetings of the Standing Committees and Chairman Blanton announced that at the conclusion of each committee meeting, the Board would reconvene to approve the report and recommendations of that committee.

The meetings of the Standing Committees were conducted in open session and the reports and recommendations thereof are set forth on the following pages.

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 3 - 10).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Blanton reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

1. U. T. System - Common Trust Fund: Employment of Tweedy, Browne Company L. P. (a New York Limited Partnership) as Investment Counselor; Authorization of Initial Amount to be Managed; and Authorization for Executive Vice Chancellor for Asset Management to Execute Investment Agreement (Exec. Com. Letter 88-8).--Upon recommendation of the Executive Committee, the Board approved the following with regard to investment of the Common Trust Fund of The University of Texas System:

- a. Employment of Tweedy, Browne Company L. P. (a New York Limited Partnership) as an additional investment counselor
- b. Authorization of an initial amount of \$20 million to be managed by Tweedy, Browne Company L. P.

The Office of Asset Management, which has previously been authorized to allocate management of up to \$125 million with the five authorized investment counselors of the Common Trust Fund, was authorized to designate management of up to \$145 million with the six authorized investment counselors.

- c. Authorization for the Executive Vice Chancellor for Asset Management and the Office of General Counsel to finalize within the parameters of the existing investment counseling agreements an appropriate investment counseling agreement with Tweedy, Browne Company L. P. and for the Executive Vice Chancellor for Asset Management to execute such an agreement after it has been approved as to form by the Office of General Counsel.
2. U. T. Austin - Renovation of Economics Building (Project No. 102-589) and E. P. Schoch Building Renovation (Project No. 102-595): Award of Construction Contract to Warrior Builders, Inc., Houston, Texas, and Approval of Plaque Inscriptions (Exec. Com. Letter 88-3).--The Board, upon recommendation of the Executive Committee:
 - a. Awarded a combined construction contract for the Renovation of the Economics Building and the E. P. Schoch Building at The University of Texas at Austin to the lowest responsible bidder, Warrior Builders, Inc., Houston, Texas, for the Base Bid Proposal C, Combined Project, and for additive Alternate No. 2, in the amount of \$5,156,000

- b. Approved the inscriptions set out below for plaques to be placed on the respective buildings. The inscriptions follow the standard pattern approved by the U. T. Board of Regents in June 1979.

RENOVATION OF
ECONOMICS BUILDING
1987

BOARD OF REGENTS

Jack S. Blanton, Chairman	Hans Mark
Shannon H. Ratliff, Vice-Chairman	Chancellor, The
Bill Roden, Vice-Chairman	University of Texas System
Robert B. Baldwin III	William H. Cunningham
Sam Barshop	President, The University
Louis A. Beecherl, Jr.	of Texas at Austin
Jess Hay	
W. A. "Tex" Moncrief, Jr.	Graeber, Simmons & Cowan,
Mario Yzaguirre	AIA Architects, Inc.
	Project Architect
	Warrior Builders, Inc.
	Contractor

E. P. SCHOCH BUILDING
RENOVATION
1987

BOARD OF REGENTS

Jack S. Blanton, Chairman	Hans Mark
Shannon H. Ratliff, Vice-Chairman	Chancellor, The
Bill Roden, Vice-Chairman	University of Texas System
Robert B. Baldwin III	William H. Cunningham
Sam Barshop	President, The University
Louis A. Beecherl, Jr.	of Texas at Austin
Jess Hay	
W. A. "Tex" Moncrief, Jr.	MGM Architects of Austin, Inc.
Mario Yzaguirre	Project Architect
	Warrior Builders, Inc.
	Contractor

3. U. T. Austin - Facilities Improvements for School of Architecture - Remodeling and Expansion of Goldsmith Hall and Site Development (Project No. 102-496): Award of Contracts for Furniture and Furnishings to Architectural Interior Services, A Division of Finger Office Furniture, Houston, Texas; C/A Corporate Furnishings, Austin, Texas; Disco Print Company, Houston, Texas; G. Madison Company, Dallas, Texas; Business Interiors, A Division of Miller Business Systems, Inc., Arlington, Texas; and Wilson Business Products, San Antonio, Texas; and Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 88-6).--Upon recommendation of the Executive Committee, the Board awarded contracts for furniture and furnishings for Facilities Improvements for School of Architecture - Remodeling and Expansion of Goldsmith Hall and Site Development at The University of Texas at Austin to the lowest responsible bidders set out on Pages 5 - 6.

Architectural Interior Services,
A Division of Finger Office Furniture
Houston, Texas

Base Proposal "C"
(Drafting, Exhibit Room, &
Visitor Seating) \$30,704.60

Base Proposal "E"
(Wood Arm Chairs) 33,729.00

Base Proposal "I"
(Tables) 34,965.69

Base Proposal "J"
(Stacking Chairs) 4,062.80

Base Proposal "K"
(Waiting Furniture) 20,672.16

Total Contract Award to
Architectural Interior Services \$124,134.25

C/A Corporate Furnishings
Austin, Texas

Base Proposal "F"
(Computer Furniture) 19,113.80

Disco Print Company
Houston, Texas

Base Proposal "G"
(Drafting Tables &
Plan Files) 27,483.00

Base Proposal "L"
(Outdoor Benches) 9,838.00

Total Contract Award to
Disco Print Company 37,321.00

G. Madison Company
Dallas, Texas

Base Proposal "D"
(Student Lab Furniture) 27,596.00

Business Interiors, A Division
of Miller Business Systems, Inc.
Arlington, Texas

Base Proposal "A"
(Wood Office Furniture) 35,468.75

Base Proposal "M"
(Miscellaneous Items) 24,669.74

Total Contract Award to
Business Interiors 60,138.49

Wilson Business Products
San Antonio, Texas

Base Proposal "B"
(Desk Chairs) \$20,548.50

Base Proposal "H"
(Steel Office Files) 15,906.67

Total Contract Award to
Wilson Business Products \$ 36,455.17

GRAND TOTAL CONTRACT AWARDS \$304,758.71

Further, the Chancellor was authorized to sign the contracts awarding these bids based on the results of the Executive Committee circularization.

4. U. T. Dallas: Acceptance of Telecommunications Equipment from Northern Telecom Inc., Nashville, Tennessee, a Subsidiary of the Parent Company Northern Telecom Limited, Mississauga, Ontario, Canada, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute the Charitable Donation Agreement (Exec. Com. Letter 88-8).--The Executive Committee recommended and the Board accepted the following telecommunications equipment valued at \$1,018,625 from Northern Telecom Inc., Nashville, Tennessee, a subsidiary of the parent company Northern Telecom Limited, Mississauga, Ontario, Canada, for The University of Texas at Dallas:

- a. One Meridian SL-1 XT telephone switching system
- b. One Meridian SL-1 ST telephone switching system
- c. Supporting software to include a license granting the right to use certain Northern Telecom Inc. proprietary computer software embodied in and/or associated with the switching systems.

Further, the Executive Vice Chancellor for Academic Affairs was authorized to execute on behalf of the U. T. Board of Regents the Charitable Donation Agreement related to the acceptance of this gift.

Northern Telecom Inc. is donating this telecommunications equipment to U. T. Dallas in conjunction with the School of Engineering and Computer Science fund drive to benefit the institution's efforts to update its telecommunications system.

Northern Telecom Inc. has been an active supporter of U. T. Dallas, including playing a key role in securing approval for the School of Engineering and Computer Science. This gift will enable U. T. Dallas to replace its outmoded telecommunications system, and is one more example of Northern Telecom Inc.'s commitment to enhancing higher education in general and to strengthening university/industry ties throughout the Metroplex.

5. U. T. El Paso - Physical Plant Facilities (Project No. 201-563): Award of Contracts for Furniture and Furnishings to Business Products & Services Inc., El Paso, Texas; Office Pavilion/H. McCoy, Inc., Austin, Texas; CDM Contract Furnishings, Austin, Texas; Austin Material Handling, Austin, Texas; Lundia Division of MII Inc., Jacksonville, Illinois; Harrison Business Interiors, El Paso, Texas; Bexar Floor Covering Company, San Antonio, Texas; Sierra Machinery, Inc., El Paso, Texas; Tennant Company, Anaheim, California; Kessel's Pump Service, El Paso, Texas; and Hoyt Corporation, Westport, Massachusetts; and Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 88-5).--The Board awarded contracts for furniture and furnishings for the Physical Plant Facilities at The University of Texas at El Paso to the following lowest responsible bidders:

Business Products & Services Inc.
El Paso, Texas

Base Proposal "A" (Upholstered Chairs)	\$15,907.00
Base Proposal "C" (File Cabinets)	8,275.00
Base Proposal "D" (Management Seating)	4,417.00
Base Proposal "G" (Wood Office Furniture)	24,450.00
Base Proposal "K" (Miscellaneous Items)	27,550.00

Total Contract Award to Business Products & Services Inc.	\$ 80,599.00
--	--------------

Office Pavilion/H. McCoy, Inc.
Austin, Texas

Base Proposal "B" (Clerical Chairs and Office Landscape)	43,196.26
--	-----------

CDM Contract Furnishings
Austin, Texas

Base Proposal "F" (Audiovisual Equipment)	7,909.42
--	----------

Austin Material Handling
Austin, Texas

Base Proposal "H" (Warehouse Shelving)	92,388.37
Base Proposal "I" (Shop Equipment)	2,227.84

Total Contract Award to Austin Material Handling	94,616.21
---	-----------

Lundia Division of MII Inc.
Jacksonville, Illinois

Base Proposal "L"
(Compact Shelving) \$ 4,799.00

Harrison Business Interiors
El Paso, Texas

Base Proposal "M"
(Window Treatments) 7,283.93

Bexar Floor Covering Company
San Antonio, Texas

Base Proposal "N"
(Carpeting) 10,415.00

Sierra Machinery Inc.
El Paso, Texas

Base Proposal "P"
(Pressure Washer) 2,263.00

Tennant Company
Anaheim, California

Base Proposal "Q"
(Street Sweeper) 22,983.79

Kessel's Pump Service
El Paso, Texas

Base Proposal "R"
(Automotive Equipment) 6,400.00

Hoyt Corporation
Westport, Massachusetts

Base Proposal "S"
(Solvent Salvager) 3,095.00

GRAND TOTAL CONTRACT AWARDS \$283,560.61

Further, the Chancellor was authorized to sign the contracts awarding these bids based on the results of the Executive Committee circularization.

6. U. T. Southwestern Medical Center - Dallas - Cecil and Ida Green Biomedical Research Building - Completion of Eighth Floor Shell Space (Project No. 303-662): Award of Construction Contract to Partners Construction, Inc. - Texas, Dallas, Texas (Exec. Com. Letter 88-4).-- Upon recommendation of the Executive Committee, the Board awarded a construction contract for the completion of the eighth floor shell space in the Cecil and Ida Green Biomedical Research Building at The University of Texas Southwestern Medical Center at Dallas to the lowest responsible bidder, Partners Construction, Inc. - Texas, Dallas, Texas, for the Base Bid in the amount of \$1,423,424.

7. U. T. Medical Branch - Galveston - Expansion of Thermal Energy Plant (Project No. 601-657): Award of Equipment Purchase Contracts to (a) BAC-Pritchard, Inc., Baltimore, Maryland, (b) Goulds Pumps Inc., Seneca Falls, New York, (c) Westinghouse Electric Corporation, Houston, Texas, and (d) York International Corporation, York, Pennsylvania (Exec. Com. Letters 88-4 and 88-6).--The Board, upon recommendation of the Executive Committee:

- a. Excused The Marley Cooling Tower Company, Mission, Kansas, for its bid without forfeiture of its bond and awarded a contract for Cooling Tower and Appurtenances for the Expansion of the Thermal Energy Plant at The University of Texas Medical Branch at Galveston to BAC-Pritchard, Inc., Baltimore, Maryland, the next lowest and most responsible bidder in the amount of \$508,500 for the Base Bid.

It was noted that after the bid opening at 2:00 p.m. on August 20, 1987, The Marley Cooling Tower Company informed the Office of Facilities Planning and Construction (OFPC) that its bid contained an error in the amount of \$105,620. OFPC required Marley to provide documentation to substantiate the claim that a clerical error had been made in Marley's bid as submitted, and Marley submitted the required documentation to the project engineer's office in Houston at 4:30 p.m. the same day. A paper with last-minute changes for cooling tower equipment had not been posted correctly to Marley's bid. Having reviewed and examined Marley's documentation, the Project Engineer, Lockwood, Andrews & Newnam, OFPC, and the Office of General Counsel concluded that Marley made a clerical error in the amount of \$105,620.

- b. Awarded a purchase contract for Vertical Turbine Pumps to the lowest responsible bidder, Goulds Pumps Inc., Seneca Falls, New York, in the amount of \$224,589
- c. Awarded a purchase contract for Medium Voltage Switchgear to the lowest responsible bidder, Westinghouse Electric Corporation, Houston, Texas, in the amount of \$159,198
- d. Awarded a purchase contract for two Electric Drive Centrifugal Water Chilling Systems to the lowest responsible bidder on a life cycle cost basis, York International Corporation, York, Pennsylvania, in the amount of \$1,867,200 for Alternative Selection No. 1 (Two 3700-Ton Units).

8. U. T. Cancer Center (U. T. M.D. Anderson Hospital - Houston): Acceptance of Bequest from the Estate of Aurelia Schmidt Janek, Deceased, Colorado County, Texas, and Authorization for the Executive Vice Chancellor for Asset Management to Execute Documents Concerning the Distribution and Sale of the Estate Assets After Review and Approval of the Documents by the Office of General Counsel (Exec. Com. Letter 88-7).--Upon recommendation of the Executive Committee, the Board accepted a bequest of real property and cash from the Estate of Aurelia Schmidt Janek, deceased, Colorado County, Texas, for cancer research at the U. T. M.D. Anderson Hospital - Houston of The University of Texas System Cancer Center. The U. T. Cancer Center will receive 1/12th of the Estate estimated to be in excess of \$100,000. Included in these assets are 4.65 acres of real estate located in Colorado County, Texas, on which is located a 2,000 square foot house appraised at \$37,000.

Further, the Executive Vice Chancellor for Asset Management was authorized to execute all documents concerning the distribution and sale of the Estate assets after the documents have been reviewed and approved by the Office of General Counsel.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND AUDIT COMMITTEE (Pages 11 - 12).--Committee Chairman Roden reported that the Finance and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Finance and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Docket No. 37 of the Office of the Chancellor (Catalog Change).--Upon recommendation of the Finance and Audit Committee, the Board approved Docket No. 37 of the Office of the Chancellor in the form distributed by the Executive Secretary. It is attached following Page 112 in the official copies of the Minutes and is made a part of the record of this meeting.

It was expressly authorized that any contracts or other documents or instruments approved therein had been or shall be executed by the appropriate officials of the respective institution involved.

It was ordered that any item included in the Docket that normally is published in the institutional catalog be reflected in the next appropriate catalog published by the respective institution.

Regents Hay and Ratliff abstained from voting on items within the Docket related to Exxon Corporation due to a possible conflict of interest. Regent Ratliff also abstained from matters related to Southwest Texas Electric Cooperative for the same reason.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter I, Section 10, Subsection 10.1 (Signature Authority for Documents Executed on Behalf of the Board) and Authorization for the Executive Secretary to the Board to Make Appropriate Editorial Changes Therein.--Approval was given to amend the Regents' Rules and Regulations, Part One, Chapter I, Section 10, Subsection 10.1 (Signature Authority for Documents Executed on Behalf of the Board) to read as set forth below:

Sec. 10 Signature Authority for Documents Executed on Behalf of the Board.

10.1 Except as may be otherwise provided in these Rules and Regulations or in the resolution or order of the Board with respect to the approval of a specific document or with respect to the approval of a program or project requiring the execution of one or more documents, the Chairman of the Board, the Designated Vice-Chairman of the Board, the Chancellor or his or her designee, or the appropriate Executive Vice Chancellor may sign on behalf of the Board:

10.11 all contracts, agreements, leases, conveyances, deeds, easements, rights-of-way, bonds, licenses, or permits and all amendments,

- extensions or renewals of same that have been approved, authorized or granted by the Board as an item on the Agenda of the Board at a regular or special meeting;
- 10.12 applications for permits or licenses to be issued to the Board or a component institution that have been approved or authorized by the Board;
- 10.13 renewals of permits or licenses issued to the Board or a component institution that are renewable without change in the terms or conditions thereof where the original application for such permit or license was made pursuant to the approval or authorization of the Board and such approval or authorization has not been withdrawn.

Further, approval was granted for the Executive Secretary to the U. T. Board of Regents, in consultation with the Office of General Counsel, to make such editorial changes in the remainder of the Regents' Rules and Regulations as may be necessary in order to conform to the foregoing changes and such other editorial changes as are necessary to ensure that Chapter I is not gender specific.

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter III, Section 1, Subsection 1.4, Concerning Admission Tickets.--The Board, upon recommendation of the Finance and Audit Committee, amended the Regents' Rules and Regulations, Part Two, Chapter III, Section 1, Subsection 1.4, concerning admission tickets, to read as follows:

- 1.4 Admission tickets, including complimentary tickets, shall have the price of admission indicated thereon, and all such tickets shall be prenumbered, except for certain events where the section, row, and seat number are shown. Admission tickets and coupon books shall be purchased for delivery to the institutional business office and issued to the department concerned. Unused tickets or books shall be returned along with a prescribed ticket report to the business office within 30 days from the date of the event, and a list showing the names of all persons receiving complimentary tickets shall be a part of the prescribed ticket report. The chief business officer may authorize an exception to the 30-day time limit for submitting ticket reports for a specified event or series of events, provided that the exception must be in writing, and must specify both the reason for the exception and the alternate due date for those ticket reports.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 13 - 20).--Committee Chairman Baldwin reported that the Academic Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Arlington: Permission for Dr. Wendell H. Nedderman to Serve on the National Small Business Development Center Advisory Board [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for Dr. Wendell H. Nedderman, President of The University of Texas at Arlington, to serve on the National Small Business Development Center Advisory Board.

This Board consists of nine members appointed for three-year terms with one third of the Board changing each year. A three-day trip is required each quarter for which Dr. Nedderman will be reimbursed for travel expenses.

Dr. Nedderman's appointment to this Advisory Board is of benefit to the State of Texas, creates no conflict with his regular duties and 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.

2. U. T. Austin: Appointment of (a) Dr. Leif N. Persen to the W. A. "Monty" Moncrief Centennial Chair in Petroleum Engineering for the 1987-88 Spring Semester Only and (b) Dr. Morris E. Fine to the Robert B. Trull Chair in Engineering in the College of Engineering for the Period February 1, 1988 to February 29, 1988 Only.--The Academic Affairs Committee recommended and the Board approved the following appointments to endowed academic positions in the College of Engineering at The University of Texas at Austin effective as indicated:

- a. Dr. Leif N. Persen, Professor and Chairman, Applied Mechanics Department, Norwegian Institute of Technology, Trondheim, Norway, to the W. A. "Monty" Moncrief Centennial Chair in Petroleum Engineering for the 1987-88 Spring Semester only
- b. Dr. Morris E. Fine, Walter P. Murphy Professor of Materials Science and Engineering and Associate Dean of Graduate Studies and Research, Northwestern University, to the Robert B. Trull Chair in Engineering for the period February 1, 1988 to February 29, 1988 only.

3. U. T. Austin - School of Law: Appointment of Professor Olin G. Wellborn III to the Board of Directors of The University of Texas at Austin School of Law Continuing Legal Education, Inc. and The University of Texas at Austin School of Law Publications, Inc. Effective Immediately (Regents' Rules and Regulations, Part One, Chapter VII, Section 6, Subsection 6.1, Internal Corporations).--In accordance with the Regents' Rules and Regulations, Part One, Chapter VII, Section 6, Subsection 6.1, relating to appointments to the Board of Directors of internal corporations, the Board appointed Professor Olin G. Wellborn III, Associate Dean of the School of Law at The University of Texas at Austin, to the Board of Directors of The University of Texas at Austin School of Law Continuing Legal Education, Inc. and The University of Texas at Austin School of Law Publications, Inc. effective immediately.

4. U. T. Austin: Approval to Establish the Longhorn Foundation and the Longhorn Associates for Excellence in Women's Athletics Foundation and to Amend the Regents' Rules and Regulations, Part One, Chapter VII, Section 4, Subsection 4.33 (Internal Foundations); Establishment of the Longhorn Foundation Advisory Council and the Longhorn Associates for Excellence in Women's Athletics Advisory Council; and Approval of Initial Nominees to the Longhorn Associates for Excellence in Women's Athletics Advisory Council (Regents' Rules and Regulations, Part One, Chapter VII, Section 3).--Upon recommendation of the Academic Affairs Committee, the Board:
 - a. Approved the resolutions set out on Pages 15 - 16 creating (1) the Longhorn Foundation as an internal foundation to benefit Intercollegiate Athletics for Men and (2) the Longhorn Associates for Excellence in Women's Athletics Foundation as an internal foundation to benefit Intercollegiate Athletics for Women at The University of Texas at Austin, in accordance with the Regents' Rules and Regulations, Part One, Chapter VII, Section 4, Subsection 4.3 (Internal Foundations)
 - b. Authorized the Executive Secretary to the U. T. Board of Regents to add both foundations to the list of approved internal foundations set out in the Regents' Rules and Regulations, Part One, Chapter VII, Section 4, Subsection 4.33
 - c. Established the Longhorn Foundation Advisory Council and the Longhorn Associates for Excellence in Women's Athletics Advisory Council pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, with the understanding that nominees to the Longhorn Foundation Advisory Council will be submitted for approval at a future meeting
 - d. Approved initial nominees to the Longhorn Associates for Excellence in Women's Athletics Advisory Council with the understanding that the names of the nominees will be reported for the record after they have been contacted and acceptances have been received.

Resolution of the Board of Regents
of The University of Texas System

WHEREAS, There exists a clear and specific need for means to finance the program of the Department of Intercollegiate Athletics for Men of The University of Texas at Austin, in addition to the regular budgetary provisions; and

WHEREAS, It is the desire of interested persons to set up the facilities to encourage and assist in such financing;

IT IS NOW RESOLVED, That the Board of Regents of The University of Texas System hereby establishes the Longhorn Foundation of the Department of Intercollegiate Athletics for Men of The University of Texas at Austin.

AND FURTHER, That the purpose of the said Foundation shall be to foster the understanding and development of the programs of the Department of Intercollegiate Athletics for Men at The University of Texas at Austin, and to encourage the making of gifts to the Foundation by deed, grant, will or otherwise for any purpose appropriate to the work of the Foundation.

AND FINALLY, That all donations to and assets of the Foundation shall be accepted and managed subject to the following conditions:

1. The funds of the Foundation shall be devoted solely to the enrichment of the scholarship programs for student athletes in all men's varsity sports of the Department of Intercollegiate Athletics of The University of Texas at Austin and shall not be used for the ordinary operating expenses of the Department of Intercollegiate Athletics.

2. A donation to the Foundation may be made for a specific purpose and may be given in the name of the donor or other designation specified by the donor or may be given as unrestricted funds.

3. The Board of Regents shall hold, manage, control, sell, exchange, lease, convey, mortgage or otherwise encumber, invest or reinvest, and generally shall have the power to dispose of in any manner and for any consideration and on any terms the said gifts, funds, or property in their discretion and shall from time to time pay out of the income, or if the income be insufficient, out of the principal, all expenses of the trust and all expenditures incurred in furthering the purposes of the trust.

4. Neither any donation to the Longhorn Foundation nor any fund or property arising therefrom in whatever form it may take shall ever be any part of the Permanent University Fund nor shall the Legislature have power to be in any way authorized to change the purposes thereof or to divert such donation, fund or property from those designated purposes.

5. As in the case of other funds, authorization for expenditure of all funds from the Foundation shall be vested in the Board of Regents and recommendations for such expenditures shall be made by the President of The University of Texas at Austin to the Office of the Chancellor and by the Office of the Chancellor to the Board of Regents of The University of Texas System.

Resolution of the Board of Regents
of The University of Texas System

WHEREAS, There exists a clear and specific need for means to finance the program of the Department of Intercollegiate Athletics for Women of The University of Texas at Austin, in addition to the regular budgetary provisions; and

WHEREAS, It is the desire of interested persons to set up the facilities to encourage and assist in such financing;

IT IS NOW RESOLVED, That the Board of Regents of The University of Texas System hereby establishes the Longhorn Associates for Excellence in Women's Athletics Foundation of the Department of Intercollegiate Athletics for Women of The University of Texas at Austin.

AND FURTHER, That the purpose of the said Foundation shall be to foster the understanding and development of the programs of the Department of Intercollegiate Athletics for Women at The University of Texas at Austin, and to encourage the making of gifts to the Foundation by deed, grant, will or otherwise for any purpose appropriate to the work of the Foundation.

AND FINALLY, That all donations to and assets of the Foundation shall be accepted and managed subject to the following conditions:

1. The funds of the Foundation shall be devoted solely to the enrichment of the scholarship programs for student athletes in all women's varsity sports of the Department of Intercollegiate Athletics for Women of The University of Texas at Austin and shall not be used for the ordinary operating expenses of the Department of Intercollegiate Athletics for Women.

2. A donation to the Foundation may be made for a specific purpose and may be given in the name of the donor or other designation specified by the donor or may be given as unrestricted funds.

3. The Board of Regents shall hold, manage, control, sell, exchange, lease, convey, mortgage or otherwise encumber, invest or reinvest, and generally shall have the power to dispose of in any manner and for any consideration and on any terms the said gifts, funds, or property in their discretion and shall from time to time pay out of the income, or if the income be insufficient, out of the principal, all expenses of the trust and all expenditures incurred in furthering the purposes of the trust.

4. Neither any donation to the Longhorn Associates for Excellence in Women's Athletics Foundation nor any fund or property arising therefrom in whatever form it may take shall ever be any part of the Permanent University Fund nor shall the Legislature have power to be in any way authorized to change the purposes thereof or to divert such donation, fund or property from those designated purposes.

5. As in the case of other funds, authorization for expenditure of all funds from the Foundation shall be vested in the Board of Regents and recommendations for such expenditures shall be made by the President of The University of Texas at Austin to the Office of the Chancellor and by the Office of the Chancellor to the Board of Regents of The University of Texas System.

5. U. T. Austin: Request to Approve Private Fund Development Campaign for the College of Natural Sciences McDonald Observatory (Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.44) (Deferred).--The item related to a private fund development campaign on behalf of the College of Natural Sciences, Department of Astronomy, McDonald Observatory at The University of Texas at Austin was deferred.
6. U. T. Austin: Approval of Amendments to Declaration of Trust with the Board of Operating Trustees of Texas Student Publications.--Upon recommendation of the Academic Affairs Committee, the Board amended Paragraphs 3, 8, 14, and 19 of the Declaration of Trust with the Board of Operating Trustees of Texas Student Publications at The University of Texas at Austin as follows:
- a. Paragraph 3 was amended to read as follows:
- 3.
- The operations of student publications on the campus of The University of Texas at Austin are under the control and jurisdiction of the Operating Trustees, constituted as hereinafter set out. All actions of the Operating Trustees and all business connected with student publications, which are defined for the purpose of this Declaration of Trust as all media, print or electronic, on the campus of The University of Texas at Austin conducted by them shall be pursuant to, and subject to and in accord with Trustees' Rules and Regulations.
- b. Paragraph 8 was amended to read as follows:
- 8.
- In addition to the aforementioned voting members of the Board of Operating Trustees, the following persons shall serve as ex-officio, non-voting members: the Dean of Students or the Dean's representative; the Editorial Manager of The Daily Texan; the General Manager of the publications; the Editor and Managing Editor of The Daily Texan; and the student editors and/or managers of all other publications published by the Operating Trustees.
- c. Paragraph 14 was amended to read as follows:
- 14.
- The Executive Committee shall appoint a general manager who shall be selected annually during the month of May for the fiscal year beginning September 1. The Executive Committee shall determine the compensation of the General Manager. The duties of the General Manager shall be prescribed by the Executive Committee, subject to the basic policies set forth by the Operating Trustees. The Editorial Manager(s) will be appointed by the Executive Committee, subject to basic policies set forth by the Operating Trustees. The duties of the Editorial Manager(s) shall be prescribed by the Executive Committee, subject to basic policies

set forth by the Operating Trustees. The Editorial Manager of The Daily Texan shall be authorized to coordinate the activities between The Daily Texan and the Department of Journalism so as to secure the most effective use of the journalism laboratories and classes in the preparation of material for The Daily Texan. The Executive Committee shall fix the compensation of all editorial workers on student publications subject to the final approval of the Operating Trustees. The Executive Committee shall appoint and fill all vacancies for Editor, Manager and Managing Editor of every publication, except The Daily Texan, and shall fix their compensation subject to final approval of the Operating Trustees at their next regular meeting.

d. Paragraph 19 was amended to read as follows:

19.

Copies of the minutes of all meetings of the Operating Trustees shall be delivered promptly to the President of The University of Texas at Austin for distribution to the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Secretary to the Board of Regents and such members of The University of Texas at Austin administration as the President of The University of Texas at Austin may direct. No action of the Operating Trustees shall have any force or effect unless included in the minutes and until it has been approved by the President of The University of Texas at Austin, except actions of the Operating Trustees pertaining to the decisions of the Review Committee, and except as to actions of the Operating Trustees with respect to the appointment, discipline or removal of editors and/or managers, which actions need only be reported in the minutes for information, but are not reviewable outside the Board of Operating Trustees.

The foregoing amendments reflect changes recommended by the Board of Operating Trustees of Texas Student Publications to clarify that TSP authorization extends beyond print media to include electronic media, since the Operating Trustees wish to establish and operate a student radio station through the TSP Board.

It was reported that the next appropriate Handbook of Operating Procedures published at U. T. Austin will be amended to conform to this action.

7. U. T. Austin: Establishment of Differential Tuition Rates for the Graduate School of Business and the School of Law Effective with the Fall Semester 1988; Approval of 1988-89 and 1989-90 Tuition Rates for Both; and Allocation of Increased Tuition (Catalog Change).--Pursuant to House Bill 2181 of the 70th Legislature which authorized governing boards of Texas institutions of higher education to set differential tuition rates for graduate programs provided such rates were at least equal to the minimum rates established by statute and not more than double the statutory rate, the Board established differential tuition and approved increases in the per semester

credit hour tuition charges for the Graduate School of Business and the School of Law at The University of Texas at Austin as shown below effective with the Fall Semester 1988:

	Differential Tuition*	
	1988-89	1989-90
<u>Graduate School of Business</u>		
Resident	\$ 32	\$ 32
Nonresident	150	150
<u>School of Law</u>		
Resident	75	90
Nonresident	165	180

*Dollars per semester credit hour of registration

Pursuant to House Bill 2181 authorizing differential tuition, the proceeds from the increased tuition will be allocated as follows:

- a. In the Graduate School of Business, 5% of the tuition increase will be allocated to support student advising for the Masters of Business Administration (M.B.A.) program, 45% will support student scholarships (including the 15% of resident and 3% of nonresident tuition that must by statute be set aside for Texas Public Education Grants), and the remaining 50% will be allocated for faculty support in the form of funds for faculty merit raises, position upgrades and new position(s). It is anticipated that these enhancements of faculty, advising, and scholarship programs will better enable the Graduate School of Business to meet its teaching responsibilities and to increase its competitive position.
- b. In the School of Law, one-half of the tuition increase will be allocated for scholarships (including the amount required by statute to be set aside for Texas Public Education Grants) in order to reduce the burden of increased costs of tuition on students. The remaining 50% will be allocated to the instructional budget to increase faculty and to decrease student/faculty ratio and to provide more competitive salaries to faculty members. These changes will be a major component of the school's efforts to respond to the American Bar Association criticisms of the U. T. Austin School of Law in its 1984 Reinspection Report on the School.

It was ordered that the next appropriate catalog published at U. T. Austin be amended to conform to this action.

8. U. T. Dallas - Development Board: Approval of Nominees Thereto.--Two nominees for membership to the Development Board at The University of Texas at Dallas were approved for three-year terms expiring in 1990.

The names of the nominees will be reported for the record after they have been contacted and their acceptances have been received.

9. U. T. El Paso: Permission for Dr. Diana S. Natalicio to Serve on the Board of Directors of the El Paso Branch, Federal Reserve Bank of Dallas [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was given for Dr. Diana S. Natalicio, Interim President of The University of Texas at El Paso, to serve on the Board of Directors of the El Paso Branch, Federal Reserve Bank of Dallas. Dr. Natalicio will receive \$200 per meeting for her services.

Dr. Natalicio's appointment is of benefit to the State of Texas, creates no conflict with her regular duties at U. T. El Paso and 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. Tyler: Appointment of Dr. Robert T. Partain to the Sam A. Lindsey Chair for the 1987-88 Academic Year Only Effective Immediately.--The Board appointed Dr. Robert T. Partain, Dean of the School of Business Administration and Professor of Business Administration, to the Sam A. Lindsey Chair at The University of Texas at Tyler for the 1987-88 academic year only effective immediately.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE
(Pages 21 - 35).--Committee Chairman Yzaguirre reported that the Health Affairs Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Southwestern Medical Center - Dallas: Appointment of Charles R. Baxter, M.D., as Initial Holder of the Golden Charity Guild Charles R. Baxter, M.D. Chair Effective Immediately.--Upon recommendation of the Health Affairs Committee, the Board appointed Charles R. Baxter, M.D., Professor of Surgery, as initial holder of the Golden Charity Guild Charles R. Baxter, M.D. Chair at The University of Texas Southwestern Medical Center at Dallas effective immediately.

2. U. T. Medical Branch - Galveston: Dr. Harvey S. Levin Appointed Initial Holder of the Chela and Jimmy Storm Distinguished Professorship in Surgical Research Effective Immediately.--The Board approved the appointment of Dr. Harvey S. Levin, Professor in the Departments of Surgery, Psychiatry and Behavioral Sciences and Neurology, as initial holder of the Chela and Jimmy Storm Distinguished Professorship in Surgical Research at The University of Texas Medical Branch at Galveston effective immediately.

See Page 73 related to the redesignation of this Professorship.

3. U. T. Medical Branch - Galveston: Approval of Affiliation Agreement with the Clinical Center, National Institutes of Health, Bethesda, Maryland.--Approval was given to the affiliation agreement set out on Pages 22 - 25 by and between The University of Texas Medical Branch at Galveston and the Clinical Center, National Institutes of Health, Bethesda, Maryland.

This agreement, executed by the appropriate officials of the institution and facility to be effective upon approval by the U. T. Board of Regents, will provide educational opportunities for elective clinical experiences for students of U. T. Medical Branch - Galveston.

AGREEMENT

THIS AGREEMENT, made under authority of Section 327A of the Public Health Service Act (42 U.S. Code Section 254a), is by and between the Clinical Center, National Institutes of Health, Bethesda, Maryland (hereinafter called the Clinical Center) and

The University of Texas
Medical Branch at Galveston (UTMB)
301 University Boulevard
Galveston, Texas 77550,

a component institution of the University of Texas System ("System"), and which includes the University of Texas Medical School at Galveston (hereinafter called the School).

UTMB wishes to affiliate with the Clinical Center in order to obtain suitable elective clinical experiences for its students of the school.

Because it has a particular capability to provide the requisite clinical instruction under informed and experienced direction, the Clinical Center seeks to affiliate with the UTMB.

This affiliation represents a method to integrate the student's academic theory and knowledge with experience gained through training and instruction in a hospital's medical and surgical departments. It is therefore agreed to be of mutual interest and advantage that selected students of the School be provided quality clinical experiences in the Clinical Center.

RESPONSIBILITIES

1. UTMB shall:
 - A. Make known to third- and fourth-year students (or, in the case of schools with six-year curricula, the students in their clinical years) the availability of electives at the Clinical Center.
 - B. Upon request of the student, provide the Clinical Center with a transcript of the student's academic record and a letter of approval from the Office of the Dean.
 - C. Send only those students who will benefit from the assignment, and who are, to the School's knowledge, qualified at the time of reporting for their training.
 - D. Make arrangements to have the student covered under the School's professional liability insurance or an individual insurance policy which covers the activity of the student while at the Clinical Center.
 - E. Have the privilege of visiting the Clinical Center before, during, and/or after the instruction period for the purpose of evaluating the student's progress.
2. The Clinical Center shall:
 - A. Within the stated philosophies, missions, and objectives of the Clinical Center and the School, provide the highest possible quality clinical experience for the students consistent with their level of training and experience.
 - B. Offer, at specified times of the year, in-depth instruction in clinical subspecialties as described in the current Catalog of the Clinical Elective Program for Medical and Dental Students at the National Institutes of Health.
 - C. Provide a Clinical Electives Program Office to serve as a contact point for the students during the application process and as a source of information and assistance to those students who are in attendance at the Clinical Center.
 - D. Provide the physical facilities, supplies, and equipment necessary for the clinical experiences.

- E. Provide the School with a written evaluation of the student's learning experience at the completion of the training period.
 - F. Orient the student concerning all applicable rules and regulations with which the student is expected to comply. Special emphasis will be given to the Privacy Act of 1974, particularly as it relates to the patient's right to privacy and the confidentiality of all records relating to patient care.
 - G. Provide emergency medical care to the student only for injury sustained in the course of training or duties, under the U.S. Employees' Compensation Act (REC). Routine medical care or follow-up treatment is the sole responsibility of the student, and with the exception of paragraph 3.G., will not be provided by the Clinical Center.
 - H. Require the School to withdraw a student from the assignment when his/her performance is unsatisfactory or when his/her behavior is disruptive or detrimental to the operation of the Clinical Center.
3. It is mutually understood between UTMB and the Clinical Center that the student shall:
- A. Be responsible for satisfying all elements of the application process as delineated in the current edition of the Catalog of the Clinical Electives Program for Medical and Dental Students at the National Institutes of Health.
 - B. Comply with all rules and regulations of the Clinical Center. Failure to comply will constitute grounds for terminating the assignment.
 - C. Keep confidential any information entrusted to him/her by a patient unless the nondisclosure would be harmful to the patient's treatment; in which case, the information must be given to the patient's attending physician.
 - D. Be invited and encouraged to take part in educational activities of the Clinical Center, including such events as grand rounds, symposia, and conferences. The student shall have access to journals, books, and periodicals in the Clinical Center library.
 - E. Be excused from work on all Federal holidays.
 - F. Unless otherwise specified, have the responsibility for personal transportation to and from the Clinical Center and for all other personal expenses, including housing. A stipend will not be provided. The student will be permitted to use the cafeterias at the Clinical Center or elsewhere at the National Institutes of Health.
 - G. Provide written evidence, prior to reporting to the Clinical Center, of: (1) a negative Mantoux test (intermediate strength PPD) done within the past three months, or a chest x-ray report made within twelve months for those with a positive Mantoux test; and (2) a diphtheria-tetanus booster injection within the past ten years. Those who cannot provide such evidence will have the procedure(s) done upon arrival at the Clinical Center.

GENERAL AGREEMENTS

- A. There will be no discrimination on the basis of race, religion, sex, color, age, handicap, or national origin in the acceptance of students in this program.
- B. The autonomy of UTMB and the Clinical Center will be observed at all times.
- C. It is understood and agreed that the parties hereto may revise or modify this Agreement by mutually-agreed, written amendments.
- D. This Agreement shall be in force when it is signed by appropriate representatives of UTMB and the Clinical Center. On January first of the following year and of each succeeding year it shall be deemed to be renewed for an additional one-year term unless either party to this Agreement notifies the other of its intention not to renew. This notification shall be made in writing no less than

sixty days before the renewal date. If an agreement is terminated, any student from the School who is in training on the date of termination shall be allowed to complete his/her training as if the Agreement were still in effect.

- E. It is recognized that activities at the Clinical Center, a biomedical research facility at the National Institutes of Health, are subject to Federal laws and regulations. The Director, Clinical Center, has the authority to assure that all applicable Federal requirements are observed, and assumes full responsibility for all activities under his/her jurisdiction.
- F. By signing this Agreement, the student agrees to abide by all rules and regulations of the Clinical Center and to all elements of this Agreement.

Executed by the authorized representatives of the parties on the dates indicated below.

THE CLINICAL CENTER
NATIONAL INSTITUTES OF HEALTH
BETHESDA, MARYLAND

THE BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM
ON BEHALF OF THE UNIVERSITY OF
TEXAS MEDICAL BRANCH AT GALVESTON

John L. Pecher 10/13/87
Director Date
The Clinical Center

Charles B. Mullins, M.D.
Dr. Charles B. Mullins
Executive Vice Chancellor
The University of Texas System

Randy B. Bond 10/14/87
Executive Officer Date
The Clinical Center

Thomas N. James
Dr. Thomas N. James
President
The University of Texas Medical
Branch at Galveston

David D. Cowell, M.D. 10/13/87
Associate Director for Date
Quality Assurance and Medical Education
The Clinical Center

George T. Bryan
Dr. George T. Bryan
Dean of Medicine
The University of Texas Medical
Branch at Galveston

FORM APPROVED:

John L. Dawson
Office of General Counsel
The University of Texas System

CERTIFICATE OF APPROVAL
BY U. T. BOARD OF REGENTS

I hereby certify that the foregoing Affiliation Agreement was approved by the Board of Regents of The University of Texas System on the 3rd day of December, 1987, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

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

ARTHUR H. DILLY

ADDENDUM TO THE AGREEMENT BETWEEN
THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
AND
CLINICAL CENTER, NATIONAL INSTITUTES OF HEALTH, BETHESDA, MARYLAND

STUDENT ACCEPTANCE FORM

I accept an appointment in the Clinical Center Elective Program for the period _____, 19__ to _____, 19__ under the terms and conditions set forth in the Agreement between the National Institutes of Health and The University of Texas Medical Branch at Galveston.

(student name)

(date)

4. U. T. Health Science Center - Houston: Appointment of John H. Harris, Jr., M.D., as Initial Holder of the John S. Dunn Chair in Radiology Effective Immediately.-- The Board, upon recommendation of the Health Affairs Committee, appointed John H. Harris, Jr., M.D., Professor and Chairman of the Department of Radiology, as initial holder of the John S. Dunn Chair in Radiology at The University of Texas Health Science Center at Houston effective immediately.

See Page 73 related to the establishment of this Chair.

5. U. T. Health Science Center - Houston: Development Board - Approval of Nominees Thereto.--Two nominees for membership to the Development Board at The University of Texas Health Science Center at Houston were approved for a three-year term expiring in 1990 and a two-year term expiring in 1989.

The names of the nominees will be reported for the record after they have been contacted and their acceptances have been received.

6. U. T. Health Science Center - San Antonio: Approval of Affiliation Agreement with St. Mary's Medical Center, Inc., Knoxville, Tennessee.--The affiliation agreement set out on Pages 27 - 32 by and between The University of Texas Health Science Center at San Antonio and St. Mary's Medical Center, Inc., Knoxville, Tennessee, was approved without objection.

This agreement, executed by the appropriate officials of the institution and facility to be effective upon approval by the U. T. Board of Regents, will provide training opportunities for students in health programs. St. Mary's Medical Center offers an extensive training program for physical therapy students from a number of institutions across the country.

A G R E E M E N T

between

University of Texas Health Science Center at San Antonio

and

St. Mary's Medical Center, Inc.

This Agreement made and entered into this 14th day
September 19 87, for the period
year to year unless terminated in writing by either party, by
and between The University of Texas Health Science Center at San
Antonio, located in San Antonio, Texas, hereinafter called Agency
and St. Mary's Medical Center located in Knoxville, Tennessee,
hereinafter called Medical Center.

WITNESSES:

WHEREAS, the Agency offers among other things education
in Physical Therapy; and
(field)

WHEREAS, clinical experience is a valuable component of
this education;

WHEREAS, the Agency desires to use the facilities of the
Medical Center and the Medical Center agrees that its facilities
may be used by the Agency under conditions hereinafter set
forth.

NOW THEREFORE, for and in consideration of the mutual
benefits flowing each to the other, it is agreed as follows:

1. The Agency may send instructors and students to the
Medical Center for the purpose of gaining clinical
experience. The number of students in each group
and the dates of the training shall be subject to
approval of Medical Center and proposals including
said information must be submitted by Agency at
least 90 days prior to the date on which proposed
training is to begin. The names of the students and

instructors shall be submitted in writing to the Medical center not later than 14 days prior to the beginning of training, along with other information specified in the Educational Affiliation Request Form to be provided by Medical Center.

2. The Agency will notify the Medical Center of any proposed time changes necessary in training schedules at least 10 days prior to implementation of said changes.
3. The Agency will furnish the Medical Center with a written general outline as to the purpose and the objectives of the training.
4. The Student shall be responsible for paying all costs related to attendance and participation in training.
5. The Agency agrees that it will be responsible for insuring students are informed of their responsibility to ^emet the Medical Center's requirement of a physical examination prior to student's participation in clinical activities at the Medical Center. Evidence of appropriate physical examination and current immunization status shall be submitted by the student in writing to Medical Center prior to beginning of training.
6. The Agency will furnish, as needed and as required, all supplementary library materials and teaching aids.
7. The Agency's instructors will be responsible for specifying the appropriate student learning experiences and criteria for evaluation of student activities and for co-ordination of student experiences with Medical Center staff.

8. All problems that may arise with regard to student activities in the institution will be channelled through the Medical Center's Education office.
9. The Agency will provide evidence of student professional liability insurance coverage required as part of registration fees for students involved in clinical laboratory experiences at the Medical Center.
10. In the event of illness or injury to any student, the student may but shall not be required to utilize the services of St. Mary's Medical Center Emergency Room. Cost of such services shall be borne by the student, as shall the cost of any continued care. In no event shall the Medical Center be responsible for said costs.
11. The Medical Center further agrees that it will furnish hospital supplies and equipment necessary for patient's care and will permit student use of conference rooms, Medical Center library and cafeteria.
12. The Medical Center agrees that its staff members will serve as resource persons to enhance the students' learning of health care practices.
13. The Medical Center agrees that it will allow Instructors of the Agency access to its facility and will cooperate with these Instructors in furtherance of the goals of this Agreement.
14. The Medical Center will provide agency instructors with materials covering the institution's procedures and policies and Medical Center staff will instruct students in said procedures and policies at the time of their arrival at the institution.

15. The parties hereto agree that the students shall be subject to the following regulations and responsibilities:

a. They are expected to maintain the standards of appearance dictated by the Medical Center.

b. Each student will exercise responsibility for his or her individual behavior.

16. This Agreement may be amended at any time by written addendum signed by both parties.

17. This Agreement constitutes the entire agreement between the parties respecting the provision of clinical experience by the Medical Center. There are no other agreements or understandings, written or oral, that are not contained herein.

18. The Agency agrees as follows:

Until the expiration of four (4) years after the furnishing of services pursuant to the AGREEMENT, the Agency shall make available, upon written request to the Secretary of the Department of Health and Human Services, or upon request to the Comptroller General of the United States, or upon request to the authorized representatives of either of these governmental entities, the AGREEMENT, books documents and records of the Agency that are necessary to certify the nature and extent of any cost incurred by the Medical Center or the Agency with respect to this AGREEMENT.

19. This Agreement may be terminated at any time by either party by giving six (6) months notice in writing to the other party.

20. The Medical Center and the Agency do not discriminate on the basis of sex or handicap in the education programs and activities which they operate, pursuant to the requirements of Title IX of the Education Amendments of 1972, Public Law 92-318; and section 504 of the Rehabilitation Act of 1973; Public Law 92-112, respectively.

21. The Agency agrees that its students will be gaining clinical experience at St. Mary's Medical Center in furtherance of their education and understands that said students shall not be employed by St. Mary's Medical center in this experience, and shall not be entitled to any of the privileges or benefits of employees. Students shall not receive salaries or accrue benefits during their clinical experience. The Agency will use its best efforts to assure that each student will obey the Medical Center's rules, regulations, policies and procedures, as well as the directions of the students' assigned supervisors at the Medical Center throughout their clinical experience.

22. The parties agree that neither party shall be entitled to monetary remuneration for performance under this Agreement.

23. The Medical Center at all times reserves the right to bar any student from its premises. Without limiting this right, in the event of disputes or misunderstandings concerning a particular student or concerning any other aspect of this affiliation, the Medical Center's Director of Education or designee will act as arbiter to seek resolution of any issue. Final authority for the position of the Medical Center relative to any such matter, however, shall rest with the President of the Medical Center.

IN WITNESSES WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

DATE: December 3, 1987

AGENCY SIGNATURES

ST. MARY'S MEDICAL CENTER

[Signature]

By: President, UTHSCSA

[Signature]

By: President

CONTENT APPROVED

Margaret Heins Ed.D., R.N.
By: Division Chairman

[Signature]

Title:
Office of the Chancellor
The University of Texas System

FORM APPROVED:

[Signature]

Title:
Office of General Counsel
The University of Texas System

I hereby certify that the foregoing agreement was approved by the Board of Regents of The University of Texas System on the 3rd day of December, 1987 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

[Signature]
Executive Secretary, Board of Regents
The University of Texas System **ARTHUR W. DOLY**

7. U. T. Cancer Center: Approval to Appoint (a) Albert Deisseroth, M.D., as Initial Holder of the Anderson Clinical Faculty Chair for Cancer Treatment and Research Effective November 1, 1987, (b) Donald Pinkel, M.D., as Initial Holder of The Irving and Nadine Mansfield and Robert David Levitt Cancer Research Chair and (c) Jan van Eys, M.D., as Initial Holder of the Mosbacher Pediatrics Chair Effective Immediately.--The Board approved the following appointments to endowed academic positions at The University of Texas System Cancer Center effective as indicated:

- a. Albert Deisseroth, M.D., Chairman, Department of Hematology and Chief, Section of Molecular Hematology, as initial holder of the Anderson Clinical Faculty Chair for Cancer Treatment and Research effective November 1, 1987
- b. Donald Pinkel, M.D., Professor of Pediatrics and Chief of the Section of Pediatric Leukemia in the Department of Pediatrics, as initial holder of The Irving and Nadine Mansfield and Robert David Levitt Cancer Research Chair effective immediately
- c. Jan van Eys, M.D., Head of the Division of Pediatrics, as initial holder of the Mosbacher Pediatrics Chair effective immediately

See Page 74 related to the redesignation of this Chair.

8. U. T. Cancer Center: Report by President LeMaistre.--At the conclusion of the Health Affairs Committee meeting, Committee Chairman Yzaguirre called on President LeMaistre for a report on activities at The University of Texas System Cancer Center.

With the aid of slides, President LeMaistre reviewed the institution's research programs including basic and clinical investigation, external support for research and industry sponsored research, faculty recruitment efforts, patient care programs and management efficiency. He noted that the U. T. Cancer Center has become one of the most respected cancer centers in the world and that it has an objective to ensure that its programs will be of the highest quality.

President LeMaistre pointed out that the three important missions of the institution are: (1) patient care, (2) research and (3) preventive medicine and that the major goal of the U. T. Cancer Center is to eliminate cancer. He emphasized that the benefits of outpatient care are enormous and result in reduced cost to patients, decreased hospital dependency, normal lifestyle, and beds available for acute cases of cancer, and noted that the U. T. Cancer Center pioneered the ambulatory care treatment program.

In the area of management efficiency, Dr. LeMaistre reported that the Cancer Center plans to increase self-generated funding via patient income, gifts, and contracts and grants. He stated that the U. T. Cancer Center faces a critical period during the next few years and that an additional emphasis in the Cancer Center's strategic plan is to increase State income to provide support for the clinical research and patient care areas.

On behalf of the Board, Chairman Blanton expressed appreciation to President LeMaistre for this very informative report and acknowledged that the U. T. Cancer Center is truly a remarkable asset to The University of Texas System and one of the most formidable forces in the world today in the fight against cancer.

9. U. T. Board of Regents: Report by Executive Vice Chancellor for Health Affairs Mullins Related to Meeting of Joint Conference Committee of Board of Regents of The University of Texas System and Trustees of Hermann Trust.--Committee Chairman Maguirre called on Executive Vice Chancellor for Health Affairs Mullins who presented the following report related to the Joint Conference Committee of the Board of Regents of The University of Texas System and Trustees of Hermann Trust:

Report

The Joint Conference Committee of the Board of Regents of The University of Texas System and Trustees of Hermann Trust met in Houston, Texas, on November 19, 1987, and the meeting was well attended.

The primary focus of this meeting related to the outstanding progress being made regarding the implementation of the recently approved affiliation agreement between The University of Texas Health Science Center at Houston and Hermann Hospital. It is apparent that both groups are working in a cooperative manner and major differences between the groups have been resolved. Following is a summary of key issues which the group discussed:

U. T. Health Science Center - Houston
President and Dean attendance at Board
of Trustee meetings

Activation of the Joint Institutional
Planning Committee (JIPC) (key commit-
tee will be very active)

Review/Revision of Faculty and Medical
Staff Appointments and Policies

Establishment, Recruitment and Appoint-
ment of Medical Director (in the pro-
cess of developing job description and
will then recruit)

Accountability and Performance Criteria/
Evaluation of Service Chiefs

Accountability and Performance Criteria/
Evaluation of Hospital Administration.

Hermann representatives reported that by March 1988 the \$50 million remodeling program will begin for their three hospitals which will result in first class, state-of-the-art, medical/teaching facilities.

The Committee discussed the need for a new Ambulatory Care Center; however, no specific conclusions were reached regarding any arrangements for constructing a Center.

In conclusion, it was encouraging to note that the two groups have embarked on jointly developing five-year strategic plans directed at developing the full potential of the Hermann medical/teaching facilities. Following are the principal strategic highlights of the proposed plan:

Attract private practice in 1988-89

Improve existing facilities in 1988-89

Strengthen Hermann's operating and capital finance in 1988-89

Enhance Hermann's Medical School support during 1990-95

Recruitment/Enhancement of academic superstars during 1990-95

New facility construction during 1990-95.

REPORT AND RECOMMENDATIONS OF THE BUILDINGS AND GROUNDS COMMITTEE (Pages 36 - 56).--Committee Chairman Hay reported that the Buildings and Grounds Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Buildings and Grounds Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Revised Schedule of Fees for Basic Architect/Engineer Services.--To conform with Senate Bill 1 of the 70th Legislature which established a schedule of maximum fees allowable for basic architect/engineer services, approval was given to amend The University of Texas System schedule of fees for basic architect/engineer services to read as set out below:

Architect/Engineer Fees

<u>Construction Cost of Project</u>	<u>Dormitories, Garages and Warehouses</u>	<u>Classroom, Office and Other Buildings</u>	<u>Health, Research & Special Education Facilities</u>
New Construction			
Over \$15,000,000	5.0%	5.5%	6.0%
Over \$10,000,000	5.5%	6.0%	6.5%
Over \$ 1,000,000	6.0%	6.5%	7.0%
Up to \$ 200,000	7.0%	7.5%	8.0%
Remodeling & Renovation			
Over \$ 5,000,000	7.0%	7.5%	8.0%
Over \$ 1,000,000	8.0%	8.5%	9.0%
Up to \$ 200,000	9.0%	9.5%	10.0%

NOTE: When construction cost falls between the tabular limits, the rate will be determined by direct interpolation.

2. U. T. Austin - Lila B. Etter Alumni House (Alumni Center) - Remodeling and Expansion: Approval of Preliminary Plans and Approval of Lease Agreement with The Ex-Students' Association.--Mr. Fred Day and Mr. Raymond Smith, representing the Project Architect, Jessen Associates, Austin, Texas, presented the preliminary plans for the remodeling and expansion of the Lila B. Etter Alumni House (Alumni Center) at The University of Texas at Austin to the Buildings and Grounds Committee.

Following a detailed discussion and based upon this presentation and the recommendation of the Buildings and Grounds Committee, the Board:

- a. Approved the preliminary plans for the remodeling and expansion of the Lila B. Etter Alumni House (Alumni Center) at U. T. Austin by The Ex-Students' Association at an estimated cost of \$4,500,000 from funds to be raised and administered by The Ex-Students' Association and authorized The Ex-Students' Association to proceed with the project

- b. Approved the new Lila B. Etter Alumni House (Alumni Center) Lease Agreement set out on Pages 38 - 51 by and between the U. T. Board of Regents and The Ex-Students' Association, which will extend the ground lease for twenty-five years, with an option for an additional twenty-five years, and extend the ground area covered by the lease to provide for the construction of the new building addition.

This project will include the construction of an addition of approximately 55,000 gross square feet including a parking garage and the remodeling of the existing facilities.

Committee Chairman Hay recognized President Cunningham who introduced Mr. Roy Vaughan, Executive Director of The Ex-Students' Association, Mr. Mike Cook, President of The Ex-Students' Association, Mr. Joe M. Kilgore and Mr. Bob Dorsey, Co-chairmen of the Alumni Expansion Fund and noted their ongoing efforts to raise funds for the expansion of the Alumni Center.

On behalf of the Board, Chairman Blanton commended the leadership of The Ex-Students' Association for their time, talent and energy related to the fund raising efforts to support this marvelous project. He emphasized the Board's ongoing appreciation of The Ex-Students' Association related to many programs of support and encouragement to U. T. Austin.

STATE OF TEXAS \$
 \$
COUNTY OF TRAVIS \$

LILA B. ETTER ALUMNI HOUSE (ALUMNI CENTER) LEASE AGREEMENT

1. Recitals.

a. This Lease Agreement is entered into on this the 3rd day of December, 1987 by and between the Board of Regents of The University of Texas System on behalf of The University of Texas at Austin (Lessor) and The Ex-Students' Association of The University of Texas at Austin (Lessee) as a renewal, extension and modification of that certain agreement between the Lessor and Lessee dated October 29, 1962 and modified by the parties on August 18, 1966 (date of execution by the Lessee) and October 3, 1966 (date of execution by the Lessor), the original agreement and modification thereof being herein referred to as the "Original Lease", and true and correct copies of which documents are attached hereto as Exhibit A, pages 1 through 8.

b. The parties hereto desire to renew and modify the Original Lease as herein provided and to extend the term of the Original Lease to December 31, 2012 with a renewal option of 25 years as specifically provided for in Section 4 hereof.

2. The Parties. This lease is entered into this the 3rd day of December, 1987, by and between the Lessor and Lessee to use, occupy and improve the property hereinafter described under the terms and subject to the conditions contained herein.

3. Leased Premises. Lessor hereby leases to Lessee the premises in Austin, Travis County, Texas, as described in the metes and bounds legal description attached hereto as Exhibit B (referred to herein as the "premises" or "leased premises").

4. Term of Lease. The term of the lease shall begin on the date of execution hereof and shall end on December 31, 2012, subject to extension by exercise of Lessee's option to extend the lease term to December 31, 2037. Lessee's option must be exercised in writing to the party designated in Section 16 hereof on or before September 30, 2012.

5. Rental Amount. Lessee shall pay Lessor annual rental of One Dollar (\$1.00).

6. As-Is Condition. Lessee has inspected and knows the condition of the leased premises and agrees to accept same in its "as-is" condition. It is further understood that the leased premises are hereby leased to Lessee without any obligation on the part of Lessor to make any additions, improvements and alterations thereto. Lessor acknowledges and agrees that all personalty and removable leasehold improvements situated on the leased premises as of the date hereof and to be placed thereon during the term of the lease shall be the property of Lessee.

7. Improvements. Lessor acknowledges that Lessee will enlarge the existing structure on the leased premises with funds contributed to Lessee. Lessee's construction of the enlarged improvements will be pursuant to plans and specifications approved by Lessor which approval shall not be unreasonably withheld so long as such plans and specifications require construction of improvements that are architecturally compatible with the existing Alumni Center and the Lessor's buildings in the same general campus area of The University of Texas at Austin in which the leased premises are situated, and are designed with sufficient safety standards to be occupied for the purposes intended by Lessee. Lessee acknowledges that Lessor has expanded the leased premises for the sole purpose of allowing Lessee to increase the size of the Alumni Center and in the event Lessee has not commenced construction of the expanded Alumni Center by December 31, 1990, Lessor may at its option reduce the size of the leased premises to the original site.

8. Maintenance by Lessor. Lessor shall have no duty of maintenance or repair of any kind except grounds upkeep and site maintenance as currently provided by Lessor to Lessee.

9. Maintenance by Lessee. Lessee shall use reasonable care in the occupation and use of the leased premises and shall assume and defray all physical plant operation and maintenance cost of the Alumni Center except as provided by Lessor in Section 8 above.

10. No Liability by Lessor. Lessor shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the use and occupation of the leased premises, nor for damages to the property or injuries to the person of Lessee or of others who may be on said premises at Lessee's invitation and Lessee shall hold Lessor harmless from any and all claims for such damages or injuries; provided however, if such damage is caused by Lessor as an invitee, Lessor shall not be indemnified by Lessee.

In case Lessor shall, without any fault on its part, be made a party to any litigation commenced by or against Lessee, Lessee shall pay all reasonable costs and attorney fees incurred by or against Lessor, by or in connection with such litigation.

11. Compliance with Laws. Lessee shall comply with all applicable municipal and state laws, ordinances, and regulations and shall obtain and pay for all licenses and permits as may be required.

12. Hazardous Use. Lessee agrees not to use the leased premises in any way which poses a hazard to Lessor, the leased premises, or the improvements thereon, nor shall Lessee use the leased premises so as to cause damage, annoyance, or nuisance or inconvenience to others as prohibited by the laws of this State.

13. Liability Insurance. Lessee shall, without expense to Lessor obtain and carry public liability insurance coverages for third party bodily injury liability with limits of liability for bodily injury and third party property damage liability in amounts which shall be reasonable considering the exposure of Lessor as a landlord of the premises

which is the subject of this lease. A certified true copy of the policy with endorsement, manually countersigned shall be furnished to the Lessor within thirty (30) days from the commencement date of execution of this lease. The policy for general third party liability shall include an endorsement naming Lessor as an additional insured.

14. Default by Lessee. If the Lessee shall fail to observe or perform any of the conditions, covenants, or agreements as herein stated, then the Lessor may, at its option and following sixty (60) days after written notice without cure as hereafter provided declare this lease ended and terminated and may re-enter the leased premises and remove all persons or things therefrom. Notwithstanding the foregoing, in the event Lessee cures the declared default within such 60 day period or commences the cure thereof within such 60 day period and diligently pursues its efforts to cure, this lease shall not be terminated by Lessor.

15. Taxes. All state or local taxes imposed upon the occupancy, use, valuable possession, or valuable leasehold interest of or in the real property hereby leased, if any, shall be the liability of Lessee.

16. Notices. Any notice of option election or declared default or advice to or demand upon either party shall be in writing and shall be deemed to have been given or made on the day when it is sent by certified mail to the Lessor or Lessee, as the case may be, at the addresses indicated on the signature pages hereof, or at such other address as the parties may hereafter, from time to time, specify in writing for such purpose.

17. No Discrimination. Lessee agrees that it will not discriminate by segregation or otherwise against any person or persons because of race, color, creed, sex, or national origin, in furnishing or by refusing to furnish to, such person or persons, the use of any facility including any and all services, privileges, accommodations, and activities provided therein.

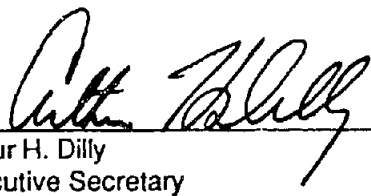
18. Lessor's Liability. Lessee shall have no right, authority or power to bind Lessor or any interest of Lessor in these premises for payment of any claim for labor or material or for any charge or expense incurred in the erection or construction of a building, and except as herein provided, shall not cause the leased premises to be subject to any lien or any right of lien for any labor, material or any other charge or expense incurred in connection therewith, and shall in no way be considered the agent of Lessor in the construction or erection of the building or buildings.

19. Binding On Successors. Each of the expressions, phrases, terms, conditions, provisions, stipulations, admissions, promises, agreements, requirements and obligations of this lease shall extend to and bind or inure to the benefit of (as the case may require) not only to the parties hereto, but each and every of the assigns and successors in office of the parties hereto; and any reference in this lease to either of the parties hereto is made, such reference shall be deemed to include, whenever applicable, also a reference to heirs, legal representatives and assigns of such party, the same as if in every case expressed, and all the conditions and agreements contained in this lease shall be construed as running with the land. Notwithstanding the foregoing, this lease may not be assigned by the Lessee to any party other than a

successor alumni organization for the support of The University of Texas at Austin in the manner described in the corporate organizational documents of the Lessee which shall include provisions requiring the distribution of assets of such assignee to the Lessor upon such assignee's liquidation and dissolution.

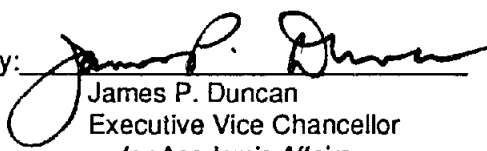
20. The lessor will provide a survey of the leased premises if desired by lessor or lessee.

ATTEST:



Arthur H. Dilly
Executive Secretary

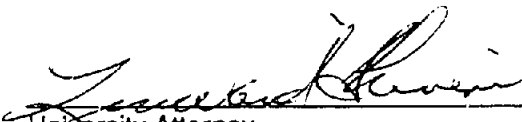
BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By: 

James P. Duncan
Executive Vice Chancellor
for Academic Affairs

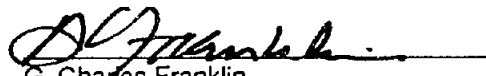
LESSOR

APPROVED AS TO FORM:



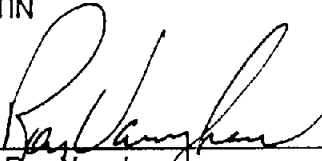
University Attorney

APPROVED AS TO CONTENT:



G. Charles Franklin
Vice President for Business Affairs

THE EX-STUDENTS' ASSOCIATION
OF THE UNIVERSITY OF TEXAS
AT AUSTIN

By: 

Roy Vaughan
Executive Director of The
Ex-Students' Association of
The University of Texas
at Austin

LESSEE

NOTICE ADDRESSES:

To Lessor: The University of Texas at Austin
Office of Vice President for Business Affairs
P. O. Box 8179
Austin, Texas 78713-8179

To Lessee: Ex-Students' Association of
The University of Texas at Austin
P. O. Box 7278
Austin, Texas 78713

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the 29th day of October, 1987, by James P. Duncan, Executive Vice Chancellor for Academic Affairs, on behalf of the Board of Regents of The University of Texas System.

Jamie Terrel
Notary Public in and for the State of Texas

Jamie Terrel
Printed/stamped name of Notary

My Commission expires:
4/26/88

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the 20th day of October, 1987, by Roy Vaughan, Executive Director of the Ex-Students' Association of The University of Texas at Austin, a Texas non-profit corporation, on behalf of said corporation.

Debra J. Ray
Notary Public in and for the State of Texas

Debra J. Ray
My commission expires 6/29/88
Debra J. Ray
Printed/stamped name of Notary

My Commission expires:
6-29-88

LILA B. ETTER ALUMNI HOUSE AGREEMENT

THE STATE OF TEXAS }
 COUNTY OF TRAVIS }

This AGREEMENT made and entered into this 29th day of October, A.D. 1962, between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS and the EXECUTIVE COUNCIL OF THE UNIVERSITY OF TEXAS EX-STUDENTS' ASSOCIATION, WITNESSETH:

1. The Board of Regents agrees, subject to the provisions of subsequent paragraphs, to erect a new Lila B. Etter Alumni House on the west side of San Jacinto Street and north of 21st Street, the exact site and its configuration to be adopted by the Board upon recommendation of a project building committee appointed by the President of the Main University and including at least two members from the Ex-Students' Association. The Lila B. Etter Alumni House is to include at least 10,000 square feet of space, be air-conditioned, and be of appropriate design and architectural character to serve as a hospitality center as well as provide offices for the Ex-Students' Association. The total project is to include grading and landscaping of the site, grounds work, walks, drives and parking areas and be constructed according to preliminary plans and outline specifications prepared by the University Consulting Architects in consultation with the Executive Director of the Ex-Students' Association, approved by the aforementioned project building committee, the Faculty Building Committee of the Main University, the Comptroller, the President of the Main University, and the Chancellor and approved and adopted by the Board of Regents.

2. The University of Texas will provide, without charge against this project, connections to telephone lines, water, sewers, electric power, and gas within customary distances from the building. The University of Texas will not provide steam or chilled water utilities.

3. Since the activities carried on in and through the Lila B. Etter Alumni House will advance the educational and scientific purposes of The University of Texas, the Board of Regents will expend \$110,000 from the Etter Fund, which was established pursuant to the codicil to the will of Lila B. Etter dated May 23, 1940, for educational purposes, toward the total costs of the building project. These "total costs" include architects and decorator fees, construction, site work as listed in paragraph 1, all built-in furnishings and equipment incorporated in the actual construction contract, and any movable furnishings, equipment, or objects of art so included in the contract. It is understood that only those furnishings, equipment, and objects of art which require structural adaptations will be included in the construction contract. Not included as "total costs" are any equipment or furnishings belonging to The University of Texas and being used by the Ex-Students' Association on or after September 1, 1963, and transferred, with proper permission, to the Lila B. Etter Alumni House, nor any furnishings, equipment, or objects of art the property of the Ex-Students' Association. The payment by the Board of Regents for "total costs" as herein defined shall not exceed \$110,000.

4. The building project as herein defined shall be executed according to the Rules and Regulations of the Board of Regents for all building projects of The University of Texas, except that the Executive Council of the Ex-Students' Association shall be responsible for the selection, acquisition, and installation of movable furnishings and equipment, objects of art, and special interior decoration, not provided for in the construction contract as amended by change orders. Provided, however, that the Comptroller and Consulting Architects shall be consulted and give prior approval to elements of permanent decor and installations requiring modifications in architects' working drawings and specifications, and that the assistance of

the Comptroller's Office in preparing specifications for and evaluating bids on furnishings and equipment shall be available without charge to the Ex-Students' Association.

5. The general intent of paragraphs 1-4 is to establish a basis for defining "total costs" which will make it possible to let a construction contract when funds are in hand therefor, and to make it the responsibility of the Ex-Students' Association to provide the furnishings and equipment for the Lila B. Etter Alumni House. Specifically, title to all furnishings, equipment, and objects of art within the construction contract as amended by change orders shall reside in The University of Texas, and title to all other furnishings, equipment, and objects of art therein shall reside in the party placing such therein or according to said party's designation, and The University of Texas shall assume no liability therefor except as its titular interest or specific custodial agreements make such liability appear.

6. The Executive Council of the Ex-Students' Association agrees to donate to the Board of Regents a sum of money sufficient, when added to the \$110,000 appropriated by the Board of Regents, to defray the total costs of the building project as defined in paragraph 3. Before the Board of Regents adopts preliminary plans and outline specifications as provided for in paragraph 1, the Executive Council shall signify to the Comptroller its intention to provide the amount of additional funds necessary to provide for the University Consulting Architects' estimate of the "total cost" as herein defined. Before final plans, working drawings, and specifications are presented to the Board of Regents for consideration, a similar statement of intention shall be filed covering the funds shown as needed by the Associate Architect's and Comptroller's estimate at that time, and before the project is advertised for bids, the funds necessary as shown by these latter estimates are to be assured to the Board of Regents. Before a construction

contract is awarded, the Board of Regents shall have received the gift funds necessary from the Ex-Students' Association to comprise the difference between \$110,000 and the total costs of the building project. It is expressly understood that title and ownership of the Lila B. Etter Alumni House shall reside in the Board of Regents of The University of Texas.

7. The Executive Council of the Ex-Students' Association agrees that it will assume and defray all physical plant operation and maintenance costs of the Lila B. Etter Alumni House, except that The University will provide grounds upkeep and site maintenance as for other portions of the Main Campus without charge to the Ex-Students' Association, and water shall be provided by The University of Texas without charge. Electric power and gas shall be purchased from The University of Texas at rates representing actual cost to The University, without profit. The Ex-Students' Association shall have access to the telephone systems of the Main University and to the closed-circuit television cable system at the same rates applicable to departments and divisions of the Main University. The parking lot on the Alumni House site is to be reserved for Ex-Students' Association staff and for Official Visitors. Officers of the Ex-Students' Association, Central Administration, and The Main University shall have temporary access to the Official Visitors parking spaces without fee. Eligible staff of the Ex-Students' Association shall pay the same parking fees for reserved spaces in the lot as are applicable for similar lots on the campus, and such fees for three vehicles each year shall also cover temporary access to the Official Visitors parking area north of Main Building.

8. The \$110,000 investment by the Board of Regents is made upon the understanding that the provisions of paragraph 7 will be carried out faithfully by the Ex-Students' Association, that quarters for the Alumni Records Center will be provided in the Lila B. Etter Alumni House, and that other educational

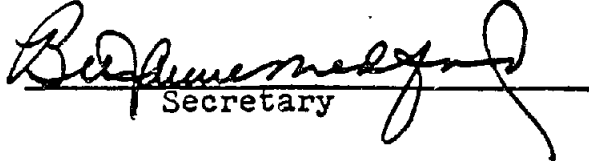
activities will be conducted there without expense to the Board of Regents. Should any change in this arrangement appear necessary to either party and should normal negotiations fail to resolve any issue to mutual satisfaction, the matter shall be referred to a panel of appraisal as provided in paragraph 10.

9. The Board of Regents agrees that The University of Texas Ex-Students' Association shall have exclusive occupancy of the Lila B. Etter Alumni House for a period of twenty-five (25) years, renewable, and that the Ex-Students' Association shall retain title to equipment and furnishings purchased or otherwise acquired by it additional to those included in the construction contract. The Executive Council agrees that in its use of the house and site it will conform to rules and regulations of the Board of Regents and the University Administration governing use and occupancy of facilities located on the campus of the Main University.

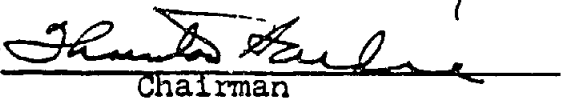
10. This agreement shall continue in force for twenty-five (25) years from date of execution, and may be renewed under the same terms for a similar period. The agreement may be amended by concurrence in writing of the two parties. The agreement may be terminated within a period of twelve (12) years from its execution only upon concurrence in writing of the two parties, and thereafter before expiration date by the following procedure: One party shall furnish the other party with written desire to terminate at a date at least twelve (12) months hence; thereupon, each party shall appoint one member to a panel of appraisal, and these two members shall select a third person to serve as member and chairman of the panel. The panel shall attempt to arbitrate any issues causing desire to terminate. Failing that, the appraisal panel shall recommend to the two parties that the agreement be terminated on a date certain. Upon termination the Lila B. Etter Alumni House and all items therein included in construction contracts remain the possession of the Board of Regents.

IN WITNESS WHEREOF, the parties have signed this agreement
on the date and year first hereinabove set out.

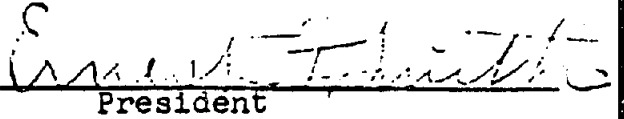
ATTEST:


Secretary

BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS

By 
Chairman

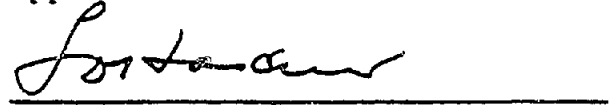
THE UNIVERSITY OF TEXAS
EX-STUDENTS' ASSOCIATION

By 
President

Approved as to Form:


University Attorney

Approved as to Content:


L. D. Haskew
Vice-Chancellor

AMENDMENT

THE STATE OF TEXAS }
COUNTY OF TRAVIS }

This agreement made and entered into this _____ day of _____, 1966, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS and the EXECUTIVE COUNCIL OF THE UNIVERSITY OF TEXAS EX-STUDENTS' ASSOCIATION, WITNESSETH:

WHEREAS, on the 29th day of October, 1962, the Board of Regents of The University of Texas and the Executive Council of The University of Texas Ex-Students' Association entered into an agreement for the construction, operation and maintenance of the Lila B. Etter Alumni Center on the West side of San Jacinto Street and the North side of Twenty-first Street on the campus of The University of Texas; and

WHEREAS, both parties are desirous of amending this agreement for the purpose of making available additional services by the Ex-Students' Association in exchange for The University of Texas furnishing water, gas, power and personnel to maintain air conditioning equipment:

NOW, THEREFORE, for and in consideration of the mutual benefits, the Board of Regents of The University of Texas and the Executive Council of The University of Texas Ex-Students' Association hereby agree that the original lease dated October 29th, 1962, be and the same is hereby amended as follows:

1. The Board of Regents of The University of Texas hereby agrees to furnish water, gas, power and personnel to maintain air conditioning equipment at the Lila B. Etter Alumni Center and in exchange for such service the Executive Council of The University of Texas Ex-Students' Association hereby agrees to make the Lila B. Etter Alumni Center available to faculty, staff and students of The University of Texas during the regular hours the facility is open without any charge whatever; to make the Center available on the same basis after 5:00 P.M. on weekdays,

and at any time on Saturday and Sunday, except for an hourly charge for the service of a hostess at the rate of time-and-one-half of her regular salary; and the Association will make no other charges of any kind for use of the building by faculty, staff and students, unless the kind and type of function involved requires special services such as moving furniture from one room to another, extra janitorial services, etc., resulting in direct costs to the Ex-Students' Association.

2. Except as hereby amended the original agreement by and between the Board of Regents of The University of Texas and the Executive Council of The University of Texas Ex-Students' Association, dated October 29th, 1962, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this agreement on the respective dates shown below.

ATTEST:

B. J. Bremerhelfer
Secretary

BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS

By W. W. Heath
Chairman

Date 10-3-66

ATTEST:

Jack R. Maguire

EXECUTIVE COUNCIL OF
THE UNIVERSITY OF TEXAS
EX-STUDENTS' ASSOCIATION

By Franklin W. Lenoir
President

Date August 18, 1966

Approved as to Form:

Dunice Waldrop
University Attorney

Date 8-26-1966

Approved as to Content:

James Galvan
James Galvan

Date August 26, 1966

FIELD NOTES
FOR
THE UNIVERSITY OF TEXAS

BEING ALL OF THAT PARCEL OR TRACT OF LAND BOUNDED BY THE WEST CURB LINE OF SAN JACINTO, THE NORTH CURB LINE OF EAST 21ST STREET, THE WEST BANK OF WALLER CREEK AND THE SOUTH CURB LINE OF 23RD STREET, BEING A PORTION OF OUTLOTS 67 & 68, DIVISION 'D' OF THE CITY OF AUSTIN, TRAVIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF IN THE GENERAL LAND OFFICE IN AUSTIN, TRAVIS COUNTY, TEXAS, ALSO BEING A PORTION OF LOTS 17 & 18 OF THE BRYSON RESUB. AS RECORDED IN PLAT BOOK 3, PAGE 58 OF THE PLAT RECORDS OF TRAVIS COUNTY, TEXAS, ALSO BEING A PORTION OF LOTS 1 THRU 5, BLOCK 24 AND LOTS 1 THRU 5, BLOCK 37 OF THE CHRISTIAN AND FELLMAN ADDITION, AS RECORDED IN PLAT BOOK 1, PAGE 73 OF THE PLAT RECORDS OF TRAVIS COUNTY, TEXAS, ALSO BEING A PORTION OF THE VACATED STREETS OF SAN JACINTO, EAST 21ST STREET, EAST 22ND STREET AND EAST 23RD STREET, SAID TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING in the curb line at the Southwest corner of San Jacinto and East 23rd Street, for the Northeast corner hereof;

THENCE with the said West curb line of San Jacinto Street Southerly, crossing East 23rd Street and continuing to the Northwest curb lines of San Jacinto and East 21st Street for the Southeast corner hereof;

THENCE Westerly with the North curb line of East 21st Street to the intersection of the West bank of Waller Creek for the Southwest corner hereof;

THENCE Northly with the meanders of the West bank of Waller Creek, crossing East 22nd Street and continuing with the said West bank of Waller Creek to the intersection of the South curb line of East 23rd Street for the Northwest corner hereof;

THENCE Easterly with the South curb line of East 23rd Street to the Southwest corner of East 23rd Street and San Jacinto and PLACE OF BEGINNING and containing 3.5+ acres of land, more or less.

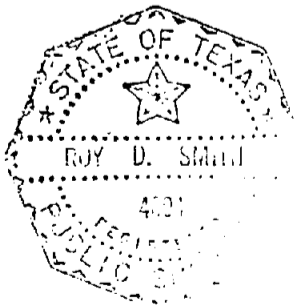
THE ABOVE DESCRIPTION AND ACREAGE WAS SCALED FROM A MAP LABELED "UTILITY SURVEY AREA AROUND ETTER ALUMNI CENTER".

PREPARED IN OFFICE AND DOES NOT REPRESENT A SURVEY ON-THE-GROUND:

W. HARVEY SMITH SURVEYOR, INC.

Roy D. Smith

ROY D. SMITH
REGISTERED PUBLIC SURVEYOR NO. 4094
October 15, 1986



3. U. T. Austin: Approval of the Sale of Land and Improvements on the Casis School Site Being a 13,554 Square Foot South Wing to Casis School and Two Acres Out of the Daniel J. Gilbert Survey, Austin, Texas, to the Austin Independent School District (A.I.S.D.), Austin, Texas, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute All Documents Pertaining to the Sale.--The Buildings and Grounds Committee recommended and the Board approved, on behalf of The University of Texas at Austin, the sale of land and improvements on the Casis School site being a 13,554 square foot south wing to Casis School and two acres out of the Daniel J. Gilbert Survey, Austin, Texas, to the Austin Independent School District (A.I.S.D.), Austin, Texas, for \$171,151 and authorized the Executive Vice Chancellor for Academic Affairs to execute all documents pertaining to the sale.

In July 1949, the U. T. Board of Regents entered into an agreement with the Board of Trustees of the Austin Independent School District for a research and demonstration project in elementary education at Casis School. As a part of the agreement, The University of Texas purchased two acres of the Casis tract and constructed a 13,554 square foot wing to the school. The total cost of the project (including the purchase of the land) was \$188,732.77.

The agreement provided that in the event The University of Texas should cease using its part of the land and the improvements thereon as the laboratory unit, the Board of Trustees of the A.I.S.D. shall have the right to purchase from the University the part of the property owned by the University at the price the property cost the University in purchasing the land and erecting the improvements, less depreciation of the improvements.

The sale price is consistent with the terms of the original agreement with the A.I.S.D. Income from the sale is to be returned to the Permanent University Fund Bond Proceeds, the original source of purchase and construction.

4. U. T. Dallas - Engineering and Computer Science Building (Project No. 302-570): Authorization to Purchase and Install a 525-Ton Chiller in the Central Energy Plant and Additional Appropriation Therefor.--The Board, upon recommendation of the Buildings and Grounds Committee:
- a. Authorized the advance purchase and installation of a new 525-ton chiller in the central energy plant at The University of Texas at Dallas to serve the new Engineering and Computer Science Building at an estimated cost of \$235,000
 - b. Appropriated \$235,000 for the purchase and installation of the chiller from Permanent University Fund Bond Proceeds allocated to the Engineering and Computer Science Building by the U. T. Board of Regents in October 1985.

The U. T. Dallas Thermal Energy Plant has encountered problems in providing adequate cooling to key research areas in a manner consistent with the campus energy conservation program since, at times, large chillers must be operated to provide cooling to limited research areas

when much of the rest of the campus has a low demand. The problem could be aggravated with the eventual addition of the planned Engineering and Computer Science Building.

A study and economic analysis of alternatives to solve these problems in conjunction with designing the Engineering and Computer Science Building planned for future construction have been completed and the study recommended the addition of a 525-ton chiller at this time in anticipation of the additional plant capacity required by the new building construction. This chiller will provide the additional flexibility of climate control to essential portions of the campus. The new chiller would complement existing equipment and allow increased efficiencies in operation. The analysis of economics indicates a maximum payback of four to five years. The anticipated costs for the purchase and installation of the 525-ton chiller have been included in the \$20,000,000 project budget for the Engineering and Computer Science Building.

This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985, and will be funded with \$17,500,000 from Permanent University Fund Bond Proceeds and the balance from private gifts already raised or pledged and U. T. Dallas Endowment Funds. Previous appropriations for this project had been \$500,000 from Permanent University Fund Bond Proceeds and \$300,000 from gift funds and U. T. Dallas Excellence Fund Income for Fees and Administrative Expenses through completion of final plans and specifications.

5. U. T. Medical Branch - Galveston - New Parking Structures (Project No. 601-670): Approval of Final Plans; Authorization to Advertise for Bids and Executive Committee to Award Contracts; and Additional Appropriation Therefor.-- Upon recommendation of the Finance and Audit and Buildings and Grounds Committees, the Board:
 - a. Approved final plans and specifications for the construction of a new five-level parking structure and a two-level addition to an existing parking facility at The University of Texas Medical Branch at Galveston at an estimated total project cost of \$6,500,000
 - b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and approval of the Texas Higher Education Coordinating Board
 - c. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
 - d. Appropriated \$5,500,000 from revenue bond proceeds and \$1,000,000 from U. T. Medical Branch - Galveston unappropriated balances for total project funding. Previous appropriations totaling \$350,000 from Unexpended Plant Funds, and Auxiliary Funds and Interest from prior Sealy & Smith Foundation construction grant funds will be refunded from the unappropriated balances.

This project was approved by the Texas Higher Education Coordinating Board at its December 3-4, 1987 meeting.

6. U. T. Medical Branch - Galveston - John Sealy Hospital - New Emergency Department and Trauma Center Facility (Project No. 601-658): Approval of Preliminary Plans; Authorization for Site Preparation and Related Construction Activities; Authorization for Submission to the Coordinating Board; Authorization to Prepare Final Plans for the Facility; and Authorization to Proceed with Elements of Site Preparation Activities Subject to Grant Funding.--Following opening remarks by President James, Mr. Logic Tabola and Mr. David Andrews, representing the Project Architect, Pierce Goodwin Alexander, Houston, Texas, presented the preliminary plans for the construction of a New Emergency Department and Trauma Center Facility for the John Sealy Hospital at The University of Texas Medical Branch at Galveston to the Buildings and Grounds Committee.

Following a detailed discussion and based upon this presentation and the recommendation of the Health Affairs and Buildings and Grounds Committees, the Board:

- a. Approved preliminary plans for the construction of a New Emergency Department and Trauma Center Facility for John Sealy Hospital at the U. T. Medical Branch - Galveston at an estimated total project cost of \$10,000,000
- b. Subject to additional grant funding from The Sealy & Smith Foundation, authorized site preparation and related construction activities for the New Emergency Department and Trauma Center Facility at an estimated additional project cost of \$8,071,400
- c. Authorized submission of the facility and related site development to the Texas Higher Education Coordinating Board as required
- d. Authorized the Project Architect to prepare final plans and specifications for the New Emergency Department and Trauma Center Facility to be presented to the U. T. Board of Regents for consideration at a future meeting
- e. Subject to additional grant funding and Coordinating Board approval, authorized the U. T. Medical Branch - Galveston and the Office of Facilities Planning and Construction to proceed with elements of site preparation and related construction activities upon completion of final review, with their own forces or through contract services, within the revised authorized total project cost of \$18,071,400
- f. Subject to verification of receipt and terms of additional grant funding, appropriated \$8,071,400 from a grant by The Sealy & Smith Foundation for the John Sealy Hospital. Previous appropriations had been \$10,000,000 from the same source and payable over the period ending December 1988.

This new facility will be located on the north side of the campus immediately adjacent to the main hospital facilities and will be a three-level, 120,000 gross square foot structure. The first level will be open with covered parking spaces. The second and third levels will contain examination and treatment rooms, waiting areas, emergency

radiology, laboratory and pharmacy areas, offices, on-call rooms, and other support facilities. Outside the enclosed facilities will be a covered ambulance dock and ambulatory patient entry plus a two-place heliport and emergency parking. The foundation and structure will be designed to accommodate a future fourth level.

The details of the site preparation and related construction activities are as follows:

- a. The Hyperbaric Facility, presently located in an old warehouse building, will be relocated to the New Emergency Department and Trauma Center Facility.
 - b. The incinerator and trash collection facility will have to be relocated.
 - c. The seventy-five year old Physical Plant Building, previously scheduled for demolition, will be removed.
 - d. Numerous underground utilities located within the site will be relocated.
 - e. The laundry facility will be demolished.
 - f. The Physical Plant Laborer Building will be demolished and a new facility built at another location.
7. U. T. Medical Branch - Galveston - Remodeling of John Sealy Hospital (Old Building) - Remodeling R. Waverley Smith Pavilion (Project No. 601-667): Authorization for Project; Authorization to Prepare Final Plans; Authorization to Advertise for Bids and Executive Committee to Award Contracts; and Appropriation Therefor.--The Board, upon recommendation of the Health Affairs and Buildings and Grounds Committees:
- a. Authorized a project for remodeling R. Waverley Smith Pavilion as a phase of the continuing Remodeling of John Sealy Hospital (Old Building) at The University of Texas Medical Branch at Galveston at an estimated total project cost of \$7,500,000
 - b. Authorized the Project Architect for Remodeling John Sealy Hospital, Page Southerland Page, Houston, Texas, to prepare final plans and specifications
 - c. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
 - d. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
 - e. Appropriated \$7,500,000 from The Sealy & Smith Foundation grant funds for total project funding.

Patient room layouts in the existing R. Waverley Smith Pavilion provide for shared shower and toilet facilities with a common bath. This is contrary to current medical

practice because of possible infections in postpartum patients. In addition, the ventilation has been inadequate.

The second floor will be renovated to house the day surgery unit, and the corridor from the Pavilion into the John Sealy Hospital at this level will be reopened to allow direct access to the surgical operating suite.

The third, fourth and fifth floor levels will be dedicated to antepartum and postpartum obstetrics and will provide rooms to meet expected volume, making this the premier obstetrical facility in the region.

The sixth floor will be expanded to take in all the parapet area and accommodate the neonatal faculty's required academic space, the needs of obstetrical nursing administration, and the house staff offices. This will enhance the overall roof-line for the John Sealy Hospital and the external appearance of the facility as well as meet the functional needs of the nursing and medical staff involved in neonatal and obstetrical care.

This project is to be funded from a grant of \$7,500,000 from The Sealy & Smith Foundation for the John Sealy Hospital. This grant will cover the cost of new furnishings and equipment as well as the remodeling.

See Page 73 related to acceptance of grant from The Sealy & Smith Foundation for the John Sealy Hospital.

8. U. T. Cancer Center (U. T. Science Park) - Research Laboratory Expansion (Project No. 703-668): Approval of Preliminary Plans; Authorization for Submission to Coordinating Board; and Authorization to Prepare Final Plans.-- Mr. Bob Coffee and Mr. Bill Schenck, representing the Project Architect, Coffee Crier & Schenck, Austin, Texas, presented the preliminary plans for the Research Laboratory Expansion at The University of Texas System Cancer Center Research Division of the U. T. Science Park at Smithville to the Buildings and Grounds Committee.

Based upon this presentation and the recommendation of the Buildings and Grounds Committee, the Board:

- a. Approved preliminary plans for the construction of an additional laboratory building at the U. T. Cancer Center Research Division of the U. T. Science Park at Smithville at an estimated total project cost of \$4,000,000
- b. Authorized submission of the project to the Texas Higher Education Coordinating Board
- c. Authorized the Project Architect to prepare final plans and specifications to be presented to the U. T. Board of Regents for consideration at a future meeting.

This new research facility will be a one-story structure containing laboratories, environmental rooms, equipment rooms, expanded animal care facilities, and central receiving, warehouse and support facilities for existing service related functions.

Funding for this project will be \$2,000,000 previously appropriated from U. T. Cancer Center Unappropriated Balances and \$2,000,000 from private grant and gift funds.

REPORT AND RECOMMENDATIONS OF THE LAND AND INVESTMENT COMMITTEE (Pages 57 - 107).--Committee Chairman Ratliff reported that the Land and Investment Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Land and Investment Committee and approved in open session and without objection by the U. T. Board of Regents.

The execution of documents authorized in this report will be in accordance with the Regents' Rules and Regulations, Part Two, Chapter IX, Section 1.3 as set forth below:

- 1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the Executive Vice Chancellor for Asset Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.

I. PERMANENT UNIVERSITY FUND

A. Investment Matters

1. Report on Clearance of Monies to Permanent University Fund for September and October 1987 and Report on Oil and Gas Development as of October 31, 1987.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for September and October 1987, and (b) Oil and Gas Development as of October 31, 1987, were submitted by the Executive Vice Chancellor for Asset Management:

Permanent University Fund	<u>September 1987</u>	<u>October 1987</u>	<u>Cumulative Through October of this Fiscal Year (1987-1988)</u>	<u>Cumulative Through October of Preceding Fiscal Year (1986-1987)</u>	<u>Per Cent Change</u>
Royalty					
Oil	\$ 5,005,887.63	\$ 5,049,163.34	\$10,055,050.97	\$ 7,107,428.96	41.47%
Gas	1,913,122.39	2,233,429.70	4,146,552.09	4,302,331.06	-3.62%
Sulphur	10,000.00	10,091.65	20,091.65	20,000.00	
Water	130,989.98	35,853.74	166,843.72	118,334.13	
Brine	4,257.09	4,575.84	8,832.93	8,026.47	
Trace Minerals	0.00	0.00	0.00	0.00	
Rental					
Oil and Gas Leases	261,828.66	12,742.18	274,570.84	327,407.18	
Other	(200.00)	0.00	(200.00)	3,163.64	
Sale of Sand, Gravel, Etc.	604.80	0.00	604.80	0.00	
Gain or (Loss) on Sale of Securities	<u>21,853,034.59</u>	<u>17,996,701.29</u>	<u>39,849,735.88</u>	<u>13,985,885.75</u>	
Sub-Total	<u>29,179,525.14</u>	<u>25,342,557.74</u>	<u>54,522,082.88</u>	<u>25,872,577.19</u>	<u>110.73%</u>
Bonuses					
Oil and Gas Lease Sales	0.00	1,524,896.64	1,524,896.64	0.00	
Amendments and Extensions to Mineral Leases	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(5,616.63)</u>	
Total Bonuses	<u>0.00</u>	<u>1,524,896.64</u>	<u>1,524,896.64</u>	<u>(5,616.63)</u>	
TOTAL CLEARANCES	<u>\$29,179,525.14</u>	<u>\$26,867,454.38</u>	<u>\$56,046,979.52</u>	<u>\$25,866,960.56</u>	<u>116.67%</u>

Oil and Gas Development - October 31, 1987
Acreage Under Lease - 674,106

Number of Producing Acres - 553,805

Number of Producing Leases - 2,218

2. Permanent University Fund: Report on Investments for the Fiscal Year Ended August 31, 1987.--Each member of the U. T. Board of Regents received prior to the meeting a report on the Permanent University Fund Investments for the Fiscal Year Ended August 31, 1987. Upon recommendation of the Land and Investment Committee, the Board approved this report for distribution to the Governor, members of the Legislature and other State Officials as required by Section 66.05 of the Texas Education Code.

It was reported that the Permanent University Fund experienced significant gains in book value and earnings during the year as shown below:

	Fiscal Year Ended 8/31		Increase	
	1986	1987	Amount	%
Book Value	\$2,605,526,500	\$2,919,540,498	\$314,013,998	12.05%
Investment				
Income	214,473,828	214,771,440	297,612	0.1%

B. Land Matters

Permanent University Fund - University Lands: Report by Dr. William L. Fisher on Geological Characterization of University Lands Reservoirs.--Committee Chairman Ratliff called on Dr. William L. Fisher, Chairman of the Department of Geological Sciences and Director of the Bureau of Economic Geology at The University of Texas at Austin, for a progress report on the geological characterization of Permanent University Fund Lands reservoirs. Mr. Ratliff noted that this special study was being funded through Available University Fund resources with a view toward enhancing the System's oil and gas related income.

With the aid of slides, Dr. Fisher reported that the University Lands reservoir characterization project was aimed at working with operators to increase the ultimate recovery of the remaining conventionally recoverable oil from University Lands. He noted that of the 4.6 billion barrels of oil contained in the 365 University Lands reservoirs at discovery, some 1.2 billion barrels of oil has been produced thus far. Another 200 million barrels of conventional (proved) reserves remain while 1.5 billion barrels of mobile (recoverable by conventional drilling methods) oil and 1.7 billion barrels of residual (requiring chemical modification for recovery) oil remain. The recovery of the 1.7 billion barrels of immobile oil will be a longer term effort. Dr. Fisher pointed out that the immediate objective of this project is locating and efficiently draining poorly contacted or uncontacted reservoir compartments.

To date, the Bureau of Economic Geology has studied seven of the 365 reservoirs on University Lands and those seven were selected to be representative of a larger number of reservoirs. Dr. Fisher then briefly discussed the following three reservoirs: Dune Field, Penwell Field, and Ellenburger Reservoir.

In conclusion, Dr. Fisher stated that the future focus of the geological characterization of University Lands reservoirs project includes the following:

- a. Continue to collaborate with operators to implement and extend redevelopment strategies generated by the Bureau of Economic Geology in University Lands reservoirs
- b. Further Bureau of Economic Geology studies to define the location of additional remaining mobile oil for geologically targeted infill drilling on a reservoir-specific basis
- c. Extend studies in San Andres/Grayburg reservoirs and initiate new field projects in Clear Fork and Siluro-Devonian reservoirs.

On behalf of the Board, Chairman Blanton thanked Dr. Fisher for this very informative report.

[A copy of Dr. Fisher's report is on file in the Office of the Board of Regents.]

II. TRUST AND SPECIAL FUNDS

A. GIFTS, BEQUESTS AND ESTATES

1. U. T. Arlington: Acceptance of Gift from the Kaiser Foundation Health Plan of Texas, Dallas, Texas, and Establishment of the Kaiser Permanente Lecture in Health Promotion.--The Board accepted a \$20,000 gift from the Kaiser Foundation Health Plan of Texas, Dallas, Texas, and established the Kaiser Permanente Lecture in Health Promotion at The University of Texas at Arlington.

Income earned from the endowment will be used to support the Lectureship. The individuals selected to lecture will be nursing and other health care professionals distinguished in their chosen fields, which may include public and private sector health care policy makers, administrators, educators, researchers and related practitioners.

The purpose of the annual Kaiser Permanente Lecture in Health Promotion is to advance the cause of health maintenance, health promotion and disease prevention.

2. U. T. Austin: Acceptance of Bequest from the Estate of Mrs. Willya L. Cantrell, Georgetown, Texas, and Establishment of the Willya L. Cantrell Scholarship(s).--Approval was given to accept a bequest estimated at \$25,000 from the Estate of Mrs. Willya L. Cantrell, Georgetown, Texas, and to establish the Willya L. Cantrell Scholarship(s) at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to students pursuing studies in medical and x-ray technology, paramedic training, physiotherapy, medicine, law, and political science with a preference to be given to female students.

3. U. T. Austin: Approval to Accept Gifts from Mr. and Mrs. Winston Cave, Austin, Texas, and to Establish the Carol Diane Cave Memorial Scholarship in the School of Nursing.--The Land and Investment Committee recommended and the Board accepted a \$10,000 gift from Mr. and Mrs. Winston Cave, Austin, Texas, \$365 from various donors, and a \$5,000 transfer of previously reported gifts from current restricted funds for a total of \$15,365 and established the Carol Diane Cave Memorial Scholarship in the School of Nursing at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to deserving undergraduate nursing students.

4. U. T. Austin: Pharmaceutical Foundation Fellowship in Psychiatric Pharmacy (No. 2) in the College of Pharmacy - Approval to Redesignate as the William I. Dismukes Fellowship in Pharmacy.--The Board granted approval to redesignate the Pharmaceutical Foundation Fellowship in Psychiatric Pharmacy (No. 2) in the College of Pharmacy as the William I. Dismukes Fellowship in Pharmacy at The University of Texas at Austin.

This redesignation was made in accordance with a request from the Pharmaceutical Foundation Advisory Council.

5. U. T. Austin: J. Anderson Fitzgerald Special Scholarship Fund - Acceptance of a Trust Distribution from Mr. and Mrs. Frank M. Holloway, Formerly of Austin, Texas, and Bequest from the Estate of Floy Smith Holloway and Redesignation as the J. Anderson Fitzgerald Endowed Presidential Scholarship in the Graduate School of Business and Establishment of the Frank M. Holloway Endowed Presidential Scholarship in the College of Business Administration and the Graduate School of Business.--The Board, upon recommendation of the Land and Investment Committee, accepted distributions of a trust established by Mr. and Mrs. Frank M. Holloway, formerly of Austin, Texas, allowing that ten percent of the proceeds of the trust together with undistributed income totaling \$35,635.85 be for addition to the J. Anderson Fitzgerald Special Scholarship Fund and redesignated the Fund as the J. Anderson Fitzgerald Endowed Presidential Scholarship in the Graduate School of Business at The University of Texas at Austin.

Further, a \$10,000 bequest from the Estate of Floy Smith Holloway and twenty-five percent of the proceeds of the trust together with undistributed income for a total of \$71,364.40 was accepted and approval was given to establish the Frank M. Holloway Endowed Presidential Scholarship in the College of Business Administration and the Graduate School of Business at U. T. Austin.

Income earned from the Frank M. Holloway Endowed Presidential Scholarship will be used to provide scholarships equally for upper division undergraduate students and graduate students enrolled in the College of Business Administration and the Graduate School of Business. Income earned from the J. Anderson Fitzgerald Endowed Presidential Scholarship will be used to provide scholarships for graduate students in the Graduate School of Business.

6. U. T. Austin: Approval to Dissolve Piner Publication Fund and Transfer Balance to The University of Texas Press Revolving Publication Fund.--In order to satisfy the State Auditor's requirements, the Board lifted the restrictions on the Piner Publication Fund and authorized The University of Texas at Austin to dissolve the fund by consolidation of the Piner Publication Fund with The University of Texas Press Revolving Publication Fund to provide interim financing for U. T. Press publications.

This action is consistent with the original intent of the Piner Publication Fund, and this consolidation will avoid duplication and simplify accounting for The University of Texas Press activities.

7. U. T. Austin: Establishment of the Summer Theatre Workshop Scholarships in the College of Fine Arts.--The Land and Investment Committee recommended and the Board accepted a \$12,500 transfer of previously reported gifts from current restricted funds and established the Summer Theatre Workshop Scholarships in the Department of Drama, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to provide support for qualified and needy workshop participants.

8. U. T. Austin: Establishment of the Harlan Tod Sutherland Memorial Scholarship Fund in the College of Natural Sciences.--The Board accepted \$10,705 in gifts from various donors and established the Harlan Tod Sutherland Memorial Scholarship Fund in the Department of Geological Sciences, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarships to deserving geology graduate students.

9. U. T. Austin: Elizabeth Tarpley Regents Lectureship in Textiles and Clothing in the College of Natural Sciences - Acceptance of Gift from the Trustees of the Ella F. Fondren Trust for the Benefit of Sue Trammell Whitfield, Houston, Texas; Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program; Designation of Previously Approved Matching Funds; and Redesignation as the Elizabeth Tarpley Regents Fellowship in Textiles and Clothing.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$20,000 gift from the Trustees of the Ella F. Fondren Trust for the benefit of Sue Trammell Whitfield, Houston, Texas, and \$10,005 from various donors for a total of \$30,005 for addition to the Elizabeth Tarpley Regents Lectureship in Textiles and Clothing in the Department of Home Economics, College of Natural Sciences, at The University of Texas at Austin and redesignated the Lectureship as the Elizabeth Tarpley Regents Fellowship in Textiles and Clothing.

Further, \$15,002.50 of the gifts will be matched under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment along with previously approved and undesignated matching funds of \$13,655.50 for a total endowment of \$85,974.

10. U. T. Austin: Texas Corporate Centennial Professorship in Human Resource Development in the College of Education - Approval to Redesignate as the Gordon Lippitt Centennial Lectureship in Human Resource Development and to Dissolve the Malcolm Knowles Centennial Fellowship and the Gordon Lippitt Centennial Fellowship in the College of Education; and Redesignation of Funds from The Regents' Endowed Teachers and Scholars Program to Establish the Malcolm Knowles Centennial Lectureship in Adult Education in the College of Education.--Approval was given to redesignate the Texas Corporate Centennial Professorship in Human Resource Development in the College of Education at The University of Texas at Austin with funds received totaling \$24,097.70 as the Gordon Lippitt Centennial Lectureship in Human Resource Development.

Further, the Malcolm Knowles Centennial Fellowship and the Gordon Lippitt Centennial Fellowship in the College of Education were dissolved and the \$24,097.70 in previously approved matching funds from The Regents' Endowed Teachers and Scholars Program was redesignated to establish the Malcolm Knowles Centennial Lectureship in Adult Education in the College of Education, and \$75,902.30 in reserved matching funds were returned to The Regents' Endowed Teachers and Scholars Program for allocation at a future time.

11. U. T. Austin: Fred and Emily Marshall Wulff Centennial Faculty Fellowship in Law in the School of Law - Acceptance of Gift from the G. Rollie White Trust, Fort Worth, Texas; Allocation of Matching Funds from the Sheffield Challenge Endowment Fund Program; and Redesignation as the Fred and Emily Marshall Wulff Centennial Research Professorship in Law.--The Land and Investment Committee recommended and the Board accepted a gift of \$50,000 from the G. Rollie White Trust, Fort Worth, Texas, for addition to the Fred and Emily Marshall Wulff Centennial Faculty Fellowship in Law in the School of Law at The University of Texas at Austin and redesignated the Fellowship as the Fred and Emily Marshall Wulff Centennial Research Professorship in Law.

Further, \$50,000 from the Sheffield Challenge Endowment Fund Program will be allocated to match the gift and increase the endowment to a total of \$200,000.

12. U. T. Dallas: Establishment of the Daniel L. Harris Biology Scholarship.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$10,000 transfer of previously reported gifts from current restricted funds and established the Daniel L. Harris Biology Scholarship at The University of Texas at Dallas.

Income earned from this endowment will be used to provide scholarships to full-time students majoring in biology who demonstrate strong academic abilities. Preference will be given to undergraduates and to those with financial need.

13. U. T. El Paso: Acceptance of Bequest from the Estate of Lucille B. Pillow, El Paso, Texas, and Establishment of the D. L. and Lucille Pillow Library Fund.--Upon recommendation of the Land and Investment Committee, the Board accepted a bequest of \$1,642,286.88 from the Estate of Lucille B. Pillow, El Paso, Texas, and established the D. L. and Lucille Pillow Library Fund at The University of Texas at El Paso.

Under terms specified in the Will of Mrs. Pillow, income from this endowment shall be used "for the sole and exclusive benefit of the library at U. T. El Paso and more particularly for the sole purpose of purchasing new books and other necessary library materials for that library."

14. U. T. Permian Basin: Acceptance of Lots 25 and 26, Block 3, Industrial Sites, Located in Ector County, Texas, from Mr. Warren Burnett, Odessa, Texas; Approval of Lease Agreement with Warren Burnett Associated, Odessa, Texas; Authorization for President Leach to Execute the Lease; and Authorization to Establish Endowed Scholarship Fund.--On behalf of The University of Texas of the Permian Basin, the Board accepted a gift of property being Lots 25 and 26, Block 3, INDUSTRIAL SITES, a subdivision of 129.62 acres in Section 20, Block 41, T-2-Sm T&P RR Co. Survey, Ector County, Texas, and the improvements thereon from Mr. Warren Burnett, Odessa, Texas, in accordance with the terms and conditions specified in the Correction Donation Deed set out on Pages 65 - 67. The property has been valued at \$150,000 in an appraisal prepared by B. J. Rash, M.A.I., Odessa, Texas.

Further, the terms of the lease agreement with Warren Burnett Associated as specified on Pages 68 - 71 were approved, and President Leach was authorized to execute the lease agreement on behalf of the U. T. Board of Regents.

The proceeds from the rental and/or sale of the property will be used to establish an endowed scholarship fund to be named in accordance with the wishes of the donor and to provide scholarships for minority students with a preference to be given to female Hispanic, female Black and/or Native American students.

CORRECTION DONATION DEED

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

WHEREAS, WARREN BURNETT, as Grantor, did execute and deliver, on the 31st day of December, 1986, to the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM a Warranty Deed conveying the hereinafter-described property; and said deed being recorded in Volume 969, page 59 of the Deed Records of Ector County, Texas; and

WHEREAS, it was the intent of WARREN BURNETT to establish permanent endowed scholarships for minority students enrolled at The University of Texas of The Permian Basin; and

WHEREAS, it is desired by all parties that the foregoing intent be more fully stated by this Correction Deed;

NOW, THEREFORE, I, WARREN BURNETT, in consideration of Grantee's accepting title to the hereinafter-described real property, have GIVEN, GRANTED and CONVEYED, and by these presents, do GIVE, GRANT and CONVEY unto the Grantee the following-described real property located in Ector County, Texas, subject to the provisions set forth below, to-wit:

Lots 25 and 26, Block 3, INDUSTRIAL SITES, a Subdivision of 129.62 acres of land in Section 20, Block 41, T-2-Sm T&P RR Co. Survey, Ector County, Texas, according to the map or plat thereof of record in Volume 8, page 39, Plat Records, Ector County, Texas.

This conveyance is made and accepted subject to all restrictions, reservations, conditions, covenants, easements and zoning ordinances, if any, existing or of record in the office of the County Clerk of Ector County, Texas, to the extent that the same are valid and subsisting and affect said real property.

It is Grantor's intent, desire and request that rental income from the property, or in the event of the sale of the property, the income from the investments of the proceeds from the sale

shall be used exclusively to fund scholarships at The University of Texas of The Permian Basin for female Hispanic, female Blacks, and/or Native Americans of either sex, and when there are no available applicants for scholarships from the preceding groups, then such scholarships may be made to any minority student attending The University of Texas of The Permian Basin. The determination of those persons entitled to scholarships shall be left to the exclusive discretion of the administration of The University of Texas of The Permian Basin.

PROVIDED, however, that this gift is made to advance the educational mission of The University of Texas of The Permian Basin; and, in the event the said University of Texas of The Permian Basin ceases to exist, this property, or the investments from the proceeds of the sale thereof, shall be transferred to Odessa Community College for use as set forth herein and subject to the same restrictions, limitations and divestments.

No part of the income from or proceeds of the sale of this property shall ever become a part of the Permanent University Fund, the Available University Fund, or the general funds of the State of Texas; 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/her or it to the Board of Regents of The University of Texas System for any of said real estate.

In the event the Grantee, or its successor herein should use the income from or proceeds of the sale of the property transferred herein, other than for the express purposes set forth herein, this property or the balance of all proceeds from the sale of this property shall immediately vest in Planned Parenthood of The Permian Basin, Inc., or its successor, and Grantee shall execute any and all documents of transfer necessary to properly reflect such change in ownership. Grantee covenants and agrees to account for all income of the property, including the proceeds of sale from the property, and all distributions of scholarships

from such income and proceeds and to make same available to Grantor upon his reasonable request.

TO HAVE AND TO HOLD the above-described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, its successors and assigns, forever, and Grantor does hereby bind himself, his heirs, executors and administrators to WARRANT and FOREVER DEFEND, all and singular, the said premises unto the said Grantee, its successors and assigns, against every person whosoever lawfully claiming or to claim the same or any part thereof.

This is a Correction Deed, given and accepted as such in substitution for such earlier deed of December 31, 1966, and it shall be effectual as of and retroactive to such date.

EXECUTED on this the _____ day of November, 1987.

Warren Burnett

ACCEPTED:

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN

By: _____
Duane M. Leech, President

STATE OF TEXAS §
 §
COUNTY OF ECTOR §

This instrument was acknowledged before me on the _____ day of _____, 1987, by Warren Burnett.

Notary Public in and for
The State of Texas

Printed/stamped name of Notary

My Commission expires:

Grantee's Address:

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

LEASE AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF ECTOR §

This lease agreement is made this 1st day of JANUARY, 1987, at Odessa, Texas, by and between the Board of Regents of the University of Texas System, for the use and benefit of The University of Texas of the Permian Basin, hereinafter called LESSOR, and Warren Burnett Associated, a professional association, hereinafter called LESSEE.

Demise and Description of Property

(1) Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, that certain real property, hereinafter called the leased premises, situated in Ector County, Texas, and described as follows:

Lots 25 & 26, Block 3, Industrial Sites, a Subdivision of 129.62 acres of land in Section 20, Block 41, T-2-Sm T&P RR Co. Survey, Ector County, Texas, according to the map or plat thereof of record in Vol. 8, Page 39, Plat Records, Ector County, Texas.

Term

(2) The term of this lease shall be for a period of one (1) year, hereinafter called the lease term, however, the Lessee shall have an option to extend this lease upon the same terms and conditions for four (4) successive periods of one year.

Rent

(3) For and during the term of this lease, Lessee shall pay to Lessor, as rent for the leased premises the amount of Twenty-four Thousand Dollars (\$24,000.00), payable as follows:

In monthly installments of Two Thousand Dollars (\$2,000.00) due and payable on the 1st day of each and every month.

Use of Premises, Generally

(4) The premises are to be leased to be used for commercial purposes wherein Lessee, through its employees will carry on the business of the practice of law and restrict their use to such purposes, and not to use, or permit the use of, the premises for any other purpose without first obtaining the consent in writing of Lessor, or of Lessor's authorized agent.

No Waste, Nuisance, or Unlawful Use

(5) Lessee shall not commit, or allow to be committed, any waste on the premises, create or allow any nuisance to exist on the premises, or use or allow the premises to be used for an unlawful purpose.

Payment of Utilities

(6) Lessee shall pay for all utilities furnished the premises for the term of this lease, including electricity, gas, water, and telephone services. As additional rental Lessee is to pay all state, city, and county taxes which may be assessed on the demised premises and they shall be paid by Lessee prior to becoming delinquent. Lessee also agrees to pay all assessments that may arise out of the improvements on said property or of the streets or sidewalks surrounding it as additional rental.

Repairs and Maintenance

(7) Lessee, at its expense, shall maintain and keep the premises, including with limitation, windows, doors, skylights, adjacent sidewalks, and interior walls in good repair.

Acceptance and Surrender of Premises

(8) Lessor represents that the premises are in fit condition for use as described in Paragraph (4). Lessee agrees to accept the premises on possession as being in good state of repair and in sanitary condition. Lessee agrees to surrender the premises to Lessor at the end of the lease term, if the lease is not renewed, in the same condition as when Lessee took possession, allowing for reasonable use and wear and damages by act of God, including fire and storms.

Insurance

(9) Lessee agrees to secure and maintain during the entire term of this lease, public liability insurance in a minimum amount to be determined by Lessor and fire and extended coverage insurance in an amount equal to the fair market value of the premises.

Assignment or Sublease

(10) Lessee agrees not to assign or sublease the premises leased, any part thereof, or any right or privilege connected

therewith, or to allow any person, except Lessee's agents and employees, to occupy the premises or any part thereof, without first obtaining the Lessor's written consent. Lessee's interest in this lease is not assignable by operation of law, nor is any assignment of his interest herein, without Lessor's written consent.

Lease Breached by Lessee's Receivership, Assignment
for Benefit of Creditors, Insolvency, or Bankruptcy

(11) Appointment of a receiver to take possession of Lessee's assets (except a receiver appointed at Lessor's request as herein provided), Lessee's general assignment for benefit of creditors, or Lessee's insolvency or taking or suffering action under the Bankruptcy Act is breach of this lease.

Liability

(12) The Lessor shall not be liable to Lessee or to Lessee's employees, patrons or visitors for any damages to person or property, caused by the act or negligence of Lessee or of Lessee's employees, patrons or visitors, or due to the building on said premises or any appurtenances thereof being improperly constructed, or being or becoming out of repair, or for any damage from any defects or want of repair of any part of the building of which the lease premises form a part, but the Lessee accepts such premises as suitable for the purposes for which same are leased and accepts the building and each and every appurtenance thereof, and waives defects herein and agrees to hold the Lessor harmless from all claims for any such damage.

Lessor's Remedies on Lessee's Breach

(13) If Lessee breaches this lease, Lessor shall have the right to terminate this lease after giving ten (10) days written notice of termination and shall have the right to reenter the premises immediately and remove all Lessee's personnel and property therefrom.

Miscellaneous Provisions

Texas Law to Apply

(14)(a) This agreement shall be construed under and in accordance with the laws of the state of Texas, and all obliga-

tions of the parties created hereunder are performable in Ector County, Texas.

Parties Bound

(b) This agreement shall be binding on and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as otherwise expressly provided herein.

Prior Agreements Superseded

(c) This agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

Counterparts, One Agreement

(d) This agreement and all other copies of this agreement, insofar as they relate to the rights, duties, and remedies of the parties, shall be deemed to be one agreement. This agreement may be executed concurrently in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Time of Essence

(15) Time is of the essence in this agreement.

EXECUTED the day and year first above written.

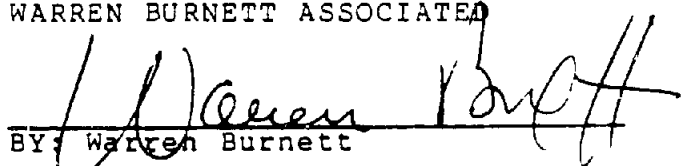
LESSOR:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM
for the use and benefit of
THE UNIVERSITY OF TEXAS OF
THE PERMIAN BASIN

BY: Duane M. Leach, President

LESSEE:

WARREN BURNETT ASSOCIATED


BY: Warren Burnett

15. U. T. San Antonio: Establishment of the Keyboard Endowment in the College of Fine Arts and Humanities.-- Approval was given to accept \$67,878.63 in gifts from various donors and to establish the Keyboard Endowment in the College of Fine Arts and Humanities at The University of Texas at San Antonio.

Income earned from the endowment will be used to provide annual scholarships of \$900 each to four outstanding pianists enrolled in the Division of Music.

16. U. T. San Antonio: Acceptance of Gift from the Peat Marwick Foundation, New York, New York, and Establishment of the Peat Marwick and Co-Partners Endowment.--The Board accepted a \$5,000 gift from the Peat Marwick Foundation, New York, New York, and a \$5,000 transfer of previously reported gifts from current restricted funds for a total endowment of \$10,000 and established the Peat Marwick and Co-Partners Endowment at The University of Texas at San Antonio.

Income earned from the endowment will be used to provide a \$500 annual scholarship to students majoring in accounting.

17. U. T. Tyler: Acceptance of Gift from Mr. and Mrs. Phil Hurwitz, Tyler, Texas, and Establishment of the Hurwitz Endowed Presidential Scholarship.--The Land and Investment Committee recommended and the Board accepted a \$25,000 gift from Mr. and Mrs. Phil Hurwitz, Tyler, Texas, and established the Hurwitz Endowed Presidential Scholarship at The University of Texas at Tyler.

Income earned from this endowment will be used to award scholarships to students meeting the criteria of the Presidential Scholarship Program.

18. U. T. Tyler: Approval to Accept Gift from Mr. and Mrs. John E. White, Jr., Tyler, Texas, and Corporate Matching Funds from Atlantic Richfield Foundation, Los Angeles, California, and to Establish the Jack and Dorothy Fay White Endowed Presidential Scholarship III.--The Board, upon recommendation of the Land and Investment Committee, accepted a gift of \$20,000 from Mr. and Mrs. John E. White, Jr., Tyler, Texas, and \$10,000 in corporate matching funds from the Atlantic Richfield Foundation, Los Angeles, California, for a total endowment of \$30,000 and established the Jack and Dorothy Fay White Endowed Presidential Scholarship III at The University of Texas at Tyler.

Income earned from the endowment will be used to provide an annual scholarship to students who are in need of financial assistance in order to attend U. T. Tyler.

19. U. T. Southwestern Medical Center - Dallas: Establishment of the Paul C. MacDonald Professorship in Obstetrics and Gynecology.--Upon recommendation of the Land and Investment Committee, the Board accepted gifts totaling \$100,000 from various donors and established the Paul C. MacDonald Professorship in Obstetrics and Gynecology at The University of Texas Southwestern Medical Center at Dallas.

Income earned from the endowment will be used to support the Professorship.

20. U. T. Medical Branch - Galveston: Approval to Accept Grant from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, to Fund Remodeling of John Sealy Hospital (Old Building) - Remodeling R. Waverley Smith Pavilion.--Approval was given to accept a \$7,500,000 grant from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, to be used for the Remodeling of R. Waverley Smith Pavilion as a phase of the Remodeling of John Sealy Hospital (Old Building) at The University of Texas Medical Branch at Galveston.

See related item on Page 55 .

21. U. T. Medical Branch - Galveston: Mr. and Mrs. James C. Storm Endowment Fund for Biomedical Research - Redesignation as the Chela and Jimmy Storm Distinguished Professorship in Surgical Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board redesignated the Mr. and Mrs. James C. Storm Endowment Fund for Biomedical Research as the Chela and Jimmy Storm Distinguished Professorship in Surgical Research at The University of Texas Medical Branch at Galveston.

Further, the actual income which will be earned on \$100,000 of the endowment received after September 1, 1983, will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code.

See related item on Page 21 regarding an appointment to this Professorship.

22. U. T. Health Science Center - Houston: Acceptance of Gift from the John S. Dunn Research Foundation, Houston, Texas, and Establishment of the John S. Dunn Chair in Radiology.--The Land and Investment Committee recommended and the Board accepted a \$500,000 gift from the John S. Dunn Research Foundation, Houston, Texas, and a \$500,000 transfer from MSRDP funds for a total endowment of \$1,000,000 and established the John S. Dunn Chair in Radiology at The University of Texas Health Science Center at Houston.

Income earned from the endowment will be used to support the Chair.

See Page 26 regarding an appointment to this Chair.

23. U. T. Health Science Center - San Antonio: Establishment of the Paul C. Weinberg Lectureship.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$29,000 transfer of previously reported gifts from current restricted funds and established the Paul C. Weinberg Lectureship at The University of Texas Health Science Center at San Antonio.

Income earned from the endowment will be used to support the Lectureship.

24. U. T. Cancer Center: Acceptance of a Distribution from the Hal E. and Annie B. Adams Unitrust, Midland, Texas.--Upon recommendation of the Land and Investment Committee, the Board accepted a distribution of \$435,296.95 from the Hal E. and Annie B. Adams Unitrust, Midland, Texas, for medical research at The University of Texas System Cancer Center.

A specific designation for use of the funds will be made at a later date.

25. U. T. Cancer Center: Mosbacher Pediatrics Professorship - Redesignation as the Mosbacher Pediatrics Chair.--The Board accepted a \$226,514.38 transfer of previously reported gifts from current restricted funds to be added to the current balance in the endowment of \$373,485.62, for a total endowment of \$600,000, and redesignated the Mosbacher Pediatrics Professorship as the Mosbacher Pediatrics Chair at The University of Texas System Cancer Center.

See Page 33 regarding an appointment to this Chair.

26. U. T. Cancer Center: Approval to Accept Bequest from the Estate of Mary Beth Pawelek, Houston, Texas.--Approval was given to accept a bequest of \$620,000 from the Estate of Mary Beth Pawelek, Houston, Texas, to be used for medical research at The University of Texas System Cancer Center. This bequest is made in the memory of Albert F. and Mary Pawelek, the parents of Dr. Louise G. Pawelek and Dr. and Mrs. Samuel Dickens Bugg, the parents of Mary Beth Pawelek. A report will be submitted upon receipt of the final distribution from the Estate.

27. U. T. Cancer Center: Establishment of the W. W. Sutow Visiting Professorship in Pediatrics.--The Land and Investment Committee recommended and the Board accepted a \$175,000 transfer of previously reported gifts from current restricted funds and established the W. W. Sutow Visiting Professorship in Pediatrics at The University of Texas System Cancer Center.

Income earned from the endowment will be used to support the Professorship.

28. U. T. Cancer Center (U. T. M.D. Anderson Hospital - Houston): Acceptance of Gift of Land Being Lot 268, Block 5, Unit 5 in the Cypress Lakes Subdivision Located in Liberty County, Texas, from Mr. and Mrs. Wayne Wilkerson, Katy, Texas; Authorization for the Office of Asset Management to Negotiate the Sale of the Property; and Authorization for the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale.--The Board, upon recommendation of the Land and Investment Committee, accepted a gift of land being Lot 268, Block 5, Unit 5 in the Cypress Lakes Subdivision, Liberty County, Texas, from Mr. and Mrs. Wayne Wilkerson, Katy, Texas. The property has an estimated value of \$1,000 to \$1,500. Proceeds from the sale of the property will be for the unrestricted use of the U. T. M.D. Anderson Hospital - Houston at The University of Texas System Cancer Center.

Further, the Office of Asset Management was authorized to negotiate the sale of the property at fair market value and the Executive Vice Chancellor for Asset Management was authorized to execute all documents pertaining to the sale.

B. REAL ESTATE MATTERS

1. U. T. System (Hogg Foundation for Mental Health) and U. T. Austin (Mike Hogg Fund): Report of Sale of Land and Improvements Located at 720 Fannin Street in Houston, Harris County, Texas, to Texaco Producing Inc., Houston, Texas.--It was reported that the gift of real estate held in the Hogg Foundation for Mental Health for The University of Texas System and Mike Hogg Fund for The University of Texas at Austin being part of Lots 1 and 2 and all of 3 in Block 80, located at 720 Fannin Street, City of Houston, Harris County, Texas, has been sold to Texaco Producing Inc., Houston, Texas, for \$1,390,000 less settlement costs of \$48,922.60 for a net amount of \$1,341,077.40. In July 1986, appraisals estimated the market value of the property to be \$1,100,000-\$1,200,000. A 3% sales commission was paid to Cushman and Wakefield of Texas, Inc., Houston, Texas.

Net proceeds from the sale of this property are to be distributed as follows: 69% for the benefit of U. T. System (Hogg Foundation for Mental Health) and 31% for the benefit of U. T. Austin (Mike Hogg Fund).

2. U. T. El Paso: Frank B. Cotton Trust Fund - Approval of the Sale of Real Estate Located at 205-209 Texas Street, El Paso, Texas, to Mr. Harry Abraham, El Paso, Texas; and Authorization for the Executive Vice Chancellor for Asset Management to Execute All Documents Pertaining to the Sale.--The Board, upon recommendation of the Land and Investment Committee, approved the sale of real estate located at 205-209 Texas Street, El Paso, Texas, to Mr. Harry Abraham, El Paso, Texas, for \$315,000. This property is held in trust as part of the Frank B. Cotton Trust Fund for The University of Texas at El Paso.

The contract for the sale provides for the property to be sold in as is condition. The buyer will make a \$75,000 cash payment at closing and U. T. El Paso will take a note in the amount of \$240,000 with monthly payments including principal and interest of \$2,396.11 based on a 20-year amortization schedule at 10-1/2% interest. The balance of the note will be due in full

at the end of the tenth year. A five percent sales commission will be paid to Mr. J. Ted Cottle, El Paso, Texas. The net proceeds from the sale of this property will be added to the Frank B. Cotton Trust Fund for the benefit of U. T. El Paso.

Further, the Executive Vice Chancellor for Asset Management was authorized to execute all documents pertaining to the sale.

3. U. T. El Paso: Frank B. Cotton Trust Fund - Approval to Grant Leases Covering 2.49 Acres in the 1700 Block of East First Street in the Cotton Addition in El Paso, Texas, to Ortega Construction Co., Inc.; Border Industrial Motors, Inc.; KOL Equipment Company; and C & I Forwarding Agency, All of El Paso, Texas.--Approval was given to grant four leases covering 2.49 acres in the 1700 block of East First Street in the Cotton Addition, El Paso, Texas (Frank B. Cotton Trust Fund - The University of Texas at El Paso), to Ortega Construction Co., Inc.; Border Industrial Motors, Inc.; KOL Equipment Company; and C & I Forwarding Agency, all of El Paso, Texas.

During the first five-year period, the four leases provide for net annual rental income of \$43,500 for the Frank B. Cotton Trust Fund for the benefit of U. T. El Paso. Each of the leases provides for a maximum of three five-year periods beginning March 1, 1988, and ending on February 28, 2003. The tenants have the option of terminating or continuing the leases at the end of the fifth and tenth years by providing written notice to the University six months prior to the end of each period. The four tenants, the nature of their businesses, lease addresses and the specific rent options are as follows:

Ortega Construction Co., Inc. (construction)
1708 E. 1st Street
Annual Rent: \$21,600 (year 1-5)
Option Period #1: \$26,352 per year
Option Period #2: \$32,149 per year

Border Industrial Motors, Inc. (sales and service of industrial motors)
1704 E. Paisano Drive
Annual Rent: \$9,900 (year 1-5)
Option Period #1: \$9,900 multiplied by Consumer Price Index
Option Period #2: \$9,900 multiplied by Consumer Price Index

KOL Equipment Company (equipment sales and service)
1700 E. Paisano
Annual Rent: \$9,000 (year 1-5)
Option Period #1: \$9,000 multiplied by Consumer Price Index
Option Period #2: \$9,000 multiplied by Consumer Price Index

C & I Forwarding Agency (import/export forwarding agent)
316 S. Coles Street
Annual Rent: \$3,000 (year 1-5)
Option Period #1: \$3,650
Option Period #2: \$4,450.

III. INTELLECTUAL PROPERTY MATTERS

1. U. T. System: Approval of Amendments to the Policy and Guidelines Relating to Intellectual Property License Agreements with Private Entities.--In order to comply with House Bill 1402 of the 70th Legislature, the Board amended The University of Texas System Policy and Guidelines Relating to Intellectual Property License Agreements with Private Entities to read as set out below:

PATENT AND TECHNOLOGY
LICENSE AGREEMENTS

POLICY AND GUIDELINES RELATING TO INTELLECTUAL
PROPERTY LICENSE AGREEMENTS WITH PRIVATE ENTITIES

The Office of General Counsel shall develop a model license agreement for U. T. System intellectual property which agreement shall include, as a minimum, the guidelines set forth below. The model agreement shall be submitted to all potential licensees for U. T. System intellectual property and individuals involved in negotiation of license agreements shall endeavor to achieve utilization of the significant aspects of the model agreement for all licenses of intellectual property rights.

The following guidelines shall be applicable to license agreements with private entities including those formed primarily for the purpose of developing and/or commercializing intellectual property created at a U. T. System component institution:

- a. No entity shall be granted the exclusive right to the development and/or commercialization of all intellectual property created at a U. T. System component institution. Agreements should grant rights only on a specific project basis.
- b. If an entity is granted the exclusive rights with respect to a particular invention, product, process or other item of intellectual property, the agreement should provide that such rights will revert to the U. T. Board of Regents in the event the entity fails to diligently develop and commercialize the property within a specified period of time that is appropriate to the particular circumstances.
- c. An entity that is granted exclusive rights to develop or commercialize intellectual property that is patentable should be required to reimburse the Board for all expenses incurred by the Board in obtaining a patent or, if a patent has not been obtained, should be required to prosecute and bear the expense of obtaining patent protection for the benefit of the Board and, in either event, the entity should be required to take all actions necessary, including litigation, to protect and preserve such patented rights from infringement.

- d. The U. T. System, the component institution, and the officers and employees of each should be protected and indemnified from all liability arising from the development, marketing, or use of the particular intellectual property.
- e. Restrictions on use by the component institution for research and teaching purposes and the publication rights of researchers should be minimized.
- f. If the entity fails to develop and commercialize the property, any additional technology or know-how discovered by the entity should be granted back to the U. T. Board of Regents so that another entity may be offered the right to develop and commercialize the entire technology package.
- g. The entity should be required to comply with all applicable federal, state, and local laws and regulations, particularly those concerning biological materials and necessary testing and approval by the Federal Drug Administration.
- h. The entity should be required to maintain confidentiality with regard to any unpatented technology or know-how.
- i. An entity that grants a license or sublicense to some other entity for property or technology that is in whole or in part derived from or based on that which is licensed to the entity by the Board, should be required to share with the U. T. System: 50% of any royalty received by the entity and 50% of any equity position to which the entity may be entitled.
- j. License agreements should contain such other provisions as may be determined to be in the best interest of the U. T. System by the Office of Asset Management and the Office of General Counsel.
- k. License agreements are subject to the approval of the Board and normally shall be submitted as docket items.

2. U. T. Austin: Approval of Patent License Agreement with Nova Automation Corporation, Austin, Texas.--The Board approved the patent license agreement set out on Pages 80 - 93 by and between the U. T. Board of Regents, for and on behalf of The University of Texas at Austin, and Nova Automation Corporation, Austin, Texas, for technology relating to layered part generation using laser sintering.

Nova Automation Corporation is a new corporation located in Austin, Texas, and registered to do business in the State of Texas. The principal shareholders are Nova Graphics International Corporation, a company involved in the development and marketing of hardware-software interface products for computer graphics systems located in Austin, Texas, and Paul F. McClure, Ph.D., a private consultant, registered professional engineer, and part-time Senior Lecturer at the U. T. Austin College of Engineering. Dr. McClure will be the President and Chief Operating Officer of Nova Automation Corporation. Under the agreement, Nova Automation Corporation will receive an exclusive license under patent and technology rights arising from the work of Mr. Carl Robert Deckard, a doctoral candidate in the College of Engineering.

The terms and conditions of the agreement are consistent with the U. T. System Intellectual Property Policy, but the agreement required Board approval because of the equity participation by the inventor, Mr. Deckard, and the relationships that exist between U. T. Austin, Dr. McClure, and Mr. Deckard.

The primary term of the license is 17 years, or the life of the patent(s), whichever last occurs. The license is subject to termination by the U. T. Board of Regents if Nova Automation Corporation fails to provide evidence that it has commercialized the licensed process, or if the company fails to raise \$300,000 in capital financing within one year from the effective date of the agreement, or if Nova Automation Corporation becomes bankrupt or is in breach of any material obligation under the agreement.

The approval of this patent license agreement is contingent upon the execution by February 1, 1988, of a shareholder agreement between Nova Automation Corporation and the U. T. Board of Regents. The shareholder agreement shall be approved by the Office of General Counsel, executed by the Executive Vice Chancellor for Asset Management and reported for the record to the U. T. Board of Regents at a subsequent meeting.

PATENT LICENSE AGREEMENT

THIS AGREEMENT is made by and between the BOARD OF REGENTS, THE UNIVERSITY OF TEXAS SYSTEM ("BOARD"), an agency of the State of Texas, whose address is 201 West 7th Street, Austin, Texas 78701, on behalf of its component, The University of Texas at Austin, ("UNIVERSITY") and NOVA AUTOMATION CORPORATION ("LICENSEE"), a Texas corporation, having an office at 1515 Capital of Texas Highway South, Austin, Texas, 78746.

W I T N E S S E T H:

Whereas BOARD owns certain PATENT RIGHTS relating to methods and apparatus for Layered Part Generation Using Laser Sintering; and

Whereas BOARD also owns certain unpatented technology for Layered Part Generation Using Laser Sintering; and

Whereas BOARD wishes to have LICENSED SUBJECT MATTER developed and used for the benefit of the inventor, UNIVERSITY, and the public as outlined in the Intellectual Property Policy and Guidelines promulgated by the aforementioned BOARD; and

Whereas LICENSEE wishes to obtain a license subject to pre-existing rights or licenses, if any, under BOARD'S PATENT RIGHTS or unpatented technology; and

Whereas BOARD wishes to grant a license to LICENSEE, subject to the terms and conditions stated herein;

NOW, THEREFORE, in consideration of the mutual covenants and premises herein contained, the parties hereto agree as follows:

I. EFFECTIVE DATE

This agreement shall be effective December 3, 1987, subject to approval by BOARD.

II. DEFINITIONS

As used in this Agreement, the following terms shall have the meanings indicated:

2.1 LICENSED SUBJECT MATTER shall mean all information contained in either PATENT RIGHTS or TECHNOLOGY RIGHTS.

2.2 PATENT RIGHTS shall mean BOARD'S rights in information covered at any time by United States Patent Application Serial Number 920,580, filed October 17, 1986, and any division, continuation, continuation-in-part, reissue or re-examination thereof, and any letters patent that may be issued thereon, or any foreign counterpart thereof.

2.3 TECHNOLOGY RIGHTS shall mean unpatented technology, technical information, design data, and other information owned by BOARD which relates to methods and/or apparatus for layered part generation using laser sintering to the extent necessary for practicing the inventions or discoveries covered by PATENT RIGHTS. TECHNOLOGY RIGHTS shall include without limitation all information, know-how, process, procedures, methods, protocols, formulas, techniques, software, designs, drawings, data and other valuable technical information not in the public domain at the time of disclosure by BOARD to LICENSEE.

2.4 SALE shall mean any transfer or disposition to a party other than LICENSEE or a sublicensee hereunder of LICENSED SUBJECT MATTER in exchange for value received.

2.5 NET SALES shall mean LICENSEE's gross receipts from SALE(S) of products covered by LICENSED SUBJECT MATTER, less any deduction for commissions, trade discounts, returns, freight, taxes or government tariffs.

III. WARRANTY; SUPERIOR RIGHTS

3.1 Except for the rights, if any, of the Government of the United States, as referenced in paragraph 3.2 below, BOARD represents and warrants that it is the owner of the entire right, title, and interest in and to PATENT RIGHTS and TECHNOLOGY RIGHTS, that it has the sole right to grant licenses under LICENSED SUBJECT MATTER and that it has not granted licenses thereunder to any other person or entity.

3.2 LICENSEE understands that the PATENT RIGHTS and TECHNOLOGY RIGHTS licensed hereunder may have been developed under a funding agreement with the Government of the United States of America and that the Government may have certain rights relative thereto. This Agreement is explicitly made subject to the Government's rights, if any, under any such agreement. To the extent that there is a conflict between any such funding agreement, and this Agreement, the terms of such funding agreement shall prevail.

IV. LICENSE

4.1 BOARD hereby grants to LICENSEE an exclusive, worldwide royalty-bearing license (except as provided under Paragraph 3.2 and 4.4 hereof) to make, have made, use or sell LICENSED SUBJECT MATTER.

4.2 LICENSEE shall have the right to grant sublicenses consistent with this Agreement, provided that LICENSEE shall be responsible for the operations of its sublicensee(s) relevant to this Agreement as if such operations were carried out by LICENSEE. However, LICENSEE shall not be obligated to make royalty payments to BOARD on income from its sublicenses until the receipt by LICENSEE of such royalty payments from its sublicensee(s). Any sublicense granted hereunder shall, by its terms, not extend beyond the term of this Agreement. If this Agreement is earlier terminated pursuant to paragraph 7.2, all sublicenses then in effect shall revert to BOARD as licensor, and BOARD shall have no further obligation to account to LICENSEE for royalties received thereunder; however, any such royalties from sublicenses applicable to the period prior to termination shall belong to LICENSEE. LICENSEE further agrees to deliver to BOARD a true and correct copy of each sublicense granted by LICENSEE, and any modification or termination thereof, within thirty (30) days after execution, modification, or termination, as applicable. BOARD shall have the right of consent to the terms and conditions of any sublicense; however, such consent shall not be unreasonably withheld. BOARD shall exercise its right of consent within sixty (60) days of receipt by UNIVERSITY or BOARD of any proposed sublicense. Upon termination of this Agreement, any and all existing sublicense rights granted by LICENSEE shall automatically revert to BOARD.

4.3 BOARD specifically retains the right for itself and its component institutions to:

- (a) Publish the general scientific findings from research related to LICENSED SUBJECT MATTER; and

(b) Use any information contained in LICENSED SUBJECT MATTER for research, teaching, and other educational purposes.

4.4 BOARD shall have the right at any time after the date of this Agreement to terminate the license granted herein if LICENSEE within ninety days after written notice from BOARD of termination fails to provide written evidence that it has commercialized or is actively attempting to commercialize LICENSED SUBJECT MATTER. LICENSEE further agrees to use its best efforts to produce and demonstrate a working commercial prototype adapted to practice LICENSED SUBJECT MATTER within eighteen (18) months from the date of this Agreement.

4.5 With respect to any foreign operations of LICENSEE, BOARD shall have the right at any time after December 31, 1997 to terminate the license granted herein in any foreign national political jurisdiction if LICENSEE, within one hundred eighty (180) days after written notice from BOARD of such intended termination, fails to provide written evidence to BOARD that it has commercialized or is actively attempting to commercialize LICENSED SUBJECT MATTER in that foreign jurisdiction.

4.6 Evidence provided by LICENSEE that it has an ongoing and active research, development, manufacturing, marketing or licensing program as appropriate, directed toward production and sale of products within LICENSED SUBJECT MATTER shall be deemed satisfactory evidence of such an attempt to commercialize.

4.7 The exercise of the license granted to LICENSEE under this Agreement shall be conditioned on the issuance of stock to BOARD as required by paragraph 6.1.

V. PAYMENTS AND REPORTS

5.1 Within one (1) year following execution of this Agreement LICENSEE will reimburse BOARD for reasonable attorneys' fees and expenses incurred by BOARD in preparing, filing and prosecuting patent application serial number 920,580, filed October 17, 1986, up to a maximum of Fifteen Thousand (\$15,000.00) Dollars. BOARD shall control the preparation and prosecution of all patent applications directed to inventions covered by this license, and BOARD shall decide whether or not to file patent applications in the United States and shall notify LICENSEE of such decision. LICENSEE shall also reimburse BOARD for the reasonable costs of all additional U. S. filings if LICENSEE elects to include claimed subject matter of such U. S. patent application(s) within the scope of the license. LICENSEE may, however, credit one half of sums paid to BOARD hereunder for reimbursement of fees and expenses for the additional U. S. patent applications against royalties due to BOARD under Paragraph 5.2 below. Such credit shall be in addition to the waiver provided under Paragraph 5.2. LICENSEE shall have the right to elect whether or not to file foreign patent applications and LICENSEE will pay all fees and expenses associated with the filing, prosecution and maintenance of such foreign applications with no credit against royalties.

5.2 LICENSEE will pay BOARD a running royalty in the amount of four percent (4%) of LICENSEE'S NET SALES. BOARD hereby agrees to waive one half the amount of royalty otherwise due on LICENSEE'S first \$300,000 of NET SALES provided that LICENSEE has otherwise fully complied with this agreement at the time such royalty is due.

5.3 Any UNIVERSITY research sponsored by LICENSEE shall be negotiated with UNIVERSITY in accordance with BOARD's usual research agreement procedures.

5.4 LICENSEE will, in exchange for the rights granted hereunder, within one (1) year from the date of the execution of this Agreement, demonstrate to the satisfaction of BOARD that it has raised Three Hundred Thousand Dollars (\$300,000) in capital financing. At LICENSEE's request, BOARD may in its discretion extend the period to raise the Three Hundred Thousand Dollars (\$300,000) in capital financing for an additional period of time not to exceed 180 days. If LICENSEE fails to demonstrate timely to the BOARD'S satisfaction that it has raised the requisite capital, BOARD shall have the right to terminate this Agreement.

5.5 If any sublicenses are granted by LICENSEE pursuant to paragraph 4.2, BOARD will receive a percentage of the gross receipts received by LICENSEE from any sublicensees in an amount of not less than four percent (4%) nor more than fifty percent (50%), the exact percentage of gross receipts to be negotiated in a timely fashion between BOARD and LICENSEE at the time BOARD exercises its right of consent to the sublicensee under paragraph 4.2. Among the factors to be taken into consideration in negotiating the sublicense fee will be (a) whether LICENSEE merely functions as a broker; (b) whether LICENSEE manufactures the licensed products to be sold by the sublicensee; (c) the extent of LICENSEE's investment in developing the sublicensed product.

5.6 Within sixty (60) days after March 31, June 30, September 30, and December 31, LICENSEE shall deliver to BOARD a true

and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during the preceding three (3) calendar months as are pertinent to an account for payments hereunder. Such report shall include at least (a) the quantities of LICENSED SUBJECT MATTER that it has produced; (b) the total SALES, (c) the NET SALES, (d) the calculation of royalties on NET SALES; and (e) the total royalties so computed and due BOARD. Simultaneously with the delivery of each such report, LICENSEE shall pay to BOARD the amount, if any, due for the period of such report. If no payments are due, it shall be so reported. At LICENSEE's request and for good cause shown, BOARD may in its discretion permit LICENSEE to defer payment of current royalties due BOARD until the next quarterly reporting period.

5.7 Upon the request of BOARD, but not more often than once per calendar year, LICENSEE shall deliver to BOARD a written report as to LICENSEE's efforts and accomplishment during the preceding year in commercializing LICENSED SUBJECT MATTER and its commercialization plans for the upcoming year.

5.8 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions of any kind other than those permitted under this Agreement. Royalty checks shall be made payable to BOARD OF REGENTS, The University of Texas System and shall be mailed to the Office of Asset Management, 210 West Sixth Street, Austin, Texas 78701.

VI. COMMON STOCK; EQUITY OWNERSHIP

6.1 In consideration of the rights granted to LICENSEE by BOARD in this Agreement, LICENSEE agrees to issue 20% of its common stock to BOARD with pre-emptive rights. Such shares shall be fully paid and non-assessable.

6.2 BOARD shall have the right to name directors on the board of directors of LICENSEE in proportion to the number of shares held by BOARD relative to the total number of issued shares, provided, that BOARD shall always have the right to elect at least one seat on LICENSEE's board of directors.

VII. TERM AND TERMINATION

7.1 Subject to the provisions of Paragraph 7.2, the Term of this Agreement shall extend from the Effective Date set forth above for a term of seventeen (17) years or until the expiration date of all patents under PATENT RIGHTS, whichever occurs last.

7.2 The license and right to sublicense granted by BOARD to LICENSEE in this Agreement will earlier terminate:

(a) Automatically if LICENSEE shall become bankrupt or insolvent and/or if the business of LICENSEE shall be placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of LICENSEE or otherwise and all rights of LICENSEE shall immediately revert to BOARD and all rights of any sublicensees shall survive, but the obligations of such sublicensees will automatically accrue to the benefit of BOAPD;

(b) If either party hereto shall breach or default on any material obligation under this Agreement. However, termination of the Agreement shall be avoided if, within ninety (90) days after receipt of written notice of breach or default, the party in default cures the breach and notifies the other party in writing of the manner of such cure.

(c) Under the provisions of Paragraph 4.4 if invoked.

(d) Under the provisions of Paragraph 4.5 if invoked.

(e) Under the provisions of Paragraph 5.4 if invoked.

7.3 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either party of any obligation matured prior to the effective date of such termination, and LICENSEE may, with BOARD'S written consent, after the effective date of such termination, sell any LICENSED SUBJECT MATTER in the possession of LICENSEE, its agents or bailees at the date of termination, provided that it pays BOARD royalties thereon as provided in this Agreement when sold.

VIII. INFRINGEMENT

8.1 LICENSEE shall have the obligation to enforce any patent licensed hereunder against substantial infringement by third parties. If LICENSEE elects to bring suit for infringement, then the running royalty will apply to all amounts recovered by LICENSEE, excluding LICENSEE's legal expenses. If LICENSEE elects not to bring suit and thereafter BOARD elects to bring suit, LICENSEE must join in the suit and must share fifty percent (50%) of the expenses in order for LICENSEE to maintain its exclusive license under this agreement. If BOARD elects to bring suit,

BOARD shall control the suit and LICENSEE shall receive fifty percent (50%) of any net recovery to BOARD after legal expenses.

8.2 In any suit or dispute involving alleged patent infringement, the parties to this Agreement shall cooperate fully including making available all relevant personnel, records, papers, information, samples, specimens, and the like which are in their possession.

IX. ASSIGNMENT

This Agreement may not be assigned by either party hereto without the prior written consent of the other party hereto which consent shall not be unreasonably withheld.

X. PATENT MARKING

LICENSEE agrees to mark permanently and legibly all products and documentation manufactured or sold by it under this Agreement with such patent notice as may be permitted or required under Title 35, United States Code.

XI. INDEMNIFICATION

LICENSEE shall hold harmless and indemnify BOARD, UNIVERSITY, their Regents, officers, employees and agents from and against any claims, demands, or causes of action whatsoever, caused by, arising out of, or resulting from the exercise or practice of the license granted hereunder by LICENSEE or its officers, employees, agents or representatives, including without limitation those arising on account of any injury or death of persons or damage to property.

XII. USE OF BOARD AND COMPONENT'S NAME

LICENSEE shall not use the name of UNIVERSITY, SYSTEM, or BOARD for commercial purposes (other than providing disclosure to potential investors to the extent required by law) without the express written consent of the Office of General Counsel for The University of Texas System or another individual designated by the Office of the Chancellor, which consent shall not be unreasonably withheld.

XIII. CONFIDENTIAL INFORMATION

13.1 BOARD and LICENSEE each agree that all information contained in documents marked "confidential" which are forwarded to one by the other shall be received in strict confidence, used only for the purposes of this Agreement, and not disclosed by the recipient (except as required by law or by court order), its' agents or employees without the prior written consent of the other unless such information (a) was in the public domain at the time of disclosure, (b) later became part of the public domain through no act or omission of the recipient, its' employees, agents, successors or assigns, (c) was lawfully disclosed to the recipient party by third party having the right to disclose it, (d) was already known by the recipient at the time of disclosure, (e) was independently developed, or (f) is required to be submitted to a government agency pursuant to any preexisting obligation.

13.2 Each party's obligation of confidence hereunder shall be fulfilled by using at least the same degree of care with the other party's confidential information it used to protect its own confidential information. This obligation shall exist while this

agreement is in force and for a period of three (3) years thereafter.

XIV. GENERAL

14.1 This Agreement constitutes the entire and only agreement between the parties for LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties hereto.

14.2 Any notice required by this Agreement shall be given by prepaid, first class, certified mail, return receipt requested, addressed in the case of BOARD to:

BOARD OF REGENTS
The University of Texas System
201 West 7th Street
Austin, Texas 78701
ATTENTION: System Intellectual Property
Office

or in the case of LICENSEE to:

NOVA AUTOMATION CORP.
1515 Capital of Texas Highway S.
Austin, Texas 78746

or such other addresses as may be given from time to time under the terms of this notice provision.

14.3 This Agreement shall be construed and enforced in accordance with the laws of the United States of America and of the State of Texas.


14.4 Failure of either party hereto to enforce a right under this Agreement shall not act as a waiver of that right or the ability to later assert that right relative to the particular situation involved.

14.5 Headings included herein are for convenience only and shall not be used to construe this Agreement.

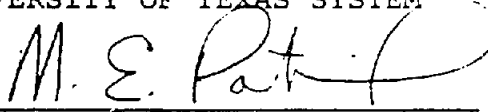
14.6 If any provision of this Agreement shall be found by a court to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this AGREEMENT.


ATTEST:

By 
Arthur H. Dilly
Executive Secretary

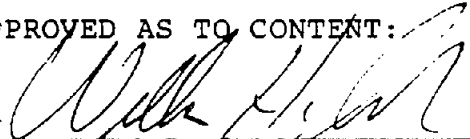
BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By 
Michael E. Patrick
Executive Vice Chancellor
for Asset Management

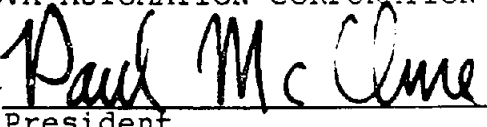
APPROVED AS TO FORM:

By 
Michael H. Corley
Office of General Counsel

APPROVED AS TO CONTENT:

By 
William H. Cunningham
President, THE UNIVERSITY OF
TEXAS AT AUSTIN

NOVA AUTOMATION CORPORATION

By 
Paul McCune
President

IV. OTHER MATTERS

U. T. Board of Regents: Amendments to (a) Regents' Rules and Regulations, Part One, Chapter II, Section 9.2 (Investments and Trusts); (b) Regents' Rules and Regulations, Part Two, Chapter IX, Sections 1, 2 and 5 (Matters Relating to Investments, Trusts, and Lands); (c) The Charter of The University of Texas System Common Trust Fund; (d) The Common Trust Fund Investment Policy Statement; and (e) the Medical Malpractice Self-Insurance Fund Investment Policy Statement.--In order to clarify recent restructuring of the Office of Asset Management for The University of Texas System, the Board:

a. Amended the Regents' Rules and Regulations, Part One, Chapter II, Subsection 9.2 as set out below:

9.2 Investments and Trusts.

The Executive Vice Chancellor for Asset Management and his or her delegates, the Director for Investments and the Director for Endowments and Trusts, implement policies and actions approved by the Board with respect to:

9.21 Investing, managing, and administering of all endowment funds belonging to the System and its component institutions, including the Permanent University Fund and all trusts and special funds.

9.22 Issuing, managing and paying all bonds and other evidences of indebtedness issued by the Board for System and its component institutions.

9.23 Presenting to the Board through the Office of the Chancellor periodic reports of the status and prospect of funds for which he or she has responsibility and that will be available for expenditure by the System and its component institutions.

9.24 Consulting with the Executive Associate for Economic Affairs with respect to the development of long-range plans for the development and management of the economic resources of the System and its component institutions.

b. Amended the Regents' Rules and Regulations, Part Two, Chapter IX, Sections 1, 2 and 5 as set out below:

Sec. 1. Authorizations re Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

1.1 Authority to Purchase, Exchange, and Sell Securities for and on Behalf of the Permanent University Fund (hereinafter sometimes referred to as "PUF") and the Board.--The Chancellor,

or his or her delegate, the Executive Vice Chancellor for Asset Management, and the Director for Investments are authorized to purchase, exchange, and sell any and all securities for and on behalf of the PUF or the Board, and to execute all related state government documents. In addition, external investment managers appointed by the Board of Regents may purchase, sell, or exchange securities, pursuant to written agreement with the Board of Regents, from funds designated from the PUF, the Common Trust Fund, the Medical Malpractice Self-Insurance Fund, or any funds held in trust.

1.2 Authority to Assign and Transfer Securities Owned by the PUF and the Board.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Director for Endowments and Trusts, the Comptroller and Associate Comptroller, and the Trust Officer may each assign and transfer any and all securities of any description whatever and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the Board, or in any other form of registration of such securities held for the account of the PUF or the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said Board. In addition, custodian banks appointed by the Executive Vice Chancellor for Asset Management may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the Board.

1.3 Authority to Execute Instruments Relating to Land and Mineral Interests.--The Chairman of the Board, the Vice-Chairmen, the Chancellor, or his or her delegate, and the Executive Vice Chancellor for Asset Management are each authorized to execute conveyances, deeds, surface and/or mineral leases, easements, rights-of-way, oil and gas division orders, and transfer orders, geophysical and material source permits, water contracts, pooling and unitization agreements, and any other instruments as may be necessary or appropriate from time to time, relating to the handling, management, control, and disposition of any real estate or mineral interest held or controlled by the Board as a part of the PUF or as a part of any trust or special fund.

- 1.4 Authority to Receive and Collect Money and/or Property.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Director for Endowments and Trusts are each authorized and empowered to ask, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands, whatever, due, payable, or belonging, or that may become due, payable, or belonging to any of the above funds from investment transactions, from any person or persons, whatever, and to execute any and all necessary or proper receipts, releases, and discharges therefor.
- 1.5 Authority to Execute Proxies and Consent to Modifications in Bond Indentures.--The Chancellor, or his or her delegate, the Executive Vice Chancellor for Asset Management, the Director for Investments, the Director for Endowments and Trusts, and the Investment Officers are each authorized to consent to modifications in bond indentures and to execute proxies within the approved investment policies.
- 1.6 Authority to Deliver and Maintain Securities in Book-Entry Form.--Securities owned by the PUF or the Board may be delivered and maintained by a custodian bank or a member bank of the Federal Reserve System in book-entry form subject to applicable law.

Sec. 2. Policy for Investment and Management of the PUF.

- 2.1 The policies for the investment of funds for the Permanent University Fund shall be those outlined in The Permanent University Fund Investment Policy Statement.
- 2.2 Advice of Investment Advisory Committee.--The Chancellor, the Executive Vice Chancellor for Asset Management, and the Director for Investments shall seek the advice and counsel of the Investment Advisory Committee at its regular quarterly meetings and at other times as appropriate on all of the major matters involving the PUF.
- 2.3 Reports to the Regents' Land and Investment Committee.
 - 2.31 All purchases, sales, and exchanges of investments shall be reported for ratification by the Board through the Regents' Land and Investment Committee.

- 2.32 The investment performance of the Fund, as measured by an unaffiliated organization, shall be reported to the Regents' Land and Investment Committee at least annually.
 - 2.33 The nature and extent of any investments in or business transacted with any firm with which a member of The University of Texas System investment staff is affiliated will be reported to the Regents' Land and Investment Committee annually.
 - 2.34 The Fund's investment in U. S. companies with substantive investments or operations in South Africa will be reported to the Regents' Land and Investment Committee semiannually in combination with the status review of these firms' effective compliance with the spirit of the six key elements of the Sullivan Principles.
 - 2.35 All proxy votes on the social issue of investment and corporate conduct in South Africa will be reported to the Regents' Land and Investment Committee.
- 2.4 The Chancellor, the Executive Vice Chancellor for Asset Management, or the Director for Investments are each authorized to take any and all steps as may be considered necessary or advisable to protect the interest of the PUF in event of default or any other significant changes occurring with respect to any investment.
- 2.5 Policies with Respect to Stock Rights, Fractional Shares, and Proxies.
- 2.51 Exercise of or sale of stock rights and warrants is to be made at the discretion of the Chancellor, the Executive Vice Chancellor for Asset Management, the Director for Investments, or the Investment Officers. Stock rights or warrants which arise in connection with funds under control of an unaffiliated investment manager shall be handled by that manager at its discretion.

2.52 Fractional shares which arise in connection with funds under control of an unaffiliated investment manager or the System investment staff shall be handled by that manager or the staff at its discretion.

2.53 As a general rule, voting stocks held are to be voted by returning proxies to present management. When the Director for Investments or the Director for Endowments and Trusts determines that a vote with management would not be in the shareholder's best financial interest, or when a proposal under consideration is of a social nature, the matter will be referred to the Chancellor or the Executive Vice Chancellor for Asset Management, or, in the event both of them are absent, to the Chairman of the Land and Investment Committee. Voting on the issue of investments and corporate conduct in South Africa shall correspond to the Regents' Policy Statement on South African Issues adopted by the Board at its February 1986 meeting.

2.6 Exchange of Bonds.--The Chancellor, the Executive Vice Chancellor for Asset Management, the Director for Investments, and the Investment Officers are each authorized to exchange bonds owned, from time to time, on a par for par basis (with such cash adjustments as may be required) for other eligible bonds or obligations. In any such exchange the cost of the bonds exchanged out (plus or minus the cash adjustments involved) shall be carried forward as the cost of the bonds or obligations acquired, even though the sale and purchase may be effected through different brokers. Such sales and purchases may be considered as exchanges provided there has been an improvement in book yield.

Sec. 5. Investment Advisory Committee.--The Investment Advisory Committee is and has been established in order to assist and advise the Chancellor, the Executive Vice Chancellor for Asset Management, and the Director for Investments with respect to matters relating to the management of investments.

The following rules shall apply to such Committee:

- 5.1 Membership.--Six members of the Committee shall be selected because of their particular qualifications and experience in the field of investments, including experience in bond and corporate stock investments.
- 5.2 Selection Procedure.--Appointments to such Committee shall be made by the Board after recommendation by the Chancellor.
- 5.3 Term of Office.--Each member shall serve a three-year term, with the terms of two members expiring each August 31. A member is eligible for reappointment to a consecutive three-year term, but may not be reappointed thereafter without a three-year break in service.
- 5.4 Meetings.--Meetings shall be held quarterly and at such other dates as may be considered advisable by the Chancellor and the Executive Vice Chancellor for Asset Management.

- c. Amended The Charter of The University of Texas System Common Trust Fund as set out below:

THE CHARTER OF
THE UNIVERSITY OF TEXAS SYSTEM COMMON TRUST FUND
(Originally Established as
"Funds Grouped for Investment" on June 27, 1932
Amended on February 27, 1948, Amended on March 11, 1967,
Amended on December 5, 1985, Amended on February 13, 1986,
Amended on October 9, 1987, and
Amended on December 3, 1987)

ARTICLE I

Fund Name, Purpose, and Eligibility for Participation

1. The Common Trust Fund as herein established shall be known as "The University of Texas System Common Trust Fund" (originally designated as "Funds Grouped for Investment") and shall be under the control of the Board of Regents of The University of Texas System, as Trustee.
2. The purpose of the Common Trust Fund is to provide for the collective investment of various endowment and trust funds held by The University of Texas System or by the Board of Regents of The University of Texas System in a fiduciary capacity.
3. No endowment or trust fund shall be admitted unless it is under the sole control, with full discretion as to investments, of the Board of Regents of The University of Texas System and/or an official or officials of The University of Texas System in his official capacity. However, no such official, other than the Board of Regents, the Executive Vice Chancellor for Asset Management, or his or her designee,

- shall have any control over the management of the Common Trust Fund other than to request admittance or withdrawal of any endowment or trust fund under his control as designated trustee thereof. No endowment or trust shall be admitted which contains a specific provision against commingling or whose investment restrictions prohibit purchase of securities as stated in Article II hereof.
4. The fiscal year for the Common Trust Fund shall be from September 1 through August 31 of the succeeding year.

ARTICLE II

Investments

1. All assets of the Common Trust Fund shall at all times be vested in the Board of Regents of The University of Texas System, and such assets shall be deemed to be held by the Board as a fiduciary regardless of the name in which the securities may be registered.
2. The Common Trust Fund may be invested and reinvested in such securities and investments as are permitted by the laws of the State of Texas as legal investments for funds held by trustees. Where not otherwise in conflict with the provisions of this plan, investment and other powers established by the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) shall prevail.
3. The Common Trust Fund shall be further limited to such investments as are eligible under The Common Trust Fund Investment Policy as adopted by the Board of Regents and as amended from time to time.

ARTICLE III

Asset Valuation

1. As of the first valuation date (March 1, 1948) following adoption of the original plans for a common trust fund, units of the Fund were issued for each \$1.00 invested therein, and thereafter additional units were issued and shall be issued from time to time only on the basis of an amount equal to the then per unit value as determined in accordance with Article III, Section 2, hereof. In order to permit complete investment of a given endowment or trust and to avoid fractional units, any donated amount will be assigned a whole number of units in the Fund based on the appropriate per unit value of the Fund. Any amount of the trust or endowment which exceeds the market value of the units assigned will be transferred to the Common Trust Fund, but no unit shall be issued. Each endowment or trust whose monies are invested in the Common Trust Fund shall have an undivided interest in such Fund in the proportion that the number of units invested therein bears to the total number of all units comprising the Common Trust Fund.

2. On or as of the last business day occurring in November, February, May, and August in each fiscal year (the quarterly evaluation date), the net market value of all assets held for the Common Trust Fund and the per unit value of the Fund shall be determined. Valuations shall be given no effect on the general ledger and supporting ledgers of the University but shall be memorandum accounts only. Such valuations shall be determined in the following manner:
 - a. Listed securities shall be valued at the closing price on the primary exchange on which the stock is traded or at the closing "composite price" as listed in the edition of "The Wall Street Journal" containing the valuation date's prices.
 - b. For Over the Counter (OTC) stocks, the stocks shall be valued at the last bid price.
 - c. If no sale or bid price is available for the last business day of the quarter, the security shall be valued as of the closest business day preceding the last business day of the quarter on which a sale or bid price is available.
 - d. Fixed income securities shall be valued at a price obtained from a recognized bond pricing service.
 - e. Mortgages and mortgage participations shall be evaluated by taking the then face value unless there shall be an existing default in the payment of principal and/or income; in which event, the value as determined by the Executive Vice Chancellor for Asset Management in consultation with his or her staff, from the best information then available, shall be used.
 - f. Cash and cash equivalents, consisting of market instruments with a maximum term of 270 days, shall be valued at their book value on the general ledger.
 - g. All other assets shall be valued by the Executive Vice Chancellor for Asset Management in consultation with his or her staff from the best information then available.

The amount determined as provided in (a) through (g) above, after deducting therefrom all expenses chargeable to principal, shall represent the net market value of the assets comprising such Fund; and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

ARTICLE IV

Admissions and Withdrawals

1. Admission to the Common Trust Fund may be made on any quarterly entrance date (September 1, December 1, March 1, and June 1 of each fiscal year) prior to approval of the Board of Regents upon deposit to the Common Trust Fund of cash or securities eligible under The Common Trust Fund Investment Policy, valued according to the method described in Article III hereof. Securities ineligible under The Common Trust Fund Investment Policy require prior approval of the Board of Regents for deposit to the Common Trust Fund.
2. All admissions made prior to approval of the Board of Regents shall be reported at the first subsequent meeting for ratification by the Board of Regents through the Regents' Land and Investment Committee.
3. Any withdrawals from the Fund require prior approval of the Board of Regents. Withdrawals shall be valued at the market value of the assigned units on the quarterly evaluation date following the approval by the Board of Regents. Withdrawals shall be paid in cash as soon as practicable after such valuation.

ARTICLE V

Segregation of Investments

1. If any investment contained in the Common Trust Fund shall be subsequently determined by the Board of Regents to be an ineligible investment, such investment may, prior to any further admissions to or withdrawals from such Fund, at the discretion of the Executive Vice Chancellor for Asset Management, be sold or segregated and set apart in a liquidating account solely for the benefit of those endowments or trusts participating in the Common Trust Fund at the time of such segregation.
2. Each such liquidating account shall be administered in such manner and the proceeds thereof distributed at such time or times as the Executive Vice Chancellor for Asset Management deems to be for the best interests of the participants in the Common Trust Fund.

ARTICLE VI

Fund Accounting

1. Gross cash income shall consist of actual cash received as income payments on assets held in the Fund. Net cash income shall be gross cash income less investment management fees and administrative processing and custodial fees.
2. Book value of the Fund shall be maintained on a cash receipts and disbursements basis except that bond premiums and discounts shall be amortized with discounts amortized to par on the final maturity date and premiums amortized to the

next call price on that call date and succeeding call prices and dates thereafter until maturity. Asset write-offs or write-downs shall be determined by the Executive Vice Chancellor for Asset Management.

3. Market value of the Fund shall be established as stated in Article III.
4. Any net cash income for a quarter which exceeds the distribution amount for the quarter shall be retained in the Income Reserve Account of the Fund. Such retained income shall not be assigned units in the Fund.

ARTICLE VII

Distribution of Income

1. Distribution shall be made quarterly as soon as practicable after the last calendar day of November, February, May, and August of each fiscal year to the endowment and trust funds participating in the Fund during the respective quarter. The distribution amount shall be the lesser of:
 - (a) one-fourth of an annual guideline amount per unit established by the Board of Regents and as redetermined from time to time by the Board of Regents; or
 - (b) the net cash income for the quarter plus the Income Reserve Account of the Fund.

ARTICLE VIII

Management of Fund

1. Unless in conflict with specific provisions hereof, the management and investment of the Common Trust Fund shall be under the Executive Vice Chancellor for Asset Management, such management and investment thereof to be in accordance with the provisions of the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) and The Common Trust Fund Investment Policy approved by the Board of Regents.

ARTICLE IX

Amendment or Termination of Plan

1. The Board of Regents reserves the right to amend or terminate the Common Trust Fund as it deems necessary or advisable.

- d. Amended the Investment Guidelines section of "The Common Trust Fund Investment Policy Statement" as set out below:

INVESTMENT GUIDELINES

The Fund must be invested at all times in strict compliance with the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) and other applicable law. The primary and constant standard for making investment decisions is the "Prudent Person Rule."

Investment restrictions include the following:

- ° All investments must be U. S. dollar denominated unless held by an investment manager retained to manage an international portfolio.
- ° No investments may be made in securities of the South African government, government agencies, or firms.
- ° Commercial paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
- ° Negotiable certificates of deposit must be with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- ° Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.
- ° Repurchase Agreements and Reverse Repurchase Agreements must be with a domestic dealer selected by the Federal Reserve as a primary dealer in U. S. Treasury securities; or a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- ° Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by the Executive Vice Chancellor for Asset Management prior to investment of Fund monies in such liquid investment fund. No requirement exists that such funds conform to the above restrictions on money market instruments.
- ° Corporate bonds and preferred stocks must be rated a minimum of Baa3 by Moody's Investors Service, Inc. or BBB- by Standard & Poor's Corporation, respectively, when purchased. Bonds rated below A3 and A- shall not constitute an excessive portion of the total bond portfolio. Unrated bonds or preferred stocks may be purchased prior to review by the Land and Investment Committee if, in the opinion of the System's investment staff, they are at least equal in quality to publicly offered securities eligible for purchase. The cost of unrated bonds and preferred stocks which have not been reviewed by the Land and Investment Committee may not exceed 1% of the book value of the Fund.

- ° No more than five percent of the voting securities of a corporation may be owned.
- ° No securities may be purchased or held which would jeopardize the Fund's tax exempt status.
- ° No securities may be purchased on margin or leverage.
- ° No transactions in short sales will be made.
- ° Transactions in financial futures and options (other than those received as part of an investment unit) may only occur as part of a hedging program authorized by the Land and Investment Committee.
- ° Unaffiliated investment managers transacting solely within their assigned assets:
 - shall hold no more than 25% of their managed portfolio in any one industry at cost unless the manager was retained to concentrate in an industry or industries.
 - shall hold no more than 10% of their managed portfolio in the securities of one corporation at cost.
 - shall not hold investment in real estate, partnerships, and other such illiquid assets unless retained to manage this type of asset and shall hold no more than 10% of their managed portfolio in any other asset category different than the type they were retained to manage. Short-term liquid investments are excluded from this limitation. Convertible securities are considered to be equity equivalents for purposes of this restriction.
 - shall hold no securities traded only in foreign markets unless they were retained to manage an international portfolio.

- e. Amended the Investment Guidelines section of the "Medical Malpractice Self-Insurance Fund Investment Policy Statement" as set out below:

INVESTMENT GUIDELINES

The Fund must be invested at all times in strict compliance with the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) and other applicable law. The primary and constant standard for making investment decisions is the "Prudent Person Rule."

Investment restrictions include the following:

- All investments must be U. S. dollar denominated unless held by an investment manager retained to manage an international portfolio.
- No investments may be made in securities of the South African government, government agencies, or firms.
- Commercial paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2), or Standard & Poor's Corporation (A1 or A2).
- Negotiable certificates of deposit must be with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.
- Repurchase Agreements and Reverse Repurchase Agreements must be with a domestic dealer selected by the Federal Reserve as a primary dealer in U. S. Treasury securities; or a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by the Executive Vice Chancellor for Asset Management prior to investment of Fund monies in such liquid investment fund. No requirement exists that such funds conform to the above restrictions on money market instruments.
- Corporate bonds and preferred stocks must be rated a minimum of Baa3 by Moody's Investors Service, Inc., or BBB- by Standard & Poor's Corporation, respectively, when purchased. Bonds rated below A3 and A- shall not constitute an excessive portion of the total bond portfolio. Unrated bonds or preferred stocks may be purchased prior to review by the Land and Investment Committee if, in the opinion of the System's investment staff, they are at least equal in quality to publicly offered securities eligible for purchase. The cost of unrated bonds and preferred stocks which have not been reviewed by the Land and Investment Committee may not exceed 1% of the book value of the Fund.

- ° No more than five percent of the voting securities of a corporation may be owned.
- ° No securities may be purchased or held which would jeopardize the Fund's tax exempt status.
- ° No securities may be purchased on margin or leverage.
- ° No transactions in short sales will be made.
- ° Transactions in financial futures and options (other than those received as part of an investment unit) may only occur as part of a hedging program authorized by the Land and Investment Committee.
- ° Unaffiliated investment managers transacting solely within their assigned assets:
 - shall hold no more than 25% of their managed portfolio in any one industry at cost unless the manager was retained to concentrate in an industry or industries.
 - shall hold no more than 10% of their managed portfolio in the securities of one corporation at cost.
 - shall not hold investment in real estate, partnerships, and other such illiquid assets unless retained to manage this type of asset and shall hold no more than 10% of their managed portfolio in any other asset category different than the type they were retained to manage. Short-term liquid investments are excluded from this limitation. Convertible securities are considered to be equity equivalents for purposes of this restriction.
 - shall hold no securities traded only in foreign markets unless they were retained to manage an international portfolio.

RECONVENE.--At 3:55 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Blanton reported that the Board had met in Executive Session in the Regents' Conference Room to discuss matters in accordance with Article 6252-17, Sections 2(e), (f) and (g) of Vernon's Texas Civil Statutes. In response to Chairman Blanton's inquiry regarding the wishes of the Board, the following actions were taken:

1. U. T. Medical Branch - Galveston: Settlement of Medical Malpractice Litigation - Marks Thomas and Tamara Thomas.-- Regent Yzaguirre moved that the Office of the Chancellor and the Office of General Counsel be authorized to settle on behalf of The University of Texas Medical Branch at Galveston the medical malpractice lawsuit filed by Marks Thomas and Tamara Thomas in accordance with the proposal presented in Executive Session.

Regent Hay and Vice-Chairman Ratliff seconded the motion which carried by unanimous vote.

2. U. T. Medical Branch - Galveston: Texas Department of Corrections Hospital, Graves Hospital and Ambulatory Care Center - Settlement of Litigation Involving Brinderson Corporation, Irvine, California.-- Upon motion of Regent Hay, seconded by Vice-Chairman Ratliff and Regent Yzaguirre, the Office of the Chancellor and the Office of General Counsel were authorized to settle the litigation involving the Brinderson Corporation, Irvine, California, and The University of Texas Medical Branch at Galveston (Texas Department of Corrections Hospital, Graves Hospital and Ambulatory Care Center) in accordance with the parameters recommended in Executive Session.

In addition, the Board authorized the Executive Vice Chancellor for Health Affairs and the Office of General Counsel to determine appropriate sources of funding for this settlement and to effectuate such transfers of funds as are necessary to conclude the settlement.

3. U. T. Health Science Center - Houston: Settlement of Medical Malpractice Litigation - Diana Baldrige, et al.-- Regent Yzaguirre moved that the Office of the Chancellor and the Office of General Counsel be authorized to settle on behalf of The University of Texas Health Science Center at Houston the medical malpractice lawsuit filed by Diana Baldrige, et al, in accordance with the proposal presented in Executive Session.

Regent Barshop and Vice-Chairman Ratliff seconded the motion which prevailed without objection.

4. U. T. System: Consideration of Negotiated Acquisition or Lease of Real Property in Travis County, Texas (SEMATECH Proposal).--Chairman Blanton reported that the Board heard a report on the SEMATECH proposal from the Office of the Chancellor related to the negotiated acquisition or lease of real property in Travis County, Texas, for the benefit of The University of Texas System and that no action by the Board was necessary at this time.

5. U. T. System: Consideration of the Appointment of an Administrative Officer of the System Related to the Regents' Rules and Regulations, Part One, Chapter II, Section 7.2 (Vice Chancellor and General Counsel).--Chairman Blanton reported that the Board heard a report from Chancellor Mark on the proposed appointment of an administrative officer of The University of Texas System (Vice Chancellor and General Counsel) and that it was determined that no action by the Board was appropriate at this time.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

Regent Yzaguirre, a member of the Board for Lease of University Lands, submitted the following report on behalf of that Board:

Report

The Board for Lease of University Lands met on October 29, 1987, in Midland, Texas, and offered by sealed bids 20,890 acres for oil and gas lease on lands located in Crane, Crockett, Irion, Reagan, Schleicher and Upton Counties, Texas. Thirty-eight high bids were received and there were no bids on thirty tracts.

Total high bonus was \$1,524,897 for 12,110 acres leased with a \$126 average per acre bonus.

The highest bonus bid of \$227,054 was submitted by Atlantic Richfield Company for a 324-acre tract in Upton County. This was also the highest per acre bid being \$701 per acre and the only other bid on this tract was \$309 per acre.

Leede Exploration was the high bidder with a total high bonus of \$479,508 on thirteen tracts.

All leases provide for a one-fourth royalty, five-year terms and annual rentals of \$5.00 per acre for years two and three, and \$10.00 per acre for years four and five of the lease.

The Board approved the next lease sale to be in Midland on February 18, 1988, with acreage to be offered for sealed bid in Crane, Loving, Pecos, Terrell, Ward and Winkler Counties.

REPORT OF SPECIAL COMMITTEE

U. T. Dallas - Special Committee on Endowment Lands in Collin and Dallas Counties, Texas: Approval of One Year Moratorium on Future Sale of Endowment Lands in Synergy Park.--Regent Beecherl presented the following report of the Special Committee on Endowment Lands in Collin and Dallas Counties, Texas, which was adopted by unanimous vote:

Report

Following the meeting of the Board of Regents on October 9, 1987, the Special Committee on Endowment Lands in Collin and Dallas Counties, Texas, met to consider formulation of a policy for the future lease or sale of The University of Texas at Dallas Endowment Lands in Synergy Park.

The Special Committee recommended that there be an immediate one year moratorium on any future contracts for sale of land in Synergy Park. All contracts and options to purchase land in the Park which were approved prior to October 9, 1987, shall remain valid until exercised or terminated. Staff efforts to lease this land will continue.

OTHER MATTERS

1. U. T. System: Report by Chancellor Mark on Strategic Planning Programs.--Chairman Blanton called on Chancellor Mark to brief the Board on the strategic planning programs within The University of Texas System.

Chancellor Mark reported that strategic planning programs for the components of the U. T. System were mandated by the Board in 1982 and that the programs are updated every two years. A written plan is required of each institution and those plans are reviewed by the Office of the Chancellor and approved by the Board.

With the aid of slides, Dr. Mark reviewed the major factors associated with the planning process: student population and employment, research and diagnostic equipment advances, changing modes in health care delivery, public concerns related to economic development and access to higher education, special regional needs, quality of services to undergraduates and indigent health care. He noted that the fundamental capabilities and objectives of the U. T. System are: faculty recruitment and retention, administration and support, physical plant, research facilities and endowments and reviewed each in detail.

In conclusion, Chancellor Mark summarized the goals that the U. T. System would like to accomplish in calendar year 1988 and stated that these goals and objectives are realistic:

1. Acquire national laboratory status for Center for Electromechanics at Balcones Research Center
2. Enhance fund raising for the Institute of Biotechnology in San Antonio
3. Create initiatives with the long duration space flight center in Houston
4. Establish research relationship between U. T. El Paso and White Sands and raise funds for the Institute for Advanced Manufacturing
5. Secure Coordinating Board approval of selected doctoral programs at U. T. El Paso and an expanded research role
6. Complete fund raising for U. T. Permian Basin Center for Energy and Economic Diversification
7. Secure Coordinating Board approval of engineering building and Ph.D in Engineering at U. T. Dallas
8. Secure private support for major liberal arts center at U. T. Tyler
9. Elect more faculty to national academies of science and engineering

At the conclusion of the presentation, Chairman Blanton commended the leadership of the Office of the Chancellor for the quality of the academic planning programs and the diligence of their efforts.

2. U. T. Board of Regents: Certificate of Appreciation to Mr. James L. Crowson, Vice Chancellor and General Counsel of The University of Texas System.--Chairman Blanton recognized Vice-Chairman Ratliff who noted that Mr. James L. Crowson, Vice Chancellor and General Counsel of The University of Texas System, had been offered an outstanding challenge and opportunity in the private sector. He stated that through service both at the component level and in System Administration Mr. Crowson had contributed in an extraordinary way to the development and enrichment of the U. T. System and that his wise counsel, legal expertise and remarkable knowledge of the fiscal and statutory details regarding higher education have served this Board and the U. T. System with honor, loyalty and complete devotion.

In recognition of Mr. Crowson's seventeen years of dedicated and distinguished service to the U. T. System, Vice-Chairman Ratliff read and presented the Certificate of Appreciation set out on Page 112.

CERTIFICATE OF APPRECIATION

The Board of Regents
of
The University of Texas System

Expresses to

JAMES L. CROWSON

Sincere Appreciation for His Leadership
and Distinguished Service as

Vice Chancellor and General Counsel
for
The University of Texas System

1980 - 1987

Adopted by unanimous vote this 3rd day of December 1987

(signed by all members of the Board)

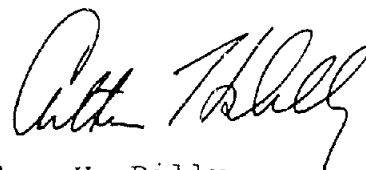
Vice Chancellor Crowson graciously accepted this accolade and expressed appreciation to the Board for the opportunity to serve The University of Texas System.

3. U. T. Southwestern Medical Center - Dallas: Recognition of Mr. Julius E. Weeks, Executive Vice President for Administration and Business Affairs.--Chairman Blanton announced that Mr. Julius E. Weeks, Executive Vice President for Administration and Business Affairs at The University of Texas Southwestern Medical Center at Dallas, would be retiring effective January 31, 1988.

Chairman Blanton expressed appreciation for Mr. Weeks' twenty years of service to The University of Texas System and wished him well on his future endeavors.

SCHEDULED MEETING.--Chairman Blanton announced that the next meeting of the U. T. Board of Regents would be held on February 11, 1988, at The University of Texas at San Antonio.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 4:35 p.m.



Arthur H. Dilly
Executive Secretary

December 9, 1987

1043