

J. Taylor

Meeting No. 851

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

VOLUME XXXVIII - B

Pages 1 - 92

December 6, 1990

Houston, Texas

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 OF  
 THE UNIVERSITY OF TEXAS SYSTEM  
 DECEMBER 6, 1990  
 HOUSTON, TEXAS

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MEETING NO. 851

THURSDAY, DECEMBER 6, 1990.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:25 a.m. on Thursday, December 6, 1990, in Conference Rooms A & B of the R. Lee Clark Clinic Building at The University of Texas M.D. Anderson Cancer Center, Houston, Texas, with the following in attendance:

ATTENDANCE.--

Present

Chairman Beecherl, presiding  
Vice-Chairman Barshop  
Vice-Chairman Roden  
Regent Blanton  
Regent Cruikshank  
Regent Loeffler  
Regent Moncrief  
Regent Ramirez  
Regent Ratliff

Absent

Executive Secretary Dilly

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

Chairman Beecherl announced a quorum present and called the meeting to order. He noted that The University of Texas System Faculty Advisory Group would be meeting later today and stated the Board was pleased to have them as guests.

WELCOME BY CHARLES A. LEMAISTRE, M.D., PRESIDENT OF THE UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER.--Chairman Beecherl stated that the Board was pleased to be meeting in Houston and to participate in the inaugural activities for the 50th Anniversary of The University of Texas M.D. Anderson Cancer Center. He then called on Charles A. LeMaistre, M.D., President of the U. T. M.D. Anderson Cancer Center, for any welcoming remarks on behalf of the host institution.

On behalf of the faculty and staff of the U. T. M.D. Anderson Cancer Center, President LeMaistre welcomed the members of the Board and other guests to Houston.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON OCTOBER 12, 1990.--Upon motion of Regent Moncrief, seconded by Vice-Chairman Barshop and Regent Blanton, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on October 12, 1990, in Dallas, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XXXVIII, Pages 1 - 557.

SPECIAL ITEM

U. T. Board of Regents: (a) Adoption of Resolution Authorizing Execution of a First Supplemental Escrow Agreement Amending the Permanent University Fund Refunding Bonds, Series 1985, Escrow Agreement; (b) Authorization for the Office of Asset Management to Restructure the Permanent University Fund Refunding Bonds, Series 1985, Escrow Fund; (c) Authorization for Sale of Escrow Fund Securities to Lovett Underwood Neuhaus & Webb, Houston, Texas, and Purchase of Resolution Funding Corporation Securities; and (d) Appointment of Vinson and Elkins, Austin, Texas, as Bond Counsel, and Ernst & Young, Tucson, Arizona, as Escrow Verification Agent.--At the request of Chairman Beecherl, Executive Vice Chancellor for Asset Management Patrick reviewed the recommendations related to the restructuring of the Permanent University Fund Bonds, Series 1985.

Based upon this presentation and without objection, the Board:

- a. Adopted the resolution set forth on Pages 4 - 9 authorizing the execution of a First Supplemental Escrow Agreement amending the Board of Regents of The University of Texas System Permanent University Fund Refunding Bonds, Series 1985, Escrow Agreement to permit the restructuring of the Escrow Fund
- b. Authorized the Office of Asset Management to restructure the Permanent University Fund Refunding Bonds, Series 1985, Escrow Fund by substituting currently escrowed securities with Resolution Funding Corporation interest component securities and U. S. Treasury strips
- c. Authorized the simultaneous sale of Escrow Fund securities to Lovett Underwood Neuhaus & Webb, Houston, Texas, and, from sale proceeds, purchase of the Resolution Funding Corporation interest component securities and U. S. Treasury strips, provided that the net realized gain from the transaction exceeds \$200,000
- d. Appointed Vinson and Elkins, Austin, Texas, as Bond Counsel
- e. Appointed Ernst & Young, Tucson, Arizona, as escrow verification agent.

Escrow restructuring involves the sale of selected securities held in escrow as security for the refunded or defeased bond issues and the substitution of purchased securities with certain yield or maturity characteristics which enhance the efficiency of the escrow and provide cash savings to the issuer.

On July 25, 1990, the Office of the Attorney General of Texas released a letter approving the use of the interest component of Resolution Funding Corporation (REFCO) bonds as eligible securities for escrow accounts established to effect a legal defeasance of bonds outstanding.

On October 10, 1990, the Internal Revenue Service announced that issuers of municipal bonds issued after December 31, 1983, could invest bond proceeds in REFCO's without running afoul of a tax code prohibition against Federal guarantees of municipal bonds.

Savings to the U. T. System are gained as a result of the current increased yield afforded by the REFCO interest strips over direct U. S. Treasury obligations. These savings, net of legal and accounting fees, will be remitted to the State Treasury for credit to U. T. System's portion of the Available University Fund.

RESOLUTION  
AUTHORIZING THE EXECUTION OF A FIRST SUPPLEMENTAL  
ESCROW AGREEMENT AMENDING THAT CERTAIN  
ESCROW AGREEMENT DATED AS OF OCTOBER 15, 1985  
RELATING TO THE REFUNDING OF  
THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM  
PERMANENT UNIVERSITY FUND BONDS, SERIES 1966,  
PERMANENT UNIVERSITY FUND BONDS, NEW SERIES 1967, 1968, 1969,  
1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978,  
1979, 1980, 1981, 1983, 1983-A AND 1984,  
AND CONSTITUTIONAL AMENDMENT PERMANENT UNIVERSITY FUND BONDS,  
SERIES 1985 AND 1985-A

WHEREAS, it is necessary and advisable that the Board of Regents of The University of Texas System (the "Board") enter into the first supplemental escrow agreement hereinafter authorized with NCNB Texas National Bank, Dallas, Texas for the purpose of amending that certain Escrow Agreement dated as of October 15, 1985 (the "Escrow Agreement") between the Board and InterFirst Bank Dallas, N.A., Dallas, Texas (now NCNB Texas National Bank, Dallas, Texas) relating to the refunding, through the issuance of the Board's Permanent University Fund Refunding Bonds, Series 1985, of the following obligations of the Issuer (collectively, the "Refunded Obligations"): Permanent University Fund Bonds, Series 1966, dated July 1, 1966, issued in the original aggregate principal amount of \$11,000,000; Permanent University Fund Bonds, New Series 1967, dated July 1, 1967, issued in the original aggregate principal amount of \$14,000,000; Permanent University Fund Bonds, New Series 1968, dated July 1, 1968, issued in the original aggregate principal amount of \$15,000,000; Permanent University Fund Bonds, New Series 1969, dated July 1, 1969, issued in the original aggregate principal amount of \$7,000,000; Permanent University Fund Bonds, New Series 1970, dated July 1, 1970, issued in the original aggregate principal amount of \$7,500,000; Permanent University Fund Bonds, New Series 1971, dated July 1, 1971, issued in the original aggregate principal amount of \$9,000,000; Permanent University Fund Bonds, New Series 1972, dated July 1, 1972, issued in the original aggregate principal amount of \$9,000,000; Permanent University Fund Bonds, New Series 1973, dated July 1, 1973, issued in the original aggregate principal amount of \$11,000,000; Permanent University Fund Bonds, New Series 1974, dated July 1, 1974, issued in the original aggregate principal amount of \$11,000,000; Permanent University Fund Bonds, New Series 1975, dated July 1, 1975, issued in the original aggregate principal amount of \$14,000,000; Permanent University Fund Bonds, New Series 1976, dated July 1, 1976, issued in the original aggregate principal amount of \$16,000,000; Permanent University Fund Bonds, New Series 1977, dated July 1, 1977, issued in the original aggregate principal amount of \$20,000,000; Permanent University Fund Bonds, New Series 1978, dated July 1, 1978, issued in the original aggregate principal amount of \$21,000,000; Permanent University Fund Bonds, New Series 1979, dated July 1, 1979, issued in the original

aggregate principal amount of \$21,000,000; Permanent University Fund Bonds, New Series 1980, dated July 1, 1980, issued in the original aggregate principal amount of \$26,000,000; Permanent University Fund Bonds, New Series 1981, dated July 1, 1981, issued in the original aggregate principal amount of \$43,000,000; Permanent University Fund Bonds, Series 1983, dated January 1, 1983, issued in the original aggregate principal amount of \$54,000,000; Permanent University Fund Bonds, Series 1983-A, dated October 1, 1983, issued in the original aggregate principal amount of \$33,000,000; Permanent University Fund Bonds, Series 1984, dated July 1, 1984, issued in the original aggregate principal amount of \$34,000,000; Constitutional Amendment Permanent University Fund Bonds, Series 1985, dated February 1, 1985, issued in the original aggregate principal amount of \$54,000,000; and Constitutional Amendment Permanent University Fund Bonds, Series 1985-A, dated August 1, 1985, issued in the original aggregate principal amount of \$75,000,000;

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

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

Section 2. That, upon its execution and delivery by the parties thereto, the First Supplemental Agreement shall constitute a binding and enforceable agreement of the Board in accordance with its terms and provisions.

Section 3. That the Board hereby finds and determines that the amendments to the Escrow Agreement made by the First Supplemental Agreement, and the carrying out of the actions permitted by such amendments in accordance with the requirements of the First Supplemental Agreement, will not adversely affect the owners of the Refunded Obligations.

Section 4. That the Escrow Agreement, as amended and supplemented by the First Supplemental Agreement, is ratified and approved hereby and shall remain in full force and effect, as so amended.

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FIRST SUPPLEMENTAL

ESCROW AGREEMENT

THIS FIRST SUPPLEMENTAL ESCROW AGREEMENT, dated as of December 1, 1990 (herein called the "First Supplemental Agreement") is entered into by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (herein called the "Issuer") and NCNB TEXAS NATIONAL BANK, Dallas, Texas (formerly InterFirst Bank Dallas, N.A., Dallas, Texas), as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent").

W I T N E S S E T H :

WHEREAS, by resolution of the Issuer dated October 24, 1985 (the "Bond Resolution") the Issuer has heretofore authorized and has entered into an escrow agreement with the Escrow Agent dated as of October 15, 1985 (the "Original Agreement" and, together with any amendments or supplements thereto, including this First Supplemental Agreement, the "Agreement"), for the purpose of providing for the safekeeping, investment, administration and disposition of a deposit made by the Issuer with the Escrow Agent as a firm banking and financial arrangement for the discharge and final payment of certain obligations of the Issuer (the "Refunded Obligations," as defined in the Original Agreement);

WHEREAS, the Issuer desires to amend the Original Agreement in order to permit a sale and replacement of certain of the securities held to the credit of the Escrow Fund created under the Section 3.01 of the Escrow Agreement, in order to realize substantial economic benefits to the Issuer and provide continued firm banking and financial arrangement for the discharge and final payment of the Refunded Obligations;

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

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

Section 1. Definitions. The terms "First Supplemental Agreement," "Issuer," "Escrow Agent," "Original Agreement" and

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

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

Section 4.03. Substitution for Escrowed Securities.

At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Obligations or direct obligations of, or obligations the principal of and interest on which is unconditionally guaranteed by, the United States of America, which do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent only if: (i) the Escrow Agent shall have received a written opinion from a nationally recognized firm of certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount sufficient to provide for the payment of principal of, redemption premium on and interest on the Refunded Obligations as they become due pursuant to Section 3.02 and 3.03 of this Agreement; and (ii) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel to the effect that such transaction will not violate applicable laws of the State of Texas or the terms of this Escrow Agreement, and will not cause any of the Refunding Obligations to be an "arbitrage bond" within the meaning of Section 103(c) of the Code. The Issuer agrees that, in the event that the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of any Escrowed Securities under this paragraph at the request of the Issuer, and apply the proceeds therefrom to purchase any Refunded Obligations, the Issuer promptly shall cancel or cause to be cancelled any Refunded Obligations so purchased, so that such Refunded Obligations thereafter shall no longer be outstanding for any purpose.

In addition to the substitution permitted by the foregoing paragraph, the Issuer, concurrently with the sale and delivery of the Refunding Obligations to the initial purchaser thereof, may substitute cash or non-

interest bearing direct obligations of the United States Treasury (i.e., Treasury obligations that mature and are payable in a stated amount on the maturity date thereof, and for which there are no payments other than the payment made on the maturity date), which do not permit the redemption thereof at the option of the obligor, for non-interest bearing Escrowed Securities, if any, listed in part IV of Exhibit D attached hereto, but only if such cash and/or substituted non-interest bearing direct obligations of the United States Treasury -

- (a) are in an amount, and/or mature in an amount, that, together with any cash substituted for such obligations, is equal to or greater than the amount payable on the maturity date of the obligation listed in part IV of Exhibit D for which such obligation is substituted, and
- (b) mature on or before the maturity date of the obligation listed in part IV of Exhibit D for which such obligation is substituted.

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

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

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

EXECUTED as of the date first written above.

BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM

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

NCNB TEXAS NATIONAL BANK  
Dallas, Texas

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

ATTEST:

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

(CORPORATE SEAL)

\uc\escrow.egt

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 10:30 a.m., the Board recessed for the meetings of the Standing Committees and Chairman Beecherl 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 of those committees are set forth on the following pages.

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 11 - 23).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Beecherl 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. Permanent University Fund: Authorization for the Chancellor to Execute a Surface Lease Agreement with The MITRE Corporation, Bedford, Massachusetts, Covering Approximately 2,000 Acres of Permanent University Fund Lands in Loving, Ward, and Winkler Counties, Texas (Exec. Com. Letter 91-2).--Upon recommendation of the Executive Committee, the Board authorized the Chancellor to execute, after approval by the Office of General Counsel, the surface lease agreement set out on Pages 12 - 18 by and between the Board of Regents of The University of Texas System and The MITRE Corporation, Bedford, Massachusetts, covering approximately 2,000 acres of Permanent University Fund Lands in Loving, Ward, and Winkler Counties, Texas, to be used for research involving future radar systems. The lease will be for a period of ten years with an option to extend for an additional ten years.

The MITRE Corporation has offered to conduct a long-term project involving research into ionospheric propagation of signals and atmospheric noise in the HF band and other related scientific purposes. The MITRE Corporation will pay \$3.00 per acre per year for the use of the surface. The U. T. Board of Regents will continue to receive income from its existing grazing lease, but the lease with MITRE will terminate all hunting privileges. The \$3.00 per acre received from MITRE will more than compensate the loss of income from the hunting rights. Oil and gas leases will be permitted on the acreage involved, but other mineral leases and water contracts will not be permitted during the lease term. However, the current prospects of other minerals in commercial quantities on this acreage are remote.

MITRE will invest several million dollars of its own funds for a start-up program and may seek federal research funds for this project at a later date.

**SURFACE LEASE AGREEMENT**

STATE OF TEXAS                    §  
   §  
 COUNTIES OF LOVING,           §                   KNOW ALL MEN BY THESE PRESENTS:  
       WARD and WINKLER           §

This Lease Agreement is made and entered into on this the 6th day of December, 1990, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM ("Lessors") and THE MITRE CORPORATION ("Lessee"), and the terms and conditions of this Lease Agreement are as follows:

I.

LEASED PREMISES TERM OF LEASE

For and in consideration of the rentals and other considerations to be paid or granted by Lessee to Lessor, Lessor does hereby lease unto Lessee, for research into ionospheric propaga-tion of signals and atmospheric noise in the HF band and other related scientific purposes, approximately 2,000 acres of land ("Leased Premises") described in Exhibit "A," attached hereto and made a part hereof. This Lease shall be for a ten-year period commencing on the date of execution of this Lease by Lessee, and with the Lessee having the option to extend and renew said Lease for an additional ten-year term by giving Lessor ninety (90) days' written notice of such intention to extend and renew such Lease.

II.

RENTALS

Lessee agrees to pay Lessor a rental of Three Dollars (\$3.00) per acre per year. The first payment shall be due within thirty (30) days after the execution of this Lease by all parties and the succeeding payments shall be due on or before the anniversary date of this Lease Agreement.

III.

USE OF PREMISES

Lessee is hereby given the right and privilege of using and enjoying the surface of the 2,000 acres described in Exhibit "A" for its experimental research described above, including the right and privilege of erecting and maintaining thereon all necessary and desirable appurtenances incidental to such scientific project, the

right to erect, maintain and use buildings and other structures, fixtures, equipment, or other improvements necessary or convenient for such purposes, together with the right to build roads, power and telephone lines, sewage disposal systems, and the right of ingress and egress to all installations located on the leased acreage described herein.

Lessee shall have the right to drill and operate water wells thereon and to erect and maintain tanks for the proper Storage of any such water so produced thereon.

Lessee shall have the right at any time during the term of this Lease to remove all improvements and equipment owned or placed by it on said premises as Lessee may elect.

Lessee shall not commit or suffer to be committed waste upon said premises, and shall keep said premises and the improvements and equipment thereon in good order and repair and in clean, safe and healthful condition, and shall comply with all State, Federal and local laws, rules and regulations with regard to the use and condition of the Leased Premises and improvements and equipment thereon.

It is AGREED and UNDERSTOOD that Lessor is not to be liable for any damages or injuries to any person or persons or property on account of the occupancy, use or improvements placed on said premises by the Lessee, its successors or assigns, but that Lessee, its successors or assigns, is to fully indemnify, protect and hold Lessor harmless against any such liability.

Lessee shall pay all charges connected with its operation of said premises, including all taxes, assessments and charges, general and specific, that may be levied or assessed against Lessee by reason of its use of said premises and improvements and equipment situated thereon.

This Lease and the rights and privileges hereby granted may be transferred or assigned by Lessee only after obtaining the written consent of Lessor to such transfer or assignment and the payment of the required fee.



It is further UNDERSTOOD and AGREED that the Lessee will comply with the Antiquities Code of Texas (Title 9, Chapter 191, Texas Resources Code). Lessee further agrees that title to archeological articles, objects or artifacts in or on the above described lands shall remain in said Board of Regents.

Lessee agrees that it will not authorize, permit or condone any hunting, use or possession of firearms, or any hunting weapons on the leased premises by any invitee, licensee representative, agent, servant or employee of Lessee.

IV.

GRAZING RIGHTS

It is UNDERSTOOD and AGREED that this Lease is made subject to any and all grazing leases covering the 2,000 acres involved in this Lease Agreement. Lessee agrees to conduct its operations in such a manner as to not interfere with the rights previously granted to the holders of the grazing rights. Lessee further agrees, upon written request of Lessor, to install a fence around any portion of Lessee's installation that are materially affecting the grazing rights of existing Lessees.

V.

MINERAL RESERVATIONS

Lessee expressly covenants and agrees that this Lease Agreement and the possession of the Leased Premises is taken, subject to the rights of lessees, their contractors and assigns under the terms of all oil and gas leases executed and effective as of the date hereof, or which may be executed or effective at any time during the term of this Lease Agreement. Without limiting the foregoing, Lessee covenants and agrees that Lessee will provide ingress and egress over the Leased Premises for oil and gas companies, geophysical companies and others to whom Lessor, by conveyance of oil and gas leases or geophysical permits have granted, or in the future, may grant permission to cross or use the Leased Premises for the purpose of exploration for or production of oil and gas. Use of the Leased Premises by lessees under any oil and gas leases granted by Lessor may include the exploration for

and the production of such oil and gas, and all operations incident thereto, including the location of drill sites within the Leased Premises.

Lessor agrees that it will use its best efforts to see that any oil and gas operations conducted on such Leased Premises will be conducted with the least possible interference with the operations of Lessee, and Lessor will issue its oil and gas leases with appropriate language to insure the protection of Mitre Corporation's equipment and fixtures located on any lands covered by this lease agreement, as well as the cooperation of such oil and gas Lessees.

VI.

TERMINATION

It is UNDERSTOOD and AGREED that Lessor shall have the right to declare this Agreement forfeited, canceled and terminated upon the breach by Lessee of any of the covenants, conditions and agreements contained herein; it being provided, however, that Lessor shall give Lessee written notice of such intention to forfeit, cancel and terminate this Agreement and the reasons therefor, and Lessee shall have thirty (30) days after receipt of such notice within which to rectify the breach or violation complained of.

It is UNDERSTOOD and AGREED that Lessee shall have the right to terminate this Lease upon giving Lessor thirty (30) days' notice.

VII.

PARAGRAPH HEADINGS

The paragraph headings contained in this Lease Agreement are for convenience only, and the same shall in no way enlarge or limit the scope or meaning of the Provisions of this Lease Agreement.

VIII.

NOTICES

The addresses for all purposes under this Lease Agreement shall be as follows:

LESSOR: Mr. Stephen F. Hartmann  
Manager, University Lands  
Surface Interests  
P. O. Drawer 553  
Midland, Texas 78702

COPY TO: Mr. Linward Shivers  
Senior Attorney  
The University of Texas System  
201 West 7th Street  
Austin, Texas 78701

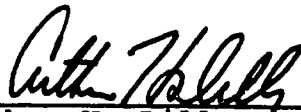
LESSEE: Mr. Barry M. Horowitz  
President  
THE MITRE CORPORATION  
Burlington Road  
Bedford, Massachusetts 01730


COPY TO: Mr. Charles D. D'Entremont  
Director, Contracting Office  
THE MITRE CORPORATION  
Burlington Road  
Bedford, Massachusetts 81730

SIGNED by the respective parties on the dates shown by the Notaries' acknowledgments and effective the 6th day of December, 1990.

ATTEST:

THE BOARD OF REGENTS OF  
THE UNIVERSITY OF TEXAS SYSTEM

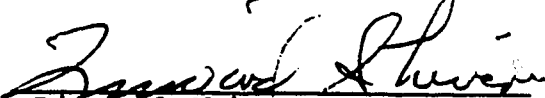
  
\_\_\_\_\_  
Arthur H. Dilly  
Executive Secretary

By:   
\_\_\_\_\_  
Hans Mark  
Chancellor

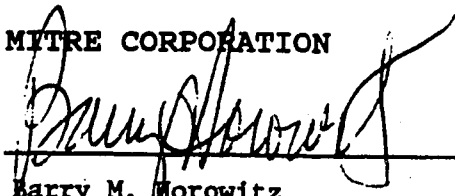
APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
Stephen F. Hartmann  
Manager, University Lands--  
Surface Interests

APPROVED AS TO FORM:

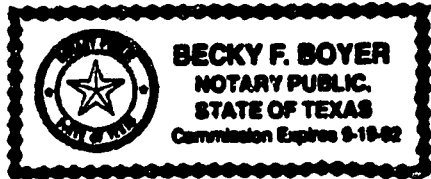
  
\_\_\_\_\_  
Linward Shivers  
Senior Attorney

THE MITRE CORPORATION

By:   
\_\_\_\_\_  
Barry M. Horowitz  
President & Chief Executive Officer

STATE OF TEXAS           §  
                                  §  
COUNTY OF TRAVIS       §

This instrument was acknowledged before me on the 14<sup>th</sup> day of November, 1990, by Hans Mark, Chancellor, for the Board of Regents of The University of Texas System on behalf of said Board.



Becky F. Boyer  
Notary Public in and for  
The State of Texas

COMMONWEALTH OF MASSACHUSETTS §  
                                  §  
COUNTY OF MIDDLESEX       §

This instrument was acknowledged before me on the 23<sup>rd</sup> day of November, 1990, by Barry M. Horowitz for The Mitre Corporation, on behalf of said corporation.

Charles D. D'Entremont  
Charles D. D'Entremont  
Notary Public in and for  
~~THE STATE OF MASSACHUSETTS~~  
The Commonwealth of Massachusetts  
My Commission Expires: April 12, 1996

AFTER RECORDING, RETURN TO:

Mr. Stephen F. Hartmann  
Manager, University Lands--  
Surface Interests  
P. O. Drawer 553  
Midland, Texas 78702

Mitre.Lse

EXHIBIT "A"

BEING 2,000 acres located in Ward, Winkler and Loving Counties, Texas, and to be mutually selected by the parties to this Lease Agreement.

2. U. T. System: Authorization to Renew Comprehensive Boiler and Machinery Insurance Policy with Arkwright Mutual Insurance Company, Waltham, Massachusetts, Effective Through October 1, 1993 (Exec. Com. Letter 91-3).--The Board, upon recommendation of the Executive Committee, renewed The University of Texas System comprehensive boiler and machinery insurance policy with Arkwright Mutual Insurance Company, Waltham, Massachusetts, through October 1, 1993, at an annual cost of \$60,000.

Premiums for this policy are prorated to each U. T. System component institution according to the equipment inventory value/risk of that institution.

3. U. T. Austin: Approval of Financial Disclosure Statements Submitted by Chief Administrative Officer (Exec. Com. Letter 91-3).--Pursuant to the requirements of Article 6252-9b of Texas Revised Civil Statutes Annotated, the current Appropriations Act, and U. T. Board of Regents' policy, the sworn financial disclosure statements for the chief administrative officer of The University of Texas at Austin, as filed with the Secretary of State, were submitted for review and approval by the U. T. Board of Regents.

The Executive Committee recommended and the Board approved the sworn financial disclosure statements of the chief administrative officer of U. T. Austin and found that these statements had been reviewed by the Executive Vice Chancellor for Academic Affairs, were in the form prescribed by the Secretary of State, and met the filing requirements of Texas law.

These statements are on file in the Office of the Board of Regents.

4. U. T. Health Science Center - San Antonio - Research Building (Project No. 402-666): Approval to Excuse Commercial Furniture Services, Inc., Houston, Texas, from the Bid on Base Proposal "E" (Lateral Files) Due to Errors in That Bid; and Award Contracts for Furniture and Furnishings to Architectural Interior Services, A Division of Finger Office Furniture, Houston, Texas; O. P. Corporate Furnishings, Inc., Austin, Texas; Wilson Business Products Systems and Services, Inc., San Antonio, Texas; CDM Contract Furnishings, Inc., Austin, Texas; Marshall Clegg Associates, Inc., San Antonio, Texas; Educational & Institutional Cooperative Service, Inc., Dallas, Texas; AFMA, Inc., dba Austin Business Furniture, Austin, Texas; American Desk Manufacturing Company, Taylor, Texas; Rockford Business Interiors, Inc., Austin, Texas; and N. B. Business Systems, Inc., Austin, Texas (Exec. Com. Letter 91-4).--Upon recommendation of the Executive Committee, the Board:

- a. Excused Commercial Furniture Services, Inc., Houston, Texas, from its bid on Base Proposal "E" (Lateral Files) for the Research Building at The University of Texas Health Science Center at San Antonio because of errors in that bid

- b. Awarded contracts for furniture and furnishings for the Research Building at U. T. Health Science Center - San Antonio to the following lowest responsive bidders:

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

Base Proposal "A"  
(Office Casework) \$ 93,662.94

Base Proposal "O"  
(Lab Chairs) 24,176.04

Total Contract Award to Architectural Interior Services,  
A Division of Finger Office  
Furniture \$117,838.98

O. P. Corporate Furnishings, Inc.  
Austin, Texas

Base Proposal "B"  
(Faculty Office Desk  
Chairs) 20,489.66

Base Proposal "C"  
(Faculty Office Visitor  
Chairs) 36,692.16

Base Proposal "H"  
(Landscape Workstations) 111,736.84

Base Proposal "K"  
(Conference Tables) 5,337.17

Total Contract Award to O. P.  
Corporate Furnishings, Inc. 174,755.83

Wilson Business Products Systems  
and Services, Inc., San Antonio,  
Texas

Base Proposal "D"  
(Directors Offices  
Conference Chairs) 15,302.22

Base Proposal "F"  
(Wood Bookcases) 48,449.37

Base Proposal "M"  
(Breakroom Seating) 9,146.38

Base Proposal "S"  
(Workroom Tables and  
Faculty Study Seating) 9,692.40

Base Proposal "T"  
(Miscellaneous Items) 27,712.14

Total Contract Award to Wilson  
Business Products Systems and  
Services, Inc. 110,302.51

CDM Contract Furnishings, Inc. Austin, Texas	
Base Proposal "E" (Lateral Files)	\$ 84,945.03
Marshall Clegg Associates, Inc. San Antonio, Texas	
Base Proposal "G" (Workstation and Staff Seating)	80,586.00
Educational & Institutional Cooperative Service, Inc. Dallas, Texas	
Base Proposal "I" (Steel Desks and Bookcases)	\$ 18,122.26
Base Proposal "J" (Seminar Seating)	10,718.74
Base Proposal "L" (CIAL and Ophthalmology Tables)	16,545.29
Total Contract Award to Educa- tional & Institutional Coopera- tive Service, Inc.	45,386.29
AFMA, Inc., dba Austin Business Furniture, Austin, Texas	
Base Proposal "N" (Ophthalmology Pathology Work Chairs)	4,120.00
American Desk Manufacturing Company Taylor, Texas	
Base Proposal "P" (Lab Tables)	9,396.00
Rockford Business Interiors, Inc. Austin, Texas	
Base Proposal "Q" (Breakroom Tables)	20,365.51
N. B. Business Systems, Inc. Austin, Texas	
Base Proposal "R" (Computer Workstations)	<u>\$ 4,761.90</u>
GRAND TOTAL CONTRACT AWARDS	\$652,458.05



5. U. T. M.D. Anderson Cancer Center - Functional and Space Programming Study for Future Expansion (Project No. 703-738): Approval to Increase Scope and Total Cost of Study and Additional Appropriation Therefor (Exec. Com. Letter 91-2).--At the February 1990 meeting of the U. T. Board of Regents, authorization was granted to prepare a functional programming and space planning study for future expansion at The University of Texas M.D. Anderson Cancer Center specifically relating to facilities to be placed in a new research and clinical facility currently referred to as the Bertner Street Building, while recognizing its relationship to overall campus requirements and plans.

The President of U. T. M.D. Anderson Cancer Center, with the approval of the Executive Vice Chancellor for Health Affairs and the Office of Facilities Planning and Construction, was authorized to appoint an architect/engineer team to prepare a study for consideration at a future meeting of the U. T. Board of Regents.

The joint venture of Morris\*Architects, Houston, Texas/Stone Marraccini Patterson (SMP), San Francisco, California, was selected after an extensive national search and interview process that included 12 firms interviewed by U. T. M.D. Anderson Cancer Center Administration and the U. T. System Office of Facilities Planning and Construction.

During interviews of candidate firms for this study, it became apparent that the institution did not have answers to many issues required to effectively develop a quality functional and space program.

Thus, the institution desires to develop a facilities plan that will not only define the space requirements for a complex array of functions, many of which are highly technical, but will also develop optimal placement of functions in both new and existing space to enhance operating efficiency and productivity and achieve the best possible site utilization.

The complexities of highly technical programs serving large numbers of inpatients and outpatients, the site constraints, the interface with existing older facilities that have significant infrastructure limitations, and the impact of additional square feet on existing support systems are issues that must be considered in depth in the facilities planning effort. These issues require a range of architectural and engineering expertise to plan hospital, diagnostic, surgical, research, and animal programs as well as the impacted support functions.

In accordance therewith, the Board, upon recommendation of the Executive Committee:

- a. Authorized an increase in the scope of the functional and space programming study for future expansion at the U. T. M.D. Anderson Cancer Center to include a facilities planning component and expanded programming effort
- b. Authorized an increase in the total cost of the study from \$300,000 to \$1,723,770 to cover all professional fees and administrative and miscellaneous expenses associated with completion of the comprehensive study

- c. Appropriated \$1,423,770 from U. T. M.D. Anderson Cancer Center Unappropriated Plant Fund Balances (previous appropriations have been \$300,000 from the same source).

The functional and space programming study will validate and refine previous planning assumptions developed by U. T. M.D. Anderson Cancer Center, including cost estimates, prior to the start of design. The fee proposal for this study is only a small percentage of the capital package over the next decade and is consistent with similar studies done at large academic health institutions across the nation.

6. U. T. Health Center - Tyler: Approval for Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 91-3).--  
The Executive Committee recommended and the Board approved the transfer of funds at The University of Texas Health Center at Tyler as set forth below:

Educational and General Funds

Amount of Transfer - \$1,170,000

From: Unappropriated Balance via Estimated Income	<u>\$1,170,000</u>
To: Institutional Programs:	
a. Merit Program	\$ 485,000
b. Patient Care Support	190,000
c. Repair & Renovation	135,000
d. Ambulatory Care Project	150,000
e. Patient Care Equipment	120,000
f. Software Upgrade	<u>90,000</u>
Total	<u>\$1,170,000</u>

(RBC #1)

REPORT AND RECOMMENDATIONS OF THE PERSONNEL AND AUDIT COMMITTEE (Page 24 ).--Committee Chairman Roden reported that the Personnel 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 action set forth in the Minute Order which follows was recommended by the Personnel and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

U. T. System: Permission for Mr. R. D. (Dan) Burck to Serve as a Member of the Governing Board for the Department of Information Resources [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for Mr. R. D. (Dan) Burck, Vice Chancellor for Business Affairs of The University of Texas System, to serve as a member of the governing board for the Department of Information Resources for a term to expire February 1, 1991. His service in this capacity is without compensation.

Governor Clements' appointment of Mr. Burck as a member of this board is of benefit to the State of Texas, creates no conflict with his regular duties in the U. T. System, 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.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 25 - 50).--Committee Chairman Barshop 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: Appointment of Dr. Howard J. Arnott and Dr. Vincent J. Bruno as Ashbel Smith Professors Effective February 1, 1991.--The Board, upon recommendation of the Academic Affairs Committee, appointed Dr. Howard J. Arnott, Professor of Biology, and Dr. Vincent J. Bruno, Professor of Art, as Ashbel Smith Professors at The University of Texas at Arlington effective February 1, 1991.
  
2. U. T. Austin: Permission for Dr. Manuel J. Justiz to Serve as a Member of the National Board of the Fund for the Improvement of Postsecondary Education [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was given for Dr. Manuel J. Justiz, Dean of the College of Education and holder of the A. M. Aikin Regents Chair in Education Leadership in the College of Education at The University of Texas at Austin, to serve as a member of the National Board of the Fund for the Improvement of Postsecondary Education effective immediately and extending through August 31, 1993. His service on this Board is without compensation other than an honorarium of \$100 per day plus per diem and travel expenses when attending meetings.

Dr. Justiz's appointment to this Board by U. S. Secretary of Education Lauro Cavazos is of benefit to the State of Texas, creates no conflict with his regular duties at U. T. Austin, 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.

3. U. T. Austin: Approval in Concept of a Commemorative Statue of Dr. Martin Luther King, Jr., and Authorization of a Private Fund Development Campaign to Purchase the Statue (Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44).--Following opening remarks by President Cunningham, who presented a drawing and a bust of the proposed statue, the Board approved in concept a commemorative statue of Dr. Martin Luther King, Jr., designed by Mr. Eddie Dixon of Lubbock, Texas, and authorized a private fund development campaign pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44, to raise funds to purchase the statue to be erected on The University of Texas at Austin campus.

Several U. T. Austin registered student organizations initiated the proposal for a statue of Dr. King and will provide the leadership for the fundraising effort. The cost of the project is estimated to range between \$150,000 and \$400,000, depending on negotiations and final design decisions, to be financed totally from gift funds.

The completed statue will be a cast bronze single figure, slightly larger than life-size. Upon completion, it is anticipated that the statue will be located in the area of the East Mall between Speedway and the East Mall Fountain.

4. U. T. Austin: Approval of (a) Agreements of Cooperation with The Institute of Water Resources and Hydroelectric Power Research, Beijing, China; Univerzita Karlova, Prague, Czechoslovakia; and Han Nam University, Taejon, Korea; and (b) Exchange Agreement with Kyung Hee University, Seoul, Korea; and Authorization for Executive Vice Chancellor for Academic Affairs to Execute Agreements.--

Approval was given to three agreements of cooperation and an exchange agreement between The University of Texas at Austin, for and on behalf of the Lyndon B. Johnson School of Public Affairs, and the following international institutions:

- a. The Institute of Water Resources and Hydroelectric Power Research, Beijing, China  
(Pages 27 - 29)
- b. Univerzita Karlova, Prague, Czechoslovakia  
(Pages 30 - 33)
- c. Han Nam University, Taejon, Korea  
(Pages 34 - 38)
- d. Kyung Hee University, Seoul, Korea  
(Pages 39 - 41).

Further, the Executive Vice Chancellor for Academic Affairs was authorized, on behalf of the U. T. Board of Regents, to execute these agreements with the understanding that any and all specific agreements arising from each agreement are to be submitted for prior administrative review and subsequent approval as required by the Regents' Rules and Regulations.

The agreements of cooperation and the exchange agreement are designed to promote academic and research cooperation and collaboration between U. T. Austin and each of the other institutions.

**Agreement of Cooperation  
Between  
The University of Texas at Austin (U.S.A.)  
and**

**The Institute of Water Resources and Hydroelectric Power Research (Beijing, China)**

The University of Texas at Austin (hereafter referred to as "U.T. Austin"), and The Institute of Water Resources and Hydroelectric Power Research, Beijing, China (hereafter referred to as "the Institute") enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions. All cooperative programs undertaken through this agreement shall be subject to approval by the appropriate officials of U.T. Austin and the Institute and shall be in accordance with the laws of the respective countries.

**Stipulations**

I. The President, U.T. Austin, and the Director of the Institute, shall each designate a coordinator to oversee and facilitate the implementation of this agreement. These two coordinators, working with other appropriate administrators at the respective universities, shall have the following responsibilities:

- a. to promote academic collaboration at both faculty and graduate student levels for research, study, and discussion;
- b. to identify/define areas of possible interest and collaboration; and
- c. to distribute to each institution information about the faculty, facilities, research and publications, library materials, and educational resources of the other institution.

II. Exchanges of faculty and staff members between U.T. Austin and the Institute for research, teaching, and other educational purposes is one intended activity under this agreement.

- a. The coordinators shall facilitate and encourage the identification of appropriate research projects and institutes, courses, and other opportunities for cooperation.
- b. U.T. Austin faculty invited to teach courses or conduct research at the Institute shall be subject to the rules, regulations, policies, and practices of U.T. Austin with respect to approvals and arrangements for leaves of absence and related matters. While teaching courses or conducting research at the Institute, U.T. Austin faculty shall be subject to the rules, regulations, policies, and practices of the Institute. Financial arrangements for such faculty shall be determined by the Institute.
- c. Institute staff invited to teach courses or conduct research at U.T. Austin shall be subject to the rules, regulations, policies, and practices of the Institute with respect to approvals and arrangements for leaves of absence and related matters. While teaching courses or conducting research at U.T. Austin, Institute staff shall be subject to the rules, regulations, policies, and practices of U.T. Austin. Financial arrangements for such faculty activities be determined by U.T. Austin.

**Agreement of Cooperation Between  
The University of Texas at Austin and  
The Institute of Water Resources and Hydroelectric Power Research, Beijing  
Page 2 of 2**

**III. Short-term or extended study -- either formal or applied in nature -- by students or staff from either the Institute or U.T. Austin in the other institution is another intended activity under this agreement.**

**a. . . All regular requirements for admission to U.T. Austin programs - including satisfactory TOEFL (Test of English as a Foreign Language) and GRE (Graduate Record Exam) scores - must be met by Institute staff desiring to study at U.T. Austin.**

**b. The usual requirements for entry to the Institute must be met by U.T. Austin students desiring to study at the Institute.**

**c. After being approved by the Institute coordinator for this agreement, staff applications for admission to U.T. Austin should be sent - with all required supporting documents, materials, and fees - directly to the U.T. Austin coordinator who can monitor the status of the applications.**

**d. After being approved by the U.T. Austin coordinator for this agreement, U.T. Austin student applications for entry to the Institute should be sent - with all required supporting documents, materials, and fees - directly to the Institute coordinator, who will monitor the status of the applications.**

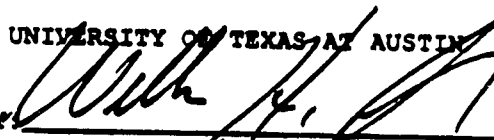
**IV. The scope of activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either university from external sources.**

**V. Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least ninety days advance notice of the intention to terminate. Termination shall be without penalty. If this agreement is terminated, U.T. Austin and the Institute agree not to hold the other institution liable for any monetary or other losses which may result.**

Agreement of Cooperation Between  
The University of Texas at Austin and  
The Institute of Water Resources and Hydroelectric Power Research, Beijing  
Page 3 of 3

EXECUTED by the Board of Regents of The University of Texas System and The Institute of Water Resources and Hydroelectric Power Research, Beijing, China on the day and year first above written, in duplicate copies, each of which shall be deemed an original.

THE UNIVERSITY OF TEXAS AT AUSTIN

BY:   
William H. Cunningham

TITLE: President

THE INSTITUTE OF WATER RESOURCES AND  
HYDROELECTRIC POWER RESEARCH,  
BEIJING, CHINA

BY: \_\_\_\_\_  
Chen Bingxin, Ph.D.

TITLE: Director

FORM APPROVED:

BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM

\_\_\_\_\_  
Office of General Counsel

BY: \_\_\_\_\_  
James P. Duncan  
Executive Vice Chancellor for  
Academic Affairs

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the \_\_\_\_\_ day of \_\_\_\_\_, 1990 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

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



AGREEMENT OF COOPERATION  
BETWEEN  
THE UNIVERSITY OF TEXAS AT AUSTIN (U.S.A.)  
AND  
UNIVERZITA KARLOVA (CZECHOSLOVAKIA)

**AGREEMENT OF COOPERATION  
UT AUSTIN/U.K. PRAGUE**

The University of Texas at Austin (hereafter referred to as "U.T. Austin"), through the Lyndon B. Johnson School of Public Affairs, and the Univerzita Karlova in Czechoslovakia (hereafter referred to as "U.K. Prague") enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions. All cooperative programs undertaken through this agreement shall be subject to approval by the appropriate officials of U.T. Austin and U.K. Prague and shall be in accordance with the laws of the respective countries.

**STIPULATIONS**

I. The President, U.T. Austin, and the Rector, U.K. Prague, shall each designate a coordinator to oversee and facilitate the implementation of this agreement. These two coordinators, working with other appropriate academic administrators at the respective universities, shall have the following responsibilities:

- a. to promote academic collaboration at both faculty and graduate student levels for research, study, and discussion;
- b. to identify/define areas of possible interest and collaboration; and
- c. to distribute to each institution information about the faculty, facilities, research and publications, library materials, and educational resources of the other institution.

II. Exchanges of faculty members between U.T. Austin and the U.K. Prague for research, teaching, and other educational purposes is one intended activity under this agreement.

- a. The coordinators shall facilitate and encourage the identification of appropriate research projects and institutes, courses, and other opportunities for cooperation.

AGREEMENT OF COOPERATION  
UT AUSTIN/U.K. PRAGUE

b. U.T. Austin faculty invited to teach courses or conduct research at U.K. Prague shall be subject to the rules, regulations, policies, and practices of U.T. Austin with respect to approvals and arrangements for leaves of absence and related matters. While teaching courses or conducting research at U.K. Prague, U.T. Austin faculty shall be subject to the rules, regulations, policies, and practices of U.K. Prague. Financial arrangements for such faculty shall be determined by U.K. Prague.

c. U.K. Prague faculty invited to teach courses or conduct research at U.T. Austin shall be subject to the rules, regulations, policies, and practices of U.K. Prague with respect to approvals and arrangements for leaves of absence and related matters. While teaching courses or conducting research at U.T. Austin, U.K. Prague faculty shall be subject to the rules, regulations, policies, and practices of U.T. Austin. Financial arrangements for such faculty shall be determined by U.T. Austin.

III. Short-term or extended formal study in either institution's graduate programs by students from the other institution is another intended activity under this agreement.

a. All regular requirements for admission to U.T. Austin programs must be met by U.K. Prague students desiring to study at U. T. Austin. These requirements include satisfactory TOEFL (Test of English as a Foreign Language) and GRE (Graduate Record Exam) scores.

b. The usual requirements for admission to U.K. Prague must be met by U.T. Austin students desiring to study at the U.K. Prague.

c. After being approved by the U.K. Prague coordinator for this agreement, U.K. Prague student applications for admission to U.T. Austin should be sent - with all required supporting documents, materials, and fees - directly

AGREEMENT OF COOPERATION  
UT AUSTIN/U.K. PRAGUE

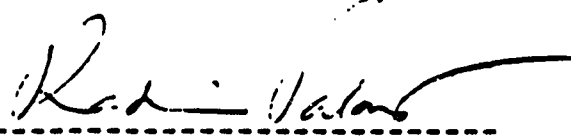
to the U.T.Austin Office of Admissions. U.K.Prague students who enroll in U.T. Austin are responsible for the payment of all regular tuition, fees, and other costs normally borne by foreign students attending U.T.Austin. The U.T.Austin coordinator for this agreement should be advised by the U.K. Prague coordinator of any such U.K. Prague student applications so that the U.T.Austin coordinator can monitor the status of the applications.

d. After being approved by the U.T.Austin coordinator for this agreement, U. T. Austin student applications for admission to U.K.Prague should be sent - with all required supporting documents, materials, and fees - directly to the U.K.Prague coordinator, who will monitor the status of the applications.

IV. The scope of activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either university from external sources.

V. Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least ninety days advance notice of the intention to terminate. Termination shall be without penalty. If this agreement is terminated, U.T.Austin and U.K.Prague agree not to hold the other institution liable for any monetary or other losses which may result.

VI. In witness whereof each of the parties hereto has caused this agreement to be executed by its proper officer.

  
-----  
Prof. PhDr. Radim Palouš  
Rector  
Univerzita Karlova  
Czechoslovakia

-----  
Dr. William H. Cunningham  
President  
The University of Texas at Austin  
The United States of America

-----  
Date

-----  
Date

AGREEMENT OF COOPERATION  
BETWEEN  
THE UNIVERSITY OF TEXAS AT AUSTIN (U.S.A.)  
AND  
HAN NAM UNIVERSITY (TAEJON, KOREA)

The University of Texas at Austin (hereafter referred to as "U.T.Austin"), through the Lyndon B. Johnson School of Public Affairs, and the Han Nam University (hereafter referred to as HNU), through the Dept. of Public Administration, enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions. All cooperative programs undertaken through this agreement shall be subject to approval by the appropriate officials of U.T.Austin and HNU and shall be in accordance with the laws of the respective countries.

STIPULATIONS

- I. The Presidents of U.T.Austin, and HNU, shall each designate a coordinator to oversee and facilitate the implementation of this agreement. These two coordinators, working with other appropriate academic administrators at the respective universities, shall have the following responsibilities:
- a. to promote academic collaboration at both faculty and graduate student levels for research, study, and discussion;
  - b. to identify/define areas of possible interest and collaboration;  
and
  - c. to distribute to each institution information about the faculty, facilities, research and publications, library materials, and educational resources of the other institution.

II. Exchanges of faculty members between U.T. Austin and the HNU for research, teaching, and other educational purposes is one intended activity under this agreement.

a. The coordinators shall facilitate and encourage the identification of appropriate research projects and institutes, courses, and other opportunities for cooperation.

b. U.T. Austin faculty invited to teach courses or conduct research at HNU shall be subject to the rules, regulations, policies, and practices of U.T. Austin with respect to approvals and arrangements for leaves of absence and related matters. While teaching courses or conducting research at HNU, U.T. Austin faculty shall be subject to the rules, regulations, policies, and practices of HNU financial arrangements for such faculty shall be determined by HNU.

c. HNU faculty invited to teach courses or conduct research at U.T. Austin shall be subject to the rules, regulations, policies, and practices of HNU with respect to approvals and arrangements for leaves of absence and related matters. While teaching courses or conducting research at U.T. Austin, HNU faculty shall be subject to the rules, regulations, policies, and practices of U.T. Austin. Financial arrangements for such faculty shall be determined by U.T. Austin.

III. Short-term or extended formal study in either institution's graduate programs by students from the other institution is another intended activity under this agreement.

a. All regular requirements for admission to U.T. Austin programs must be met by HNU students desiring to study at U.T. Austin. These requirements include satisfactory TOEFL (Test of English as a Foreign Language) and GRE (Graduate Record Exam).

b. The usual requirements for admission to HNU must be met by U.T. Austin students desiring to study at the HNU.

c. After being approved by the HNU coordinator for this agreement, HNU student applications for admission to U.T. Austin should be sent - with all required supporting documents, materials, and fees - directly to the U.T. Austin Office of Admissions. HNU students who enroll in U.T. Austin are responsible for the payment of all regular tuition, fees, and other costs normally borne by foreign students attending U.T. Austin. The U.T. Austin coordinator for this agreement should be advised by the HNU coordinator of any such HNU student applications so that the U.T. Austin coordinator can monitor the status of the applications.

d. After being approved by the U.T. Austin coordinator for this agreement, U.T. Austin student applications for admission to the HNU should be sent - with all required supporting documents, materials, and fees - directly to the HNU coordinator, who will monitor the status of the applications.

IV. The scope of activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either university from external sources.

Agreement of Cooperation  
U.T. Austin/HNU

- 4 -

V. Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least ninety days advance notice of the intention to terminate. Termination shall be without penalty. If this agreement is terminated, U.T. Austin and HNU agree not to hold the other institution liable for any monetary or other losses which may result.

VI. In witness whereof, each of the parties hereto has caused this agreement to be executed by its proper officer.

*Young Key Park*  
*Dean, College of*  
*Law and Political*  
*Science, Han Nam*  
*University,*  
*Taejon, Korea*  
*June 12, 1990*

*Max Steiman*  
*Dean*  
*Lyndon B. Johnson*  
*School of Public Affairs*  
*June 12, 1990*



Agreement of Cooperation  
U.T. Austin/HNU

- 5 -

EXECUTED by the Board of Regents of The University of Texas System and the Han Nam University, Taejon, Korea on the day and year first above written, in duplicate copies, each of which shall be deemed an original.

THE UNIVERSITY OF TEXAS AT AUSTIN

BY: \_\_\_\_\_  
William H. Cunningham

TITLE: President

HAN NAM UNIVERSITY, TAEJON, KOREA

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

FORM APPROVED:

BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM

\_\_\_\_\_  
Office of General Counsel

BY: \_\_\_\_\_  
James P. Duncan  
Executive Vice Chancellor for  
Academic Affairs

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the \_\_\_\_\_ day of \_\_\_\_\_, 1990 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

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

**EXCHANGE AGREEMENT BETWEEN  
THE UNIVERSITY OF TEXAS AT AUSTIN (U.S.A.)  
AND  
KYUNG HEE UNIVERSITY (KOREA)**

The University of Texas at Austin (hereafter referred to as "U.T. Austin"), through the Lyndon B. Johnson School of Public Affairs, and Kyung Hee University (hereafter referred to as "K.H.U."), through the Graduate Institute of Peace Studies, enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions. All cooperative programs undertaken through this agreement shall be subject to approval by the appropriate officials of U.T. Austin and K.H.U. and shall be in accordance with the laws of the respective countries.

**STIPULATIONS**

I. The Presidents of U.T. Austin and K.H.U. shall each designate a coordinator to oversee and facilitate the implementation of this agreement. These two coordinators, working with other appropriate academic administrators at the respective universities, shall have the following responsibilities:

- a. to promote academic collaboration at both faculty and graduate student levels for research, study, and discussion;
- b. to identify/define areas of possible interest and collaboration; and
- c. to distribute to each institution information about the faculty, facilities, research and publications, library materials, and educational resources of the other institution.

II. Exchange of faculty members between U.T. Austin and K.H.U. for research, teaching, and other educational purposes is one intended activity under this agreement.

- a. The coordinators shall facilitate and encourage the identification of appropriate research projects and institutes, courses, and other opportunities for cooperation.
- b. U.T. Austin faculty invited to teach courses or conduct research at K.H.U. shall be subject to the rules, regulations, policies, and practices of U.T. Austin with respect to approvals and arrangements for leaves of absence and related matters. While teaching courses or conducting research at K.H.U., U.T. Austin faculty shall be subject to the rules, regulations, policies, and practices of K.H.U. Financial arrangements for such faculty shall be determined by K.H.U.
- c. K.H.U. faculty invited to teach courses or conduct research at U.T. Austin shall be subject to the rules, regulations, policies, and practices of K.H.U. with respect to approvals and arrangements for leaves of absence and related matters. While teaching courses or conducting research at U.T. Austin, K.H.U. faculty shall be subject to the rules, regulations, policies, and practices of U.T. Austin. Financial arrangements for such faculty shall be determined by U.T. Austin.

**AGREEMENT OF COOPERATION**

U.T. Austin/K.H.U.

Page 2

III. Short-term extended formal study in either institution's graduate programs by students from the other institution is another intended activity under this agreement.

- a. All regular requirements for admission to U.T. Austin programs must be met by K.H.U. students desiring to study at U.T. Austin. These requirements include satisfactory TOEFL (Test of English as a Foreign Language) and GRE (Graduate Record Exam).
- b. The usual requirements for admission to K.H.U. must be met by U.T. Austin students desiring to study at K.H.U.
- c. After being approved by the K.H.U. coordinator for this agreement, K.H.U. student applications for admission to U.T. Austin should be sent - with all required supporting documents, materials, and fees - directly to the U.T. Austin Office of Admissions. K.H.U. students who enroll in U.T. Austin are responsible for the payment of all regular tuition, fees, and other costs normally borne by foreign students attending U.T. Austin. The U.T. Austin coordinator for this agreement should be advised by the K.H.U. coordinator of any such K.H. U student applications so that the U.T. Austin coordinator can monitor the status of the applications.
- d. After being approved by the U.T. Austin coordinator for this agreement, U.T. Austin student applications for admission to the K.H.U. should be sent - with all required supporting documents, materials, and fees - directly to the K.H.U. coordinator, who will monitor the status of the applications.

IV. The scope of the activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either university from external sources.

V. Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least ninety days advance notice of the intention to terminate. Termination shall be without penalty. If this agreement is terminated, U.T. Austin and K.H.U. agree not to hold the other institution liable for any monetary or other losses which may result.

AGREEMENT OF COOPERATION  
U.T. Austin/K.H.U.  
Page 3

EXECUTED by the Board of Regents of The University of Texas System and Kyung Hee University, Korea on the day and year first above written, in duplicate copies, each of which shall be deemed an original.

THE UNIVERSITY OF TEXAS AT AUSTIN

BY: \_\_\_\_\_  
William H. Cunningham

TITLE: President

KYUNG HEE UNIVERSITY, KOREA

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

FORM APPROVED:

BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM

\_\_\_\_\_  
Office of General Counsel

BY: \_\_\_\_\_  
James P. Duncan  
Executive Vice Chancellor for  
Academic Affairs

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of the University of Texas System on the \_\_\_\_\_ day of \_\_\_\_\_, 1990 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

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

5. U. T. Pan American: Authorization of a Private Fund Development Campaign for Support of Engineering Programs (Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44) (No Publicity).--The University of Texas - Pan American has received special item funding from the Texas Legislature for development of an engineering program for implementation by 1994 or 1995. It is expected that U. T. Pan American will offer these programs on a stand alone basis in the next few years.

Following opening remarks by President Nevarez and pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 2, Subsection 2.4, Subdivision 2.44, the Board authorized a private fund development campaign in support of engineering programs at U. T. Pan American.

The purpose of the campaign is to raise \$30,000,000 in gifts and grants by the year 2000. The campaign, to be organized in two phases, would raise \$20,000,000 for an engineering building and furnishings by 1996. The second phase, to be conducted between 1996 and 2000, would raise \$10,000,000 for equipment, faculty endowments, and scholarship endowments.

As funds are received, specific project proposals and endowment approvals will be submitted for review and approval by the U. T. Board of Regents as appropriate.

Significant leadership on a volunteer basis from private sector business and industry is expected, and a steering committee will be appointed to direct the campaign. The campaign is not expected to be formally announced until approximately \$10,000,000 has been raised or pledged from initial donors.

Success of the campaign is anticipated based on the expressed interest of foundations, corporations, individuals, and government entities in promoting the expansion of science and engineering opportunities for minority students. The strategic location and the predominantly Hispanic student body at U. T. Pan American combine to enhance the interest of these groups in supporting engineering education in the lower Rio Grande Valley.

Chairman Beecherl stated that U. T. Pan American would need some assistance from the Board in this endeavor to make it successful and requested that System Administration provide support whenever possible.

It was requested that no publicity be given to this matter.

6. U. T. San Antonio: Approval of Teaming Agreement with Karta Technology, Inc., San Antonio, Texas.--Upon recommendation of the Academic Affairs Committee, the Board approved the Teaming Agreement set out on Pages 43 - 50 by and between The University of Texas at San Antonio and Karta Technology, Inc., San Antonio, Texas.

The purpose of this agreement with Karta Technology, Inc., a Texas corporation, is to establish a working team relationship to prepare proposals of mutual interest to the parties for submission to funding sources, including the U. S. government and private industry.

**TEAMING AGREEMENT**

THIS AGREEMENT is effective this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
between:

KARTA TECHNOLOGY, INC. (hereinafter  
(called "KARTA"), a corporation  
organized and existing under the laws of  
the State of Texas, with offices in  
San Antonio,

and

THE UNIVERSITY OF TEXAS AT SAN ANTONIO  
(hereinafter referred to as "UTSA"), a  
state supported institution of higher  
education located in Bexar County, Texas.

1. The intent and purpose of this Agreement, which constitutes the entire agreement between the parties and supersedes any previous understandings, commitments, or agreements, oral or written, which includes all phases of the project (hereinafter called "Project"), is to establish a working team relationship between the parties to join their skills to prepare proposals for submission to government, industrial and other funding sources to obtain the award of contracts for the Project. This is a teaming agreement as contemplated by and subject to limitations in FAR 9.6.
  
2. KARTA and UTSA will be preparing a proposal(s) in response to the requirements of the Project. It is understood that each party will, in its sole judgment, exert reasonable effort to prepare a proposal(s) which will result in selection by the funding source of KARTA or UTSA as prime contractor and of UTSA or KARTA as the

subcontractor for the Project. Each party will submit its proposal to the other party for the other party's review and comment and approval, which approval shall not be unreasonably withheld. The reviewing party will submit their comments and approval in a timely fashion. Each party agrees to continue to exert such reasonable effort, in its sole judgment, toward this objective throughout any briefings, presentations, and negotiations concerning a proposed contract which may follow the submission of the proposal(s).

It is therefore agreed that UTSA will team with KARTA in proposal efforts for the Project, and that they will assist and cooperate with each other in their efforts to bring about an award of the contract to the team (prime and subcontract).

3. It is agreed that decisions will be made by the proposed investigators from KARTA and UTSA as to who will have responsibility for the preparation of the proposal(s) to the funding source as the prime contractor for a specific project with the other organization serving as a subcontractor. During the term of this Agreement, both KARTA and UTSA shall endeavor to secure the prime contract for the Project.
4. During preparation of each proposal, the organization which agrees to serve as a subcontractor for a project will also agree to furnish reasonable information, data, and will assist in integrating the work to be performed into the proposal for each phase of the Project.

5. The organization which agrees to serve as a subcontractor will also agree to furnish the other with a proposal for the technical, analytic, and engineering services to be provided in support of performance of the Project. This shall include such technical data, program management, and pricing information as may be required by the funding source's solicitation, in sufficient detail to permit accurate costing of a prime contract and negotiation of the subcontract. It is understood that KARTA in cooperation with UTSA will determine the exact form and content of all proposals prior to their submission to the funding source.
6. During proposal preparation and contract negotiations, or prior to award for the Project, the agreed upon prime contractor for the Project may require additions, deletions, or modifications to the proposed subcontract. The agreed upon subcontractor will be notified by the prime contractor of the additions, deletions, or modifications desired to their effort and subject to agreement thereon by the parties, the agreed upon subcontractor will participate in the revisions thereto, including price revisions.
7. In the event of an award to the agreed upon primary contractor for the Project, the primary contractor will offer and the subcontractor will accept the subcontract to perform work and render services negotiated by mutual agreement during the proposal submission process. The subcontract will be a basic agreement, embodying provisions consistent with the prime



contract and those provisions mutually agreed upon. The primary contractor will then issue specific work requirements to the subcontractor in the form of task assignments, as they may arise, against the basic subcontract, and shall contain a Statement of Work, Price, and Schedule.

8. All news releases, public announcements, and publicity releases related to this Project prepared by either KARTA or UTSA shall be in accordance with the terms and approval procedures of the prime contract with the funding source and shall be approved by the other party to this agreement.
  
9. This Agreement is not intended to constitute, create, give effect to, or otherwise recognize a joint venture, partnership, or formal business entity of any kind, and the rights and obligations of the parties shall be limited to those expressly set forth herein. Nothing herein shall be construed as providing for the sharing of profits or losses arising out of the efforts of either or both parties.

Neither KARTA nor UTSA will be liable to the other for any of the costs, expenses, risks, or liabilities arising out of the other company's effort in connection with preparation of its portion of the proposal, or for the expenses incurred in any precontract presentations required by the funding source. Each party shall act as an independent contractor and not as an agent of the other for any purpose whatsoever, and neither

party shall have any authority to bind the other except as specifically set forth herein.

10. This Agreement may not be assigned or otherwise transferred by either party in whole or in part without the expressed prior written consent of the other party.
11. Except as otherwise stated, this agreement will terminate upon the occurrence of any of the following events:
  - (a) If the funding source notifies the primary contractor that it has been eliminated from consideration for award as prime contractor on any phase of the Project; or
  - (b) If the primary contractor does not receive award of a contract within two years of the proposal for any phase; or
  - (c) If a prime contract for the Project shall be awarded to any company other than the parties to this agreement; or
  - (d) Cancellation or withdrawal by the funding source of the requirements of the project; or (e) If either UTSA or KARTA becomes insolvent or makes a general assignment for the benefit of creditors or if either UTSA or KARTA is adjudged bankrupt, under the bankruptcy Act.
12. UTSA and KARTA agree that as to all inventions which are or may be patentable that are made in the performance of any phase of the Project by one or more employees of one of the parties, the respective employer shall have, subject to any rights of the employee and subject to the rights of the funding source,

exclusive right to file for a patent thereon, and no rights whatsoever under any such resulting issued patent shall accrue to the other party. Rights as to inventions jointly conceived by employees of UTSA and KARTA shall be as mutually agreed upon, and in any event, such inventions shall be jointly used. No license whatsoever, expressed or implied, under any inventions or patents owned by one party shall pass hereunder to the other party.

13. Any notice expressly provided for under the Agreement shall be in writing, shall be either hand carried or given by mail, telegram, radiogram, or cable, and shall be deemed sufficiently given if and when received by the party to be notified at its address set forth below or if and when mailed by registered or certified mail, postage paid, addressed to such party at such address within three days of being sent. Either party may, by notice to the other, change its address for receiving such notice.

If to KARTA: Karta Technology, Inc.  
1892 Grandstand  
San Antonio, TX 78238  
Attn: Dr. G.P. Singh

If to UTSA: The University of Texas at San Antonio  
Office of Sponsored Projects  
San Antonio, Texas 78285  
Attn: Carol Hollingsworth

14. This Agreement and any contracts executed pursuant to the provisions contained herein are subject to the laws of the State of Texas and The Rules and Regulations of the Board of Regents of The University of Texas System.

15. This Agreement shall become effective upon the approval and execution by the Board of Regents of The University of Texas System and an appropriate officer of Karta who has been delegated the authority to approve such agreements on behalf of the corporation. If so executed, this Agreement shall continue in effect for an initial term of five (5) years after the date and year first above written, and after such initial term shall continue in effect from year to year unless one party shall have given one hundred and eighty (180) days prior written notice to the other party of intention to terminate this Agreement. This Agreement and any specific project or grant contracts executed pursuant thereto shall terminate for all purposes one hundred and eighty (180) days after such notice is given.

~~EXECUTED~~ by the Board of Regents of The University of Texas System and Karta Technology, Incorporated on the day and year first above written, in duplicate copies, each of which shall be deemed an original.

THE UNIVERSITY OF TEXAS AT  
SAN ANTONIO

ATTEST: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

KARTA TECHNOLOGY INC.

ATTEST: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM

BY: \_\_\_\_\_

**CERTIFICATE OF APPROVAL**

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the \_\_\_\_ day of \_\_\_\_\_, 19\_\_, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

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

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 51 - 54).--Committee Chairman Blanton 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: Samuel M. McCann, M.D., Appointed Initial Holder of the George L. MacGregor Distinguished Chair in Biomedical Science Effective Immediately.--The Board appointed Samuel M. McCann, M.D., Professor of Physiology and Chairman of the Department of Physiology, as initial holder of the George L. MacGregor Distinguished Chair in Biomedical Science at The University of Texas Southwestern Medical Center at Dallas effective immediately.

See Page 72 related to the establishment of this Chair.

2. U. T. Health Science Center - San Antonio: Appointment of Dr. Wen-Hwa Lee as Initial Holder of the Alice P. McDermott Distinguished University Chair in Molecular Medicine Effective Immediately.--Upon recommendation of the Health Affairs Committee, the Board appointed Dr. Wen-Hwa Lee, Director of the Institute of Biotechnology, as initial holder of the Alice P. McDermott Distinguished University Chair in Molecular Medicine at The University of Texas Health Science Center at San Antonio effective immediately.

See Page 74 related to the establishment of this Chair.

3. U. T. Health Science Center - San Antonio: Establishment of the Dental School Advisory Council and Approval of Initial Nominees Thereto (Regents' Rules and Regulations, Part One, Chapter VII, Section 3).--Pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, the Board established the Dental School Advisory Council at The University of Texas Health Science Center at San Antonio and approved initial nominees thereto.

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

4. U. T. M.D. Anderson Cancer Center: Adoption of Resolution of Appreciation and Commitment in Formal Recognition of the 50th Anniversary Celebration.--Committee Chairman Blanton stated that earlier in the day the Board had the privilege of attending the "Golden Jubilee Program" to kick off the 50th Anniversary of The University of Texas M.D. Anderson Cancer Center. He then offered the following resolution of commitment and appreciation (Pages 52 - 53) in recognition of this important milestone which was adopted without objection.

RESOLUTION OF APPRECIATION AND COMMITMENT

WHEREAS, The University of Texas M.D. Anderson Cancer Center is internationally renowned as one of the world's premier centers for cancer patient care, research, education, and prevention;

WHEREAS, The U. T. M.D. Anderson Cancer Center has almost completed fifty years of dedicated service since its authorizing legislation was passed by the 47th Session of the Texas Legislature in 1941;

WHEREAS, More than 250,000 cancer patients -- the majority of them Texans -- have received the highest quality care from the institution's team of health professionals since the U. T. M.D. Anderson Cancer Center first opened its doors in 1944;

WHEREAS, The basic science and clinical science research programs, educational programs for scientists, physicians and other health professionals, and efforts in community education and cancer prevention have enhanced the progress made against cancer at the U. T. M.D. Anderson Cancer Center; and

WHEREAS, The U. T. M.D. Anderson Cancer Center is entering its second fifty years of distinguished service, providing an opportunity for the U. T. Board of Regents to recognize the extraordinary progress that has been made in the past five decades and, at the same time, recommit the Board to the support and encouragement of a unique component of exceptional reputation and accomplishment; now, therefore, be it

RESOLVED, That the Board of Regents of The University of Texas System (1) Acknowledges with sincere gratitude the dedication, contributions and expertise of the superior faculty and staff of the U. T. M.D. Anderson Cancer Center which has brought the institution to a position of leadership and admiration throughout the United States and, indeed, the world; (2) Pledges its support and cooperation to maintain and enhance the international reputation of the U. T. M.D. Anderson Cancer Center for exceptional quality in patient care, basic science and clinical research, health professions and scientific education, cancer prevention, and community service; (3) Recognizes the single purpose mission of the U. T. M.D. Anderson Cancer Center within the U. T. System and realizes that this mission must have as a foundation the highest caliber faculty, personnel, and physical resources needed to provide the foremost leadership worldwide in the care of the cancer patient and the solution of the cancer problem; (4) Realizes that the ability of the U. T. M.D. Anderson Cancer Center to self-generate more than seventy-five percent of its operating expenses is dependent upon

sustaining and enhancing its clinical reputation and research leadership, and that the continued generation of this income will only result from excellence in faculty, staff, equipment, and physical resources; and (5) Pledges that it will expend its best efforts to (a) preserve and protect the self-generated income of the U. T. M.D. Anderson Cancer Center, (b) encourage the Legislature to provide funds in support of this vital state resource, (c) support and encourage the private philanthropic community to contribute its resources to enhance the programs of the U. T. M.D. Anderson Cancer Center, and (d) provide from resources under the Board's control appropriate funding for capital projects and equipment in keeping with the essential mission of the U. T. M.D. Anderson Cancer Center.

Approved by unanimous consent this 6th day of December, 1990, by the Board of Regents of The University of Texas System meeting in Houston, Texas.

5. U. T. Board of Regents: Comments by Regent Blanton Regarding Activities of the Health Affairs Committee.-- Committee Chairman Blanton reported that the Health Affairs Committee met on November 7, 1990, in McAllen, Texas, to review family practice and rural health issues in the State of Texas. Also in attendance were chief administrative officers of The University of Texas System health institutions, family practice program directors and chairmen, program directors for rural health initiatives, program directors for border health educational centers, and other special guests from the McAllen medical community. The U. T. System, under the leadership of its six health institutions, has targeted the needs of the State's medically underserved for significant improvements in access to health care in the 90's.

Regent Blanton noted that Regent Ramirez was responsible for developing the agenda for this meeting and gave an outstanding presentation which clearly outlined the medical needs for that area. A copy of this report is on file in the Office of the Board of Regents.

6. U. T. Health Science Center - Houston and U. T. M.D. Anderson Cancer Center: Report of the Houston Inter-Institutional Coordination Committee (HICC).--Committee Chairman Blanton stated that, while the history of cooperation between the two Houston components can be traced over five decades, the organization presently known as the Houston Inter-Institutional Coordination Committee (HICC) was established in January 1988 and charged with developing specific proposals to enhance joint management efficiencies in the operating budgets for each component institution in Houston, to review areas of scientific and clinical cooperation, and to make recommendations for enhancing quality through coordination and cooperation. He noted that the committee is co-chaired by the presidents of The University of Texas Health Science Center at Houston and The University of Texas M.D. Anderson Cancer Center.



Also included on the committee are academic representatives from each component plus the business officers and two representatives of U. T. System Administration. The informality of the collaboration, based on inter-personal relationships, was the key to the success and growth of these efforts over the years.

Regent Blanton called on M. David Low, M.D., President of the U. T. Health Science Center - Houston, to share a few of the highlights of this cooperative effort.

President Low outlined the collaborative teaching and research efforts among the faculty at both institutions. He commented on the residency training programs that are offered, the extensive use of joint faculty appointments (currently 70), library resources, and faculty recruitment efforts between the two components. In addition, he highlighted some of the major areas of cost avoidance which have been achieved through coordination. Dr. Low stated that collaboration in research and teaching is the most important and most frequent example of inter-institutional cooperation and the most difficult on which to place a cost-saving value. He pointed out that research in the U. T. components in Houston leads the world in many areas, with 830 research projects underway with a combined value exceeding \$95 million.

In summary, Dr. Low stated that inter-institutional coordination in Houston has extended over almost five decades and is continuing as a part of the daily routine. It began with and is particularly strong among the faculty. The informality of faculty cooperation is its strength. In administrative and service areas, coordination also is of long duration and has produced cost avoidance estimated at \$11.5 million.

Following Dr. Low's report, Committee Chairman Blanton, on behalf of the Board, commended Drs. Low and LeMaistre on the impact of their success related to the progression of activities and effectiveness of the Houston Inter-Institutional Coordination Committee.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND FACILITIES COMMITTEE (Pages 55 - 62).--Committee Chairman Moncrief reported that the Finance and Facilities 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 Finance and Facilities Committee and approved in open session and without objection by the U. T. Board of Regents:

I. FINANCE MATTER

U. T. System: Approval of Chancellor's Docket No. 55 (Catalog Change).--Upon recommendation of the Finance and Facilities Committee, the Board approved Chancellor's Docket No. 55 in the form distributed by the Executive Secretary. It is attached following Page 92 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.

Regent Ratliff abstained from voting on items within the Docket related to Exxon Corporation and Southwest Texas Electric Cooperative due to a possible conflict of interest.

II. FACILITIES MATTERS

1. U. T. Arlington - Science Building Phase I Expansion (Project No. 301-706): Approval of Preliminary Plans for Phase I and a Master Plan for Phase II; Authorization to Submit Phase I Project to the Coordinating Board; and Authorization to Prepare Final Plans for Phase I.--Following opening remarks by President Nedderman, Mr. Howard Vestal, representing the Project Architect, Vestal, Loftis, Kalista Architects, Inc., Arlington, Texas, presented the preliminary plans and specifications for the Science Building Phase I Expansion at The University of Texas at Arlington to the Finance and Facilities Committee.

Based upon this presentation and the recommendation of the Finance and Facilities Committee, the Board:

- a. Approved the preliminary plans and specifications for the Science Building Phase I Expansion at U. T. Arlington at an estimated total project cost of \$12,500,000, and received for information the master plan for Phase II

- b. Authorized submission of the Phase I project to the Texas Higher Education Coordinating Board
- c. Authorized the Project Architect to prepare final plans and specifications for Phase I to be presented to the U. T. Board of Regents for consideration at a future meeting.

At the December 1989 meeting, the U. T. Board of Regents authorized a project for Expansion of the Science Building at U. T. Arlington to encompass 50,000 gross square feet within a master plan that allows for expansion in future phases to a facility of approximately 168,000 gross square feet.

Phase I will contain teaching and research laboratories and faculty office space primarily for the Department of Chemistry. It will also provide limited renovation of the existing Science Building to correct major deficiencies in mechanical and fume hood systems and renovated laboratory space for the Department of Physics.

The Phase I project is included in the U. T. System Capital Improvement Program approved in June 1989 and the FY 1990 Capital Budget approved in August 1989 by the U. T. Board of Regents.

2. U. T. Arlington - Replacement of Second Street Utility Tunnel: Authorization for Project; Appointment of Friberg Associates, Inc., Fort Worth, Texas, as Project Engineer to Prepare Preliminary Plans; and Appropriation Therefor. --The Board, upon recommendation of the Finance and Facilities Committee:

- a. Authorized a project for the replacement and extension of the Second Street Utility Tunnel at The University of Texas at Arlington at an estimated total project cost of \$3,450,000 to be financed from General Use Fee Balances, Revenue System Proceeds backed by General Use Fee Balances, and/or Permanent University Fund Bond proceeds, and revised the U. T. System Capital Improvement Program to include this project
- b. Appointed the firm of Friberg Associates, Inc., Fort Worth, Texas, as Project Engineer to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents at a future meeting
- c. Appropriated \$95,000 from Unappropriated General Use Fee Balances to cover professional fees and administrative expenses through completion of preliminary plans.

The new 2,000 foot Second Street Utility Tunnel at U. T. Arlington will replace an existing 950 foot utility tunnel, extend that tunnel to the new thermal energy plant, and provide a connecting tunnel to the site of the new Science Building.

In addition to unsafe tunnel conditions, ground-shifting has caused the direct-buried chilled water lines serving Ransom and Preston Halls to rupture several times in recent years. The new tunnel will permit replacing the steam lines and the direct-buried chilled water lines. The new tunnel will also provide both steam and chilled water connections to the new Science Building and, by completing an existing service loop, permit service to several buildings from two directions providing capacity for future campus expansion.

Total project cost may be funded from General Use Fee Balances, System Revenue Proceeds backed by General Use Fee Balances, and/or Permanent University Fund Bond Proceeds. The final decision on funding of total project cost will be made as a part of the comprehensive revision of the U. T. System Capital Improvement Program and will depend in part on the projected schedule of payments for both this project and Science Building Phase I.

3. U. T. Austin - Air-Conditioning of Andrews, Brackenridge, Carothers, Littlefield, Prather, and Roberts Dormitories: Authorization for Project; Approval to Initiate Phase I; Appointment of Energy Engineering Associates, Inc., Austin, Texas, as Project Engineer; Authorization to Submit Project to the Coordinating Board; Authorization for U. T. Austin Administration to Manage Project and Award Contracts on Phase I; and Appropriation of Funds for Phase I.--The Finance and Facilities Committee recommended and the Board:
- a. Authorized a project to air-condition and replace windows in Andrews, Brackenridge, Carothers, Littlefield, Prather, and Roberts Dormitories at The University of Texas at Austin at an estimated combined total project cost of \$6,150,000
  - b. Authorized the initiation of Phase I, air-conditioning and replacement of windows in Carothers, Littlefield, and Prather Dormitories, at an estimated combined total project cost of \$3,750,000
  - c. Appointed the firm of Energy Engineering Associates, Inc., Austin, Texas, as Project Engineer to prepare final plans and specifications
  - d. Authorized submission of the project to the Texas Higher Education Coordinating Board
  - e. Authorized U. T. Austin Administration to manage this project in consultation with the Office of Facilities Planning and Construction. Upon completion of final review and approval by the Coordinating Board, authorized U. T. Austin to advertise for bids and award all contracts and complete all work on Phase I with its own forces or through contract services as required within the authorized total project cost.
  - f. Appropriated \$3,750,000 from Housing and Food Service Reserves for Phase I total project funding.

In the Spring of 1990, the U. T. Austin Housing Division observed a significant decline in applications for unair-conditioned dormitory spaces, spaces which historically have been in relatively high demand because of their lower rental rates. With the assistance of a consulting engineer, the technical and economic feasibility of installing air-conditioning in the six remaining unair-conditioned dormitories was established during the Summer of 1990. The six dormitories range in date of initial occupancy from 1927 to 1937. All are structurally sound and, if provided with air-conditioning, suitable for continued occupancy for many years.

This project involves replacement of existing windows with more energy efficient windows and the installation of a piping system to connect the dormitories to the central chilling plant as well as installation of air-conditioning equipment in the dormitories. The first phase of the work, to be completed by the end of Summer 1991, will replace windows and air-condition Littlefield, Carothers, and Prather Dormitories and install the piping system necessary to serve all six buildings. The timing and approach recommended for this project is based on the desire to complete the conversion process with minimum disruption to current occupants and to achieve completion as quickly as possible.

After the first phase of the project is completed, rates will be raised to be comparable to those for other air-conditioned dormitory space. The demand for unair-conditioned space will then be reassessed prior to requesting approval to proceed with the final phase.

The estimated total project cost for air-conditioning the six dormitories is \$6,150,000 and will be financed from Housing and Food Service Reserves. The Phase I estimated total project cost is \$3,750,000. Approval of this project will amend the current Capital Improvement Program and the FY 1991 Capital Budget.

4. U. T. Austin - Parking Garage Number 2: Authorization for Project; Appointment of John S. Chase, F.A.I.A. Architects, Inc. in Association with Walter P. Moore and Associates, Inc. Engineers, Both of Houston, Texas, as Project Architect/Engineer to Prepare Preliminary Plans; Authorization to Submit Project to the Coordinating Board; and Appropriation Therefor.--At the February 1990 meeting, the Board authorized the Vice President for Business Affairs at The University of Texas at Austin to purchase a parcel of land to complete the site for Parking Garage Number 2. The location is one block west of the main campus and will include Parking Lot Number 28, southwest of Walter Webb Hall on San Antonio and Nueces Streets. U. T. Austin took possession of that property in August 1990.

In accordance therewith, the Board, upon recommendation of the Finance and Facilities Committee:

- a. Authorized a project for construction of Parking Garage Number 2 at U. T. Austin within a total project cost of \$4,733,606

- b. Appointed the firm of John S. Chase, F.A.I.A. Architects, Inc. in association with Walter P. Moore and Associates, Inc. Engineers, both of Houston, Texas, as Project Architect/Engineer to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents at a future meeting
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board
- d. Appropriated \$120,000 from Auxiliary Enterprise Balances for professional fees and administrative expenses through completion of preliminary plans.

Parking Garage Number 2 will be six levels and will accommodate over 650 parking spaces to be used primarily for faculty and staff parking to ease the parking shortage on the west side of the campus. In response to questions from Regents Barshop and Beecherl, the Board was assured that the preliminary planning would review the economic feasibility of providing a foundation suitable for future expansion.

The total project cost is estimated at \$4,733,606 with \$3,000,000 to be financed by revenue bonds to be amortized from campus parking system revenues and \$1,733,606 from Auxiliary Enterprise Balances. This project was authorized in the June 1989 Capital Improvement Program at an estimated cost of \$4,015,000 and will be amended to reflect this increased cost and method of financing.

- 5. U. T. Health Science Center - San Antonio - Research Building (Project No. 402-666): Approval to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings) and to Name the Research Building the Robert F. McDermott Clinical Science Building and Approval of Plaque Inscription.--Upon recommendation of the Finance and Facilities Committee, the Board:

- a. Waived the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, which requires that persons to be honored with the naming of a building "shall have been deceased at least five years," and named the Research Building at The University of Texas Health Science Center at San Antonio the Robert F. McDermott Clinical Science Building.

The naming of this building is an appropriate tribute to General Robert F. McDermott whose contributions to the economic development of San Antonio in general, and to the biotechnology industry in particular, have been enormous.

This action was endorsed by the Health Affairs Committee.

- b. Approved the inscription set out on Page 60 for a plaque to be placed on the building. The inscription follows the standard pattern approved by the U. T. Board of Regents in June 1979.

ROBERT F. McDERMOTT  
CLINICAL SCIENCE BUILDING  
1989

BOARD OF REGENTS

Louis A. Beecherl, Jr., Chairman	Hans Mark
Sam Barshop, Vice-Chairman	Chancellor, The University of Texas System
Bill Roden, Vice-Chairman	John P. Howe, III, M.D.
Jack S. Blanton	President, The University of Texas Health Science Center at San Antonio
Robert J. Cruikshank	
Tom Loeffler	
W. A. "Tex" Moncrief, Jr.	
Mario E. Ramirez, M.D.	
Shannon H. Ratliff	Marmon, Barclay, Souter, Foster, Hays Project Architect Lyda, Inc. Contractor

Regent Blanton noted that it was very appropriate to name this building after General McDermott as he has contributed so much to the U. T. Health Science Center - San Antonio and the San Antonio community.

6. U. T. M.D. Anderson Cancer Center (U. T. M.D. Anderson Science Park) - Research Laboratory Expansion (Project No. 703-668): Approval to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings) and to Name the Research Laboratory Expansion the Ralph and Lillian Meadows Molecular Biology Research Facility and Approval of Plaque Inscription.--At the December 1987 meeting, the U. T. Board of Regents authorized the construction of an additional laboratory building at the Research Division of the U. T. M.D. Anderson Science Park at Smithville of The University of Texas M.D. Anderson Cancer Center.

The Board appropriated a total of \$4.0 million for this project of which \$2.0 million was allocated from institutional reserves, \$1.0 million from donated capital, and \$1.0 million from a trust established by Ralph and Lillian Meadows of Columbus, Texas.

The construction of this facility is now well underway and completion is expected in the Spring of 1991.

In accordance therewith, the Board:

- a. Waived the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1, which requires that persons to be honored with the naming of a building "shall have been deceased at least five years," and named the Research Laboratory Expansion at the Research Division of the U. T. M.D. Anderson Science Park at Smithville of the U. T. M.D. Anderson Cancer Center the Ralph and Lillian Meadows Molecular Biology Research Facility

The naming of this building is in recognition of the generous contributions made by Mr. and Mrs. Meadows and will be an appropriate memorial to these individuals, who during their lifetimes were such ardent supporters of the research activities at the Science Park.

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

RALPH AND LILLIAN MEADOWS  
MOLECULAR BIOLOGY RESEARCH FACILITY  
1990

BOARD OF REGENTS

Louis A. Beecherl, Jr., Chairman	Hans Mark
Sam Barshop, Vice-Chairman	Chancellor, The University of Texas System
Bill Roden, Vice-Chairman	Charles A. LeMaistre, M.D.
Jack S. Blanton	President, The University of Texas M.D. Anderson Cancer Center
Robert J. Cruikshank	
Tom Loeffler	
W. A. "Tex" Moncrief, Jr.	
Mario E. Ramirez, M.D.	
Shannon H. Ratliff	Coffee, Crier & Schenck Project Architect Templeton Construction Company Contractor

III. INFORMATIONAL ITEM

U. T. System: Report by Chancellor Mark on the Process to Update the Capital Improvement Program.--Committee Chairman Moncrief called on Chancellor Mark to provide the Board with a report on the process being utilized to update the Capital Improvement Program (CIP) for The University of Texas System for official consideration by the Board at the February 1991 meeting.

Chancellor Mark reported that the Capital Improvement Program was initiated in 1985 as a result of the Constitutional amendment which made it possible to allocate Permanent University Fund (PUF) Bond Proceeds to all component institutions. The CIP was expanded at Chairman Beecherl's suggestion to include all fund resources, and now the U. T. System has a six-year plan that is a comprehensive picture of the Capital Improvement Program for The University of Texas System.

Dr. Mark noted that there were two or three items he would like to report to the Board in preparation for the review of the Program at the February 1991 meeting. He stated that he would like to include income estimates in the revised CIP and suggested that the Land and Investment Committee



review these estimates before the briefing session in February. The second difference in the Program is that U. T. System will review the criteria to prioritize the projects. The criteria for prioritization will be circulated to the staff, the chief administrative officers and then to the Board of Regents. Dr. Mark pointed out that the call on resources for rehabilitation and equipment and library enhancements is more intense than it was five years ago when the Program was first initiated.

REPORT AND RECOMMENDATIONS OF THE LAND AND INVESTMENT COMMITTEE (Pages 62 - 84).--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.

I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTERS

1. Report on Clearance of Monies to the Permanent University Fund for September and October 1990 and Report on Oil and Gas Development as of October 31, 1990.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for September and October 1990 and (b) Oil and Gas Development as of October 31, 1990, were submitted by the Vice Chancellor for Business Affairs:

	<u>September 1990</u>	<u>October 1990</u>	<u>Cumulative Through October of this Fiscal Year (1990-1991)</u>	<u>Cumulative Through October of Preceding Fiscal Year (1989-1990)</u>	<u>Per Cent Change</u>
Permanent University Fund					
Royalty					
Oil	\$4,416,826.25	\$ 6,164,702.38	\$10,581,528.63	\$ 8,335,697.31	26.94%
Gas	1,828,185.00	1,763,045.53	3,591,230.53	3,187,734.28	12.66%
Sulphur	0.00	0.00	0.00	37,816.75	--
Water	79,891.68	62,235.05	142,126.73	192,831.13	-26.29%
Brine	3,091.73	8,143.80	11,235.53	11,375.90	-1.23%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Leases	51,615.04	116,604.78	168,219.82	460,837.46	-63.50%
Other	300.00	600.00	900.00	1,300.00	--
Sale of Sand, Gravel, Etc.	6,389.75	0.00	6,389.75	0.00	--
Total University Lands Receipts Before Bonuses	<u>6,386,299.45</u>	<u>8,115,331.54</u>	<u>14,501,630.99</u>	<u>12,227,592.83</u>	<u>18.60%</u>
Bonuses					
Oil and Gas Lease Sales	0.00	0.00	0.00	0.00	--
Amendments and Extensions to Mineral Leases	<u>0.00</u>	<u>23,106.44</u>	<u>23,106.44</u>	<u>0.00</u>	<u>--</u>
Total University Lands Receipts	6,386,299.45	8,138,437.98	14,524,737.43	12,227,592.83	18.79%
Gain or (Loss) on Sale of Securities	<u>383,953.22</u>	<u>( 31,727,390.04)</u>	<u>( 31,343,436.82)</u>	<u>12,580,529.56</u>	<u>--</u>
<b>TOTAL CLEARANCES</b>	<u><u>\$6,770,252.67</u></u>	<u><u>(\$23,588,952.06)</u></u>	<u><u>(\$16,818,699.39)</u></u>	<u><u>\$24,808,122.39</u></u>	<u><u>-167.80%</u></u>

Oil and Gas Development - October 31, 1990

Acreage Under Lease - 661,964

Number of Producing Acres - 537,981

Number of Producing Leases - 2,143

- 63 -

620

Committee Chairman Ratliff noted that during the past six years of his tenure on the Board of Regents, realized gains on securities sold have totalled in excess of \$800 million. This enormous addition of resources to the book value of the Permanent University Fund has been a major source of funding for the capital plans of both the U. T. and Texas A&M Systems.

He pointed out that on August 2, 1990, events in the Middle East produced a sharp decline in the stock market. Large capitalization indices like the Dow Jones Industrial and S&P 500 show value changes of about minus 11% since then, whereas broader measures of the total stock market had declines more on the order of minus 18-20%.

Permanent University Fund equity accounts including cash held in lieu of stocks have performed most acceptably with a total return since August 1 of about minus 12.5%. The realized losses reported today and those that will be in future reports reflect these changes in market values as well as prudent decisions to recognize losses and sell selected securities. The United States economy seems to be in the early stages of the first recession in eight years, and certain business areas unfortunately appear unattractive for sustained investment.

2. Permanent University Fund: Report on Investments for the Fiscal Year Ended August 31, 1990.--Each member of the U. T. Board of Regents received prior to the meeting a report on Permanent University Fund investments for the fiscal year ended August 31, 1990. Upon recommendation of the Land and Investment Committee, the Board approved this report and directed its 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	
	1989	1990	Amount	%
Book Value	\$3,294,392,324	\$3,435,080,203	\$140,687,879	4.27%
Investment Income	254,333,926	266,119,332	11,785,406	4.63%

3. Permanent University Fund: Approval of a Maximum \$10 Million Permanent University Fund Investment in the Texas Growth Fund, Subject to Certain Conditions, and Authorization for the Executive Vice Chancellor for Asset Management to Negotiate and Execute Related Contracts.--Executive Vice Chancellor for Asset Management Patrick reported that the Texas Growth Fund was established on November 8, 1988, by amendment to the Texas Constitution to achieve long-term growth of investment capital and income by purchasing securities of businesses creating, retaining, or expanding employment opportunity and economic growth in the State of Texas. The Fund is managed by a board of trustees consisting of four public members appointed by the Governor and one member each from and

elected by the membership of the Board of Regents of The University of Texas System, the Board of Regents of The Texas A&M University System, the Board of Trustees of the Teacher Retirement System of Texas, the Board of Trustees of the Employees Retirement System of Texas, and the State Board of Education.

Investors eligible to invest in the Fund are the governing boards of the Permanent School Fund, the Permanent University Fund, the Teacher Retirement System of Texas, the Employee Retirement System of Texas, and any other pension system created under the Texas Constitution or by Texas statute. Investment in the Fund by each eligible investor is limited in amount to 1% of the book value of the investor's fund as of its most recent fiscal year end.

In accordance with these requirements and following a detailed discussion, approval was given to invest up to \$10 million of the Permanent University Fund in the Texas Growth Fund subject to satisfaction of the following conditions:

- a. Review and approval of final terms and documentation by the Office of Asset Management
- b. Review and approval of the Fund offering by the Attorney General of the State of Texas
- c. Approval of the appointment of the Executive Director of the Fund by the Office of Asset Management
- d. Receipt by the Fund of minimum aggregate subscriptions of \$50 million.

An investment of \$10 million would represent slightly more than the PUF's proportionate share of the initial fund (as determined by the aggregate book values of the four major eligible State funds) and 0.3% of the PUF book value as of August 31, 1990.

All investment decisions by the Fund must be made in compliance with the "prudent person" investment standard. The Fund's primary investment objective is to invest in securities with the potential of generating a return exceeding that of the Standard & Poor's 500 Index in the case of equities and the Shearson Government/Corporate Index for fixed income securities. Constitutional provisions mandate that not less than 50% of the book value of the Fund must be invested in debt or equity securities leading to the initial construction, expansion, or modernization of businesses or industrial facilities in Texas and that no more than 10% of the Fund's book value be invested in venture capital investments.

The Fund is self-liquidating in that no new investments are permitted after 1998 (except to protect existing investments) and all income and proceeds from investments (including Fund corpus) must be distributed to investors beginning no later than this date as well.

Committee Chairman Ratliff reiterated that creation of the Texas Growth Fund is both appropriate and prudent for the Permanent University Fund and the State of Texas.

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. System: Acceptance of Gift from Mr. Roger Fullington, Dallas, Texas, and Establishment of the Roger Fullington Endowment.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$5,000 gift from Mr. Roger Fullington, Dallas, Texas, and the transfer of \$5,000 of previously received gifts from Mr. Fullington for a total of \$10,000 and established the Roger Fullington Endowment at The University of Texas System.

Ninety percent of the income earned from the endowment will be for the unrestricted use of the Chancellor. The remaining ten percent of earned income will be reinvested in the endowment corpus.

2. U. T. Austin: Acceptance of Gifts from Lorraine I. Stengl, M.D., Wimberley, Texas, and Various Donors; Establishment of the Dorothea Bennett Memorial Graduate Fellowship Fund in the College of Natural Sciences; and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Land and Investment Committee recommended and the Board accepted a \$40,000 gift from Lorraine I. Stengl, M.D., Wimberley, Texas, and \$2,710 in gifts from various donors for a total of \$42,710 and established the Dorothea Bennett Memorial Graduate Fellowship Fund in the Department of Zoology, College of Natural Sciences, at The University of Texas at Austin.

Further, \$21,355 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment to a total of \$64,065.

Income earned from the endowment will be used to award fellowships to graduate students in the Department of Zoology.

3. U. T. Austin: Acceptance of Gift and Pledge from Judge Wilson Cowen, Washington, D. C., and Establishment of the Judge Wilson Cowen Endowed Presidential Scholarship in Law in the School of Law.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$50,000 gift and a \$50,000 pledge, payable by August 31, 1993, from Judge Wilson Cowen, Washington, D. C., and a \$50,000 transfer of previously reported gifts from current restricted funds for a total of \$150,000 and established the Judge Wilson Cowen Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. Funds in the amount of \$100,000 will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations, and \$50,000 will be held and administered by the U. T. Board of Regents.

When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the U. T. Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships to second or third year students who are domiciled in the State of Texas and have had to work to pay for their legal education. Recipients will be selected at the discretion of the Dean of the School of Law or the Dean's designee, based on financial need.

4. U. T. Austin: Approval to Allocate Previously Approved Regents' Endowed Teachers and Scholars Program Matching Funds for Addition to the Walter Cronkite Regents Chair in Communication and DeWitt C. Reddick Regents Chair in Communication in the College of Communication.--Approval was given to allocate \$143,999 in previously approved matching funds from The Regents' Endowed Teachers and Scholars Program with \$108,974 added to the Walter Cronkite Regents Chair in Communication and \$35,025 added to the DeWitt C. Reddick Regents Chair in Communication in the College of Communication at The University of Texas at Austin.
  
5. U. T. Austin: Acceptance of Gifts from Various Donors for Addition to The Ex-Students' Association Endowed Scholarships and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Board accepted \$69,800 in gifts from various donors for addition to The Ex-Students' Association Endowed Scholarships at The University of Texas at Austin.

Further, \$34,900 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment to a total of \$229,650.

6. U. T. Austin: Acceptance of Gift from the Public Relations Foundation of Texas, The Woodlands, Texas, and Establishment of the Ralph E. Frede Public Relations Foundation of Texas Endowed Scholarship in Public Relations in the College of Communication.--Authorization was granted to accept a \$10,000 gift from the Public Relations Foundation of Texas, The Woodlands, Texas, and to establish the Ralph E. Frede Public Relations Foundation of Texas Endowed Scholarship in Public Relations in the College of Communication at The University of Texas at Austin.

Income earned from the endowment will be used in support of junior, senior, and graduate students of high academic merit who intend to pursue a career in public relations. Recipients will be selected by the College of Communication Scholarship Committee.

7. U. T. Austin: Acceptance of Gift from Mr. William Shelton Lee, Houston, Texas, for Addition to the Fulbright & Jaworski Professorship in Law in the School of Law and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$10,000 gift from Mr. William Shelton Lee, Houston, Texas, for addition to the Fulbright & Jaworski Professorship in Law in the School of Law at The University of Texas at Austin. The funds will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations.

Further, \$5,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the Professorship. Upon approval of the matching allocation, the U. T. Law School Foundation will transfer this contribution to the U. T. Board of Regents.

8. U. T. Austin: Acceptance of Gifts from the League for Innovation in the Community College, Laguna Hills, California, and Various Donors; Establishment of the Edmund J. and Charlene Gleazer Endowed Scholarship in Community College Leadership in the College of Education; and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$15,000 gift from the League for Innovation in the Community College, Laguna Hills, California, and \$11,860 in gifts from various donors for a total of \$26,860 and established the Edmund J. and Charlene Gleazer Endowed Scholarship in Community College Leadership in the College of Education at The University of Texas at Austin.

Further, \$13,430 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment to a total of \$40,290.

Income earned from the endowment will be used to award scholarships to students in the Community College Leadership Program in the College of Education.

9. U. T. Austin: Acceptance of Gift from the Elizabeth L. and Russell F. Hallberg Foundation, Arlington, Texas, and Establishment of the Elizabeth L. and Russell F. Hallberg Foundation Endowed Presidential Scholarship in Engineering No. 1 and the Elizabeth L. and Russell F. Hallberg Foundation Endowed Presidential Scholarship in Engineering No. 2 in the College of Engineering.--The Land and Investment Committee recommended and the Board accepted a \$50,000 gift from the Elizabeth L. and Russell F. Hallberg Foundation, Arlington, Texas, and established the Elizabeth L. and Russell F. Hallberg Foundation Endowed Presidential Scholarship in Engineering No. 1 and the Elizabeth L. and Russell F. Hallberg Foundation Endowed Presidential Scholarship in Engineering No. 2 in the College of Engineering at The University of Texas at Austin.

Income earned from these endowments will be used to award scholarships on the basis of academic merit and potential for a successful engineering career to students who are citizens or permanent residents of the U. S. and residents of Tarrant County or El Paso County, Texas.

10. U. T. Austin: Approval to Accept Gift from Mr. Allen F. Jacobson, St. Paul, Minnesota, and to Establish the Allen F. Jacobson Endowed Scholarship in Engineering in the College of Engineering.--Approval was given to accept a \$10,000 gift from Mr. Allen F. Jacobson, St. Paul, Minnesota, and to establish the Allen F. Jacobson Endowed Scholarship in Engineering in the College of Engineering at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to undergraduate and graduate students based on financial need.

11. U. T. Austin: Establishment of the Locke Purnell Rain Harrell Endowed Mock Trial Competition in the School of Law.--The Board established the Locke Purnell Rain Harrell Endowed Mock Trial Competition in the School of Law at The University of Texas at Austin. Funding for the endowment (\$14,700) will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations.

Income will be used to fund competitions in trial and appellate advocacy, as directed by the Dean of the School of Law or the Dean's designee.

12. U. T. Austin: Acceptance of Pledge from Mitsubishi Heavy Industries, Ltd., Tokyo, Japan; Establishment of the Mitsubishi Heavy Industries Chair in Japanese Studies in the College of Liberal Arts; Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program; and Establishment of the Mitsubishi Heavy Industries Professorship in Japanese Studies in the College of Liberal Arts.--Authorization was granted to accept a \$500,000 pledge, payable by June 30, 1991, from Mitsubishi Heavy Industries, Ltd., Tokyo, Japan, and to establish the Mitsubishi Heavy Industries Chair in Japanese Studies in the College of Liberal Arts and in affiliation with the Center for Asian Studies at The University of Texas at Austin.

Further, \$250,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to establish the Mitsubishi Heavy Industries Professorship in Japanese Studies in the College of Liberal Arts and in affiliation with the Center for Asian Studies at U. T. Austin.

Income earned from both endowments will be used to support studies associated with the Japanese language, literature, and culture.



13. U. T. Austin: Acceptance of Gift and Pledge from Andrews & Kurth, Houston, Texas, and Establishment of the Clinton F. Morse Endowed Presidential Scholarship in Law in the School of Law.--Upon recommendation of the Land and Investment Committee, the Board accepted an \$8,000 gift and a \$17,000 pledge, payable by August 31, 1993, from the law firm of Andrews & Kurth, Houston, Texas, and a \$12,500 transfer of previously reported gifts from current restricted funds for a total of \$37,500 and established the Clinton F. Morse Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. Funds in the amount of \$25,000 will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations, and \$12,500 will be held and administered by the U. T. Board of Regents.

When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the U. T. Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

Income earned from the endowment will be used to award merit based scholarships to deserving students, selected at the discretion of the Dean of the School of Law or the Dean's designee.

14. U. T. Austin: Acceptance of Gift and Pledge from Mr. Peter G. Olson, Newtown, Connecticut, and Gifts from Various Donors and Establishment of the Ellen Waters Olson Endowed Presidential Scholarship in Law in the School of Law.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$50,000 gift and a \$100,000 pledge, payable by August 31, 1993, from Mr. Peter G. Olson, Newtown, Connecticut, \$10,980 in gifts from various donors, and a \$30,000 transfer of previously reported gifts from current restricted funds for a total of \$190,980 and established the Ellen Waters Olson Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. Funds in the amount of \$160,980 will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations, and \$30,000 will be held and administered by the U. T. Board of Regents.

When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the U. T. Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships to students with demonstrated financial need whose academic qualifications indicate a high probability of success in Law School, with the scholarships being awarded at the discretion of the Dean of the School of Law or his designee.

15. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Establishment of the Judge Thomas M. Reavley Endowed Presidential Scholarship in Law in the School of Law.--The Land and Investment Committee recommended and the Board accepted \$14,875 in gifts and \$10,125 in pledges, payable by August 31, 1993, from various donors and a \$12,500 transfer of previously reported gifts from current restricted funds for a total of \$37,500 and established the Judge Thomas M. Reavley Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. Funds in the amount of \$25,000 will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations, and \$12,500 will be held and administered by the U. T. Board of Regents.

When matching funds become available under The Regents' Endowed Student Fellowship and Scholarship Program, the U. T. Law School Foundation will transfer funds held for the endowment to the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships to deserving students, based on merit or need, and selected at the discretion of the Dean of the School of Law or the Dean's designee.

16. U. T. Austin: Redesignation of Twelve Previously Approved Endowments in the College of Engineering.--In accordance with the donor's request, approval was given to redesignate twelve previously established endowments for the benefit of the College of Engineering at The University of Texas at Austin as follows:

<u>From</u>	<u>To</u>
a. Engineering Foundation Graduate Fellowship Fund	Temple Foundation Graduate Fellowship Fund
b. Endowed Graduate MCD Fellow- ships in Engineering	Temple Foundation Graduate MCD Fellow- ships in Engineering
c. Engineering Foundation Endowed Professorship No. 2	Temple Foundation Endowed Professor- ship No. 1
d. Engineering Foundation Endowed Faculty Fellowship No. 1	Temple Foundation Endowed Faculty Fel- lowship No. 1
e. Engineering Foundation Endowed Faculty Fellowship No. 2	Temple Foundation Endowed Faculty Fel- lowship No. 2
f. Engineering Foundation Endowed Faculty Fellowship No. 3	Temple Foundation Endowed Faculty Fel- lowship No. 3
g. Engineering Foundation Endowed Faculty Fellowship No. 4	Temple Foundation Endowed Faculty Fel- lowship No. 4
h. Engineering Foundation Endowed Faculty Fellowship No. 5	Temple Foundation Endowed Faculty Fel- lowship No. 5

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|----|--|---|
| i. | Engineering Foundation<br>Endowed Faculty Fellowship<br>No. 6  | Temple Foundation<br>Endowed Faculty Fel-<br>lowship No. 6                      |
| j. | Engineering Foundation<br>Endowed Faculty Fellowship<br>No. 7  | Temple Foundation<br>Endowed Faculty Fel-<br>lowship No. 7                      |
| k. | Engineering Foundation<br>Endowed Teaching Fellowship<br>No. 1 | Temple Foundation<br>Endowed Teaching Fel-<br>lowship in Engineer-<br>ing No. 1 |
| l. | Engineering Foundation<br>Endowed Teaching Fellowship<br>No. 2 | Temple Foundation<br>Endowed Teaching Fel-<br>lowship in Engineer-<br>ing No. 2 |

17. U. T. Southwestern Medical Center - Dallas: Acceptance of Gifts from an Anonymous Donor and the Southwestern Medical Foundation, Both of Dallas, Texas; Establishment of the George L. MacGregor Distinguished Chair in Biomedical Science; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board accepted a \$400,000 gift from an anonymous donor and a \$600,000 gift from the Southwestern Medical Foundation, Dallas, Texas (to be held in trust by the Foundation), comprised of a \$500,000 gift from the Hoblitzelle Foundation and accumulated interest, for a total of \$1,000,000 and established the George L. MacGregor Distinguished Chair in Biomedical Science at The University of Texas Southwestern Medical Center at Dallas.

Additionally, the actual income which will be earned on the \$400,000 gift will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

See Page 51 related to an initial appointment to this Distinguished Chair.

18. U. T. Medical Branch - Galveston: Authorization for Matching Funds Under the Texas Eminent Scholars Program for Six Endowed Academic Positions.--Authorization was granted for the actual income which will be earned on previously reported gifts from various donors to six endowed academic positions at The University of Texas Medical Branch at Galveston to be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act. The previously reported gifts and endowed academic positions are as follows:

- a. Jesse H. Jones Distinguished Chair in Burn Surgery - \$1,000,000
- b. The Rebecca Sealy Centennial Chair in the School of Nursing - \$500,000
- c. The John Sealy Centennial Chair in the Department of Radiation Therapy - \$500,000

- d. The John Sealy Centennial Chair in Cardiology in the Department of Medicine - \$500,000
  - e. The John Sealy Centennial Chair in Rehabilitation Sciences - \$500,000
  - f. The John Sealy Centennial Chair in Neonatology - \$500,000.
19. U. T. Medical Branch - Galveston and U. T. Health Science Center - Houston: Acceptance of Gift and Pledge from Dr. and Mrs. Mavis P. Kelsey, Sr., Houston, Texas, for The Mavis P. Kelsey, Sr. and Mary Wilson Kelsey Charitable Remainder Trust and Appointment of the U. T. Board of Regents as Trustee of the Trust.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$1,000 gift and a pledge of approximately \$300,000, payable by December 31, 1990, from Dr. and Mrs. Mavis P. Kelsey, Sr., Houston, Texas, for a total in excess of \$300,000 to fund The Mavis P. Kelsey, Sr. and Mary Wilson Kelsey Charitable Remainder Trust at The University of Texas Medical Branch at Galveston and The University of Texas Health Science Center at Houston. Additionally, the U. T. Board of Regents accepted the appointment as Trustee of the Trust.

The trust agreement provides for the payment of six percent of the annual net fair market value of the trust assets or the actual income, whichever is less, to be paid quarterly to Dr. and Mrs. Mavis P. Kelsey during their lifetimes and then to their surviving sons for their lifetimes, or, if earlier, until the twentieth anniversary of the establishment of the Trust.

Upon termination of the Trust, the corpus and any accumulated or undistributed income of the Trust shall be distributed in equal shares to establish The Mary W. and Mavis P. Kelsey Endowment at the U. T. Medical Branch - Galveston and for addition to The Mary Wilson Kelsey Professorship in the Medical Sciences at the U. T. Health Science Center - Houston. A final report will be made at a later date.

20. U. T. Health Science Center - Houston: Acceptance of Gifts from Mrs. Evalyn Saltzberg, Houston, Texas, and Various Donors and Establishment of the Bernard Saltzberg Research Scholarship Fund.--The Land and Investment Committee recommended and the Board accepted gifts totaling \$33,000 from Mrs. Evalyn Saltzberg, Houston, Texas, family members, colleagues, and friends of Dr. Bernard Saltzberg and established the Bernard Saltzberg Research Scholarship Fund at The University of Texas Health Science Center at Houston.

Ninety percent of the income earned from the endowment will be used for student scholarships and awards for excellence in the areas of electrophysiology, signal analysis, and other related fields in the Department of Psychiatry and Behavioral Sciences. The remaining ten percent of the income earned will be reinvested in the corpus of the endowment.

21. U. T. Health Science Center - San Antonio: Approval to Accept Transfer of the Dr. Frederic C. Bartter Memorial Fund from the National Institutes of Health, Bethesda, Maryland.--The Board, upon recommendation of the Land and Investment Committee, accepted the transfer of the Dr. Frederic C. Bartter Memorial Fund at the National Institutes of Health, Bethesda, Maryland, totaling \$43,962.75 and established the Dr. Frederic C. Bartter Memorial Fund at The University of Texas Health Science Center at San Antonio.

Income earned from the endowment will be used to support undergraduate medical students involved in short-term studies to learn the basic elements of clinical research within the Department of Medicine at the U. T. Health Science Center - San Antonio.

22. U. T. Health Science Center - San Antonio: Thelma and Joe Crow Endowed Professorship - Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Approval was given for the actual income which will be earned on a previously accepted grant of \$200,000 for the Thelma and Joe Crow Endowed Professorship at The University of Texas Health Science Center at San Antonio to be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

23. U. T. Health Science Center - San Antonio: Acceptance of Gift and Pledge from the Texas Research and Technology Foundation, San Antonio, Texas, for Addition to the Texas Research Park Professorship; Redesignation as the Alice P. McDermott Distinguished University Chair in Molecular Medicine; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board accepted a \$1,300,000 gift and a \$600,000 pledge, payable by December 31, 1991, from the Texas Research and Technology Foundation, San Antonio, Texas, for a total of \$1,900,000 for addition to the Texas Research Park Professorship for a total endowment of \$2,000,000 and redesignated the Professorship as the Alice P. McDermott Distinguished University Chair in Molecular Medicine at The University of Texas Health Science Center at San Antonio.

Further, the actual income which will be earned on \$1,900,000 in additional gifts and pledges, as received, will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

See Page 51 related to an initial appointment to the Distinguished University Chair.

24. U. T. Health Science Center - San Antonio: Authorization to Accept Gift from Milton S. Jacobs, M.D., San Antonio, Texas, for Addition to the U. T. System Pooled Income Fund.--Authorization was granted to accept a gift of 2,107 shares of Southwest Airlines Company common stock valued at \$30,946.56 from Milton S. Jacobs, M.D., San Antonio, Texas, for addition to The University of Texas System Pooled Income Fund.

Dr. Jacobs will receive the income generated by this gift during his lifetime. Upon his death, the remainder interest in this gift will be used to establish the Dr. Milton S. Jacobs Endowment Fund at The University of Texas Health Science Center at San Antonio for the benefit of the U. T. Medical School - San Antonio. A final report will be made at a later date.

25. U. T. M.D. Anderson Cancer Center: Appointment of the U. T. Board of Regents as Successor Trustee to the Wilfred George Barnts Charitable Remainder Unitrust.--Upon recommendation of the Land and Investment Committee, the Board accepted the appointment as successor trustee of the Wilfred George Barnts Charitable Remainder Unitrust for the benefit of The University of Texas M.D. Anderson Cancer Center.

26. U. T. M.D. Anderson Cancer Center: Acceptance of Transfer of Funds and Establishment of the Robert D. Moreton Endowment Fund for Patient Affairs.--The Land and Investment Committee recommended and the Board accepted a transfer of \$200,000 of previously reported gifts from current restricted funds and established a quasi-endowment to be named the Robert D. Moreton Endowment Fund for Patient Affairs at The University of Texas M.D. Anderson Cancer Center.

Income earned from the endowment will be used to provide perpetual funding for the patient affairs programs at the U. T. M.D. Anderson Cancer Center.

27. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest from the Estate of Clara Lee Webb, Amber, Oklahoma.--The Board accepted a specific bequest from the Estate of Clara Lee Webb, Amber, Oklahoma, comprised of 250 shares of Texaco, Inc. common stock which realized proceeds of \$15,099.48 to be used for current expenditures in general support of The University of Texas M.D. Anderson Cancer Center.

### III. OTHER MATTERS

1. U. T. System: Approval of the Standards of Conduct Policy for Investment Professionals.--In 1989, the State Auditors recommended that The University of Texas System approve an ethical policy focused on circumstances that arise in the investment of the Permanent University Fund and other funds under the supervision of the U. T. Board of Regents.

In compliance with this request, the Board, with the concurrence of the Investment Advisory Committee and the Land and Investment Committee, approved The University of Texas System Standards of Conduct Policy for Investment Professionals set forth on Pages 76 - 78.

Committee Chairman Ratliff noted that this policy will provide clear guidelines and a reporting mechanism to protect the integrity of the investment function as well as the members of the investment staff.

The University of Texas System  
Standards of Conduct Policy  
for Investment Professionals

Section I. Summary

This Policy sets forth standards of conduct for U. T. System investment professionals responsible for funds entrusted to their care. In all business matters, a high standard of ethical conduct is absolutely required. Each employee is expected to act in a manner that places their U. T. related interests above their own.

Investment professionals are required annually to sign a copy of this Policy acknowledging their responsibilities, as well as provide in writing the required disclosures. By signature, the investment professionals further affirm awareness of and compliance with the Regents' Rules and Regulations, Part One, Chapter III, Section 4 (Code of Ethics) and other standards in the Investment Policy Statements for the various funds administered by U. T.

Section II. Definitions

Affiliated - a relationship as an officer or director (unless serving as a director at the instruction of U. T.), service in an advisory role, or owner (including personal and family monies as defined) of five percent or more of the voting securities of a publicly traded corporation.

Family - a relative of the first degree that includes a parent, spouse, child, brother, or sister.

Material - of more than nominal value with potential to influence the business or investment decisions of an employee to whom they are made.

Personal or family monies - family funds benefitting directly or indirectly the U. T. investment professional and/or his/her family, and where the individual purchase and sale of securities are determined or influenced by the employee. This definition includes funds provided through a trust, codicil, or other equivalent arrangement.

Section III. Standards

- The primary duty of a U. T. investment professional is to evaluate and execute investment transactions to the best of his/her ability solely for the benefit of the various funds entrusted to his/her supervision by the U. T. System.
- U. T. investment professionals shall comply with all laws and regulations relating to the use of material non-public information.
- U. T. investment professionals shall not receive material compensation or benefits in any form for rendering investment advice outside of their duties to the University except in conjunction with the management of personal or family monies. U. T. investment professionals are, however, encouraged to use their experience and expertise to assist and advise charitable and other non-profit organizations in investment management practices to further the goals of such organizations.

- U. T. investment professionals shall not participate in external investment activities which require or provide discretionary authority to the U. T. employee for investment decisions except for the investment of personal or family monies.
- U. T. investment professionals shall disclose promptly to their supervisor and the Executive Vice Chancellor for Asset Management (or equivalent position) all publicly traded corporations with which they are affiliated. Such employees are prohibited from participation in U. T.'s decisions to purchase or sell securities of a publicly traded corporation with which they are affiliated.
- U. T. investment professionals, in connection with U. T.'s investment in private (non-public) securities transactions,
  - May not invest in private transactions either under review, committed to, or invested in by U. T.
  - Will not use the prospective or actual investment by U. T. to induce a sponsor to permit subsequent personal investment by the employee in other transactions at lower than established minimum amounts and/or on terms more favorable than those offered to equivalent investors.
  - May join a corporate board of directors (subject to approval by the Regents' Land and Investment Committee) to monitor U. T.'s investment or other interest in the corporation, but such individual may not accept personal compensation for serving on the board. Rather the U. T. employee will direct any such income for credit to the U. T. System or as directed by the Regents' Land and Investment Committee.
- U. T. investment professionals conduct extensive business with external vendor-organizations who provide an array of services essential to the successful and professional management of U. T.'s various funds. In making decisions with regard to such vendor-organizations as well as transacting on-going business relations, U. T. investment professionals:
  - Will only do business with organizations which are believed to exercise professional integrity and have financial substance adjudged to be adequate in light of the size and nature of the business involved.
  - Shall not accept any material gifts or favors from vendor-organizations and shall promptly notify their immediate supervisor if improper offers are received.
  - Shall not solicit contributions or gifts for any purpose from vendor-organizations.

#### Section IV. Disclosures

- The following information will be provided on a timely basis as known and be updated annually. (Submit on a separate sheet of paper listing the organization, nature of the affiliation or relationship, and appropriate dates.)



- All public companies in which the employee is an officer or director.
- All public companies in which the employee through personal or family monies owns five percent or more of the voting securities.
- All public companies in which the employee serves in an advisory capacity.
- All positions held in non-family entities where the employee serves as a trustee, advisory committee member, or equivalent.

Section V. Acknowledgement

- I have read and agree to comply with the Standards of Conduct Policy and have made all disclosures as required.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

2. U. T. System: Approval of Private Placement Investment Policy Statement.--Committee Chairman Ratliff noted that a draft policy regarding private placement investments for the Permanent University Fund and the Common Trust Fund of The University of Texas System had been distributed to the Board on yellow paper. He indicated that the policy, as presented, had been discussed with several members of the Investment Advisory Committee and members of the Land and Investment Committee in an effort to devise a process which would result in a "sense of comfort" by the Board in these investments.

In the discussion which followed, there was agreement that in Section IV, Paragraph (4), consultation with the members of the Land and Investment Committee would be required and that in Section V it would require a decision by the Board of Regents (rather than the Land and Investment Committee) to exceed the 10% limitation of book value on this type of investment.

With this agreement, Committee Chairman Ratliff moved the adoption of "The University of Texas System Private Placement Investment Policy Statement" as amended and as set forth on Pages 80 - 84, and the motion was seconded by Regent Cruikshank. The motion carried by a vote of eight (8) AYES with Regent Moncrief voting NO.

As a result of further discussion regarding the operational aspects of the policy statement:

- a. Executive Vice Chancellor for Asset Management Patrick was directed to develop an amendment to the policy statement which would detail the administrative procedures and record keeping requirements associated with the policy and bring this to a future meeting of the Board.
- b. Chairman Beecherl and Vice-Chairman Roden reminded Mr. Patrick that Dr. George Kozmetsky, as the Executive Associate for Economic Affairs to the Board of Regents, should be fully informed and involved in these private placement evaluations as one way to insure that the Board is comfortable with this process.

In this regard, Dr. Kozmetsky said that he and Mr. Patrick enjoyed a close working relationship and that he would be pleased to continue his involvement in the area of private placements.

The University of Texas System  
Private Placement Investment Policy Statement

I. PURPOSE

The purpose of this policy is to orient and limit U. T. System private placement investments to business situations with a high probability of excellent returns over time, but without avoidable risks or risks out of proportion to expected returns. Good communication and flexibility are desired results from implementation of this policy.

This policy shall govern the use of private placements in all funds under the supervision of the Board of Regents.

II. INVESTMENT OBJECTIVES

The primary investment objective of the private placement investment portfolio is long-term capital appreciation in excess of the return expected from publicly traded stocks. The portfolio's target annual rate of return is 15%, evaluated on a long-term basis. Equity investments or their equivalent will be emphasized to accelerate growth of capital and maximize the private placement investment portfolio's potential as an inflation hedge.

A second investment objective of the private placement investment portfolio is to provide a means of prudent diversification of the total fund, recognizing both the absolute growth of private investment in a global economy as well as the inherently greater balance afforded over funds limited to publicly traded securities.

III. SPECIAL ADVISORS

The Regents' Land and Investment Committee shall designate a minimum of two Special Advisors to assist and provide guidance to the private placement investment function. These advisors shall generally be selected from members of the Investment Advisory Committee. Their role shall be to provide experienced input and judgment to the decision process and transaction structuring. In practice their counsel will cover both portfolio strategy as well as specific transactions.

IV. INVESTMENT APPROVAL AND MANAGEMENT

The Private Placement Office within the Asset Management organization is responsible for all investigation, due diligence, and monitoring of each private placement investment.

Approval of individual investments shall involve a four step process.

- 1) The Private Placement Office shall conduct a thorough evaluation of specific investment proposals. Upon group decision to proceed, the proposed transaction and structure will be presented to the Special Advisors.

- 2) Interaction with the Special Advisors will provide for a complete discussion of the recommended investment including relevant information about the business or partnership, lead investor (if any), management, proposed terms, promote involved (if applicable), and expected returns. Risk elements and exit strategies shall also be disclosed to the extent known.
- 3) The Executive Vice Chancellor for Asset Management shall make the investment decision, considering fully all information available and the advice of the Special Advisors. Affirmative decisions shall be communicated by the Executive Vice Chancellor for Asset Management to the chairman and members of the Land and Investment Committee.
- 4) The Chairman of the Land and Investment Committee, after consultation with the other Committee members, shall make a determination as to whether the investment decision is satisfactory as to process and conclusion or if additional Land and Investment Committee input and review is appropriate. Approval of the Land and Investment Committee shall be the highest authority required to approve a specific private placement investment.

The approval process is designed to assure the adequacy of experienced input to the decision process, a timely response capability, and sufficiency of information for the Board of Regents. For logistical reasons, any meeting or information exchange may occur in person or via telephone.

V. INVESTMENT PORTFOLIO LIMITS

The funded and outstanding private placement investment portfolio (at cost) may not exceed 10% of the book value of fund groups authorized to use this class of investment without prior approval of the Board of Regents.

Funded private placement investments plus unfunded commitments to partnership/fund-type investments may exceed the 10% cap due to the multi-year investment cycle generally associated with partnerships. The absolute level of unfunded commitments shall be reviewed quarterly with the Land and Investment Committee.

New investment commitments irrespective of type are limited to 25% of the funded portfolio cap in any fiscal year without prior approval of the Land and Investment Committee. The Board of Regents in establishing this limit, recognize both the opportunity driven nature of private placement investments as well as the prudence associated with a relatively stable and manageable influx of new investments over time.

The maximum investment in any one entity shall not exceed 10% of the funded investment cap.

VI. INVESTMENT GUIDELINES

All investment decisions shall be made in compliance with the "prudent person standard." Portfolio investments shall be based upon the projected ability of the underlying business or project to create incremental value through the expansion or improved efficiency of operations or by the development and production of natural resources. Investments may be used to finance capital expenditures and working capital at any stage of a company's growth and/or to effect a change of control.

Investments with the following risk characteristics shall be avoided.

- a. Financial risk associated with highly leveraged transactions where the business is closely tied to either the economy or a specific industry cycle, securities denominated in soft currencies, fluctuating interest rates, commodity prices, or exchange rates.
- b. Operating risk associated with a single product or patent, extreme reliance on an individual in management, dominant suppliers or customers, or low barriers to entry.
- c. Regulatory risk associated with regulated industries subject to politicization of rate setting, base service decisions, or where success is highly dependent on continued access to public resources or favorable tax policy.
- d. Environmental risk associated with products or manufacturing processes deemed unusually hazardous to the environment.

Additional prohibitions shall include:

- 1) Participation in hostile takeovers
- 2) Start-ups or early stage companies involved in high technology product lines, unless made through a properly structured venture capital partnership/fund or via coinvestment with such an organization
- 3) Equity ownership in entities in bankruptcy.

The private placement portfolios shall minimize ownership of securities and participation in other activities that would cause the income attributable to these investments to be classified as unrelated business taxable income.

Waiver of any of these guidelines requires the approval of the Land and Investment Committee.

VII. INVESTMENT MANAGEMENT FIRMS/PARTNERSHIPS

The private placement portfolios may be invested in any authorized areas through management contracts with unaffiliated organizations possessing specialized investment skills. Such investment may be in the form of interests in limited partnerships, trusts, joint ventures, etc., where principals of the management firms have investment discretion. The principals

of such firms shall have a demonstrated record of accomplishment and performance in the area of investment being undertaken and shall be required to invest on the same terms as the participating investors. Management fees and performance compensation payable under such contracts shall not exceed prevailing norms at the time of negotiation.

Private placement investments may include coinvestment directly in transactions sponsored and invested in by a management firm/partnership in which U. T. is already an investor.

VIII. BOARD REPRESENTATION

The Board of Regents recognizes that private placement investments frequently result in ownership of an interest in a company sufficient to warrant joining the board of directors to monitor and participate in oversight of the company. The decision to accept a board seat shall be the responsibility of the Land and Investment Committee.

IX. PRIVATE PLACEMENT PORTFOLIO VALUATION

The valuation of the private placement investments is an important ongoing yet inherently subjective process. To avoid unwarranted fluctuations and to assure a consistent methodology, all valuations will adhere to the process established and approved in Attachment A, U. T. System Private Placement Valuation Criteria.

U. T. System Private Placement  
Valuation Criteria

To Change Market Value in Published Financial Reports

The methodology used to evaluate private placement investments is by nature subjective and must be thoughtfully and conservatively administered. All valuation decisions are subject to concurrence by the Executive Vice Chancellor for Asset Management. Valuation will generally occur on an annual basis except for public securities (quarterly) and partnerships (upon receipt of partner valuation).

Direct Investments

- a. Public traded stocks and bonds with no restrictions
  - @ last bid price or market closing price. Restricted public stock values in excess of cost shall be reduced by 25%.
- b. Non-public stocks and bonds
  - @ last price paid in a new round of financing (required at least one new investor to confirm value ascribed.)
  - @ a subjective but responsible multiple of operating cash flow, less funded debt and less minority interest. (Valuation increase shall be reduced by 25%.)
- c. Oil and gas reserves at amortized cost
- d. Real estate at last appraised value

Partnership Investments

- a. General partner valuation less 25% of value increase
- b. Oil and gas reserves at amortized cost

Other

Control blocks of marketable stock held by U. T. or in conjunction with other investors may have value beyond market quotes.

Write Down - Book & Market Value

Investment of no discernable value or burdened with formidable business problems with little potential for success shall be written down to \$1 upon such a determination.

Reconvene.--At 12:25 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEMS FOR THE RECORD

1. U. T. System: Report on Status of Degree Programs and Academic Organizational Requests Approved by the U. T. Board of Regents and Submitted to the Texas Higher Education Coordinating Board for the Period September 1, 1989 Through October 31, 1990.--In order that the permanent records will accurately reflect the current status of those degree programs and academic organizational requests by the component institutions of The University of Texas System which have been submitted to the Texas Higher Education Coordinating Board, the following summary for the period September 1, 1989 through October 31, 1990, is reported for the record:

- a. Degree Programs Approved by the Coordinating Board for Implementation

U. T. Arlington

Master of Public Administration  
Ph.D. Business Administration  
Ph.D. Quantitative Biology

U. T. Austin

Ph.D. Nutritional Sciences  
Ph.D. Public Policy  
Ph.D. Slavic Languages

U. T. Dallas

Doctor of Science in Electrical Engineering  
M.S. Applied Cognition and Neuroscience  
M.S. Human Development and Early Childhood Disorders

U. T. El Paso

M.Ed. Special Education  
Ph.D. Electrical Engineering

U. T. Pan American

B.A. Anthropology  
M.A. School Psychology  
M.A. Spanish  
M.A. Theatre  
M.Ed. Gifted Education  
M.S. Early Childhood Education

U. T. Pan American (Brownsville)

B.S. Mathematics



U. T. San Antonio

M.S. Civil, Electrical, and Mechanical  
Engineering

U. T. Tyler

Change Name of "Master of Public Planning  
and Administration" to "Master of Public  
Administration"

U. T. Southwestern Medical Center - Dallas

Change "Division of Orthopedic Surgery"  
to "Department of Orthopedic Surgery"

U. T. Health Science Center - Houston

M.S. Genetic Counseling  
Reorganization of Nursing School

U. T. Health Science Center - San Antonio

Ph.D. Nursing

- b. Requests Approved by the U. T. Board of  
Regents and Pending with the Coordinating  
Board

U. T. El Paso

M.Ed. Developmental Education  
Ph.D. Psychology

U. T. Pan American

B.B.A. International Business  
M.S. Mathematics  
M.S. Sociology

U. T. San Antonio

Ph.D. Biology

U. T. Tyler

M.S. Biology  
M.S. Mathematics

- c. Requests Approved by the U. T. Board of Regents  
and Yet to be Submitted to the Coordinating Board

U. T. Austin

M.A. Molecular Biology  
Ph.D. Molecular Biology

- d. Requests Approved by the U. T. Board of Regents  
and Sent to the Coordinating Board and Withdrawn

U. T. Arlington

Ph.D. Nursing Administration

U. T. Health Science Center - Houston

Doctor of Science in Nursing

2. U. T. Southwestern Medical Center - Dallas - Research Building - Phase I North Campus Expansion (Project No. 303-702): Report on Rejection of Bids for Procurement for Bid Packages Two "A," "B," and "C" and Advertisement for New Bids.--In accordance with authorization by the U. T. Board of Regents in February 1990, bids for the second stage of construction, prepurchase of Thermal Energy Plant Equipment, for the Research Building - Phase I North Campus Expansion at The University of Texas Southwestern Medical Center at Dallas were received on September 20, 1990, as shown below:

a. Bid Package Two "A" - Chillers for Thermal Energy Plant Building "NJ"

<u>Bidder</u>	<u>Base Bid "A"</u>	<u>Base Bid "B"</u>
York International Dallas, Texas	\$1,338,150	\$1,096,960
Carrier Corporation Richardson, Texas	\$1,330,787	\$1,177,707
The Trane Company, a Division of American Standard Inc., LaCrosse, Wisconsin	None (An unso- licited alternate bid was received; it was a nonre- sponsive bid.)	None

b. Bid Package Two "B" - Boilers for Thermal Energy Plant Building "NJ"

<u>Bidder</u>	<u>Base Bid</u>
Cleaver-Brooks Milwaukee, Wisconsin	\$ 573,638

c. Bid Package Two "C" - Switchgear for Thermal Energy Plant Building "NJ"

<u>Bidder</u>	<u>Base Bid</u>
GE Company/ED&C Sales Division, Dallas, Texas	\$1,093,317
Westinghouse Electric Supply Company Dallas, Texas	\$1,122,650
Square D Company Dallas, Texas	\$1,187,976

Bid Package Two "A" invited bids for chillers. The bids from The Trane Company and Carrier Corporation were non-responsive because they deviated substantially from the bid requirements. The bid from York International deviated only to a minor degree from the bid requirements. In view of a strong protest from Carrier Corporation over a possible award to York International, it was considered prudent to reject all bids for chillers and to rebid the procurement with amended bid documents.

Bid Package Two "B" invited bids for boilers. Only one bid was received, and it was substantially higher than the estimated cost. It was believed that rejecting this bid and rebidding this package with increased competition will result in a better price for this package.

Bid Package Two "C" invited bids for electrical equipment which will primarily support the mechanical equipment in the thermal energy plant. Since the equipment in Package Two "A" is being changed, it was necessary to reject the bids and to change the equipment included in Package Two "C." It should be noted that two protests were received over possible award of this package.

The results of the second bid opening will be reported to the U. T. Board of Regents via Executive Committee Letter.

#### REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

Regent Ramirez, Vice-Chairman 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 has not met since the last Regents' meeting held in October of 1990. The Board had tentatively planned an Oil and Gas Lease Sale for March 1991; however, nominations received in October from individuals and oil companies indicated insufficient interest to schedule the proposed Oil and Gas Lease Sale.

The Board will consider a sale in the latter part of 1991 in the event a demand for a sale is indicated.

OTHER MATTERS

1. U. T. System: Report from Student Advisory Group on Interlibrary Loans and Library Resources.--At the request of Chairman Beecherl, Chancellor Mark introduced Mr. Jack Johnston of The University of Texas at El Paso and indicated that Mr. Johnston is the newly elected Chairman of The University of Texas System Student Advisory Group. Chancellor Mark then called on Mr. Johnston who introduced the following representatives of the Student Advisory Group:

Ms. Blair Taylor, The University of Texas  
Health Science Center at San Antonio

Mr. David Scott, The University of Texas  
Medical Branch at Galveston

Mr. Stephen Hewitt, The University of  
Texas Health Science Center at Houston

Mr. Hysam Dawod, The University of Texas  
Health Science Center at Houston

Ms. Lynne Markgraf, The University of  
Texas of the Permian Basin.

Mr. Johnston indicated that the Group was planning to move its meetings to various cities so that Regents and others interested in the Group's activities would have a chance to attend the meetings. He noted that some of the main issues of interest to the Student Advisory Group are library enhancement proposals, Vision 2020, course scheduling, health-related activities, minority recruitment and retention, and student health insurance. Mr. Johnston pointed out that the Group had already presented to the Board its comments regarding the final exam policy and student misconduct and discipline and looked forward to working with the Board, System Administration, and the Legislature in 1991.

Mr. Johnston then recognized Mr. David Scott who addressed the issue of library enhancements. Mr. Scott noted that, in order to maintain the high academic standards set by The University of Texas System, it is essential that students, faculty, and staff have adequate access to resources provided by component libraries. Failure to provide these resources could result in stifled growth in both teaching and research capabilities. He added that the combined forces of budgetary restraints and increased serials costs have precipitated a decreased availability of library resources. Mr. Scott offered the following solutions: (a) make certain the Legislature understands this is a high visibility and critical issue, (b) consider the allocation of more Permanent University Fund resources for library enhancements, and (c) try to enhance the creative technological improvements that the library professional staff has made in the last few years.

Mr. Scott reiterated that a more efficient system of inter-institution acquisition and transfer of materials needs to be established. Continued priority needs to be given to increased funding for library materials. In the longer term, alternative solutions utilizing advanced computer technology and the established inter-component communication network should be implemented.

With the upcoming legislative session, Mr. Scott pointed out that the Student Advisory Group encourages the Board and the U. T. System to seek priority funding for library materials and staff.

On behalf of the Board, Chairman Beecherl thanked the Student Advisory Group for this excellent report.

2. U. T. System: Report from Faculty and Student Advisory Groups Regarding Academic Dishonesty (Deferred).-- Chairman Beecherl reported that the proposed report from the Faculty and Student Advisory Groups of The University of Texas System regarding academic dishonesty had been deferred at the request of the Faculty Advisory Group.
  
3. U. T. System: Report by Chancellor Mark on the Strategic Plan - Vision 2020.--Chancellor Mark reported that the process to update The University of Texas System Strategic Plan, which was first developed in 1985, was progressing well. He noted that the current Board is the pioneer for strategic planning for higher education in Texas. Dr. Mark pointed out that in 1989 the Legislature authorized the Texas Higher Education Coordinating Board to establish strategic plans for all of higher education and that the U. T. System has a draft of its updated strategic plan but it is not yet a published document. He stated that the strategic plan is not ready to be made public, and he would like to send the plan to the Board so that comments could be made as soon as possible. Dr. Mark emphasized that he would like to get the plan, which is entitled Vision 2020, published before the Legislature convenes in January and to do that would require Board approval via Executive Committee Letter.

Chairman Beecherl suggested that the Board members share their comments on this document with Chancellor Mark by January 15 so that it can then be approved via Executive Committee Letter.

RECESS TO EXECUTIVE SESSION.--At 12:50 p.m., the Board recessed 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.

RECONVENE.--At 2:15 p.m., the Board reconvened in open session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Beecherl reported that the Board had met in Executive Session in the Shivers Conference Room of the R. Lee Clark Clinic Building 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 Beecherl's inquiry regarding the wishes of the Board, the following actions were taken:

1. U. T. Southwestern Medical Center - Dallas: Settlements of Medical Liability Litigation for (a) Fred Masinga and (b) Juvenal Montoya and Tracy Montoya on Behalf of Ciera Montoya.--Regent Blanton moved that the Chancellor and the Office of General Counsel be authorized to settle on behalf of The University of Texas Southwestern Medical Center at Dallas the medical liability lawsuits filed by (a) Fred Masinga and (b) Juvenal Montoya and Tracy Montoya on behalf of Ciera Montoya in accordance with the proposals presented in Executive Session.

Regent Ratliff seconded the motion which carried without objection.

2. U. T. Austin: Authorization to Conclude Negotiations and to Accept a Gift from the Sam Rayburn Foundation, Bonham, Texas, to Include the Sam Rayburn Library, Three Parcels of Land Located in Fannin County, Texas, and Funds to Establish the Sam Rayburn Library Endowment; and Authorization for Appropriate Officials to Execute Related Documents.--Upon motion of Regent Ratliff, seconded by Regent Moncrief, the Board authorized President Cunningham to conclude negotiations on behalf of The University of Texas at Austin and to accept, with the approval of the Executive Vice Chancellor for Academic Affairs, and on behalf of the U. T. Board of Regents a gift from the Sam Rayburn Foundation, Bonham, Texas, described as follows:

- a. The Sam Rayburn Library, including the Patman Annex, located in Bonham, Fannin County, Texas, and all furniture, fixtures, and equipment located therein to be known as the U. T. Austin Sam Rayburn Library;
- b. Three parcels of land located in Fannin County, Texas, being (1) the land underlying the Library and consisting of approximately 5 acres; (2) the Rayburn Farm consisting of approximately 104.1 acres except for a portion thereof dedicated to an existing research facility of approximately 10 acres; and (3) a tract of approximately 4.9 acres at West 7th Street, Bonham, Texas; and
- c. Funds in the amount of approximately \$2,500,000 previously known as the Sam Rayburn Foundation Endowment Fund to establish the U. T. Austin Sam Rayburn Library Endowment with income to be used for maintaining, operating, and staffing the Library.

Further, the U. T. Board of Regents authorized the Executive Vice Chancellor for Academic Affairs and President Cunningham to execute a Gift Bill of Sale accepting the Library and personal property; a Deed Without Warranty accepting the real property in Bonham; and a Loan Agreement accepting the loan of the papers and correspondence of the Honorable Sam Rayburn, former Speaker of the U. S. House of Representatives, from the Foundation to the U. T. Board of Regents for the benefit of U. T. Austin after approval of the respective documents by the Office of General Counsel.

In addition, the U. T. Board of Regents authorized the Executive Vice Chancellor for Asset Management and President Cunningham to execute acceptance of a Deed from the Foundation to convey the Rayburn Farm to the U. T. Board of Regents for the benefit of U. T. Austin after approval of the document by the Office of General Counsel.

SCHEDULED MEETING.--Chairman Beecherl announced that the next meeting of the U. T. Board of Regents would be held on February 14, 1991, and would be hosted by The University of Texas at Austin at the Balcones Research Center.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 2:20 p.m.



Arthur H. Dilly  
Executive Secretary

December 14, 1990