

Meeting No. 852

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

VOLUME XXXVIII - C

Pages 1 - 121

February 14, 1991

Austin, Texas

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 OF
 THE UNIVERSITY OF TEXAS SYSTEM
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 AUSTIN, TEXAS

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MEETING NO. 852

THURSDAY, FEBRUARY 14, 1991.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:40 a.m. on Thursday, February 14, 1991, in the Lobby of the Commons Building at the Balcones Research Center of The University of Texas at Austin, Austin, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Beecherl, presiding	
Vice-Chairman Barshop	
Regent Cruikshank	
Regent Holmes	
Regent Loeffler	
Regent Moncrief	
Regent Ramirez	
Regent Rapoport	
Regent Temple	

Executive Secretary Dilly

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

[On January 23, 1991, Governor Ann Richards named the following to membership on the Board of Regents of The University of Texas System for terms to expire on February 1, 1997:

Reverend Zan W. Holmes, Jr., Dallas, Texas, to succeed Mr. Shannon H. Ratliff of Austin, Texas, whose term expired on February 1.

Mr. Bernard Rapoport, Waco, Texas, to succeed Mr. William F. Roden, Midland, Texas, whose term expired on February 1.

Mrs. Ellen Clarke Temple, Lufkin, Texas, to succeed Mr. Jack S. Blanton, Houston, Texas, whose term expired on February 1.

Each of the above was confirmed by the Senate of Texas on February 4, 1991, and subsequently took the oath of office.]

Chairman Beecherl announced a quorum present and called the meeting to order. On behalf of the Board, the officials of The University of Texas System Administration, and the component institutions of The University of Texas System, Chairman Beecherl welcomed Regents Holmes, Rapoport, and Temple to membership on the U. T. Board of Regents and stated that the Board looked forward to their counsel in the governance of the U. T. System.

WELCOME BY DR. WILLIAM H. CUNNINGHAM, PRESIDENT OF THE UNIVERSITY OF TEXAS AT AUSTIN.--Chairman Beecherl stated that the Board was pleased to be meeting at the Balcones Research Center and then called on Dr. William H. Cunningham, President of The University of Texas at Austin, for any welcoming remarks on behalf of the host institution.

On behalf of the faculty, staff, and students of U. T. Austin, President Cunningham welcomed the members of the Board and other guests to the Balcones Research Center.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON DECEMBER 6, 1990.--Upon motion of Regent Cruikshank, seconded by Regent Moncrief and Vice-Chairman Barshop, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on December 6, 1990, in Houston, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XXXVIII, Pages 558 - 952.

SPECIAL ITEMS

1. U. T. Board of Regents: (a) Adoption of Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, (b) Adoption of Second Supplemental Resolution Authorizing the Issuance of The University of Texas System Revenue Financing System Refunding Bonds, Series 1991A-C, in an Aggregate Principal Amount Not to Exceed \$316,000,000; (c) Designation of the Executive Committee as a Pricing Committee to Approve Pricing of Bonds; (d) Appointment of McCall, Parkhurst & Horton, Dallas, Texas, as Bond Counsel and Baeza, Lannen & Moyé, Dallas, Texas, as Co-Bond Counsel; (e) Appointment of Ameritrust Texas National Association, Austin, Texas, and Morgan Guaranty Trust Company of New York, New York, New York, as Escrow Agents; (f) Appointment of Ernst & Young, Tucson, Arizona, as Escrow Verification Agent; (g) Authorization for the Sale of the Bonds to Goldman, Sachs & Co., New York, New York; (h) Authorization for Office of Finance to Advertise for Bids; and (i) Authorization for Officers of U. T. System to Complete Transactions.--Chairman Beecherl called on Executive Vice Chancellor for Asset Management Patrick to review the recommendations related to the proposed adoption of the Amended and Restated Master and Second Supplemental Resolutions for The University of Texas System Revenue Financing System Refunding Bonds.

Following Mr. Patrick's presentation, the Board:

- a. Adopted the Amended and Restated Master Resolution establishing The University of Texas System Revenue Financing System which reserves additional rights for the benefit of the System
- b. Adopted the Second Supplemental Resolution authorizing the issuance of The University of Texas System Revenue Financing System Refunding Bonds, Series 1991A-C, in the aggregate principal amount not to exceed \$316,000,000, for the purpose of advance refunding Board of Regents of The University of Texas System General Revenue Refunding

Bonds, Series 1986, \$191,100,000; Board of Regents of Pan American University Auxiliary Enterprise System Revenue Bonds, Series 1968A, \$73,000; Series 1968B, \$145,000; Series 1968C, \$1,278,000; Series 1968D, \$570,000; Series 1973, \$715,000; Series 1977, \$325,000; Board of Regents of Pan American University Combined Fee Revenue Bonds, Series 1971, \$665,000; Board of Regents of Pan American College Utility Plant Student Fee Revenue Bonds, Series 1968, \$1,035,000; and Board of Regents of Pan American College Student Fee Revenue Bonds, Series 1969, \$888,000 and for the purpose of refunding \$24,760,000 of Revenue Financing System Commercial Paper, Series A, and to provide new money of \$65,640,000 for the construction of eligible projects; Series A will refund the General Revenue Refunding Bonds, Series 1986; Series B will refund the Revenue Financing System Commercial Paper Notes and provide new money for the construction of projects at The University of Texas Southwestern Medical Center at Dallas, The University of Texas M.D. Anderson Cancer Center, and The University of Texas at Austin; and Series C will refund the Pan American University Revenue Bonds

Coincident with the approval of the Resolution, the Board also approved an Official Statement, a Bond Purchase Contract, a Paying Agent/Registrar Agreement, Escrow Agreements, and a Depository Trust Company Letter of Representation.

- c. Designated the Executive Committee of the U. T. Board of Regents as a Pricing Committee to approve the pricing of the Bonds
- d. Appointed McCall, Parkhurst & Horton, Dallas, Texas, as Bond Counsel and Baeza, Lannen & Moyé, Dallas, Texas, as Co-Bond Counsel
- e. Appointed Ameritrust Texas National Association, Austin, Texas, and Morgan Guaranty Trust Company of New York, New York, New York, as Escrow Agents
- f. Appointed Ernst & Young, Tucson, Arizona, as Escrow Verification Agent
- g. Authorized the sale of The University of Texas System Revenue Financing System Refunding Bonds, Series 1991, to Goldman, Sachs & Co., New York, New York
- h. Authorized the Office of Finance to advertise for bids for Paying Agent/Registrar and printing of the Official Statement
- i. Authorized certain officers and employees of the U. T. System to take any and all steps necessary to complete the transactions.

NOTE: The Amended and Restated Master Resolution and the Second Supplemental Resolution with related documents, which were before the Board, are not included in the Minutes but are on file in the Office of the Board of Regents.

At the August 1986 meeting, the Board authorized the issuance, sale, and delivery of The University of Texas System General Revenue Refunding Bonds, Series 1986. The security for these bonds consisted of a combined pledge of specific fees and auxiliary revenues from certain components of The University of Texas System.

At the April 1990 meeting of the Board, a master resolution establishing The University of Texas System Revenue Financing System was adopted which provided a Systemwide financing structure for all non-PUF revenue supported capital improvement projects whereby all revenues and fund balances are pledged as security for bonds issued under this resolution.

Due to the current market conditions, an opportunity now exists to advance refund the General Revenue Refunding Bonds, Series 1986, by issuing the Series A bonds in order to achieve a two-fold result: restructuring of the debt so that all revenue debt has the same pledge of revenues and a debt service savings by refunding the higher coupon debt with lower coupon debt.

The commercial paper note program provides interim financing at short-term interest rates for the eligible projects. Since long-term interest rates are favorable, the short-term financing is being converted to long-term financing and the new money is being acquired through the issuance of fixed rate long-term debt.

2. U. T. Board of Regents: (a) Approval of Resolution Authorizing the Issuance of Permanent University Fund Refunding Bonds, Series 1991, in an Amount Not to Exceed \$260,000,000; (b) Designation of the Executive Committee as the Pricing Committee to Approve Pricing of Bonds; (c) Appointment of Vinson & Elkins, Austin, Texas, as Bond Counsel; (d) Appointment of Ernst & Young, Tucson, Arizona, as Escrow Verification Agent; (e) Appointment of Morgan Guaranty Trust Company of New York, New York, New York, as Escrow Agent; (f) Authorization for the Sale of the Bonds to J. P. Morgan Securities, New York, New York; (g) Authorization for Office of Finance to Advertise for Bids; and (h) Authorization for Officers of U. T. System to Complete Transactions.--At the request of Chairman Beecherl, Executive Vice Chancellor for Asset Management Patrick reviewed the recommendations related to the proposed adoption of a Resolution authorizing the issuance of Permanent University Fund Refunding Bonds, Series 1991.

Following Mr. Patrick's presentation, the Board unanimously:

- a. Approved the Resolution authorizing the issuance of Permanent University Fund Refunding Bonds, Series 1991, in the aggregate principal amount not to exceed \$260,000,000, to be used to refinance an equal principal amount of Permanent University Fund Variable Rate Notes, Series A

Coincident with the approval of the Resolution, the Board also approved an Official Statement, a Bond Purchase Contract, a Paying Agent/Registrar Agreement, and an Escrow Agreement.

- b. Designated the Executive Committee of the U. T. Board of Regents as the Pricing Committee to approve the pricing of the Bonds

- c. Appointed Vinson & Elkins, Austin, Texas, as Bond Counsel
- d. Appointed Ernst & Young, Tucson, Arizona, as Escrow Verification Agent
- e. Appointed Morgan Guaranty Trust Company of New York, New York, New York, as Escrow Agent
- f. Authorized the sale of the Permanent University Fund Refunding Bonds, Series 1991, to J. P. Morgan Securities, New York, New York
- g. Authorized the Office of Finance to advertise for bids for the Paying Agent/Registrar and printing of the Official Statement
- h. Authorized certain officers and employees of the U. T. System to take any and all steps necessary to complete the transactions.

NOTE: The Resolution and related attachments, which were before the Board, are not included in the Minutes but are on file in the Office of the Board of Regents.

At the December 1985 meeting, the Board authorized the issuance of Permanent University Fund Variable Rate Notes, Series A, in the amount of \$100 million to fund a portion of the PUF Capital Improvement Program. At the December 1986 meeting, this amount was increased by \$25 million so that the aggregate amount of Notes outstanding would not exceed \$125 million.

At the February 1988 meeting, the aggregate authorization for Permanent University Fund Variable Rate Notes, Series A, was increased to an amount not to exceed \$250 million. The financing program underlying the issuance of the Notes entailed two stages: first, short-term variable rate financing during construction and second, refunding of variable rate notes at periodic intervals with fixed rate long-term bonds. The two-stage financing program permitted The University of Texas System to minimize Available University Fund debt service during construction by borrowing at short-term interest rates and only as expenditures were incurred.

At the April 1988 meeting, the Board adopted a resolution authorizing the issuance and sale of \$100 million of fixed rate long-term bonds to be used to refinance \$100 million of short-term variable rate notes. In order to sustain the current financing program, the short-term variable rate notes must again be refinanced with long-term fixed rate bonds during the current fiscal year and thus allow favorable market conditions for fixed rate financing to be implemented.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 10:55 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 6 - 12).--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: Appointment of Mr. J. Luther King, Jr., Fort Worth, Texas, and Mr. L. Lowry Mays, San Antonio, Texas, and Reappointment of Mr. Michael J. C. Roth, San Antonio, Texas, to the Investment Advisory Committee (Exec. Com. Letter 91-9).--Approval was given to appoint Mr. J. Luther King, Jr., chief shareholder of Luther King Capital Management, Fort Worth, Texas, and Mr. L. Lowry Mays, President and Chief Executive Officer of Clear Channel Communications, Inc., San Antonio, Texas, to the Investment Advisory Committee for the Permanent University Fund of The University of Texas System and to reappoint Mr. Michael J. C. Roth, President of USAA Investment Management Division, San Antonio, Texas, for a second term. Mr. Mays and Mr. Roth will serve a three-year term which will expire August 31, 1993, and Mr. King's term will expire August 31, 1991.

With this action, the membership of the Investment Advisory Committee is as follows:

	<u>Term Expires</u>
J. Luther King, Jr.	8/31/91
Jack T. Trotter	8/31/91
Edward Randall III	8/31/92
John T. Stuart III	8/31/92
Michael J. C. Roth	8/31/93
L. Lowry Mays	8/31/93

2. U. T. Arlington - Preston Hall - Renovation (Project No. 301-745): Award of Construction Contract to SkiHi Enterprises, Inc., Fort Worth, Texas (Exec. Com. Letter 91-6).--Upon recommendation of the Executive Committee, the Board awarded a construction contract for the Renovation of Preston Hall at The University of Texas at Arlington to the lowest responsible bidder, SkiHi Enterprises, Inc., Fort Worth, Texas, for the Base Bid and Alternate Bid Nos. 1 and 2 in the amount of \$623,500.

The authorized total project cost is composed of the following elements:

Construction Cost	\$ 623,500
Fees and Administrative Expenses	74,160
Furniture and Equipment	58,000
Future Work (Air Balancing and FCMS)	95,000
Miscellaneous Expenses	76,600
Project Contingency	<u>119,140</u>
Total Project Cost	\$1,046,400

This project was included in the FY 1991 Capital Budget, Reserve Allocations for Repairs, approved by the U. T. Board of Regents in June 1990 and was approved by the Texas Higher Education Coordinating Board in October 1990.

3. U. T. Austin: Appointment of Energy Engineering Associates, Inc., Austin, Texas, to Prepare Technical Assistance Reports for Energy Conservation Projects (Exec. Com. Letter 91-6).--The Governor's Energy Office has awarded The University of Texas at Austin a matching funds Technical Assistance Grant of \$120,610 under its Institutional Conservation Program. With the institutional matching funds, the total project cost is \$241,220.

In compliance with this grant and upon recommendation of the Executive Committee, the Board authorized U. T. Austin to appoint Energy Engineering Associates, Inc., Austin, Texas, to provide professional engineering services to prepare Technical Assistance Reports for energy conservation projects in the following buildings:

- Collections Deposit Library
- College of Business Administration
- Central Receiving Building
- Education Annex
- Goldsmith Hall
- Graduate School of Business
- Gregory Gymnasium
- Hogg Memorial Auditorium
- Printing and Press Building
- Sid Richardson Hall/East Campus
- Lecture Hall
- Sutton Hall
- T. U. Taylor Hall
- Townes Hall.

4. U. T. Austin: Approval to Rename the Katherine Pearce II Building in the Women's Cooperative Housing Complex as the Jack and Katherine Pearce Building (Exec. Com. Letter 91-5).--In accordance with the donor's wishes, the Katherine Pearce II Building in the Women's Cooperative Housing Complex at The University of Texas at Austin was renamed the Jack and Katherine Pearce Building.

With this action, the east and west two cooperative living units within the building will continue to be recognized as "Katherine Pearce" and "Theordorne," respectively.

5. U. T. Austin: Authorization to Grant a Right-of-Way Easement to the State Department of Highways and Public Transportation for Construction of a State Highway Spur to Benefit McDonald Observatory and Authorization for Payment of Costs Associated with Relocation of Any Utilities (Exec. Com. Letter 91-8).--On October 25, 1990, the State Highway and Public Transportation Commission passed Minute Order No. 90922 authorizing the expenditure of \$100,000 to extend the existing State Highway Spur 78 for approximately four-tenths of a mile to McDonald Observatory's NASA Laser Ranging Station located on Mt. Fowlkes. The Minute Order requires the U. T. Board of Regents to convey the necessary right-of-way and to pay costs incurred with the relocation of any utilities located along the proposed right-of-way.

In compliance with these requirements and upon recommendation of the Executive Committee, the Board:

- a. Authorized the Executive Vice Chancellor for Academic Affairs, on behalf of the U. T. Board of Regents, to execute a right-of-way easement to the State Department of Highways and Public Transportation to construct and maintain in perpetuity a two-lane paved roadway from existing State Highway Spur 78 to the NASA Laser Ranging Station on Mt. Fowlkes at The University of Texas at Austin McDonald Observatory after approval of such easement by the Office of General Counsel
 - b. Authorized the payment of costs, if any, for the relocation of any utilities along the new road.
6. U. T. Southwestern Medical Center - Dallas - Research Building - Phase I North Campus Expansion (Project No. 303-702) - Bid Package Two - Prepurchase of Thermal Energy Plant Equipment: Award of Procurement Contract for Bid Package Two "A" - Chillers to York International, Inc., Dallas, Texas; and Award of Procurement Contract for Bid Package Two "B" - Boilers to Cleaver-Brooks, Milwaukee, Wisconsin (Exec. Com. Letter 91-7).--The Board, upon recommendation of the Executive Committee, awarded procurement contracts for Bid Package Two for the 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 as follows:
- a. Bid Package Two "A" - Chillers for Thermal Energy Plant Building to the lowest responsible bidder, York International, Inc., Dallas, Texas, for the Base Bid in the amount of \$618,470
 - b. Bid Package Two "B" - Boilers for Thermal Energy Plant Building to the lowest responsible bidder, Cleaver-Brooks, Milwaukee, Wisconsin, for the Base Bid in the amount of \$557,620.

This project is included in the U. T. System Capital Improvement Program approved in June 1989 and the FY 1991 Capital Budget. The project was approved by the Texas Higher Education Coordinating Board in October 1989.

See Page 9 related to a contract award for the general construction of the Research Building - Phase I.

7. U. T. Southwestern Medical Center - Dallas - Research Building - Phase I North Campus Expansion (Project No. 303-702): Award of Construction Contract for Bid Package Three - General Construction to Dal-Mac Construction Company, Richardson, Texas; and Award of Certain Alternate Bids, Subject to the Future Appropriation of Funds Therefor, and Submission to the Coordinating Board for Approval (Exec. Com. Letter 91-7).--Upon recommendation of the Executive Committee, the Board awarded a construction contract for Bid Package Three - General Construction of the Research Building - Phase I North Campus Expansion at The University of Texas Southwestern Medical Center at Dallas as follows:

- a. Bid Package Three - General Construction to the lowest responsive and responsible bidder, Dal-Mac Construction Company, Richardson, Texas, for the Base Bid and Alternate Bid Nos. 3, 5, and 6 in the amount of \$42,305,000
- b. Bid Package Three - General Construction - Alternate Bid Nos. 1, 2, 4, 7, and 8 to the lowest responsive and responsible bidder, Dal-Mac Construction Company, Richardson, Texas, subject to future appropriation of funds therefor by the U. T. Board of Regents and approval by the Texas Higher Education Coordinating Board.

The contract award to Dal-Mac Construction Company for the Base Bid and Alternate Bid Nos. 3, 5, and 6 in the amount of \$42,305,000 can be made within the authorized total project cost of \$52,500,000 funded with \$20,000,000 from Permanent University Fund Bond Proceeds, \$5,000,000 from Gifts and Grants, and \$27,500,000 from Revenue Bond Proceeds.

The total project cost is composed of the following elements:

First Stage of Construction -	
Civil Construction	\$ 1,007,040
Second Stage of Construction -	
Thermal Energy Plant Equipment	1,176,090
Third Stage of Construction -	
General Construction	42,305,000
Fees and Administrative Expenses	4,115,600
Furniture, Furnishings and	
Equipment	1,416,360
Future Work (Testing and	
Air-Balancing, Temporary	
Signalization, and Electric	
Switchgear)	1,319,910
Entrance Bridge from Harry	
Hines Boulevard	400,000
Miscellaneous Expenses	110,000
Project Contingency	<u>650,000</u>
Total Project Cost	\$52,500,000

This project is included in the U. T. System Capital Improvement Program approved in June 1989 and the FY 1991 Capital Budget. The project was approved by the Texas Higher Education Coordinating Board in October 1989.

See Page 51 related to the contract award for Bid Package Three, Alternate Bid Nos. 1, 2, 4, 7, and 8 for the Research Building.

8. U. T. Medical Branch - Galveston - Emergency Power Systems (Project No. 601-718): Award of Construction Contract to Spaw Glass/Cahaba, Houston, Texas, and Approval to Reduce the Total Project Cost (Exec. Com. Letter 91-7).--The Executive Committee recommended and the Board:

- a. Awarded a construction contract for Emergency Power Systems at The University of Texas Medical Branch at Galveston to the lowest responsible bidder, Spaw Glass/Cahaba, Houston, Texas, for the Base Bid and Alternate Bid Nos. 1 and 2 in the amount of \$1,848,600
- b. Approved a reduction in the authorized total project cost and a corresponding reduction in U. T. Medical Branch - Galveston Gifts and Grants appropriation from \$3,690,000 to \$3,170,000.

The revised total project cost is composed of the following elements:

Construction Cost - Emergency Power Systems	\$1,848,600
Construction Cost - Prepurchase of Generators	615,794
Fees and Administrative Expenses	233,000
Future Work	250,000
Miscellaneous Expenses	11,293
Project Contingency	<u>211,313</u>
Total Project Cost	\$3,170,000

The FY 1991 Capital Budget will be amended by reducing the commitment of U. T. Medical Branch - Galveston Gifts and Grants by \$520,000. This project was approved by the Texas Higher Education Coordinating Board in January 1990.

9. U. T. Health Science Center - San Antonio - U. T. Institute of Biotechnology: Approval to Provide Student/Post-Doctoral Housing by Restructuring the Texas Research and Technology Foundation Payment of a Pledge to the McDermott Clinical Science Building (Exec. Com. Letter 91-10).--In order to advance the purposes of the Texas Research Park and the U. T. Institute of Biotechnology and in keeping with the priorities established by Dr. Wen-Hwa Lee, newly appointed Director of the U. T. Institute of Biotechnology, the Texas Research and Technology Foundation has offered to construct and manage an initial apartment complex of 30-35 units and basic recreational facilities for which U. T. Institute of Biotechnology personnel will have lease priority. The Foundation's proposal indicates that the cost would approximate \$1.5 to \$2.0 million and that the housing would be available by Fall 1991.

Currently, there is an agreement between the Board of Regents and the Texas Research and Technology Foundation that the Foundation's \$6.0 million pledge to the McDermott Clinical Science Building will be repaid \$1.0 million in 1990 (which has been paid), \$2.5 million in 1991, and \$2.5 million in 1992. These payments will

be directed to repay an advance of Permanent University Fund (PUF) Bond Proceeds used to complete the building and purchase equipment on a timely basis. An advance of PUF monies, in an amount not to exceed \$11 million, was contemplated at the time the documents formalizing the San Antonio Biosciences Initiative were executed in April 1985.

The Board, upon recommendation of the Executive Committee, approved a restructured payment schedule which would retain the pledge at \$6.0 million but lengthen the payment schedule to complete the \$5.0 million remaining on the pledge by December 31, 1995, with a schedule of no payment in 1991, \$1.0 million in 1992 and 1993, and \$1.5 million in 1994 and 1995. The restructuring is designed to make available development, construction, and start-up costs to permit early completion and occupancy of the housing project.

In return for the extended payment schedule (a) a major priority of Dr. Lee would be satisfied, (b) a significant student/employee recruitment and retention factor would be in place, (c) the U. T. Health Science Center - San Antonio would be relieved of the responsibility for building and operating U. T. Institute of Biotechnology related housing, (d) the project could be completed in a timely fashion, and (e) there would be available another element to encourage the development of the Texas Research Park.

10. U. T. Health Science Center - San Antonio - Exhaust and Intake Air Flow System (Project No. 402-675): Award of General Construction Contract to Universal City Construction, Inc., Universal City, Texas; and Award of Construction Contract for Asbestos Abatement for Building Roofs to Olmos Abatement, Inc., Austin, Texas (Exec. Com. Letter 91-6).--The Executive Committee recommended and the Board awarded construction contracts for the Exhaust and Intake Air Flow System at The University of Texas Health Science Center at San Antonio as follows:

- a. General construction to the lowest responsible bidder, Universal City Construction, Inc., Universal City, Texas, for Base Bid and Alternate Bid No. 1 in the amount of \$2,983,749
- b. Asbestos Abatement for Building Roofs to the lowest responsible bidder, Olmos Abatement, Inc., Austin, Texas, for Base Bid in the amount of \$54,809.

The authorized total project cost is composed of the following elements:

General Construction Cost	\$2,983,749
Asbestos Abatement Construction Cost	54,809
Fees and Administrative Expenses	406,254
Future Work (Electrical work by U. T. Health Science Center - San Antonio Forces, and Testing and Air Balancing by Separate Contract)	95,512
Miscellaneous Expenses	60,371
Project Contingency	<u>110,000</u>
Total Project Cost	\$3,710,695

This project is included in the U. T. System Capital Improvement Program approved in June 1989 and the FY 1991 Capital Budget approved in June 1990 by the U. T. Board of Regents. The project was approved by the Texas Higher Education Coordinating Board in April 1989.

REPORT AND RECOMMENDATIONS OF THE PERSONNEL AND AUDIT COMMITTEE (Pages 13 - 19).--Regent Cruikshank 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 actions set forth in the Minute Orders which follow were recommended by the Personnel and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter II, Section 7 (Vice Chancellor for Business Affairs) and Section 11 (Councils of the System) and Authorization for the Executive Secretary to the Board to Make Appropriate Editorial Changes Therein.--Upon recommendation of the Personnel and Audit Committee, the Board amended the Regents' Rules and Regulations, Part One, Chapter II, Section 7 (Vice Chancellor for Business Affairs) and Section 11 (Councils of the System) as follows:
 - a. Section 7, Subsection 7.2, Subdivision 7.2(10) was amended to read as follows:
 - 7.2 Duties and Responsibilities.
The primary responsibilities of the Vice Chancellor for Business Affairs include:
 - 7.2(10) Managing the operations of the offices of Facilities Planning and Construction, Budget and Fiscal Policy, System Personnel, Police, West Texas Lands Management (Surface Interests and Oil, Gas and Mineral Interests), Management Information Systems and Special Services.
 - b. Section 7, Subsection 7.3 was amended to read as follows:
 - 7.3 Duties of Officers Reporting to the Vice Chancellor for Business Affairs.
 - 7.31 Director of the Office of Budget and Fiscal Policy. The primary responsibilities of the Office of Budget and Fiscal Policy are to plan and develop systems and procedures for uniform budget preparation, budget control and financial reporting and to formulate, recommend and implement procedures to be followed in the business operations of the System. Subject to delegation by the Vice Chancellor for Business Affairs, the major duties and responsibilities of the Director of the Office of Budget and Fiscal Policy include:
 - 7.311 Budget Duties and Responsibilities.
 - 7.3111 Formulating procedures governing the preparation and review of all budgets and developing effective methods

- of presenting approved budgets to appropriate agencies.
- 7.3112 Recommending procedures to be followed, including format, schedules of budget preparation, and effective review of budgets.
- 7.3113 Preparing budget-writing instructions.
- 7.3114 Conducting budget and other related research studies.
- 7.3115 Planning systems and procedures for budgetary control and financial reporting.
- 7.3116 Controlling and supervising distribution of all budgets and processing and approving (as delegated) interim budget changes.
- 7.3117 Preparing periodic budgetary, financial, and special reports, as appropriate.
- 7.3118 Serving as liaison with the staff of the Legislative Budget Board, the Governor's Budget and Planning Office, and the Texas Higher Education Coordinating Board.

- 7.312 Business Operations Duties and Responsibilities.
 - 7.3121 Accounting, reporting, and expenditure control.
 - 7.3122 Data processing systems - including prior approval of equipment acquisitions by purchase or lease.
 - 7.3123 Accounting and business system development.
 - 7.3124 Accounting records, forms, procedures, and financial reports, including format for such reports.
 - 7.3125 Lease contracts for building space.

- 7.3126 Approval of the business aspects and overhead rates in research and other contracts with outside agencies.
- 7.3127 University Lands Accounting Office.
- 7.3128 Investment Accounting Office.

7.32

Director of Accounting.

The Director of Accounting of The University of Texas at Austin serves also as director of accounting for System Administration and is the accounting officer for both The University of Texas at Austin and for System Administration. With respect to System Administration matters, the Director of Accounting reports to and is responsible to the Director of the Office of Budget and Fiscal Policy. With respect to other matters, the Director reports to the appropriate officers of The University of Texas at Austin. Subject to delegation by the Vice Chancellor for Business Affairs, the duties of the office include:

- 7.321 Having responsibility for custody, accounting and reporting of all funds handled by the Director of Accounting's Office for the component institutions outside of Austin, and for System Administration, the Permanent University Fund, the Available University Fund, and trust and special funds.
- 7.322 For securities owned by System funds and not in custody of the State Treasurer, having custody of registered securities and joint custodian, with the Executive Vice Chancellor for Asset Management, of bearer securities maintained in bank lock boxes.
- 7.323 Maintaining a full and complete set of records that accurately reflect the balances and transactions of all financial and property accounts of the System (as contracted with such accounts of the component institutions).

- c. Present Section 7, Subsection 7.3, Subdivision 7.34 was renumbered as Subdivision 7.33 and a new Subparagraph 7.339 was added to read as follows:

7.33 Director of Facilities Planning and Construction.

7.339 Coordinating compliance with federal and state accessibility standards applicable to new construction and major repair and rehabilitation of the System and the component institutions.

- d. Present Section 7, Subsection 7.3, Subdivision 7.35 was renumbered as Subdivision 7.34.
- e. Present Section 7, Subsection 7.3, Subdivision 7.36 was renumbered as Subdivision 7.35 and Subparagraphs 7.35(11) and 7.35(12) were amended to read as follows:

7.35 Director of Police.

7.35(11) Insuring all component institutions systematically survey security needs of existing buildings, grounds, and lighting and recommending appropriate measures to improve and enhance security and crime prevention programs for the protection of life and property.

7.35(12) Coordinating with the Office of Facilities Planning and Construction security needs for new construction including security lighting on the property of the component institutions of the System.

- f. Present Section 7, Subsection 7.3, Subdivision 7.37 was renumbered as Subdivision 7.36.
- g. Section 11 was amended to read as set forth below:

Sec. 11. Councils of the System.

11.1 The System Council.

The System Council is composed of the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Asset Management, the Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, the Vice Chancellor for Governmental Relations, the Executive and Research Assistant to the Chancellor, the Executive Director for Public Affairs and Development, and the chief administrative officers of all the component institutions of The University of Texas System. The Chancellor shall serve as the Council's permanent chairman and shall conduct regular meetings to discuss those matters of general concern to the operation of The University of Texas System.

- 11.2 The Council of Academic Institutions.
The Council of Academic Institutions is composed of the Executive Vice Chancellor for Academic Affairs and the chief administrative officers of the general academic institutions of the System. The Chancellor, the Executive Vice Chancellor for Asset Management, the Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, the Vice Chancellor for Governmental Relations, the Executive and Research Assistant to the Chancellor, and the Executive Director for Public Affairs and Development serve as ex officio members of this Council. The Executive Vice Chancellor for Academic Affairs shall serve as the Council's permanent chairman and shall conduct regular meetings to review common problems of planning, development, and operation of the several institutions represented.
- 11.3 The Council of Health Institutions.
The Council of Health Institutions is composed of the Executive Vice Chancellor for Health Affairs and the chief administrative officers of the component institutions of the System concerned directly with health affairs. The Chancellor, the Executive Vice Chancellor for Asset Management, the Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, the Vice Chancellor for Governmental Relations, the Executive and Research Assistant to the Chancellor, and the Executive Director for Public Affairs and Development serve as ex officio members of this Council. The Executive Vice Chancellor for Health Affairs acts as the Council's permanent chairman and shall conduct regular meetings to review common problems of planning, development, and operation of the several institutions represented.
- 11.4 The Business Management Council.
The Business Management Council advises the System Administration in the areas of component budgeting, business management, data processing, physical plant operations, planning, construction, and accounting systems development. The Council is composed of the Vice Chancellor for Business Affairs and the chief business officers of the component institutions. The Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Asset Management, the Vice Chancellor and General Counsel, the Vice Chancellor for Governmental Relations, the Executive and Research Assistant to the Chancellor, and the

Executive Director for Public Affairs and Development, or their delegates, serve as ex officio members of this Council. The Vice Chancellor for Business Affairs shall serve as the Council's permanent chairman and shall conduct regular meetings of the Council.

Further, approval was granted for the Executive Secretary to the Board of Regents, in consultation with the Office of General Counsel, to make such editorial changes in the remainder of the Regents' Rules and Regulations as are necessary to conform to the foregoing changes.

The amendments to Section 7 primarily codify the merger of the Budget Office and the Comptroller's Office into the Office of Budget and Fiscal Policy within the Office of Business Affairs. The changes to Section 11 acknowledge the creation of the position of Executive Director for Public Affairs and Development.

2. U. T. System: Amendments to Qualifications for Commissioned Law Enforcement Personnel.--In order to broaden the applicant pool for The University of Texas System Police Academy and permit component institutions to compete with local police departments in recruiting personnel, the Board amended the Resolution adopted in April 1988 for commissioned law enforcement personnel to read as set forth below:

QUALIFICATIONS FOR COMMISSIONED
LAW ENFORCEMENT PERSONNEL

- I. The applicant must be a citizen of the United States and must meet the Minimum Standards for Appointment as required by the Rules and Regulations of the Texas Commission on Law Enforcement Officer Standards and Education.
- II. The applicant must have reached his or her 21st birthday but not his or her 45th birthday ON DATE OF COMMISSIONING.
- III. The applicant for admission to the U. T. System Police Academy must have a high school diploma or a GED, and must have a minimum of sixty (60) semester college hours. The applicant may fulfill this college requirement by substituting one (1) of the following:
 - Thirty (30) semester college hours and one (1) year of continuous employment as a police guard by a component institution within The University of Texas System;
 - Two (2) years of continuous employment as a police guard for a component institution within The University of Texas System;
 - Two (2) years of active military service and one (1) year of continuous employment as a police guard by a component institution within The University of Texas System.

IV. Physical requirements are as follows:

A. VISION:

VISUAL ACUITY - Maximum uncorrected visual acuity of 20/200 and correctable or corrected as follows: 20/30 through 20/100 - correctable to 20/30 in each eye and binocularly.

In excess of 20/100 through 20/200 - must be corrected to 20/30 in each eye and binocularly by means of regular eyeglasses or contact lenses and accompanied by a statement from an ophthalmologist that no ocular disease exists.

FIELD OF VISION - Horizontal 60-85 degrees temporarily from a central fixation point.

MUSCULAR IMBALANCE - Zero vertical deviation, horizontal - 10 prism diopter esophoria at twenty (20) feet.

OTHER VISUAL FACTORS - Applicants will be rejected for color deficiencies as determined by the Director of Police after examination by an approved ophthalmologist. Chronic inflammation of the eye and adnexa, permanent abnormalities of either eye, or loss of either eye will be grounds for rejection.

B. HEARING - Applicant must be able to hear ordinary conversation from at least fifteen (15) feet with each ear.

C. GENERAL HEALTH - Applicant must be in good physical condition, capable of strenuous physical exertion and have no physical disabilities which would interfere with police duties.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 20 - 35).--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: Authorization to Establish a Master of Arts Degree in Anthropology and to Submit the Program to the Coordinating Board for Approval (Catalog Change).-- Upon recommendation of the Academic Affairs Committee, the Board established a Master of Arts degree in Anthropology at The University of Texas at Arlington and authorized submission of the program to the Texas Higher Education Coordinating Board for review and approval.

The master's degree program in anthropology will be administered through the Department of Sociology and Anthropology in the College of Liberal Arts and the Graduate School. The Master of Arts in Anthropology will offer the option of a 30 semester-credit-hour program with thesis, designed especially for persons who are interested in subsequently pursuing a doctoral program, or a 36 semester-credit-hour program without thesis. The program will require 12 hours of core courses for both the thesis and nonthesis options, with additional hours required for topical and/or area courses. Supporting fields include nursing for the study of medical anthropology, biology as it relates to human evolution and genetics, and linguistics for the comparative study of language and culture.

In order to add one new core course, the department will add one-half full-time equivalent faculty position. Consequently, the incremental cost of the master's program is expected to be only \$60,000 for the first five years. The existing library resources on campus and available through cooperative library arrangements are sufficient for the program and physical facilities are adequate for the program as well. The \$12,000 per year incremental cost is expected to be met by the reallocation of current funds (\$6,000 per year) and the increase in state funding (\$6,000) which will be generated by increased enrollment.

This program in anthropology is consistent with U. T. Arlington's strategic plan and the U. T. Board of Regents approved role and scope table of programs.

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

2. U. T. Arlington: Approval to Add Specialized Options to the Bachelor of Music Degree Program and to Submit the Options to the Coordinating Board for Approval (Catalog Change).--In order to offer new options to satisfy student interests and career goals not met by existing programs, authorization was granted to add four specialized options to the Bachelor of Music degree program at The University of Texas at Arlington to include Music/Business, Music/Theatre, Music/Media, and Jazz Studies and to resubmit the proposal to the Texas Higher Education Coordinating Board for review and approval.

U. T. Arlington currently has an approved Bachelor of Music degree program with approved options in Music Education, Performance, and Theory/Composition.

No new faculty, equipment, facilities, or library resources are needed for any of these options and no new courses will be required for the options in Music/Business, Music/Theatre, or Music/Media. The fourth option, Jazz Studies, requires that four previously taught music courses be returned to the course inventory to be taught by existing faculty.

These options were initially submitted to the Texas Higher Education Coordinating Board according to Coordinating Board guidelines for staff approval as a "non-substantive" request. The Coordinating Board staff, however, returned the proposed new options with the directive that they be processed as "substantive" requests and be approved by the U. T. Board of Regents.

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

3. U. T. Austin: Initial Appointments to Endowed Academic Positions in the (a) School of Law and (b) College of Liberal Arts Effective as Indicated.--The Board approved the following initial appointments to endowed academic positions at The University of Texas at Austin effective as indicated with the understanding that the individuals would vacate any currently held endowed positions on the effective date of the new appointment unless otherwise specified:

- a. School of Law effective immediately

Professor Mark G. Yudof, holder of the James A. Elkins Centennial Chair in Law and Dean of the School of Law, to the John Jeffers Research Chair in Law

Professor Yudof will retain his appointment to the James A. Elkins Centennial Chair in Law.

- b. College of Liberal Arts effective September 1, 1991

- (1) Dr. G. Karl Galinsky, Robert M. Armstrong Centennial Professor, Department of Classics, to the Floyd A. Cailloux Centennial Professorship

- (2) Dr. Alan S. Knight, Annabel Irion Worsham Centennial Professor, Department of History, to the C. B. Smith, Sr. Centennial Chair in United States-Mexico Relations (No. 2)
- (3) Dr. Thomas G. Palaima, Associate Professor, Department of Classics, to the Raymond Dickson Centennial Professorship (No. 2).

4. U. T. Austin: Approval to Name Room 2.212 in the Petroleum Engineering Building in the College of Engineering the Strowbridge Classroom (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--In accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings, approval was given to name Room 2.212 of the Petroleum Engineering Building in the College of Engineering at The University of Texas at Austin the Strowbridge Classroom.

The naming of this room is in recognition of a gift to establish an endowment which will be used to maintain and improve equipment for activities and facilities necessary for research and teaching in the College of Engineering.

See Page 80 related to the Strowbridge Classroom Endowment.

5. U. T. Austin: Authorization for Voluntary Student Services Fees Effective with the Fall Semester 1991 (Catalog Change).--The Academic Affairs Committee recommended and the Board approved Voluntary Student Services Fees at The University of Texas at Austin to be effective with the Fall Semester 1991 as set forth below:

	1991-92 Fee	
	<u>Academic</u> <u>Year</u>	<u>Spring</u> <u>Semester</u>
Athletics	\$57.00	\$28.50
Athletics Dependent	70.00	35.00
Drama Department	12.00	6.00
Performing Arts	25.00	12.50
TSP Package*	33.50	29.25
<u>Cactus</u> Yearbook	28.50	28.50
<u>Utmost</u> Magazine	8.50	4.30
Official Directory	2.00	(not offered)
<u>Peregrinus</u> Yearbook	15.00	15.00
<u>Analecta</u> Literary Journal	5.00	5.00
<u>Polis</u> Magazine	4.00	2.00
Locker/Basket and Shower (per semester)	4.00**	4.00

*TSP Package represents a reduced cost for the purchase of Cactus, Utmost, and the Official Directory.

**Represents Fall Semester charge only.

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

6. U. T. Austin: Approval of Agreement for Scientific Cooperation with La Universidad Francisco Marroquin, Guatemala City, Guatemala, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreement.--Approval was given to the agreement for scientific cooperation set out on Pages 24 - 28 by and between The University of Texas at Austin, on behalf of the College of Natural Sciences Department of Physics, and La Universidad Francisco Marroquin, Guatemala City, Guatemala.

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

The goals of the agreement are to:

- a. Establish a program of research at La Universidad Francisco Marroquin
- b. Facilitate communication between the research groups
- c. Coordinate joint research.

AGREEMENT FOR SCIENTIFIC COOPERATION
between
THE UNIVERSITY OF TEXAS AT AUSTIN
(United States of America)
and
LA UNIVERSIDAD FRANCISCO MARROQUIN
(Republic of Guatemala)

THE UNIVERSITY OF TEXAS AT AUSTIN, Austin, Texas 78712, U.S.A.,
represented by its President, Dr. William H. Cunningham,

and

LA UNIVERSIDAD FRANCISCO MARROQUIN, 6a Calle Final, Zona 10, Guatemala
City, Guatemala, represented by its Rector, Lic. Fernando Monterroso,

undertake the following scientific cooperative agreement:

ARTICLE 1

THE UNIVERSITY OF TEXAS AT AUSTIN and LA UNIVERSIDAD FRANCISCO MARROQUIN
(hereafter referred to as THE INSTITUTIONS) agree to extend and
strengthen their scientific relations and mutual cooperation in order to
contribute to the development of scientific research and the exchange of
ideas. All cooperative activities shall be subject to approval by the
appropriate officials of THE INSTITUTIONS and shall be in accordance
with the laws of the respective countries.

ARTICLE 2

The cooperation between THE INSTITUTIONS will focus initially on, but
shall not be limited to, the following research areas in physics:

CONDENSED MATTER PHYSICS

SURFACE SCIENCE.

Cooperative investigations in these areas will be carried out by
research groups under the supervision of the following individuals:

Professor Eduardo Suger

Professor Juan Carlos Villagran

Professor Carlos A. Cajas

at LA UNIVERSIDAD FRANCISCO MARROQUIN, and

Agreement of Scientific Cooperation between
The University of Texas at Austin and
La Universidad Francisco Marroquin
Page 2 of 5

Professor James C. Thompson

Professor Peter A. Antoniewicz

Professor Mel E. Oakes

at THE UNIVERSITY OF TEXAS AT AUSTIN.

ARTICLE 3

The goals of the cooperation between THE INSTITUTIONS are as follows:

- to establish a program of research at LA UNIVERSIDAD FRANCISCO MARROQUIN;
- to facilitate communication between the research groups cited in Article 2; and
- to coordinate joint research in the areas cited in Article 2.

ARTICLE 4

To achieve these goals and insofar as the means of each allow, THE INSTITUTIONS shall:

- support the research programs covered by this agreement and exchange information about all the results obtained;
- undertake exchanges between THE INSTITUTIONS of faculty and researchers active in the areas cited in Article 2;
- assist in arranging living accommodations for personnel visiting under such exchanges; and
- organize any type of collaboration (e.g., seminars and meetings) that could help further the goals cited in Article 3.

In order to ensure a well-focused exchange of the most important achievements and to plan a productive collaboration, the supervisors of the research areas of both institutions cited in Article 2 shall agree upon a working program.

The candidacy of each visiting scientist shall be subject to the approval of the appropriate officials of the host institution. While conducting research at the host institution, visiting scientists shall be subject to the host institution's rules, regulations, policies, and practices.

Agreement of Scientific Cooperation between
The University of Texas at Austin and
La Universidad Francisco Marroquin
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ARTICLE 5

In order to satisfy the goals of establishing a productive research program at LA UNIVERSIDAD FRANCISCO MARROQUIN, THE UNIVERSITY OF TEXAS AT AUSTIN will provide, upon agreement by the supervisors of the research groups cited in Article 2, access to bibliographical material within the libraries of THE UNIVERSITY OF TEXAS AT AUSTIN and, upon approval of THE UNIVERSITY OF TEXAS AT AUSTIN on a case-by-case basis, the loan of equipment necessary for the establishment of the research projects at LA UNIVERSIDAD FRANCISCO MARROQUIN.

Approval from THE UNIVERSITY OF TEXAS AT AUSTIN for an equipment loan will be made by appropriate University officials on a case-by-case basis and will be contingent upon such factors as the use and condition of the equipment and the source of funding for its purchase.

LA UNIVERSIDAD FRANCISCO MARROQUIN shall bear responsibility for the transportation, importation, maintenance, and return of the said equipment, provided that an arrangement on the means and schedules is approved in advance by the appropriate authorities in both institutions.

ARTICLE 6

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 institution from external sources. The precise means of financing the research and exchanges covered by this agreement shall be negotiated periodically and, in each case, shall be subject to the approval of the appropriate authorities of both institutions.

THE INSTITUTIONS shall make provisions in their respective budgets for the funds necessary to accomplish this agreement. In particular, unless prior alternative arrangements have been made, the travel, lodging, and daily living expenses of visiting personnel cited in Article 4 shall be covered on a basis of reciprocity as follows:

- Travel expenses to the country of destination shall be covered by the institution of origin;
- Daily lodging and living expenses shall be covered by the host institution. The daily allowance per person shall be negotiated by the supervisors cited in Article 2, prior to the visit of each researcher, in addition to the cost of lodging; and
- Travel expenses inside the host country shall be covered by the host institution.

Agreement of Scientific Cooperation between
The University of Texas at Austin and
La Universidad Francisco Marroquin
Page 4 of 5

ARTICLE 7

The present agreement shall be in effect beginning on the day of its signing and shall remain in effect for a period of five years thereafter. The agreement can be renewed for an equivalent period of time provided that both institutions are in accord. Revisions of this agreement may be requested by either institution. A revision shall take effect as soon as the mutual consent of the authorities of the two institutions has been secured. This agreement may be terminated by either institution on six months advance notice. If this agreement is terminated, THE UNIVERSITY OF TEXAS AT AUSTIN and LA UNIVERSIDAD FRANCISCO MARROQUIN agree not to hold the other institution liable for any monetary or other losses that may result.

EXECUTED by the Board of Regents of The University of Texas System and LA UNIVERSIDAD FRANCISCO MARROQUIN 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

LA UNIVERSIDAD FRANCISCO MARROQUIN

BY: _____
Fernando Moterroso

TITLE: Rector

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

Agreement of Scientific Cooperation between
The University of Texas at Austin and
La Universidad Francisco Marroquin
Page 5 of 5

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 _____, 1991, 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

7. U. T. Austin and U. T. Permian Basin: Establishment of an Advisory Council for the Center for Energy and Economic Diversification and Approval of Nominees Thereto.--
In accordance with the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, the Board, on behalf of The University of Texas at Austin and The University of Texas of the Permian Basin, established a special Advisory Council for the Center for Energy and Economic Diversification.

The purpose of the Advisory Council will be to assist the presidents of U. T. Austin and U. T. Permian Basin and the Center director in:

- a. Coordinating and formulating current and long-range plans for the Center for Energy and Economic Diversification
- b. Promoting programs and activities sponsored by the Center
- c. Seeking financial support for the development needs of the Center.

Further, four nominees for membership to the Advisory Council were approved. The names of the nominees will be reported for the record after they have been contacted and acceptances have been received.

President Cunningham, President Leach, and Vice President Gardner, as Coordinator of U. T. Permian Basin Centers, will also serve as ex-officio members of the Advisory Council. Presidents Cunningham and Leach will also appoint individuals to serve on technical committees for support of specific Center activities as appropriate. Such appointments will be made with the approval of the Executive Vice Chancellor for Academic Affairs.

8. U. T. Dallas: Permission for Dr. Robert H. Rutford to Serve as Chairman of the Polar Research Board [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was given for Dr. Robert H. Rutford, President of The University of Texas at Dallas, to serve as Chairman of the Polar Research Board for a four-year term from January 1, 1991 through December 31, 1994. His service in this capacity is without compensation.

Dr. Rutford's appointment to this Board is of benefit to the State of Texas, creates no conflict with his regular duties at U. T. Dallas, 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.

9. U. T. Dallas: Approval of Amendments to the Policy for Admission of Lower Division Students Effective May 1991 (Catalog Change).--The University of Texas at Dallas Policy for Admission of Lower Division Students was approved at the April 1990 meeting of the U. T. Board of Regents. At that time, the criteria for sophomore transfer admissions had not been developed and were not included in the policy.

In order to incorporate transfer admissions policies for sophomores and new criteria for upper division transfer students, the Board, upon recommendation of the Academic Affairs Committee, amended the U. T. Dallas Policy for Admission of Lower Division Students to read as set out below effective May 1991.

A separate provisional admission program for Texas high school graduates is not included since the Admissions Committee at U. T. Dallas is already authorized to review applicants who do not satisfy the established admissions criteria. The current U. T. System Provisional Admission Program Policy (adopted by the U. T. Board of Regents at the August 1988 meeting) provides for such an exception to be made via Board approval of the general campus admissions policy.

The University of Texas at Dallas
Policy for Undergraduate Admissions

I. Freshman Applicants

A. Preparation Requirements

A freshman applicant must complete the following specified high school units prior to admission to The University of Texas at Dallas.*

1. Language Arts - 4 units including at least one unit of writing skills.
2. Foreign Language - 2 units in a single language.
3. Mathematics - 3 1/2 units algebra I or higher, including trigonometric functions.
4. Science - 3 units of laboratory science beyond physical science.
5. Social Studies - 3 units not including work-study.
6. Electives - 1 1/2 units.
7. Fine Arts - 1/2 unit.

*Applicants otherwise qualified but with Preparation Requirement deficiencies will be reviewed by the Admissions Committee.

B. Resident Admissions Criteria

Applicants who are in the top 25% of their high school graduating class and have scored at least 1100 (SAT) or 27 (ACT) are admissible providing they have completed the Preparation Requirements listed above.

Applicants meeting the following criteria will be considered for admission by the Admissions Committee:

1. Applicants in the top 10% of their high school graduating class not otherwise qualified.
2. Applicants in the top 50% of their high school graduating class with at least 1000 (SAT) or 24 (ACT) scores.
3. Applicants in the bottom half of their class will not normally be considered.

C. Nonresident Admissions Criteria

Nonresidents must be in the upper 25% of their high school class and have a score of at least 1200 (SAT) or 29 (ACT) to be eligible for admission.

D. Special Provisions

A separate provisional admissions program will not be instituted since the Admissions Committee is authorized to consider Texas high school graduates who fall below established admissions criteria.

II. Transfer Applicants

A. Freshman Transfers

Freshman transfer students (less than 30 semester credit hours) must have a minimum 3.0 grade point average on college level work and are subject to the freshman admission standards specified in Section I.A. above.

B. Sophomore Transfers**

1. Sophomore transfer students are defined as those admitted with acceptable previous college credit of at least 30 but fewer than 54 semester credit hours. Such previous credit is acceptable if it:
 - a. is earned at accredited institutions of higher education,
 - b. consists of courses completed with a grade of C or better,

**The University of Texas at Dallas will accept sophomore transfers on a space-available basis beginning with the Fall Semester 1992.

- c. includes at least 12 semester credit hours transferable toward The University of Texas at Dallas General Education Core Curriculum, and
 - d. excludes courses used to satisfy high school unit deficiencies and other courses outside the classification of general education.
2. Prior to admission to The University of Texas at Dallas, a sophomore applicant must have completed the high school academic units as specified in Section I.A. above or have satisfied the requirement by having completed a combination of high school units and college equivalents.

3. Admissions Criteria

Sophomore applicants must present scores of 1100 (SAT) or 27 (ACT) or better for admission. Applications from Texas residents may be reviewed for admission with scores of 1000 (SAT) or 24 (ACT) or higher.

Sophomore applicants must have a grade point average of 3.0 or better in all college work and must be in good standing at their latest institution.

C. Upper-level Transfers

1. Upper-level transfer students are defined as those admitted with acceptable previous college credit of at least 54 semester credit hours. Such previous credit is acceptable if it:
- a. is earned at accredited institutions of higher education,
 - b. consists of courses completed with a grade of C or better,
 - c. includes credit transferable toward The University of Texas at Dallas General Education Core Curriculum in the amounts of at least 19 semester hours for admission in academic years 1992-93 and 1993-94 or 25 semester hours thereafter, and
 - d. excludes courses outside the classification of general education.

2. Preparation Requirements

Prior to admission to The University of Texas at Dallas, an upper-level applicant must complete with a C or better the following college-level courses:

- a. at least 3 semester credit hours of critical writing, and

- b. the equivalent of all courses satisfying the laboratory science component of The University of Texas at Dallas General Education Core Curriculum.

3. Admissions Criteria

Upper-level applicants must be in good standing at the last institution attended and must have attained a grade point average over all previous college work of at least 2.25 for admission in academic years 1992-93 and 1993-94 or 2.50 thereafter.

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

- 10. U. T. El Paso: Permission for Dr. Diana S. Natalicio to Serve on the Board of Directors of the El Paso Branch of the Federal Reserve Bank of Dallas [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for Dr. Diana S. Natalicio, President of The University of Texas at El Paso, to continue to serve as Director on the Board of Directors of the El Paso Branch of the Federal Reserve Bank of Dallas with compensation of \$200.00 per meeting for her services.

Dr. Natalicio's appointment to this Board is of benefit to the State of Texas, creates no conflict with her regular duties at U. T. El Paso, and is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

- 11. U. T. Pan American: Authorization to Increase Parking Permit and Enforcement Fees Effective with the Fall Semester 1991 (Catalog Change).--In order to fund the construction of a new parking lot and to effectively deter parking violations, the Board approved changes in parking permit and enforcement fees at The University of Texas - Pan American as shown below effective with the Fall Semester 1991:

<u>Parking Classifications</u>	<u>1991-92 Fees</u>
Class A - Reserved and Designated Parking for Full Time Faculty and Staff	\$75.00
Class B - Reserved Zone Parking for Faculty and Staff, Excluding Teaching Assistants and Work/Study Student Employees	24.00
Class C - General Parking for Faculty, Staff and Students	12.00

1991-92
Fees

Class D - General Parking with Some Restrictions for Students Residing in Residence Halls	No Charge
Class H - Handicapped Reserved Parking for Disabled Faculty, Staff and Students	No Charge

Enforcement Fees

Citation (per violation)	\$ 10.00
Immobilizer (per violation)	20.00

Annual parking permit fees are prorated if purchased for the Spring and Summer or Summer Session(s) only.

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

12. U. T. Pan American: Authorization to Increase Residence Hall Room and Board Rates and Meal Plan Rates Effective with the Fall Semester 1991 (Catalog Change).--Upon recommendation of the Academic Affairs Committee, the Board authorized increases in Residence Hall room and board rates and meal plan rates at The University of Texas - Pan American effective with the Fall Semester 1991 as set out below:

1991-92
Rates

Room and Board Rates per Semester

Room and 14 Meal Plan	\$1,160.00
Room and 15 Meal Plan	1,219.00
Room and 20 Meal Plan	1,278.00

Room and Board Rates (Summer Session)

Room and 20 Meal Plan	491.00
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Room and Board--Other Fees

Installment Payment Fee	5.00
Delinquent Installment Fee	5.00
Damage Deposit	50.00

Meals Only Rates per Semester

14 Meal Plan	532.00
15 Meal Plan	591.00
20 Meal Plan	650.00

1991-92
Rates

Meals Only Rates (Summer Session)

20 Meal Plan \$ 258.00

Meals Only--Other Fees

Installment Payment Fee	5.00
Delinquent Installment Fee	5.00
Change of Meal Plan Service Charge	3.00

It was ordered that the next appropriate catalog published at U. T. Pan American be amended to reflect this action.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 36 - 44).--Regent Ramirez 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. Medical Branch - Galveston: Appointment of Jerry C. Daniels, M.D., as Initial Holder of the Edna S. and William C. Levin Professorship in Internal Medicine Effective Immediately.--Upon recommendation of the Health Affairs Committee, the Board appointed Jerry C. Daniels, M.D., Professor of Internal Medicine and Microbiology, Director of the Division of Rheumatology, and Vice-Chairman of Medicine for Clinical Affairs in the Department of Internal Medicine, as initial holder of the Edna S. and William C. Levin Professorship in Internal Medicine at The University of Texas Medical Branch at Galveston effective immediately.

2. U. T. Medical Branch - Galveston (U. T. Allied Health Sciences School - Galveston): Authorization to Offer a Master of Physical Therapy (MPT) Degree in Coordination with the Bachelor of Science in Physical Therapy (BSPT) Degree within the Department of Physical Therapy and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Authorization was granted to offer a Master of Physical Therapy (MPT) degree at the U. T. Allied Health Sciences School - Galveston of The University of Texas Medical Branch at Galveston in coordination with the current Bachelor of Science in Physical Therapy (BSPT) degree within the Department of Physical Therapy. This proposal will be submitted to the Texas Higher Education Coordinating Board for approval and, if approved, will be implemented in the Fall of 1991.

There is a severe shortage of physical therapy clinicians, clinical instructors, and academic faculty which has affected the expansion of physical therapy educational programs and services. The current BSPT program is a two plus two-year program: two years of prerequisites before admission to the two-year professional program. The MPT program is a three plus three-year program: three years of prerequisites followed by the three-year professional program. The MPT curriculum will allow more in-depth study in academic and clinical areas, including research, health care management, pediatrics, geriatrics, and preventive health care practices.

It was reported that space, equipment, and library facilities are adequate to support the program. Additional financial resources are minimal and will require only two new faculty positions. Student enrollment is projected to increase from 40 to 48 per year for both programs.

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

3. U. T. Health Science Center - San Antonio: Development Board - Approval of Nominees Thereto.--Two nominees for membership to the Development Board at The University of Texas Health Science Center at San Antonio were approved for three-year terms to expire in 1993.

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: M.D. Anderson Cancer Center Outreach Corporation - Mr. Lee W. Hogan Appointed as a Member of the Board of Directors.--The Board, upon recommendation of the Health Affairs Committee, approved the appointment of Mr. Lee W. Hogan, Group Vice President for External Affairs for Houston Lighting & Power Company, Houston, Texas, as a member of the Board of Directors of the M.D. Anderson Cancer Center Outreach Corporation for The University of Texas M.D. Anderson Cancer Center.

Mr. Hogan replaces Mr. Roy Huffington who resigned to serve as U. S. Ambassador to Austria.

5. U. T. M.D. Anderson Cancer Center: Acceptance of Grant from the Fannie E. Rippel Foundation, Annandale, New Jersey.--In order to fulfill the requirements of the Fannie E. Rippel Foundation, Annandale, New Jersey, for the award of a \$200,000 grant to The University of Texas M.D. Anderson Cancer Center, the Board:

- a. Accepted the grant from the Fannie E. Rippel Foundation and all of its terms as set forth in a letter dated November 30, 1990, addressed to President LeMaistre and signed by Mr. Eric R. Rippel as set forth on Pages 38 - 41
- b. Specified that the proceeds of this grant shall be used exclusively for the purposes stated in paragraph number 1 of the above said letter dated November 30, 1990
- c. Agreed that the Fannie E. Rippel Foundation shall not receive any benefit from nor exercise any control over the project for which this grant has been made
- d. Specified that as of the date of this meeting the U. T. M.D. Anderson Cancer Center has received no notification of any change in the United States Treasury Department's determination that it is not a private foundation or private operating foundation.

In addition, the grant requires that the U. T. M.D. Anderson Cancer Center raise an additional \$100,000 to be directed toward this program.

FANNIE E. RIPPEL FOUNDATION
THE CONCOURSE AT BEAVER BROOK
POST OFFICE BOX 569
ANNANDALE, NEW JERSEY 08801-0569
908-735-0990

November 30, 1990

Charles A. LeMaistre, M.D.
President
University of Texas M.D.
Anderson Cancer Center
1515 Holcombe Boulevard
Houston, Texas 77030

Dear Dr. LeMaistre:

We are pleased to confirm the information we have already given you over the telephone. The Board of Trustees of the Fannie E. Rippe Foundation has voted a grant of \$200,000. to University of Texas M.D. Anderson Cancer Center.

The precise terms and conditions of the grant are stated in the motion quoted below which was adopted by the Foundation Board on November 28, 1990.

. . . it was VOTED that the Fannie E. Rippe Foundation grant to UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER, Houston, Texas, the sum of two hundred thousand dollars (\$200,000.00) in accordance with the following terms:

1. This grant is made in response to a letter of request dated October 23, 1990, received from University of Texas M.D. Anderson Cancer Center, and it is to be used exclusively toward the cost, estimated to be \$300,000., the balance of which the University agrees to raise from other sources, of a comprehensive chemoprevention research program focused on the study of cancers of the lung, head, neck and esophagus;
2. The Board of Trustees of University of Texas M.D. Anderson Cancer Center or its Executive Committee, if such Committee is authorized to exercise all of the powers of the Board, shall by formal action recorded in its minutes:
 - (a) accept this grant motion and all of its terms;
 - (b) specify that the proceeds of this grant shall be used exclusively for the purposes stated in paragraph 1 above;
 - (c) agree that the Fannie E. Rippe Foundation shall not receive any benefit from nor exercise any control over the project for which this grant has been made;

FANNIE E. RIPPEL FOUNDATION

University of Texas M.D.
Anderson Cancer Center
November 30, 1990
Page two

- (d) specify that as of the date of this resolution University of Texas M.D. Anderson Cancer Center has received no notification of any change in the United States Treasury Department's determination that it is not a private foundation or private operating foundation;

and a copy of the minute of this formal action, certified by the Secretary of the meeting at which such action was taken, shall be delivered to the Foundation prior to October 28, 1992; and this grant shall immediately expire and become void if said certification has not been delivered to the Foundation prior to October 28, 1992;

3. University of Texas M.D. Anderson Cancer Center shall furnish the Fannie E. Rippel Foundation in writing conclusive evidence acceptable to the Foundation that it has been classified by the United States Treasury Department as a tax-exempt organization and further that it has been classified as not a private foundation or private operating foundation, and said evidence must have been received and accepted by the Foundation prior to October 28, 1992; and if it has not been received and accepted by the Foundation prior to October 28, 1992, this grant shall immediately expire and become void;
4. University of Texas M.D. Anderson Cancer Center shall furnish the Foundation in writing periodic reports with respect to the project and the results of the investigations specified in paragraph 1 above, such reports to be made at times agreed upon between the Foundation and the University;

FANNIE E. RIPPEL FOUNDATION

University of Texas M.D.
Anderson Cancer Center
November 30, 1990
Page three

5. This grant shall be paid within a month after the Foundation has received all of the requirements set forth in the terms numbered 2 and 3 above.

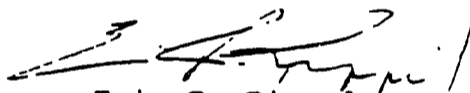
The wording of the above grant motion states that your organization is required to do certain things by certain dates in order to avoid having the grant expire and become void. We wish to emphasize that the responsibility for meeting these requirements rests solely upon you.

We recommend you advise us as soon as each of these requirements has been satisfied. For your convenience we have enclosed a copy of a suggested form to assist you in your response to the requirements set forth in the paragraph above which is numbered 2.

If the University wishes to make a public announcement of this grant, we should appreciate an opportunity to see a draft of it before it is released.

Please acknowledge receipt of this letter.

Sincerely yours,


Eric R. Rippel
President

ERR:nlc
Enclosure
Copies to

Maria M. Gelormini
Assistant Director of Development
and
Waun Ki Hong, M.D.
Chief, Section of Head, Neck
and Thoracic Medical Oncology

SUGGESTED FORM

The following is an excerpt from the Minutes of the Meeting of the (Board of Trustees) (Executive Committee of the Board of Trustees) of _____ held on _____ .

. . . it was VOTED

- (a) to accept the grant from the Fannie E. Rippel Foundation and all of its terms as set forth in a letter dated _____, addressed to _____ and signed by _____ ;
- (b) to specify that the proceeds of this grant shall be used exclusively for the purposes stated in paragraph numbered 1 of the above said letter dated _____ ;
- (c) to agree that the Fannie E. Rippel Foundation shall not receive any benefit from nor exercise any control over the project for which this grant has been made;
- (d) to specify that as of the date of this resolution _____ has received no notification of any change in the United States Treasury Department's determination that it is not a private foundation or private operating foundation;

I hereby certify that the above is a copy of the formal action taken on _____ by the (Board of Trustees) (Executive Committee of the Board of Trustees) of _____ .

(signature)

Secretary

6. U. T. M.D. Anderson Cancer Center: Approval of Agreement to Cooperate with All-Union Cancer Center, Moscow, Russia.--Approval was given to the agreement to cooperate set forth on Pages 42 - 44 by and between The University of Texas M.D. Anderson Cancer Center and All-Union Cancer Center, Moscow, Russia.

This agreement, executed by the appropriate officials of the institution and facility to be effective upon approval by the U. T. Board of Regents, encourages cooperation by providing the basis for the negotiation and implementation of joint educational and research programs in oncology and related disciplines for physicians, scientists, and health care providers.

AGREEMENT TO COOPERATE

THIS AGREEMENT is made and entered into by and between The University of Texas M. D. Anderson Cancer Center, and a component of The University of Texas System, and All-Union Cancer Center comprised of the Institute of Clinical Oncology, Institute of Experimental Diagnosis and Therapy, and Institute of Carcinogenesis and is effective Feb. 14, 1990.

WHEREAS, The University of Texas M. D. Anderson Cancer Center is an accredited academic component of The University of Texas System charged with the responsibility for establishing and maintaining highest quality interdisciplinary programs of patient care, research and education leading to the successful understanding, treatment, and ultimate prevention of cancer and allied diseases; and

WHEREAS, All-Union Cancer Center in Moscow, Russia, is operating in the health sector with an integrated program that involves both patient care, clinical and basic science research programs in oncology.

NOW, THEREFORE, recognizing that collaborative efforts will be of benefit to the communities served and will contribute to an enduring institutional linkage for technical cooperation and assistance, the institutions described above do execute and enter into this AGREEMENT TO COOPERATE, formalizing their intent to establish joint educational and research programs in oncology and related disciplines for physicians, scientists, and health care providers to better serve the needs of their patients and the community. This AGREEMENT TO COOPERATE is intended to provide broad linkages through which and within which individual program agreements can be negotiated and activated. Such programs include, but are not restricted to:

Exchange Educational Programs for Faculty, Staff and Students:

Training and skills updating of faculty and staff in disciplines of mutual interest and need.

Training of paramedical and allied health personnel in areas related to health care delivery for cancer patients.

Organization and execution of faculty and allied medical personnel exchanges, as determined by the two institutions for mutual interest and benefit.

Establishment of joint/collaborative research programs of either basic or clinical nature.

Joint/Cross Appointments of Faculty and Staff:

In order to facilitate and/or enhance programs established in the above areas the institutions, under this AGREEMENT TO COOPERATE and within the requirements of the individual institutions and subject to the particular demands of the institutions, may elect to jointly appoint faculty or staff. Joint/Cross appointments shall be approved in writing by the Executive Vice Chancellor for Health Affairs of The University of Texas System prior to implementation and approved by the Board of Regents of The University of Texas System.

Program Affiliations:

This general AGREEMENT TO COOPERATE shall be identified as the parent document for any program affiliation executed between the two parties. Future agreements concerning any program shall provide details concerning the specific commitments being made by each party and shall not become effective until they have been reduced to writing, executed by the duly authorized representatives of the parties, and approved in writing by the Executive Vice Chancellor for Health Affairs of The University of Texas System. The scope of activities under this AGREEMENT TO COOPERATE 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 institution from external sources.

Use of Institutional Names and Logos

Except as otherwise required by law or regulation, neither party shall use, release, or distribute any materials or information containing the name or logo of the other party or any of its employees without the prior written approval of an authorized representative of the non-releasing party, such approval not to be unreasonably withheld. For purposes of this Agreement, the authorized representative of the Cancer Center shall be Dr. Charles A. LeMaistre, President and the authorized representative of All-Union Cancer Center shall be Acad. Nikolai N. Trapeznikov, President.



Term and Termination:

Upon approval by each institution, this AGREEMENT TO COOPERATE 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 (90) days advance written notice of its intention to terminate. Termination shall be without penalty. If this AGREEMENT TO COOPERATE is terminated, neither The University of Texas M. D. Anderson Cancer Center nor All-Union Cancer Center shall be liable to the other for any monetary losses that may result.

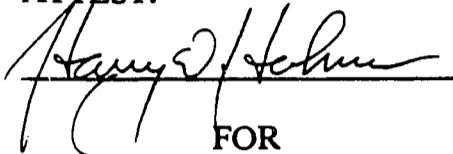
OTHERWISE, the terms and provisions of the original Agreement by and between the parties hereto shall remain in full force and effect.

Agreement to Cooperate
UTMDACC/All-Union Cancer Center

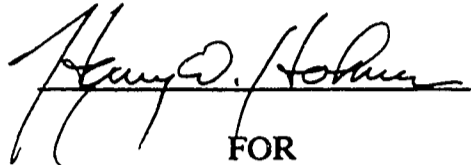
In keeping with the missions established by the individual institutions and with the intent of enhancing services provided by both institutions, this AGREEMENT TO COOPERATE is established by both institutional officials as indicated by authorizations and signatures below.

EXECUTED on this 14th day of February, 1990¹, effective as of the date first written above.

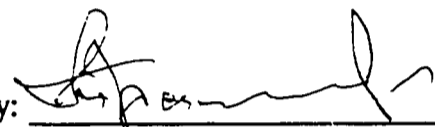
ATTEST:


FOR

ALL-UNION CANCER CENTER

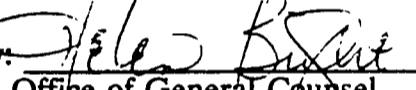

FOR

THE UNIVERSITY OF TEXAS
M. D. ANDERSON CANCER CENTER


By: 
Acad. Nikolai N. Trapeznikov
President

By: 
Dr. Charles A. LeMaistre
President

Content Approved:

By: 
Office of General Counsel
The University of Texas System
Date: 12/27/90

Approved:

By: 
Charles B. Mullins, M.D.
Executive Vice Chancellor
for Health Affairs
The University of Texas System
Date: 2/13/91

Agreement to Cooperate
UTMDACC/All-Union Cancer Center

REPORT AND RECOMMENDATIONS OF THE FINANCE AND FACILITIES COMMITTEE (Pages 45 - 69).--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. 56 (Catalog Change).--Upon recommendation of the Finance and Facilities Committee, the Board approved Chancellor's Docket No. 56 in the form distributed by the Executive Secretary. It is attached following Page 121 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.

II. FACILITIES MATTERS

1. U. T. Austin - Balcones Research Center - Warehouse Building: Authorization for Project; Approval for Submission to the Coordinating Board; Authorization to Prepare Final Plans, Advertise for Bids, and Award Contract by U. T. Austin Administration; and Appropriation Therefor.--The Board, upon recommendation of the Academic Affairs and Finance and Facilities Committees:
 - a. Authorized a project for construction of a warehouse building at The University of Texas at Austin Balcones Research Center at an estimated total project cost of \$1,600,000
 - b. Authorized submission of the project to the Texas Higher Education Coordinating Board
 - c. Subject to approval of the Coordinating Board, authorized preparation of final plans, advertisement for bids, award of a construction contract and completion of the project by U. T. Austin Administration with its own forces or through contract services, as required, in consultation with the Office of Facilities Planning and Construction
 - d. Appropriated \$1,600,000 from General Fee Balances for total project funding.

The construction of a warehouse building at the Balcones Research Center will provide needed storage and workroom space for the Texas Memorial Museum and high density storage for the General Libraries. Storage for the Museum and General Libraries is now housed in the Education Annex Building which is scheduled to be remodeled to accommodate academic space needs for the School of Social Work.

The Capital Improvement Program approved by the U. T. Board of Regents in June 1989 and the FY 1991 Capital Budget will be amended to reflect this action.

2. U. T. Austin - Texas Union Building - Renovation (Project No. 102-727): Approval of Final Plans and Authorization for Advertisement of Bids and for the Executive Committee to Award Contracts; and Approval for Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--Upon recommendation of the Finance and Facilities Committee, the Board:

- a. Approved final plans for the renovation of the Texas Union Building at The University of Texas at Austin at an estimated total project cost of \$8,000,000
- b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost.

Further, following a presentation by Executive Vice Chancellor for Asset Management Patrick and Mr. John Roan, Manager of Finance, related to the qualifications of this project for the U. T. System Revenue Financing System and in compliance with Section 5 of the Master Resolution Establishing The University of Texas System Revenue Financing System, approved by the U. T. Board of Regents in April 1990, and the delivery of the Certificate of an Authorized Representative as set out on Page 47, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost
- b. Sufficient funds will be available to meet the financial obligations of The University of Texas System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System
- c. U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of Parity Debt in the amount of \$8,000,000 for the renovation of the Texas Union Building.

This project includes the modification, upgrading and replacement of mechanical, electrical, and plumbing systems in the Texas Union Building.

Total project funding will be from Revenue Financing System Debt Proceeds to be repaid from Student Union fees.

This project is included in the U. T. System Capital Improvement Program approved by the U. T. Board of Regents in June 1989 and the FY 1991 Capital Budget.

PARITY DEBT CERTIFICATE OF U.T. SYSTEM REPRESENTATIVE

I, the undersigned Executive Vice Chancellor for Asset Management of The University of Texas System, a U.T. System Representative under the Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board of April 12, 1990 (the "Master Resolution"), do hereby execute this certificate for the benefit of the Board of Regents pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" pursuant to the Master Resolution to finance the cost of the renovation of the Texas Union Building at The University of Texas at Austin, and do certify that to the best of my knowledge the Board of Regents is in compliance with all covenants contained in the Master Resolution and in the First Supplemental Resolution Establishing an Interim Financing Program and is not in default of any of the terms, provisions and conditions in said Master Resolution or First Supplemental Resolution.

EXECUTED this 24th day of January 1991.

M. E. P. [Signature]
Executive Vice Chancellor for
Asset Management

3. U. T. Dallas - Cecil and Ida Green Center for the Study of Science and Society (Project No. 302-717): Approval of Final Plans; Authorization to Advertise for Bids; Commitment of Permanent University Fund Bond Proceeds; and Authorization for Executive Committee to Award Contracts.--The Finance and Facilities Committee recommended and the Board:

- a. Approved the final plans and specifications for the Cecil and Ida Green Center for the Study of Science and Society at The University of Texas at Dallas at an estimated total project cost of \$2,433,000
- b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Approved the commitment of \$2,433,000 in Permanent University Fund Bond Proceeds to finance this project from Capital Improvement Program funds reserved for a Founders Hall renovation project
- d. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost.

The Capital Improvement Program and FY 1991 Capital Budget will be amended to reflect this funding arrangement. It is anticipated that the Permanent University Fund Bond Proceeds previously earmarked for a Founders Hall renovation project will be replaced with gift and/or grant funds.

The transfer of the Permanent University Fund Bond Proceeds from the Founders Hall project will permit the University to expedite the construction of the Center and also allow greater flexibility in this fund raising campaign for the two projects.

The project was approved by the Texas Higher Education Coordinating Board at the October 1990 meeting.

4. U. T. El Paso - Burges Hall - Renovation for Institute for Manufacturing and Materials Management (Project No. 201-759): Approval of Preliminary Plans; Authorization to Prepare Final Plans; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Additional Appropriation Therefor.--Upon recommendation of the Finance and Facilities Committee, the Board:

- a. Approved preliminary plans and specifications for renovation of Burges Hall at The University of Texas at El Paso for the Institute for Manufacturing and Materials Management at an estimated total project cost of \$2,275,000
- b. Authorized the Project Architect to prepare final plans and specifications
- c. Subject to approval by the Coordinating Board, authorized the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award all contracts related to this project within authorized total project cost

- d. Appropriated \$2,155,000 from federal grant funds for project funding. Previous appropriations had been \$120,000 from the same source.

This project will be funded with federal grant funds. The U. T. Board of Regents amended the current Capital Improvement Program and the FY 1991 Capital Budget with authorization of this project in October 1990.

The project was submitted to the Texas Higher Education Coordinating Board for presentation in January 1991 and final approval in April 1991.

5. U. T. San Antonio - Academic Building One (Project No. 401-756) and Academic Building Two (Project No. 401-757): Authorization for Academic Building One and Advance Project Design for Academic Building Two; and Appointment of Ford, Powell & Carson Architects & Planners, Inc., San Antonio, Texas, as Project Architect to Prepare Preliminary Plans.--In order to alleviate crowded conditions on the campus of The University of Texas at San Antonio, the Board, upon recommendation of the Finance and Facilities Committee:
 - a. Authorized a project for Academic Building One at U. T. San Antonio at an estimated total project cost of \$16,475,000
 - b. Authorized Advance Project Design for Academic Building Two at U. T. San Antonio at a cost of \$200,000 for fees and administrative expenses
 - c. Appointed the firm of Ford, Powell & Carson Architects & Planners, Inc., San Antonio, Texas, as Project Architect to prepare preliminary plans and specifications for Academic Building One and Advance Project Design for Academic Building Two to be presented to the U. T. Board of Regents for consideration at a future meeting.

A general purpose academic building of approximately 115,000 gross square feet will be constructed and available for occupancy and classes not later than August 1994. This building has previously been designated as Academic Building One and will contain lecture halls, classrooms, seminar and case study rooms, faculty offices, and space for college administration. The primary users of the building will be the students, faculty, and administration of the College of Business.

Rapid enrollment growth at U. T. San Antonio indicates that it would be prudent to consider the design of Academic Building One within a master plan that allows for future expansion of an additional 85,000 gross square feet.

Academic Building One and Advance Project Design for Academic Building Two are included in the U. T. System Capital Improvement Program approved by the U. T. Board of Regents in June 1989 and the FY 1991 Capital Budget.

In the discussion regarding these buildings, Chairman Beecherl reminded the Board that, as the Capital Improvement Program was considered in June 1989, he and Regent Moncrief had been unsuccessful in getting the Board to substitute \$4 million in locally contributed funds for an equal amount of Permanent University Fund (PUF) Bond Proceeds in the funding for Academic Building One. He said he was not opposed to the building but felt that community support, especially for equipment, could be developed.

Mr. Beecherl indicated that since that June meeting he was pleased to see that both President Kirkpatrick and President Howe had intensified their private fund development efforts and that the San Antonio community was responding. Regents Loeffler and Barshop summarized several of the current private fund efforts underway and reported that Governor and Mrs. Dolph Briscoe had agreed to chair the campaign related to the engineering development program at U. T. San Antonio.

6. U. T. San Antonio - Baseball Park/Athletic Facility: Authorization for Project; Approval to Prepare Final Plans, Advertise for Bids and Award Contract by U. T. San Antonio Administration; and Appropriation Therefor.--
The University of Texas at San Antonio has changed athletic conference affiliation to the Southland Conference effective with the start of the next academic year. One of the requirements of this new conference affiliation is participation in intercollegiate men's baseball and women's softball. While U. T. San Antonio currently has a softball facility which will allow the women's softball program to begin, it does not have an on-campus baseball field which can support the men's baseball program.

Therefore, upon recommendation of the Academic Affairs and Finance and Facilities Committees, the Board:

- a. Authorized a project for construction of a Baseball Park/Athletic Facility at U. T. San Antonio at an estimated total project cost of \$250,000
- b. Authorized preparation of final plans, advertisement for bids, award of a construction contract and completion of the project by U. T. San Antonio Administration with its own forces or through contract services, as required, in consultation with the Office of Facilities Planning and Construction
- c. Appropriated \$120,040 from Plant Funds and \$129,960 from gifts and/or grants for total project funding.

Construction will include a fenced, lighted baseball field with a dugout for team members, bleachers, restroom facilities, and a concession stand. The field will also be used for physical education classes and intramural baseball.

This action will amend the Capital Improvement Program approved in June 1989 and the FY 1991 Capital Budget.

7. U. T. San Antonio - Student Apartments (Project No. 401-721): Authorization for Project and Approval to Solicit Proposals from Developers.--Since enrolling its first students in 1973, The University of Texas at San Antonio has become a major regional university with over 14,000 students. It now serves many students who live beyond commuting distance, and consequently, there is a growing demand for housing on and near the campus. There are few privately owned apartments nearby and the only on-campus housing is a 500-bed dormitory owned and operated by a private developer pursuant to a long-term ground lease.

In June 1989, the U. T. Board of Regents approved the addition of a Student Apartment project to the Capital Improvement Program. The project as included in the Capital Budget anticipated accommodation for 160 students at an estimated total cost of \$1,750,000 and was to be financed from revenue bonds. Because U. T. San Antonio does not have an adequate cash reserve in its Auxiliary Enterprise fund, traditional revenue bond financing of such a project is not feasible.

The Board, upon recommendation of the Academic Affairs and Finance and Facilities Committees:

- a. Authorized initiation of Phase I of a project for a student apartment complex on the U. T. San Antonio campus to consist of approximately 120 units on a 20-acre tract
- b. Authorized U. T. San Antonio to solicit proposals from developers to construct and possibly manage the Phase I complex.

Phase I of the student apartment complex will consist of 60 two-bedroom units and 60 one-bedroom units plus a commons building. The Phase I development will have a capacity to serve 360 students with a future Phase II project of similar capacity.

No contractual obligations with a developer will be incurred until the analysis of proposals is complete and a formal proposal, including necessary revisions in the Capital Improvement Program and Capital Budget, is approved by the U. T. Board of Regents.

8. U. T. Southwestern Medical Center - Dallas - Research Building - Phase I North Campus Expansion (Project No. 303-702): Appropriation of Additional Funds to Increase the Total Project Cost for Award of Certain Alternate Bids; and Approval for Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.-- Upon recommendation of the Health Affairs and Finance and Facilities Committees, the Board:

- a. Appropriated \$8,500,000 of additional funds to increase the total project cost for the Research Building - Phase I North Campus Expansion at The University of Texas Southwestern Medical Center at Dallas from \$52,500,000 to \$61,000,000

- b. Awarded Alternate Bid Nos. 1, 2, 4, 7, and 8 for Bid Package Three - General Construction and authorized an increase of \$110,000 in the construction contingency allowance thereby increasing the construction contract of the lowest responsive and responsible bidder, Dal-Mac Construction Company, Richardson, Texas, by the amount of \$5,739,000.

Following a presentation by Executive Vice Chancellor for Asset Management Patrick and Mr. John Roan, Manager of Finance, related to the qualifications of this project for the U. T. System Revenue Financing System and in compliance with Section 5 of the Master Resolution Establishing The University of Texas System Revenue Financing System, approved by the U. T. Board of Regents in April 1990, and the delivery of the Certificate of an Authorized Representative as set out on Page 54, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost
- b. Sufficient funds will be available to meet the financial obligations of The University of Texas System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System
- c. U. T. Southwestern Medical Center - Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of Parity Debt in the amount of \$36,000,000 for the construction of Research Building - Phase I North Campus Expansion.

In accordance with authorization by the Board as set forth in Executive Committee Letter No. 91-7 (Page 9), a contract award for Bid Package Three - General Construction of the Research Building - Phase I North Campus Expansion at the U. T. Southwestern Medical Center - Dallas was made to the lowest responsive and responsible bidder, Dal-Mac Construction Company, Richardson, Texas, for the Base Bid and Alternate Bid Nos. 3, 5, and 6 in the amount of \$42,305,000. A contract award for additional Alternate Bid Nos. 1, 2, 4, 7, and 8 was subject to future appropriation of funds therefor by the U. T. Board of Regents and approval by the Texas Higher Education Coordinating Board.

Alternate Bid No. 1 provides a 350-seat lecture facility. Alternate Bid Nos. 2 and 4 finish out laboratory support space. Alternate Bid Nos. 7 and 8 finish out shell laboratory floors. The total construction cost for these additional alternate bids is \$5,629,000.

The revised total project cost is composed of the following elements:

First Stage of Construction - Civil Construction	\$ 1,007,040
Second Stage of Construction - Thermal Energy Plant Equipment	1,176,090
Third Stage of Construction - General Construction	48,044,000
Fees and Administrative Expenses	4,370,600
Furniture, Furnishings and Equipment	2,681,360
Future Work (Testing and Air-Balancing, Temporary Signalization, Electric Switchgear and Complete Laboratory Floor Levels 4 and 9)	2,379,910
Entrance Bridge from Harry Hines Boulevard	400,000
Miscellaneous Expenses	115,000
Project Contingency	<u>826,000</u>
Total Project Cost	\$61,000,000

The Research Building is the first laboratory research facility constructed on the North Campus at U. T. Southwestern Medical Center - Dallas. Finish out of shell space in the Research Building and construction of the lecture facility will provide an additional 78,000 square feet of research and research support space. Research funding at U. T. Southwestern Medical Center - Dallas has grown from just under \$20 million in 1979 to almost \$100 million in 1990. This growth is expected to continue and is projected to accelerate with the addition of North Campus research space.

The additional appropriation of \$8,500,000 to increase the total project cost from \$52,500,000 to \$61,000,000 will amend the Capital Improvement Program approved in June 1989 and the FY 1991 Capital Budget. The increase in the total project cost will be submitted to the Texas Higher Education Coordinating Board for approval in April 1991.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Executive Vice Chancellor for Asset Management of The University of Texas System, a U. T. System Representative under the Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on April 12, 1990 (the "Master Resolution"), do hereby execute this certificate for the benefit of the Board of Regents pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" pursuant to the Master Resolution to finance the cost of the Research Building - Phase I North Campus Expansion at The University of Texas Southwestern Medical Center at Dallas, and do certify that to the best of my knowledge the Board of Regents is in compliance with all covenants contained in the Master Resolution and in the First Supplementary Resolution Establishing an Interim Financing Program and is not in default of any of the terms, provisions and conditions in said Master Resolution or First Supplemental Resolution.

EXECUTED this 21st day of January, 1991.



Executive Vice Chancellor for
Asset Management

9. U. T. Medical Branch - Galveston - Texas Department of Corrections Hospital - Renovation and Completion of Shelled Space on Fourth and Eighth Floors (Project No. 601-743): Approval of Final Plans, and Authorization to Advertise for Bids and for the Executive Committee to Award Contracts.--The Finance and Facilities Committee recommended and the Board:

- a. Approved the final plans for renovation and completion of shelled space on the fourth and eighth floors of the Texas Department of Corrections Hospital at The University of Texas Medical Branch at Galveston at an estimated total project cost of \$5,458,915 to be funded by the Texas Department of Corrections
- b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost.

The Texas Department of Corrections, through an inter-agency agreement, has requested the U. T. Medical Branch - Galveston and The University of Texas System Office of Facilities Planning and Construction to manage the project in the same manner as the original design and construction of the existing hospital building.

This project was legislatively approved and does not require submission to the Texas Higher Education Coordinating Board. Amendments to the Capital Improvement Program and the Capital Budget will not be required since funds for the project and all project expenses will be paid directly by the Texas Department of Corrections.

10. U. T. M.D. Anderson Cancer Center - Jesse H. Jones Rotary House International (Project No. 703-740): Approval of Final Plans and Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Approval for Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity.--The Board, upon recommendation of the Finance and Facilities Committee:

- a. Approved final plans and specifications for the construction of the Jesse H. Jones Rotary House International at The University of Texas M.D. Anderson Cancer Center at an estimated total project cost of \$17,638,000 (\$8,000,000 from Gift Funds and \$9,638,000 from Revenue System Proceeds)
- b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost.

Following a detailed presentation by Executive Vice Chancellor for Asset Management Patrick and Mr. John Roan, Manager of Finance, regarding the qualifications of this project for the U. T. System Revenue Financing System and in compliance with Section 5 of the Master Resolution Establishing The University of Texas System Revenue Financing System, approved by the U. T. Board of Regents in April 1990, and the delivery of the Certificate of an Authorized Representative as set out on Page 57, the Board resolved that:

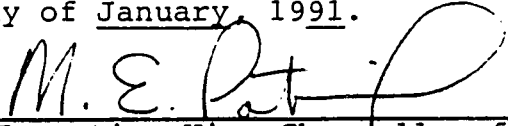
- a. Parity Debt shall be issued to pay the project's cost
- b. Sufficient funds will be available to meet the financial obligations of The University of Texas System including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System
- c. The U. T. M.D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its Direct Obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of Parity Debt in the amount of \$9,638,000 for the construction of the Jesse H. Jones Rotary House International (the "Project").

This project was approved by the Texas Higher Education Coordinating Board at its October 1990 meeting and is included in both the Capital Improvement Program and the FY 1991 Capital Budget.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Executive Vice Chancellor for Asset Management of The University of Texas System, a U. T. System Representative under the Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on April 12, 1990 (the "Master Resolution"), do hereby execute this certificate for the benefit of the Board of Regents pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" pursuant to the Master Resolution to finance the cost of the Jesse H. Jones Rotary House International at The University of Texas M. D. Anderson Cancer Center, and do certify that to the best of my knowledge the Board of Regents is in compliance with all covenants contained in the Master Resolution and in the First Supplementary Resolution Establishing an Interim Financing Program and is not in default of any of the terms, provisions and conditions in said Master Resolution or First Supplemental Resolution.

EXECUTED this the 21st day of January, 1991.



Executive Vice Chancellor for
Asset Management

III. INFORMATION ITEM

U. T. System: Report by Vice Chancellor for Business Affairs Burck on the Study of Deferred Maintenance and Capital Renewal Projects.--At the conclusion of the Finance and Facilities Committee meeting, Committee Chairman Moncrief called on Vice Chancellor for Business Affairs Burck for a report on the recently completed study of deferred maintenance and capital renewal projects throughout The University of Texas System.

Vice Chancellor Burck filed the following report with the Board and noted that the Texas Higher Education Coordinating Board plans to adopt the U. T. System capital renewal model for all universities within the State of Texas. He commended the business officers and System Administration staff for developing this model.

Capital Renewal/Deferred Maintenance

It is currently estimated that physical plant facilities in higher education total more than 3 billion gross square feet (U. T. = 35 million), with an estimated replacement value of approximately \$300 billion. National attention regarding the physical plant has focused predominately on the issue of deferred maintenance, which is defined as:

Maintenance projects from previous years not included in the maintenance process due to lower priority status than those funded within available resources. This includes postponed renovation and renewal projects as well as unperformed major maintenance. (Exhibit I)

Management of deferred maintenance is generally viewed as a one-time approach to control or eliminate a backlog of work through a specific funding source.

In 1988, a study by APPA and NACUBO estimated that nationally **\$60 billion (20% of replacement value)** was required to bring all facilities to satisfactory condition. Of that amount **\$20.5 billion (7% of replacement value)** was defined as "urgent." A variety of studies conducted in various states as well as at independent universities found **17% to 24% of campus space to be unsatisfactory.**

In 1988, The University of Texas System Education and General physical plant contained 35 million gross square feet with an estimated replacement value of \$3.5 billion. At present, we have two indicators of current physical plant condition. One is the amount of deferred maintenance. This is a specific assessment of the backlog of projects which should have been taken care of in previous years and their associated cost (Exhibit II). Recent estimates of deferred maintenance needs by component institutions indicate that a total of **\$45.9 million (1.3% of replacement value)** are required to

eliminate deferred maintenance. Of that amount, \$14.3 million (0.4% of replacement value) is considered critical -- small compared to many other universities. We have done a good job of keeping up with deferred maintenance -- but we do have a relatively young plant, which has made it easier to stay current. Exhibit III contains a table listing deferred maintenance needs by component. It reflects a total of \$46 million for deferred maintenance needs for all components in the U. T. System.

Another, more future-oriented, perspective on physical plant requirements focuses on capital renewal needs, defined as:

A systematic management process to plan and budget for known cyclical repair and replacement requirements which extend the life and retain the usable condition of the physical plant. (Exhibit I)

We have focused on capital renewal requirements for two reasons. One is the low level of deferred maintenance within the U. T. System, which I have already described. The second is an age profile which indicates that we are faced with significant funding requirements for the existing physical plant in the future. Approximately 40% of our current building inventory was constructed in the 1970's and 1980's. As a result, a significant part of the physical plant has not required major renovation and renewal. A building age profile graph is found on Exhibit IV. As you can see, over 40% of the space and replacement value is in buildings less than twenty years old.

To address the concerns we have about the upkeep of our buildings, we began a project to estimate future capital renewal costs. The approach which has been developed employs an analysis of building subsystems -- those parts of a building which will require replacement during the lifespan of an individual building (Exhibit V). A group of physical plant directors and chief business officers was formed to determine what subsystems would be used, their approximate lifespan and average percentage of building cost. Once this was determined, physical plant directors estimated the remaining life span of these subsystems contained in a sample of U. T. System buildings. An example of this process is also found on Exhibit V.

Once collected, the data was entered in a computer program which performed a variety of calculations. A brief explanation of this process is found on Exhibit VI. The result of these calculations is a matrix which provides projected costs by subsystem as well as annually for a 30 year period. A summary of the results of this process is contained on Exhibit VII.

A general rule of thumb regarding capital renewal costs at universities states that a range of 1.5% to 3.0% of building replacement value per year is an appropriate level of expenditure for capital renewal. As you can see, this model projects significant capital renewal requirements. However, for the next ten years or so, the projected amounts fall well within the rule of thumb, 2.5% averaging approximately \$82 million per year. After that there is a significant increase -- up to 4.6% or \$150 million per year. This increase is a result of an "age bubble" -- the aging buildings which were constructed during the 70's and 80's.

As a part of the Campus Master Plan update submitted to the Coordinating Board, component institutions were required to submit capital renewal projects for 1991-1995. This information has been used to check the projections of the model for that period against proposed project costs. The results of this comparison are found on Exhibit VIII. As you can see, the model projects capital renewal costs of \$85 million per year as opposed to those submitted for the Campus Master Plan, which total \$53 million per year, or 1.5% of replacement value. We are currently analyzing the nature of these differences.

In conclusion, I would like to emphasize a few points. (1) It is possible that the two capital renewal figures, one based on component projections and the other based on model projections, are the end points (the high and low) of a capital renewal funding range for the U. T. System. (2) We are confident that significant increases will occur in capital renewal requirements somewhere around the year 2000. (3) The existing physical plant is a crucial asset in our ability to meet future needs and its value must be maintained; therefore, we must plan now for our future needs.

Exhibit I

Key Terms

Accumulated Deferred Maintenance

Projects from previous years not included in the maintenance process due to lower priority status. This includes postponed renovation and renewal projects as well as unperformed unscheduled major maintenance. Within the U. T. System these projects are separated into two categories:

- A) Critical-those needs which will lead to further deterioration of the physical plant.
- B) Noncritical-projects which can be postponed without causing additional damage to the physical plant.

Regular and Preventative Maintenance

Regular maintenance consists of day to day activities to control deterioration of the physical plant.

Preventative maintenance is defined as adjustments, cleaning, minor repair, and inspections to control service interruptions.

Capital Renewal and Rehabilitation

A systematic management process to plan and budget for known cyclical repair and replacement requirements which extend the life and retain the usable condition of the physical plant.

Accrued Capital Renewal Liability

A concept that fits into the capital renewal process. This is the annual accumulation of capital renewal requirements which occurs even in a well maintained physical plant. The graph on the following page illustrates how this concept might be applied to a single building. Reductions in accrued liability are due to expenditures for renovation or rehabilitation projects.

Building Subsystems

These are building components which will require replacement or renewal during the lifespan of a building. Replacement or renewal generally occurs on a cyclical basis and may occur more than once during the lifespan of an individual building. Examples of building subsystems are components such as roofs, heating ventilating and air condition systems (HVAC), plumbing, and electrical systems.

Exhibit II

Comparison of Deferred Maintenance Needs

(dollars in billions)

	<u>Total Replacement Value</u>	<u>Total Needs</u>		<u>Urgent/Critical</u>	
		<u>Estimated Cost</u>	<u>% of Value</u>	<u>Estimated Cost</u>	<u>% of Value</u>
U. T. System	\$3.50	\$0.46	1.30%	\$0.14	0.40%
National Estimates	\$300.00	\$60.00	20.00%	\$20.50	7.00%

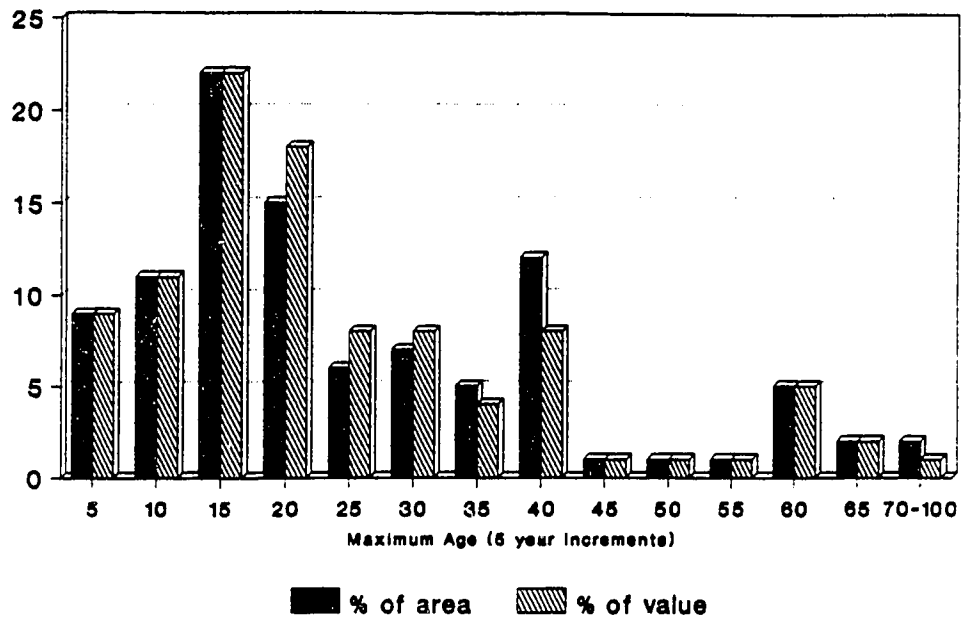
Exhibit III

**University of Texas System
Deferred Maintenance Needs
1991-1995**

CRITICAL NEEDS	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	Total
<u>Academic Components</u>						
UT Arlington	546,378	581,000	292,633	385,000	0	1,805,011
UT Austin	0	0	0	0	0	0
UT Dallas	225,000	135,000	110,000	150,000	0	620,000
UT El Paso	699,935	804,085	833,770	0	19,210	2,357,000
UT Pan American	0	0	0	0	0	0
UT Permian Basin	400,000	340,000	0	0	0	740,000
UT San Antonio	250,000	0	0	0	0	250,000
UT Tyler	<u>1,159,100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,159,100</u>
Subtotal	3,280,413	1,860,085	1,236,403	535,000	19,210	6,931,111
<u>Health Components</u>						
Southwestern Medical Center	0	0	0	0	0	0
Medical Branch Galveston	544,950	0	0	0	0	544,950
Houston HSC	1,695,652	2,171,000	0	0	0	3,866,652
San Antonio HSC	1,086,275	213,000	0	0	0	1,299,275
Tyler Health Center	25,000	685,000	250,000	0	0	960,000
MD Anderson Cancer Center	<u>380,000</u>	<u>180,000</u>	<u>120,000</u>	<u>0</u>	<u>0</u>	<u>680,000</u>
Subtotal	3,731,877	3,249,000	370,000	0	0	7,350,877
SUBTOTAL CRITICAL NEEDS	7,012,290	5,109,085	1,606,403	535,000	19,210	14,281,988
<u>NONCRITICAL NEEDS</u>						
<u>Academic Components</u>						
UT Arlington	0	194,884	200,802	0	524,415	920,101
UT Austin	3,850,000	3,850,000	3,850,000	3,850,000	3,850,000	19,250,000
UT Dallas	45,000	25,000	50,000	50,000	500,000	670,000
UT El Paso	0	0	280,260	487,210	693,230	1,460,700
UT Pan American	0	0	0	0	0	0
UT Permian Basin	0	0	0	0	0	0
UT San Antonio	0	306,000	375,000	315,000	415,000	1,411,000
UT Tyler	<u>0</u>	<u>344,507</u>	<u>304,810</u>	<u>0</u>	<u>0</u>	<u>649,317</u>
Subtotal	3,895,000	4,720,391	5,060,872	4,702,210	5,982,645	24,361,118
<u>Health Components</u>						
Southwestern Medical Center	0	0	0	0	0	0
Medical Branch Galveston	99,950	1,991,400	882,000	400,000	775,000	4,148,350
Houston HSC	20,900	578,250	680,750	605,750	503,250	2,388,900
San Antonio HSC	280,000	0	0	0	0	280,000
Tyler Health Center	40,000	95,000	0	0	0	135,000
MD Anderson Cancer Center	<u>0</u>	<u>245,000</u>	<u>55,000</u>	<u>30,000</u>	<u>0</u>	<u>330,000</u>
Subtotal	440,850	2,909,650	1,617,750	1,035,750	1,278,250	7,282,250
SUBTOTAL NONCRITICAL NEEDS	4,335,850	7,630,041	6,678,622	5,737,960	7,260,895	31,643,368
TOTAL DEFERRED MAINTENANCE	11,348,140	12,739,126	8,285,025	6,272,960	7,280,105	45,925,356

Exhibit IV

UT System Buildings
Area and Value by Age



UT System Building Inventory
Cumulative Age and Value

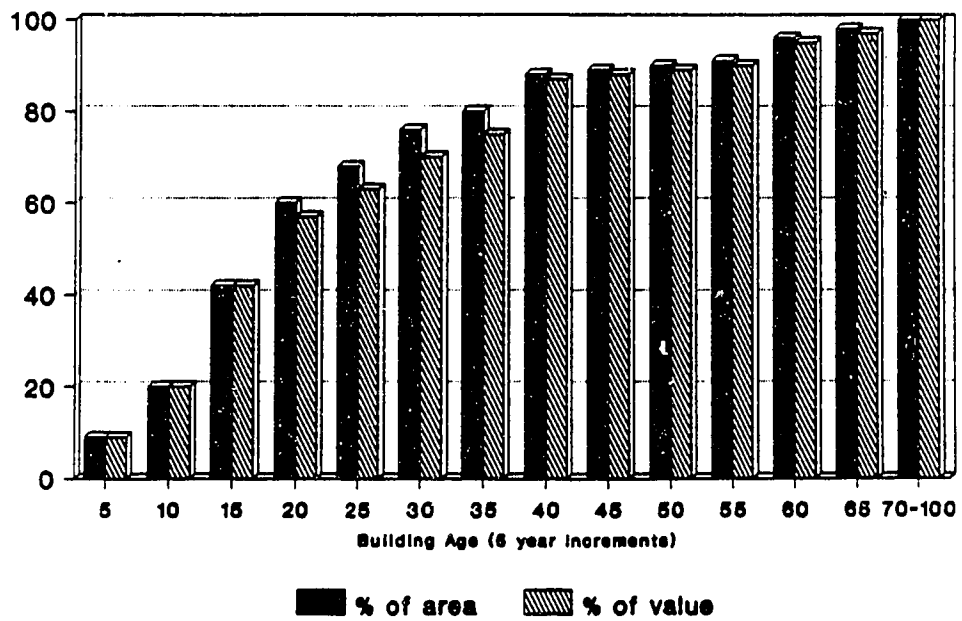


Exhibit V

Example of Building Subsystems
and Values

Completed 1974
Gross Area (sq.ft.) 257,533
Actual Cost \$ 13,239,375
Replacement Cost (1988) \$ 21,372,026
Building Condition 1

<u>Subsystem</u>	<u>% of Replacement Cost</u>	<u>Subsystem Replacement Cost</u>	<u>Years of Useful Life</u>	<u>Estimated Remaining Years</u>	<u>Accrued Capital Liability</u>
Roof	4.0	\$ 854,881	15	10	\$ 284,960
Conveying System	3.0	641,160	20	4	512,928
Interior Finishes	7.0	1,496,042	20	14	448,812
Ceiling Finishes	5.0	1,068,601	20	4	341,952
Partitions	5.0	1,068,601	50	34	341,952
Exterior Shell	8.0	1,709,762	50	34	547,124
Fixed Equipment	5.0	1,068,601	20	9	587,731
HVAC/Mechanical	20.0	4,274,405	20	10	2,137,203
Plumbing	8.0	1,709,762	30	14	911,873
Electrical/ Telecommunication	<u>15.0</u>	<u>3,205,804</u>	30	14	<u>1,709,762</u>
*Total	80.0	\$ 17,097,619			\$ 7,824,297

*Total subsystem costs may range from 60% to 80% of building replacement value.

Exhibit VI

A computer program has been written which combines the information gathered in building subsystem data collection process with information contained in the building inventory data base. This program calculates:

1. The number of years remaining in the life of each building.
2. The cost associated with each subsystem.
3. The number of times each subsystem will require replacement.
4. The years in which the replacement of each subsystem will occur.

The results of the cost and replacement year calculations are then combined in a matrix which sums the values for the entire sample. The result is an estimate of capital renewal needs by year and subsystem. A summary of the formula matrix is included in this packet. The values in this matrix have been increased to represent 100% of the UT System building inventory.

The model utilizes the following conditions in making these types of projections:

1. Catchup or deferred maintenance is not included in these calculations. The model assumes that the existing physical plant is in good condition.
2. The model only projects the need for capital expenditures, it does not include funding for regular repair and maintenance activities funded out of the institution's annual operating budget.
3. The cost to adapt facilities to new requirements or activities is not included in this model, it only projects the cost to replace and/or renovate existing facilities.
4. The model does not address the need to maintain physical plant infrastructure apart from the building inventory. Not included would be such items as electrical, water and waste water systems as well as streets and parking facilities.

Exhibit VII

UNIVERSITY OF TEXAS SYSTEM
 Projected Cost of Capital Renewal--Five Year Increments
 By Building Subsystem
 (dollars in millions)

	<u>Roofing</u>	<u>Parti- tions</u>	<u>Interior Finishes</u>	<u>Ext. Shell</u>	<u>Ceilings</u>	<u>Conveying Systems</u>	<u>Fixed Equip.</u>	<u>Mechanical Systems</u>	<u>5 Year Total</u>	<u>Average Annual Cost</u>	<u>Annual % of Total Replacement Value</u>
1991-1995	\$ 43.1	\$ 4.6	\$ 0.5	\$ 13.1	\$ 41.0	\$ 22.1	\$ 26.2	\$ 274.6	\$ 425.2	\$ 85.0	2.62%
1996-2000	28.8	0.6	1.2	25.2	36.1	13.6	29.4	263.4	398.3	79.7	2.45%
2001-2005	47.2	19.4	175.2	33.8	36.1	18.6	37.5	289.2	657.0	131.4	4.03%
2006-2010	63.6	60.9	76.3	25.6	15.3	51.6	64.7	390.5	748.5	149.7	4.61%
2111-2015	29.2	60.6	0.0	9.1	37.8	22.8	14.1	215.6	389.2	77.8	2.37%
2016-2020	<u>48.6</u>	<u>39.5</u>	<u>0.9</u>	<u>10.1</u>	<u>31.3</u>	<u>13.6</u>	<u>26.2</u>	<u>402.2</u>	<u>572.4</u>	<u>114.5</u>	<u>3.53%</u>
Total Cost	<u>\$ 260.5</u>	<u>\$ 185.6</u>	<u>\$ 254.1</u>	<u>\$ 116.9</u>	<u>\$ 197.6</u>	<u>\$ 142.3</u>	<u>\$ 198.1</u>	<u>\$ 1835.5</u>	<u>\$ 3190.6</u>	106.4	3.27%

Based on a sample containing 67% of E&G building replacement value

Exhibit VIII

University of Texas System
Comparison of Capital Renewal Costs
1991-1995
(dollars in millions)

	5 Year Total	Average Annual Cost	Annual % of Total Replacement Value
Capital Renewal Model	\$ 425.2	\$ 85.0	2.62%
Capital Renewal Projects	\$ 266.0	\$ 53.2	1.52%

Exhibit IX

Summary Table of
Deferred Maintenance and Capital Renewal Needs
By Funding Source

(dollars in millions)

	1991-1995 Requirements	Funding Sources			Surplus (Deficit)
		General Revenue	Local Funds	PUF Bonds	
Deferred Maintenance	45.9	3.1	6.5	24.6	(13.4)
Capital Renewal	266.1	2.6	142.9	50.3	(70.3)
Total	312.0	5.7	149.4	74.9	(83.7)

Office of Business Affairs
2/8/91

REPORT AND RECOMMENDATIONS OF THE LAND AND INVESTMENT COMMITTEE (Pages 70 - 113).--Regent Cruikshank 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 MATTER

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

	<u>November 1990</u>	<u>December 1990</u>	<u>Cumulative Through December of this Fiscal Year (1990-1991)</u>	<u>Cumulative Through December of Preceding Fiscal Year (1989-1990)</u>	<u>Per Cent Change</u>
Permanent University Fund					
Royalty					
Oil	\$ 7,237,244.84	\$ 8,919,305.52	\$ 26,738,078.99	\$ 16,853,124.65	58.65%
Gas	1,562,386.03	1,831,175.30	6,984,791.86	6,089,076.55	14.71%
Sulphur	0.00	0.00	0.00	163,919.75	--
Water	27,904.51	40,166.22	210,197.46	294,230.89	-28.56%
Brine	6,070.72	5,899.62	23,205.87	21,547.33	7.70%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Leases	61,563.60	70,290.30	300,073.72	580,040.96	-48.27%
Other	300.00	300.00	1,500.00	1,950.00	-23.08%
Sale of Sand, Gravel, Etc.	2,088.00	0.00	8,477.75	1,151.10	636.49%
Total University Lands Receipts Before Bonuses	<u>8,897,557.70</u>	<u>10,867,136.96</u>	<u>34,266,325.65</u>	<u>24,005,041.23</u>	<u>42.75%</u>
Bonuses					
Oil and Gas Lease Sales	0.00	0.00	0.00	2,160,415.16	--
Amendments and Extensions to Mineral Leases	<u>66,674.76</u>	<u>(5,958.56)</u>	<u>83,822.64</u>	<u>160.00</u>	<u>--</u>
Total University Lands Receipts	<u>8,964,232.46</u>	<u>10,861,178.40</u>	<u>34,350,148.29</u>	<u>26,165,616.39</u>	<u>31.28%</u>
Gain or (Loss) on Sale of Securities	<u>(18,625,936.37)</u>	<u>(1,605,080.77)</u>	<u>(51,574,455.59)</u>	<u>26,749,721.59</u>	<u>-292.80%</u>
TOTAL CLEARANCES	<u>\$ (9,661,703.91)</u>	<u>\$ 9,256,097.63</u>	<u>\$ (17,224,307.30)</u>	<u>\$ 52,915,337.98</u>	<u>-132.55%</u>

Oil and Gas Development - December 31, 1990

Acreage Under Lease - 659,850

Number of Producing Acres - 538,343

Number of Producing Leases - 2,144

II. COMMON TRUST FUND

U. T. System: Approval to Increase the Annual Guideline Distribution Amount Per Unit for the Common Trust Fund Effective September 1, 1991.--
At the February 1990 meeting, the U. T. Board of Regents established the annual guideline distribution amount per unit for The University of Texas System Common Trust Fund at 17¢ per unit effective September 1, 1990.

In order to allow the Common Trust Fund to grow at least with the rate of inflation while addressing the compelling need for revenue to support the purposes of the endowments at the component institutions, the annual guideline distribution amount per unit for the U. T. System Common Trust Fund was increased from 17¢ per unit to 17.5¢ per unit effective September 1, 1991.

III. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. System: Acceptance of Gift from Mr. Richard B. Hamm, Tyler, Texas, and Establishment of the Richard B. Hamm Endowment.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$10,000 gift from Mr. Richard B. Hamm, Tyler, Texas, and established the Richard B. Hamm 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. Arlington: Acceptance of Gift from the Texas Chapter of the Society of Allied Weight Engineers, Inc., Arlington, Texas, and Establishment of the Texas Chapter of the Society of Allied Weight Engineers Undergraduate Scholarship.--The Board accepted a \$10,000 gift from the Texas Chapter of the Society of Allied Weight Engineers, Inc., Arlington, Texas, and established the Texas Chapter of the Society of Allied Weight Engineers Undergraduate Scholarship at The University of Texas at Arlington.

Income earned from the endowment will be awarded to a junior or senior student who has a declared major in Aerospace Engineering and who is a citizen or a permanent resident of the U. S. and a legal resident of the State of Texas. The annual award is intended to be used for tuition and fee payments for the awardee. In the event the amount available for the award exceeds the student's costs for tuition and fees, the additional funds may be made available for books and supplies.

3. U. T. Arlington: Approval to Accept Bequest from the Estate of Fernando G. Torgerson, Arlington, Texas, and Trust Distributions from the Gertrude Irene Torgerson Trust and to Establish The G. Irene Torgerson and Fernando G. Torgerson Graduate Studies Advancement Fund.--Approval was given to accept a \$50,000 specific bequest from the Estate of Fernando G. Torgerson, Arlington, Texas, and trust distributions totalling \$30,329.05 from the Gertrude Irene Torgerson Trust for a total of \$80,329.05 and to establish The G. Irene Torgerson and Fernando G. Torgerson Graduate Studies Advancement Fund at The University of Texas at Arlington.

Income earned from the endowment is to be reinvested with no expenditures for a period of five years. Future income will be administered by a committee composed of the President of U. T. Arlington or his or her designated representative, the Vice President for Academic Affairs, and the Dean of the Graduate School and will be used to improve the standards of the graduate program and to attract exceptional scholars and faculty for academic programs.

4. U. T. Austin: Acceptance of Gift and Pledge from Mr. Bolivar C. Andrews, Houston, Texas, and Corporate Matching Funds from Panhandle Eastern Corporation, Houston, Texas, and Establishment of the Janet Guthrie Andrews Endowed Presidential Scholarship in English in the College of Liberal Arts.--The Land and Investment Committee recommended and the Board accepted a \$4,380 gift from Mr. Bolivar C. Andrews, Houston, Texas, \$8,760 in corporate matching funds from Panhandle Eastern Corporation, Houston, Texas, and \$11,860 in pledges, payable by August 31, 1993, from Mr. Andrews and from corporate matching funds provided by Panhandle Eastern Corporation, Houston, Texas, for a total of \$25,000 and established the Janet Guthrie Andrews Endowed Presidential Scholarship in English in the Department of English, College of Liberal Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to qualified students in the Department of English with preference given to students of English Literature.

5. U. T. Austin: Acceptance of Gift from Mr. Morris Atlas, McAllen, Texas, for Addition to the Morris and Rita Atlas Family Centennial Professorship in Law in the School of Law and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$10,000 gift from Mr. Morris Atlas, McAllen, Texas, for addition to the Morris and Rita Atlas Family Centennial 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.

6. U. T. Austin: Acceptance of Gift from Mrs. Barbara Brown Munford, Dallas, Texas, and Establishment of the Betty Yarnell Brown Endowed Presidential Scholarship in English in the College of Liberal Arts.--Authorization was granted to accept a \$25,000 gift from Mrs. Barbara Brown Munford, Dallas, Texas, and to establish the Betty Yarnell Brown Endowed Presidential Scholarship in English in the Department of English, College of Liberal Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to undergraduate students in the Department of English. The donor requests that preference be given to undergraduate women who demonstrate intellectual promise and an interest in teaching English at the secondary school level.

7. U. T. Austin: Acceptance of Gift from Mr. Robert W. Calvert, Austin, Texas, for Addition to The Robert W. Calvert Faculty Fellowship 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. Robert W. Calvert, Austin, Texas, and a \$5,000 transfer of previously reported gifts from current restricted funds for a total of \$15,000 for addition to The Robert W. Calvert Faculty Fellowship in Law in the School of Law at The University of Texas at Austin.

Further, \$5,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of \$70,000.

8. U. T. Austin: Acceptance of Gift and Pledge from an Anonymous Donor; Establishment of a Challenge Grant in the College of Engineering; and Establishment of the Thrust 2000 Graduate Fellowships in the College of Engineering.--The Board accepted a \$500,000 gift and a \$3,500,000 pledge, payable by August 31, 1995, from an anonymous donor for a total of \$4,000,000 to establish a challenge grant in the College of Engineering at The University of Texas at Austin. In accordance with the terms of the challenge grant, it is the intent of U. T. Austin to raise \$8,000,000 in private funds and/or matching funds under The Regents' Endowed Teachers and Scholars Program for a total endowment of \$12,000,000. A recommendation regarding the request for matching funds will be submitted at a later date.

Further, the funds will be used to establish an endowment to be known as the Thrust 2000 Graduate Fellowships in the College of Engineering at U. T. Austin. All funds received for the Thrust 2000 Graduate Fellowships will be deposited to one endowment account with income to be used to support 120 graduate fellowships for doctoral students in the College of Engineering in accordance with the terms and conditions of the challenge grant.

The purpose of this challenge grant and fund raising effort is to establish 120 graduate fellowships of \$100,000 each in the College of Engineering. The fellowships are intended to provide individual stipends to teaching assistants, graduate research assistants, or fellowship holders in the College of Engineering at U. T. Austin.

Eligibility criteria will be in accordance with the donor's wishes as specified in the donative instrument.

9. U. T. Austin: Approval to Redesignate the Gibbs & Ratliff Endowed Mock Trial Competition in the School of Law as the Gibbs & Ratliff Endowed Moot Court Competition.--In accordance with the donor's request, approval was given to redesignate the Gibbs & Ratliff Endowed Mock Trial Competition in the School of Law at The University of Texas at Austin as the Gibbs & Ratliff Endowed Moot Court Competition.

10. U. T. Austin: Acceptance of Gift and Pledge from Mr. Gerald H. Goldstein, San Antonio, Texas, and Establishment of the Eli Goldstein Endowed Presidential Scholarship in Law in the School of Law.--The Land and Investment Committee recommended and the Board accepted a \$6,640 gift and a \$23,360 pledge, payable by December 31, 1992, from Mr. Gerald H. Goldstein, San Antonio, Texas, and a \$15,000 transfer of previously reported gifts from current restricted funds for a total of \$45,000 and established the Eli Goldstein Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. Funds in the amount of \$30,000 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 \$15,000 will be held and administered by the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships to deserving minority students selected by the Dean of the School of Law or the Dean's designee.

11. U. T. Austin: Acceptance of Gift from Dr. and Mrs. M. Charles Schlecte, Waco, Texas, and Establishment of the John W. Halsey, Jr./Diane Shaughnessy Schlecte Endowed Scholarship.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$10,000 gift from Dr. and Mrs. M. Charles Schlecte, Waco, Texas, and established the John W. Halsey, Jr./Diane Shaughnessy Schlecte Endowed Scholarship at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support for students in the Colleges of Pharmacy, Natural Sciences, or Engineering. The Office of Student Financial Services will administer scholarship selection and awards.

12. U. T. Austin: Acceptance of Gift and Pledge from Ms. Rebecca E. Hamilton, Dallas, Texas, and Mr. Rowan T. Hamilton, Cambridge, Massachusetts, and Establishment of the Terrell H. Hamilton Endowed Graduate Fellowship in the College of Natural Sciences.--Authorization was granted to accept a \$16,000 gift and a \$34,000 pledge, payable by August 31, 1993, from Ms. Rebecca E. Hamilton, Dallas, Texas, and Mr. Rowan T. Hamilton, Cambridge, Massachusetts, for a total of \$50,000 and to establish the Terrell H. Hamilton Endowed Graduate Fellowship in the Department of Zoology, College of Natural Sciences, at The University of Texas at Austin.

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

13. U. T. Austin: Approval to Redesignate the Viola Smith Hoffman Lectureship in Liberal Arts and Fine Arts in the Colleges of Liberal Arts and Fine Arts as the Viola S. Hoffman and George W. Hoffman Lectureship in Liberal Arts and Fine Arts.--In accordance with a request from the donor's daughter, the Viola Smith Hoffman Lectureship in Liberal Arts and Fine Arts in the Colleges of Liberal Arts and Fine Arts at The University of Texas at Austin was redesignated as the Viola S. Hoffman and George W. Hoffman Lectureship in Liberal Arts and Fine Arts.

14. U. T. Austin: John Jeffers Research Chair in Law in the School of Law - Authorization to Redesignate Income Use.--Upon recommendation of the Land and Investment Committee, the income earned from the John Jeffers Research Chair in Law in the School of Law at The University of Texas at Austin was redesignated for the exclusive use by the Dean of the School of Law. Appointment of the Dean to the Chair will be in addition to the endowment he or she holds as a faculty member.

Income will be used for salary supplementation, research assistants, travel, fringe benefits, and other general support for the Dean.

15. U. T. Austin: Acceptance of Bequest from the Estate of Harl H. Young, Jr., Denver, Colorado, for Addition to the Lloyd A. Jeffress Memorial Fellowship Fund in the College of Liberal Arts.--The Board accepted a bequest of twenty percent of the residual Estate of Harl H. Young, Jr., Denver, Colorado, in the amount of \$3,557.30 for addition to the Lloyd A. Jeffress Memorial Fellowship Fund in the Department of Psychology, College of Liberal Arts, at The University of Texas at Austin.

Under the terms of Dr. Young's Last Will and Testament, twenty percent of his residual estate was named to benefit the "Scholarship Fund for Graduate Students in Psychology." The Lloyd A. Jeffress Memorial Fellowship Fund is currently the only endowed Fund which benefits graduate students in psychology.

16. U. T. Austin: Acceptance of Gifts from Mrs. Margaret B. Kennedy, Arlington, Texas, and Various Donors and Establishment of the Margaret B. Kennedy and Ernest C. Kennedy Scholarship in Liberal Arts in the College of Liberal Arts.--Approval was given to accept a \$6,635 gift from Mrs. Margaret B. Kennedy, Arlington, Texas, and \$3,365 in gifts from various donors for a total of \$10,000 and to establish the Margaret B. Kennedy and Ernest C. Kennedy Scholarship in Liberal Arts in the College of Liberal Arts at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to undergraduate students in the College of Liberal Arts, based on merit and need.

17. U. T. Austin: Acceptance of Gifts from Various Donors and Establishment of the Charles Ely Lankford Memorial Scholarship Fund in the College of Natural Sciences.--The Land and Investment Committee recommended and the Board accepted \$10,000 in gifts from various donors and established the Charles Ely Lankford Memorial Scholarship Fund in the Department of Microbiology, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support for students in the Department of Microbiology.

18. U. T. Austin: Acceptance of Gift from Mr. David A. Lingle, Midland, Texas, and Corporate Matching Funds from the Exxon Education Foundation, Florham Park, New Jersey, and Establishment of the David A. Lingle Endowed Scholarship in Engineering in the College of Engineering.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$2,500 gift from Mr. David A. Lingle, Midland, Texas, and \$7,500 in corporate matching funds from the Exxon Education Foundation, Florham Park, New Jersey, for a total of \$10,000 and established the David A. Lingle 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 provide scholarship support for undergraduate students.

19. U. T. Austin: Establishment of the Margaret McKean Love Chair in Nutrition, Cellular and Molecular Sciences in the College of Natural Sciences with Previously Reserved Matching Funds from The Regents' Endowed Teachers and Scholars Program.--Authorization was granted to establish the Margaret McKean Love Chair in Nutrition, Cellular and Molecular Sciences in the College of Natural Sciences at The University of Texas at Austin with \$500,000 in previously reserved matching funds from The Regents' Endowed Teachers and Scholars Program.

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

20. U. T. Austin: Acceptance of Gifts from Orgain, Bell & Tucker and Mr. Gilbert I. Low, Both of Beaumont, Texas; Establishment of the Gilbert I. Low Endowed Presidential Scholarship in Law in the School of Law; and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$25,000 gift from the law firm of Orgain, Bell & Tucker, Beaumont, Texas, a \$25,000 gift from Mr. Gilbert I. Low, Beaumont, Texas, and a \$25,000 transfer of previously reported gifts from current restricted funds for a total of \$75,000 and established the Gilbert I. Low Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. Funds in the amount of \$50,000 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 \$25,000 will be held and administered by the U. T. Board of Regents.

Further, \$25,000 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 \$100,000. Upon approval of the matching allocation, the U. T. Law School Foundation will transfer these contributions to the U. T. Board of Regents.

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

21. U. T. Austin: Acceptance of Gifts from Various Donors and Establishment of the Rodney W. Ludwig Endowed Scholarship in the College of Engineering.--The Board accepted \$10,062 in gifts from various donors and established the Rodney W. Ludwig Endowed Scholarship in the Department of Civil Engineering, College of Engineering, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support for junior, senior, or graduate students in the Civil Engineering or Architectural Engineering degree program.

22. U. T. Austin - The Michener 1990 Charitable Trust: Approval for Distribution of Income.--At its August 1990 meeting, the U. T. Board of Regents accepted a gift and pledge from Mr. and Mrs. James A. Michener to establish The Michener 1990 Charitable Trust at The University of Texas at Austin and accepted appointment as Trustee of the Trust. The Trust provides that all income of the Trust is to be paid out, at least annually, to one or more institutions of higher education which conduct established writing programs. The donative instrument provides that recommendations related to potential institutional recipients will be forwarded to the Trustee by the President of U. T. Austin.

In accordance with the provisions of the donative instrument, the Board, as Trustee of The Michener 1990 Charitable Trust, approved income distributions for the 1990-91 academic year as follows:

- a. The University of Iowa: \$16,000 for two Paul Engle Fellowships
 - b. The University of Houston: \$8,000 for the Donald Barthelme Fellowship.
23. U. T. Austin: Authorization to Accept Gifts from Mr. William W. Ogden, Jr., Houston, Texas, and Various Donors and to Establish the Wes Ogden Memorial Scholarship in Geophysics in the College of Natural Sciences.--Authorization was given to accept a \$4,800 gift from Mr. William W. Ogden, Jr., Houston, Texas, and \$5,965 in gifts from various donors for a total of \$10,765 and to establish the Wes Ogden Memorial Scholarship in Geophysics in the Department of Geological Sciences, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarships for either undergraduate or graduate students majoring in geophysics in the Department of Geological Sciences. Recipients will be selected on the basis of merit and financial need with preference given to students who express interest in practical applications of their geophysical training within the oil and gas industry.

24. U. T. Austin: Acceptance of Gift and Pledge from the Powell Foundation, Houston, Texas; Establishment of The Ben H. and Kitty King Powell Chair in Business and Commercial Law in the School of Law; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--The Land and Investment Committee recommended and the Board accepted a \$60,000 gift and a \$440,000 pledge, payable by August 31, 1994, from the Powell Foundation, Houston, Texas, for a total of \$500,000 and established The Ben H. and Kitty King Powell Chair in Business and Commercial 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, \$195,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the Chair. Upon approval of the matching allocation, the U. T. Law School Foundation will transfer these contributions to the U. T. Board of Regents.

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

25. U. T. Austin: Approval to Redesignate the Tom Sealy Centennial Research Professorship in Energy Law and the Tom Sealy Centennial Research Professorship in Energy Law (No. 2) in the School of Law as the Tom Sealy Centennial Research Professorship in Energy and Environmental Law and the Tom Sealy Centennial Research Professorship in Energy and Environmental Law (No. 2).--The Board, upon recommendation of the Land and Investment Committee, redesignated the Tom Sealy Centennial Research Professorship in Energy Law and the Tom Sealy Centennial Research Professorship in Energy Law (No. 2) in the School of Law at The University of Texas at Austin as the Tom Sealy Centennial Research Professorship in Energy and Environmental Law and the Tom Sealy Centennial Research Professorship in Energy and Environmental Law (No. 2).

These redesignations were made in accordance with the donor's request.

26. U. T. Austin: Authorization to Accept Gift from the Moshana Foundation, Austin, Texas, and to Establish the Helen and Milton Smith/Moshana Foundation Endowed Presidential Scholarship.--Authorization was granted to accept a \$25,000 gift from the Moshana Foundation, Austin, Texas, and to establish the Helen and Milton Smith/Moshana Foundation Endowed Presidential Scholarship at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support for a student athlete who will finish his or her academic requirement during his or her fourth or fifth academic year. The Scholarship will be awarded in alternate years to a female athlete and a male athlete.

27. U. T. Austin: Approval to Amend the Scholarship Guidelines of the Robert C. Strong, Jr. Memorial Scholarship in the Liberal Arts in the College of Liberal Arts.-- Upon recommendation of the Land and Investment Committee, the Board amended the scholarship guidelines for the Robert C. Strong, Jr. Memorial Scholarship in the Liberal Arts in the College of Liberal Arts at The University of Texas at Austin to include undergraduates of any classification who are residents of Shelby County, Texas, and have a 3.0 grade point average. Entering freshmen and transfer students will be given equal consideration with applicants already in residence at U. T. Austin. A student receiving an award in one year shall be given selection preference in the following year, as long as the academic requirement is met. Financial need may be a consideration in recipient selection.

28. U. T. Austin: Acceptance of Gift from Mr. and Mrs. Fred J. Stowbridge, Jr., Houston, Texas, and Establishment of the Stowbridge Classroom Endowment in the College of Engineering.--The Board accepted a \$10,000 gift from Mr. and Mrs. Fred J. Stowbridge, Jr., Houston, Texas, and established the Stowbridge Classroom Endowment in the College of Engineering at The University of Texas at Austin.

Income earned from the endowment will be used to maintain and improve equipment and for activities and facilities necessary for research and teaching functions in the Petroleum Engineering Building.

See Page 22 related to naming Room 2.212 in the Petroleum Engineering Building as the Stowbridge Classroom.

29. U. T. Austin: Approval to Establish the Temple Foundation Endowed Professorship Nos. 2, 3, and 4 in the College of Engineering; Allocation of Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--Approval was given to establish three endowments in the College of Engineering at The University of Texas at Austin with a \$218,025 payment on a previously accepted pledge from the T. L. L. Temple Foundation, Lufkin, Texas.

Further, \$313,950 of previously reserved funds from the College of Engineering Challenge Grant received from an anonymous donor will be combined with the \$218,025 pledge payment for a total of \$531,975 to be used to fund the new endowments.

Additionally, \$218,025 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to further increase the three new endowments to a total of \$750,000.

The three new endowments and their funding structures including, respectively, the T. L. L. Temple Foundation pledge payment, Challenge Grant, and matching funds from The Regents' Endowed Teachers and Scholars Program are set forth below:

a.	Temple Foundation Endowed Professorship #2	\$ 72,675
		104,650
		<u>72,675</u>
		\$ 250,000
b.	Temple Foundation Endowed Professorship #3	\$ 72,675
		104,650
		<u>72,675</u>
		\$ 250,000
c.	Temple Foundation Endowed Professorship #4	\$ 72,675
		104,650
		<u>72,675</u>
		\$ 250,000

30. U. T. Austin: Acceptance of Gift and Pledge from Mr. Clark W. Thompson, Jr., Houston, Texas; Establishment of the Clark W. Thompson, Jr. Chair in Accounting in the College of Business Administration and the Graduate School of Business; Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program; and Establishment of the Clark W. Thompson, Jr. Professorship in Accounting Education in the College of Business Administration and the Graduate School of Business.--The Land and Investment Committee recommended and the Board accepted a \$100,000 gift and a \$400,000 pledge, payable by December 31, 1995, from Mr. Clark W. Thompson, Jr., Houston, Texas, for a total of \$500,000 and established the Clark W. Thompson, Jr. Chair in Accounting in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin.

Additionally, \$200,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to establish the Clark W. Thompson, Jr. Professorship in Accounting Education in the College of Business Administration and the Graduate School of Business at U. T. Austin.

31. U. T. Austin: Approval to Amend Guidelines of the J. Neils Thompson Graduate Fellowship in Structural Engineering in the College of Engineering.--The Board, upon recommendation of the Land and Investment Committee, amended the guidelines for the J. Neils Thompson Graduate Fellowship in Structural Engineering in the Department of Civil Engineering, College of Engineering, at The University of Texas at Austin to include a preference for students who meet one of the following requirements:

- a. Show evidence of having had a course with a substantial engineering ethics component

- b. Show evidence of having fully reviewed the codes of ethics of the National Society of Professional Engineers, the American Society of Civil Engineers, and the Texas Engineers Registration Board
- c. Prepare an essay which reflects that he or she understands the importance of ethical conduct in the practice of Civil Engineering.

32. U. T. Austin: Authorization to Accept Gift from Vinson & Elkins, Houston, Texas, for Addition to the Vinson & Elkins Professorship in Law in the School of Law; Redesignation as the Vinson & Elkins Chair in Law; Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program; and Establishment of (a) Vinson & Elkins Endowed Presidential Scholarship in Advocacy Skills, (b) Vinson & Elkins Endowed Presidential Scholarship in Legal Writing and Research, (c) Vinson & Elkins Endowed Presidential Scholarship in Litigation Research, and (d) Vinson & Elkins Endowed Presidential Scholarship in International Law.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$400,000 gift from the law firm of Vinson & Elkins, Houston, Texas, for addition to the Vinson & Elkins Professorship in Law in the School of Law at The University of Texas at Austin and redesignated the Professorship as the Vinson & Elkins Chair in Law. 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, \$200,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment for the Chair. Upon approval of the matching allocation, the U. T. Law School Foundation will transfer this contribution to the U. T. Board of Regents.

Additionally, a \$100,000 transfer of previously reported gifts from current restricted funds was accepted to establish the following four quasi-endowments in the School of Law at U. T. Austin:

- a. Vinson & Elkins Endowed Presidential Scholarship in Advocacy Skills
- b. Vinson & Elkins Endowed Presidential Scholarship in Legal Writing and Research
- c. Vinson & Elkins Endowed Presidential Scholarship in Litigation Research
- d. Vinson & Elkins Endowed Presidential Scholarship in International Law.

Income earned from these endowments will be used, respectively, to provide an award to the Chairperson of the Board of Advocates, the Coordinator of the Teaching Quizmasters, the Editor-in-Chief of the Texas Review of Litigation, and the Editor-in-Chief of the Texas International Law Journal.

33. U. T. Austin: Acceptance of Gift and Pledge from the G. Rollie White Trust, Fort Worth, Texas, for Addition to the G. Rollie White Centennial Research Professorship in Law in the School of Law; Allocation of Funds from the Sheffield Challenge Fund Endowment Program; Redesignation as the G. Rollie White Teaching Excellence Chair in Law; Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program for Addition to the Fred and Emily Marshall Wulff Centennial Research Professorship in Law; and Redesignation as the Fred and Emily Marshall Wulff Centennial Chair in Law.--The Board accepted a \$125,000 gift and a \$225,000 pledge, payable by August 31, 1993, from the G. Rollie White Trust, Fort Worth, Texas, and a \$130,000 transfer of previously reported gifts from current restricted funds, to be transferred as the donor's pledge is received, for a total of \$480,000 for addition to the G. Rollie White Centennial Research Professorship in Law in the School of Law at The University of Texas at Austin. Funds in the amount of \$350,000 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 \$130,000 will be held and administered by the U. T. Board of Regents.

Further, \$261,250.82 and payments on a \$150,770 promissory note will be allocated from the Sheffield Challenge Fund Endowment Program and will be used to increase the endowment to a total in excess of \$1,000,000. With the addition of these funds, the Professorship was redesignated the G. Rollie White Teaching Excellence Chair in Law.

Additionally, \$328,240.91 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the Fred and Emily Marshall Wulff Centennial Research Professorship in Law in the School of Law at U. T. Austin with the Professorship being redesignated as the Fred and Emily Marshall Wulff Centennial Chair in Law. Upon approval of the matching allocation, the U. T. Law School Foundation will transfer the \$125,000 in gifts and the \$225,000 in pledge payments, as received, to the U. T. Board of Regents.

34. U. T. Austin: Approval to Accept Gifts from Mrs. Carol Carpenter Winkel, Midland, Texas, Mr. and Mrs. Frank H. Carpenter, Jr., Austin, Texas, and Various Donors; Establishment of the James W. Winkel Memorial Endowed Presidential Scholarship in the College of Business Administration; and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--Approval was given to accept a \$10,000 gift from Mrs. Carol Carpenter Winkel, Midland, Texas, a \$15,000 gift from Mr. and Mrs. Frank H. Carpenter, Jr., Austin, Texas, and \$770 in gifts from various donors for a total of \$25,770 and to establish the James W. Winkel Memorial Endowed Presidential Scholarship in the College of Business Administration at The University of Texas at Austin.

Further, \$12,885 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 \$38,655.

Income earned from the endowment will be used to award scholarships to qualified students in the College of Business Administration.

35. U. T. Dallas: Estate of Dr. Robert Plant Armstrong, Dallas, Texas - Approval to Establish the Robert Plant Armstrong Endowed Scholarship Fund.--The Land and Investment Committee recommended and the Board established the Robert Plant Armstrong Endowed Scholarship Fund at The University of Texas at Dallas with a previously approved bequest from the Estate of Dr. Robert Plant Armstrong, Dallas, Texas.

Income earned from the endowment will be used to provide scholarships to students pursuing a major course of study in the humanities.

36. U. T. Dallas: Acceptance of Gift from an Anonymous Donor and Establishment of an Endowed Scholarship Fund in the Eric Jonsson School of Engineering and Computer Science.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$750,000 gift from an anonymous donor and established an endowed scholarship fund in the Eric Jonsson School of Engineering and Computer Science at The University of Texas at Dallas. The endowment title will be designated at a later date.

Income earned from the endowment will be used for merit-based scholarships awarded to undergraduate or graduate students majoring in engineering, based on academic achievement.

Eligibility criteria will be in accordance with the donor's wishes as specified in the donative instrument.

37. U. T. Southwestern Medical Center - Dallas: Authorization to Accept Gift from The Zale Foundation, Dallas, Texas, for Addition to The Abe (Brunky), Morris, and William Zale Distinguished Professorship in Neurology; Redesignation as The Abe (Brunky), Morris and William Zale Chair in Neurology; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--In accordance with the donor's request, authorization was given to accept a \$250,000 gift from The Zale Foundation, Dallas, Texas, for addition to The Abe (Brunky), Morris, and William Zale Distinguished Professorship in Neurology at The University of Texas Southwestern Medical Center at Dallas for a total endowment of \$500,000. In addition, the Professorship was redesignated as The Abe (Brunky), Morris and William Zale Chair in Neurology.

Further, the actual income which will be earned on the \$250,000 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.

38. U. T. Medical Branch - Galveston: Acceptance of Gift from Mr. Joseph B. Collerain, Houston, Texas, and Corporate Matching Funds from the Exxon Education Foundation, Florham Park, New Jersey, and Establishment of the Mary Alice Beaver Collerain Dean's Academic Advancement Fund for Nursing Students.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$5,000 gift from Mr. Joseph B. Collerain, Houston, Texas, and \$15,000 in corporate matching funds from the Exxon Education Foundation, Florham Park, New Jersey, for a total of \$20,000 and established the Mary Alice Beaver Collerain Dean's Academic Advancement Fund for Nursing Students at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to promote academic advancement and excellence among nursing students in both the undergraduate and graduate programs.

39. U. T. Health Science Center - Houston: Acceptance of Gifts from the Greater Houston Dental Society, Houston, Texas, and Various Donors and Establishment of the Daniel C. Kamas, D.D.S. Endowed Scholarship Fund.--The Board accepted an \$11,348.85 gift from the Greater Houston Dental Society, Houston, Texas, and \$475 in gifts from various donors for a total of \$11,823.85 and established the Daniel C. Kamas, D.D.S. Endowed Scholarship Fund at The University of Texas Health Science Center at Houston.

Income earned from the endowment will be used to provide two annual scholarships, in an amount not less than \$200 each, one to a female and one to a male freshman dental student who demonstrates financial need, an outstanding scholastic record, and is a qualified Texas resident.

40. U. T. Health Science Center - Houston: Approval to Accept Gifts from the M. D. Anderson Foundation and the Hermann Eye Fund, Both of Houston, Texas, and to Establish the A. G. McNeese, Jr. Professorship in Ophthalmology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Approval was given to accept a \$50,000 gift from the M. D. Anderson Foundation, and a \$50,000 gift from the Hermann Eye Fund, both of Houston, Texas, for a total of \$100,000 and to establish the A. G. McNeese, Jr. Professorship in Ophthalmology at The University of Texas Health Science Center at Houston.

Further, the actual income which will be earned on \$100,000 in gifts 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.

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

41. U. T. Health Science Center - Houston: Estate of Helen Y. Sherwood, Houston, Texas -- Final Report.--It was reported that the final distribution from the Estate of Helen Y. Sherwood, Houston, Texas, had been received for a total bequest of \$275,705.30 to be used to support research in cardiovascular and arthritic diseases at The University of Texas Health Science Center at Houston. The U. T. Board of Regents accepted the initial bequest in May 1980.

42. U. T. M.D. Anderson Cancer Center: Acceptance of Gift from Mrs. Richard Anderson, Houston, Texas, and Establishment of the June and Richard Anderson Endowment for Melanoma Research.--The Land and Investment Committee recommended and the Board accepted a \$15,000 gift from Mrs. Richard Anderson, Houston, Texas, and established the June and Richard Anderson Endowment for Melanoma Research at The University of Texas M.D. Anderson Cancer Center.

Income earned from the endowment will be used to support melanoma research under the direction of Dr. Isaiah J. Fidler.

43. U. T. M.D. Anderson Cancer Center: Approval to Accept Transfer of Funds and to Establish the Nylene Eckles Professorship in Breast Cancer Research.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$300,000 transfer of previously reported gifts from current restricted funds and established a quasi-endowment to be named the Nylene Eckles Professorship in Breast Cancer Research at The University of Texas M.D. Anderson Cancer Center.

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

44. U. T. M.D. Anderson Cancer Center: Authorization to Accept Gift from Mrs. Caroline Wiess Law, Houston, Texas, and to Establish the Theodore N. Law Endowment for Scientific Achievement.--Authorization was granted to accept a \$1,000,000 gift from Mrs. Caroline Wiess Law, Houston, Texas, and to establish the Theodore N. Law Endowment for Scientific Achievement at The University of Texas M.D. Anderson Cancer Center.

Income earned from the endowment will be used to attract and retain the finest young scientists in academic oncology.

IV. INTELLECTUAL PROPERTY MATTERS

1. U. T. Health Science Center - San Antonio: Approval of Patent License Agreements with Avox Systems, Inc., San Antonio, Texas.--The Board approved the two patent license agreements set out on Pages 88 - 105 for and on behalf of The University of Texas Health Science Center at San Antonio and Avox Systems, Inc., San Antonio, Texas, for the licensing of technology for hemoglobin measurement.

Each of the two license agreements grants Avox Systems, Inc. ("Avox") the exclusive, worldwide, royalty-bearing license to manufacture, have manufactured, use and/or sell products useful for the measurement of hemoglobin developed by Dr. A. P. Shepherd in the Department of Physiology at the U. T. Health Science Center - San Antonio.

One agreement licenses Avox under a pending patent application entitled "Method and Apparatus for Direct Measurement of Hemoglobin Species In Whole Blood," Serial No. 07/313,911 filed February 23, 1989. The other agreement licenses Avox under a pending patent application entitled "A Capillary Tube Hemoglobino-meter and Oximeter," Serial No. 304,744 filed January 31, 1989. Under each agreement, Avox will pay a running royalty of five percent (5%) of net sales of licensed products and half of net revenues received from sublicensees.

PATENT LICENSE AGREEMENT

THIS AGREEMENT is made by and between the BOARD OF REGENTS (BOARD) OF THE UNIVERSITY OF TEXAS SYSTEM (SYSTEM), an agency of the State of Texas, whose address is 201 West Seventh Street, Austin, Texas 78701, and AVOX SYSTEMS, INC. (LICENSEE), a Texas corporation having a principal place of business located at 15315 Grey Fox, San Antonio, Texas 78255.

W I T N E S S E T H :

Whereas BOARD owns certain PATENT RIGHTS and TECHNOLOGY RIGHTS related to LICENSED SUBJECT MATTER, which were developed at The University of Texas Health Science Center at San Antonio, a component institution of The University of Texas System;

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

Whereas LICENSEE wishes to obtain a license from BOARD to practice LICENSED SUBJECT MATTER;

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

I. EFFECTIVE DATE

This agreement shall be effective as of July 1, 1990, subject to approval by BOARD.

II. DEFINITIONS

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

2.1 LICENSED SUBJECT MATTER shall mean inventions and discoveries covered by PATENT RIGHTS or TECHNOLOGY RIGHTS which is within LICENSED FIELD.

2.2 PATENT RIGHTS shall mean BOARD'S rights in information or discoveries described in patents and/or patent applications, whether domestic or foreign, and all divisions, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon, which name A. P. Shepherd, Ph.D. and John M. Steinke as either sole or joint inventors and which relate to the manufacture, use, or sale of "Method and Apparatus for Direct Measurement of Hemoglobin Species in Whole Blood", as described in the patent application by the same title, Serial No. 07/313,911 filed February 23, 1989.

2.3 TECHNOLOGY RIGHTS shall mean BOARD'S rights in any technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing or data relating to "Method and Apparatus for Direct Measurement of Hemoglobin Species in Whole Blood" which is not covered by PATENT RIGHTS but which is necessary for practicing the invention at any time covered by PATENT RIGHTS.

2.4 LICENSED FIELD shall mean all fields of possible use.

2.5 LICENSED TERRITORY shall mean the world.

2.6 LICENSED PRODUCT shall mean products covered by one or more valid claims of letters patent owned by BOARD SOLD by LICENSEE comprising LICENSED SUBJECT MATTER pursuant to this Agreement.

2.7 SALE or SOLD shall mean the transfer or disposition of a LICENSED PRODUCT for value to a party other than LICENSEE or a SUBSIDIARY.

2.8 SUBSIDIARY shall mean any business entity more than 50% owned by LICENSEE, any business entity which owns more than 50% of LICENSEE, or any business entity that is more than 50% owned by a business entity that owns more than 50% of LICENSEE.

2.9 NET SALES shall mean the gross revenues received by LICENSEE from the SALE of LICENSED PRODUCTS less sales and/or use tax actually paid, import and/or export duties actually paid, outbound transportation prepaid or allowed, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

III. WARRANTY; SUPERIOR-RIGHTS

BOARD represents and warrants its belief that it is the owner of the entire right, title, and interest in and to LICENSED SUBJECT MATTER, and that it has the sole right to grant licenses thereunder, and that it has not knowingly granted licenses thereunder to any other entity that would restrict rights granted hereunder except as stated herein.

IV. LICENSE

4.1 BOARD hereby grants to LICENSEE a royalty-bearing, exclusive license under LICENSED SUBJECT MATTER to manufacture, have manufactured, use and/or sell LICENSED PRODUCTS and to practice any processes within the LICENSED SUBJECT MATTER within LICENSED TERRITORY for use within LICENSED FIELD. This grant shall be subject to the payment by LICENSEE to BOARD of all consideration as provided in this Agreement, and shall be further subject to rights retained by BOARD to:

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

(b) Use any information contained in LICENSED SUBJECT MATTER for research, teaching, and other noncommercial, educationally-related purposes.

4.2 LICENSEE shall have the right to extend the license granted herein to any SUBSIDIARY provided that such SUBSIDIARY consents to be bound by this Agreement to the same extent as LICENSEE.

4.3 LICENSEE shall have the right to grant sublicenses consistent with this Agreement provided that LICENSEE shall be responsible for the operations of its sublicensees relevant to this Agreement as if such operations were carried out by LICENSEE, including the payment of royalties whether or not paid to LICENSEE by the sublicensee. LICENSEE further agrees to deliver to BOARD a true and correct copy of each sublicense granted by LICENSEE, and any modification or termination thereof, within thirty (30) days after execution, modification, or termination. Upon termination of this Agreement, any and all existing sublicenses granted by LICENSEE shall be assigned to BOARD.

4.4 BOARD shall have the right at any time after four (4) years from the date of this Agreement in the USA, and eight (8) years for the remaining LICENSED TERRITORY, to terminate the exclusivity of the license granted herein in any national political jurisdiction within LICENSED TERRITORY if LICENSEE, within ninety (90) days after written notice from BOARD as to such intended termination of exclusivity, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention hereunder within such jurisdiction. BOARD agrees to negotiate in good faith with LICENSEE for adjusting terms under such a non-exclusive arrangement. BOARD shall have the right at any time after five (5) years from the date of this Agreement to terminate the license completely in any national political jurisdiction if LICENSEE, within ninety (90) days after written notice from BOARD of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention licensed hereunder within such jurisdiction. Evidence provided by LICENSEE that it has an ongoing and active research, development, manufacturing, marketing, or licensing program as appropriate, directed toward production and sale of products based on the invention disclosed and claimed in PATENTS or incorporating TECHNOLOGY within such jurisdiction shall be deemed satisfactory evidence.

V. PAYMENTS AND REPORTS

5.1 In consideration of rights granted by BOARD to LICENSEE under this Agreement, LICENSEE agrees to pay BOARD the following:

(a) A nonrefundable license documentation fee in the amount of \$1.00, which shall be due and payable when this Agreement is executed by LICENSEE;

(b) A running royalty equal to five percent (5%) of NET SALES for LICENSED PRODUCTS;

(c) One half of the net revenues received by LICENSEE from any sublicensee.

5.2 LICENSEE shall keep complete and accurate records of its and its sublicensee's SALES and NET SALES of LICENSED PRODUCTS under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. LICENSEE shall permit BOARD or its representatives, at BOARD'S expense, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. Such books and records will be preserved for not less than three (3) years from the date of the royalty payment to which they pertain. The results of such examinations will be held in confidence. In the event that the amounts due to BOARD are determined to have been underpaid by more than five percent (5%) calculated on an annual basis, LICENSEE shall pay the cost of such examination, and accrued interest on the unpaid amount at the highest allowable rate.

5.3 Once per year LICENSEE shall deliver to BOARD a true and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during the preceding twelve (12) calendar months under this Agreement as are pertinent to an account for payments hereunder. Such report shall include at least (a) the quantities of LICENSED SUBJECT MATTER that it has produced; (b) the total SALES; (c) the calculation of royalties thereon; and (d) the total royalties so computed and due BOARD. Simultaneously with the delivery of each such report, LICENSEE shall pay to BOARD the amount, if any, due for the period of such report. If no payments are due, it shall be so reported.

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

5.5 All reports provided under paragraphs 5.3 and 5.4 shall be held in confidence except to the extent that disclosure is required by law.

5.6 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees, or charges of any kind other than elsewhere provided in this Agreement. Checks shall be made payable to BOARD OF REGENTS, The University of Texas System.

5.7 BOARD shall have the responsibility for diligently prosecuting and maintaining any and all patents or patent applications included in PATENT RIGHTS and any additional patents or patent applications deemed advisable by BOARD or requested by LICENSEE covering all or part of the LICENSED SUBJECT MATTER.

5.8 LICENSEE may also request that BOARD obtain patent protection on the LICENSED SUBJECT MATTER in foreign countries. LICENSEE must notify BOARD within ten (10) months (or within four (4) months in the case of design applications) of the filing of the corresponding United States application of its decision to request foreign patents. The absence of a decision in writing from the LICENSEE to BOARD shall be considered an election not to secure foreign rights.

5.9 LICENSEE shall pay the actual out-of-pocket expenses incurred for the filing, prosecuting and maintenance/annuity of all patent applications and patents. LICENSEE shall make such payments either when LICENSEE grants a sublicense for LICENSED SUBJECT MATTER or within 30 days of the first SALE, whichever shall occur first. If LICENSEE notifies BOARD that it does not wish to pay the continuing costs of an application or patent, then BOARD may continue such payment at BOARD'S expense, and LICENSEE shall have no further rights therein.

5.10 LICENSEE'S obligations to underwrite and pay filing, prosecution and maintenance/annuity costs for an application filed at its request shall continue for so long as the license granted by this Agreement remains in effect; provided, however, that the LICENSEE may terminate its future obligations under paragraph 5.9 with respect to any patent application or patent upon three (3) months' written notice to BOARD.

VI. TERM AND TERMINATION

6.1 The Term of this Agreement shall extend from the Effective Date set forth hereinabove to the full end of the term or terms for which PATENT RIGHTS have not expired and if only TECHNOLOGY RIGHTS are licensed and no PATENT RIGHTS are applicable, for a term of fifteen (15) years.

6.2 This Agreement will earlier terminate:

(a) automatically if LICENSEE shall file bankruptcy or become insolvent and unable to meet its obligations under this Agreement and/or if the business of LICENSEE shall be placed in the hands of a receiver or trustee, whether by voluntary act of LICENSEE or otherwise, and such receiver or trustee is not dismissed within ninety (90) days;

(b) upon ninety (90) days' written notice if LICENSEE shall breach or default on any obligation under this License Agreement; provided, however, LICENSEE may avoid such termination if before the end of such period LICENSEE notifies BOARD that such breach has been cured and states the manner of such cure;

(c) under the provisions of paragraph 4.4 if invoked.

6.3 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either party of any continuing obligation matured prior to the effective date of such termination. LICENSEE may, after the effective date of such termination, sell all LICENSED PRODUCT and parts therefor that it may have on hand, or in the process of manufacture, or in use, or in inventory at the date of termination, provided that it pays earned royalty thereon as provided in this Agreement.

VII. INFRINGEMENT BY THIRD PARTIES

7.1 LICENSEE shall have the obligation of enforcing at its expense any patent exclusively licensed hereunder against infringement by third parties and shall be entitled to retain recovery from such enforcement. After recovery of all costs, and provided BOARD provides the assistance covered in paragraph 7.2 below at no cost to LICENSEE, LICENSEE shall pay BOARD the royalty provided in paragraph 5.1(c) on any monetary recovery to the extent that such monetary recovery by LICENSEE is calculated on the basis of a reasonable royalty or actual damages paid by the infringer for the unauthorized making, using or selling of LICENSED PRODUCT. In the event that LICENSEE does not file suit against a substantial infringer of such patents within six (6) months of knowledge thereof, then BOARD shall have the right to enforce any patent licensed hereunder on behalf of itself and LICENSEE and/or reduce the license granted hereunder to non-exclusive.

7.2 In any suit or dispute involving an infringer, the parties shall cooperate fully, and upon the request of the party bringing suit, the other party shall make available to the party bringing suit at reasonable times and under appropriate conditions all relevant personnel, records, papers, information, samples, specimens, and the like which are in its possession.

7.3 In the event a court of competent jurisdiction from which no appeal has or can be taken determines that one or more claims of PATENT RIGHTS is invalid or unenforceable, no royalties shall be due or owing for LICENSED PRODUCTS falling within such invalid or unenforceable claims of PATENT RIGHTS or any patentably indistinct claims as of the date of such decision.

7.4 In the event that the making, having made, using or selling of the LICENSED PRODUCT is determined by a court of competent jurisdiction to infringe one or more claims of a valid subsisting patent owned by a third party, no royalty payments with respect to said product shall be due BOARD from the time such lawsuit is filed.

VIII. ASSIGNMENT

This Agreement may not be assigned by LICENSEE without the prior written consent of BOARD.

IX. PATENT MARKING

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

X. INDEMNIFICATION

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

XI. USE OF BOARD AND COMPONENT'S NAME

LICENSEE shall not use the name of UNIVERSITY, SYSTEM, BOARD, or Regents without express written consent.

XII. GENERAL

12.1 This Agreement constitutes the entire and only agreement between the parties for LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering or supplementing the

terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

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

Board of Regents
The University of Texas System
201 West 7th Street
Austin, TX 78701
ATTENTION: System Intellectual Property Office

or in the case of LICENSEE to:

Avox Systems, Inc.
15315 Gray Fox
San Antonio, TX 78255
ATTENTION: A. P. Shepherd, Ph.D.

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

12.3 LICENSEE shall comply with all applicable federal, state and local laws and regulations in connection with its activities pursuant to this Agreement.

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

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

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

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

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

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By M. E. Patrick
Michael E. Patrick
Executive Vice Chancellor for
Asset Management

APPROVED AS TO CONTENT:

By R. B. Price
R. B. Price
Executive Vice President
for Administration and
Business Affairs

AVOX SYSTEMS, INC.

By A. P. Shepherd
A. P. Shepherd, Ph.D.
President

PATENT LICENSE AGREEMENT

THIS AGREEMENT is made by and between the BOARD OF REGENTS (BOARD) OF THE UNIVERSITY OF TEXAS SYSTEM (SYSTEM), an agency of the State of Texas, whose address is 201 West Seventh Street, Austin, Texas 78701, and AVOX SYSTEMS, INC. (LICENSEE), a Texas corporation having a principal place of business located at 15315 Grey Fox, San Antonio, Texas 78255.

W I T N E S S E T H :

Whereas BOARD owns certain PATENT RIGHTS and TECHNOLOGY RIGHTS related to LICENSED SUBJECT MATTER, which were developed at The University of Texas Health Science Center at San Antonio, a component institution of The University of Texas System;

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

Whereas LICENSEE wishes to obtain a license from BOARD to practice LICENSED SUBJECT MATTER;

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

I. EFFECTIVE DATE

This agreement shall be effective as of July 1, 1990, subject to approval by BOARD.

II. DEFINITIONS

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

2.1 LICENSED SUBJECT MATTER shall mean inventions and discoveries covered by PATENT RIGHTS or TECHNOLOGY RIGHTS which is within LICENSED FIELD.

2.2 PATENT RIGHTS shall mean BOARD'S rights in information or discoveries described in patents and/or patent applications, whether domestic or foreign, and all divisions, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon, which name A. P. Shepherd, Ph.D. as either sole or joint inventor and which relate to the manufacture, use, or sale of "A Capillary Tube Hemoglobinometer and Oximeter", as described in the patent application by the same title, Serial No. 304,744 filed January 31, 1989.

2.3 TECHNOLOGY RIGHTS shall mean BOARD'S rights in any technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing or data relating to "A Capillary Tube Hemoglobinometer and Oximeter" which is not covered by PATENT RIGHTS but which is necessary for practicing the invention at any time covered by PATENT RIGHTS.

2.4 LICENSED FIELD shall mean all fields of possible use.

2.5 LICENSED TERRITORY shall mean the world.

2.6 LICENSED PRODUCT shall mean products covered by one or more valid claims of letters patent owned by BOARD SOLD by LICENSEE comprising LICENSED SUBJECT MATTER pursuant to this Agreement.

2.7 SALE or SOLD shall mean the transfer or disposition of a LICENSED PRODUCT for value to a party other than LICENSEE or a SUBSIDIARY.

2.8 SUBSIDIARY shall mean any business entity more than 50% owned by LICENSEE, any business entity which owns more than 50% of LICENSEE, or any business entity that is more than 50% owned by a business entity that owns more than 50% of LICENSEE.

2.9 NET SALES shall mean the gross revenues received by LICENSEE from the SALE of LICENSED PRODUCTS less sales and/or use tax actually paid, import and/or export duties actually paid, outbound transportation prepaid or allowed, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

III. WARRANTY; SUPERIOR-RIGHTS

BOARD represents and warrants its belief that it is the owner of the entire right, title, and interest in and to LICENSED SUBJECT MATTER, and that it has the sole right to grant licenses thereunder, and that it has not knowingly granted licenses thereunder to any other entity that would restrict rights granted hereunder except as stated herein.

IV. LICENSE

4.1 BOARD hereby grants to LICENSEE a royalty-bearing, exclusive license under LICENSED SUBJECT MATTER to manufacture, have manufactured, use and/or sell LICENSED PRODUCTS and to practice any processes within the LICENSED SUBJECT MATTER within LICENSED TERRITORY for use within LICENSED FIELD. This grant shall be subject to the payment by LICENSEE to BOARD of all consideration as provided in this Agreement, and shall be further subject to rights retained by BOARD to:

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

(b) Use any information contained in LICENSED SUBJECT MATTER for research, teaching, and other noncommercial, educationally-related purposes.

4.2 LICENSEE shall have the right to extend the license granted herein to any SUBSIDIARY provided that such SUBSIDIARY consents to be bound by this Agreement to the same extent as LICENSEE.

4.3 LICENSEE shall have the right to grant sublicenses consistent with this Agreement provided that LICENSEE shall be responsible for the operations of its sublicensee relevant to this Agreement as if such operations were carried out by LICENSEE, including the payment of royalties whether or not paid to LICENSEE by the sublicensee. LICENSEE further agrees to deliver to BOARD a true and correct copy of each sublicense granted by LICENSEE, and any modification or termination thereof, within thirty (30) days after execution, modification, or termination. Upon termination of this Agreement, any and all existing sublicenses granted by LICENSEE shall be assigned to BOARD.

4.4 BOARD shall have the right at any time after four (4) years from the date of this Agreement in the USA, and eight (8) years for the remaining LICENSED TERRITORY, to terminate the exclusivity of the license granted herein in any national political jurisdiction within LICENSED TERRITORY if LICENSEE, within ninety (90) days after written notice from BOARD as to such intended termination of exclusivity, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention hereunder within such jurisdiction. BOARD agrees to negotiate in good faith with LICENSEE for adjusting terms under such a non-exclusive arrangement. BOARD shall have the right at any time after five (5) years from the date of this Agreement to terminate the license completely in any national political jurisdiction if LICENSEE, within ninety (90) days after written notice from BOARD of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention licensed hereunder within such jurisdiction. Evidence provided by LICENSEE that it has an ongoing and active research, development, manufacturing, marketing, or licensing program as appropriate, directed toward production and sale of products based on the invention disclosed and claimed in PATENTS or incorporating TECHNOLOGY within such jurisdiction shall be deemed satisfactory evidence.

V. PAYMENTS AND REPORTS

5.1 In consideration of rights granted by BOARD to LICENSEE under this Agreement, LICENSEE agrees to pay BOARD the following:

(a) A nonrefundable license documentation fee in the amount of \$1.00, which shall be due and payable when this Agreement is executed by LICENSEE;

(b) A running royalty equal to five percent (5%) of NET SALES for LICENSED PRODUCTS;

(c) One half of the net revenues received by LICENSEE from any sublicensee.

5.2 LICENSEE shall keep complete and accurate records of its and its sublicensee's SALES and NET SALES of LICENSED PRODUCTS under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. LICENSEE shall permit BOARD or its representatives, at BOARD'S expense, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. Such books and records will be preserved for not less than three (3) years from the date of the royalty payment to which they pertain. The results of such examinations will be held in confidence. In the event that the amounts due to BOARD are determined to have been underpaid by more than five percent (5%) calculated on an annual basis, LICENSEE shall pay the cost of such examination, and accrued interest on the unpaid amount at the highest allowable rate.

5.3 Once per year LICENSEE shall deliver to BOARD a true and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during the preceding twelve (12) calendar months under this Agreement as are pertinent to an account for payments hereunder. Such report shall include at least (a) the quantities of LICENSED SUBJECT MATTER that it has produced; (b) the total SALES; (c) the calculation of royalties thereon; and (d) the total royalties so computed and due BOARD. Simultaneously with the delivery of each such report, LICENSEE shall pay to BOARD the amount, if any, due for the period of such report. If no payments are due, it shall be so reported.

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

5.5 All reports provided under paragraphs 5.3 and 5.4 shall be held in confidence except to the extent that disclosure is required by law.

5.6 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees, or charges of any kind other than elsewhere provided in this Agreement. Checks shall be made payable to BOARD OF REGENTS, The University of Texas System.

5.7 BOARD shall have the responsibility for diligently prosecuting and maintaining any and all patents or patent applications included in PATENT RIGHTS and any additional patents or patent applications deemed advisable by BOARD or requested by LICENSEE covering all or part of the LICENSED SUBJECT MATTER.

5.8 LICENSEE may also request that BOARD obtain patent protection on the LICENSED SUBJECT MATTER in foreign countries. LICENSEE must notify BOARD within ten (10) months (or within four (4) months in the case of design applications) of the filing of the corresponding United States application of its decision to request foreign patents. The absence of a decision in writing from the LICENSEE to BOARD shall be considered an election not to secure foreign rights.

5.9 LICENSEE shall pay the actual out-of-pocket expenses incurred for the filing, prosecuting and maintenance/annuity of all patent applications and patents. LICENSEE shall make such payments either when LICENSEE grants a sublicense for LICENSED SUBJECT MATTER or within 30 days of the first SALE, whichever shall occur first. If LICENSEE notifies BOARD that it does not wish to pay the continuing costs of an application or patent, then BOARD may continue such payment at BOARD'S expense, and LICENSEE shall have no further rights therein.

5.10 LICENSEE'S obligations to underwrite and pay filing, prosecution and maintenance/annuity costs for an application filed at its request shall continue for so long as the License granted by this Agreement remains in effect; provided, however, that the LICENSEE may terminate its future obligations under paragraph 5.9 with respect to any patent application or patent upon three (3) months' written notice to BOARD.

VI. TERM AND TERMINATION

6.1 The Term of this Agreement shall extend from the Effective Date set forth hereinabove to the full end of the term or terms for which PATENT RIGHTS have not expired and if only TECHNOLOGY RIGHTS are licensed and no PATENT RIGHTS are applicable, for a term of fifteen (15) years.

6.2 This Agreement will earlier terminate:

(a) automatically if LICENSEE shall file bankruptcy or become insolvent and unable to meet its obligations under this Agreement and/or if the business of LICENSEE shall be placed in the hands of a receiver or trustee, whether by voluntary act of LICENSEE or otherwise, and such receiver or trustee is not dismissed within ninety (90) days;

(b) upon ninety (90) days' written notice if LICENSEE shall breach or default on any obligation under this License Agreement; provided, however, LICENSEE may avoid such termination if before the end of such period LICENSEE notifies BOARD that such breach has been cured and states the manner of such cure;

(c) under the provisions of paragraph 4.4 if invoked.

6.3 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either party of any continuing obligation matured prior to the effective date of such termination. LICENSEE may, after the effective date of such termination, sell all LICENSED PRODUCT and parts therefor that it may have on hand, or in the process of manufacture, or in use, or in inventory at the date of termination, provided that it pays earned royalty thereon as provided in this Agreement.

VII. INFRINGEMENT BY THIRD PARTIES

7.1 LICENSEE shall have the obligation of enforcing at its expense any patent exclusively licensed hereunder against infringement by third parties and shall be entitled to retain recovery from such enforcement. After recovery of all costs, and provided BOARD provides the assistance covered in paragraph 7.2 below at no cost to LICENSEE, LICENSEE shall pay BOARD the royalty provided in paragraph 5.1(c) on any monetary recovery to the extent that such monetary recovery by LICENSEE is calculated on the basis of a reasonable royalty or actual damages paid by the infringer for the unauthorized making, using or selling of LICENSED PRODUCT. In the event that LICENSEE does not file suit against a substantial infringer of such patents within six (6) months of knowledge thereof, then BOARD shall have the right to enforce any patent licensed hereunder on behalf of itself and LICENSEE and/or reduce the license granted hereunder to non-exclusive.

7.2 In any suit or dispute involving an infringer, the parties shall cooperate fully, and upon the request of the party bringing suit, the other party shall make available to the party bringing suit at reasonable times and under appropriate conditions all relevant personnel, records, papers, information, samples, specimens, and the like which are in its possession.

7.3 In the event a court of competent jurisdiction from which no appeal has or can be taken determines that one or more claims of PATENT RIGHTS is invalid or unenforceable, no royalties shall be due or owing for LICENSED PRODUCTS falling within such invalid or unenforceable claims of PATENT RIGHTS or any patentably indistinct claims as of the date of such decision.

7.4 In the event that the making, having made, using or selling of the LICENSED PRODUCT is determined by a court of competent jurisdiction to infringe one or more claims of a valid subsisting patent owned by a third party, no royalty payments with respect to said product shall be due BOARD from the time such lawsuit is filed.

VIII. ASSIGNMENT

This Agreement may not be assigned by LICENSEE without the prior written consent of BOARD.

IX. PATENT MARKING

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

X. INDEMNIFICATION

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

XI. USE OF BOARD AND COMPONENT'S NAME

LICENSEE shall not use the name of UNIVERSITY, SYSTEM, BOARD, or Regents without express written consent.

XII. GENERAL

12.1 This Agreement constitutes the entire and only agreement between the parties for LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering or supplementing the

terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

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

Board of Regents
The University of Texas System
201 West 7th Street
Austin, TX 78701
ATTENTION: System Intellectual Property Office

or in the case of LICENSEE to:

AVOX Systems, Inc.
15315 Grey Fox
San Antonio, TX 78255
ATTENTION: A. P. Shepherd, Ph.D.

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

12.3 LICENSEE shall comply with all applicable federal, state and local laws and regulations in connection with its activities pursuant to this Agreement.

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

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

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

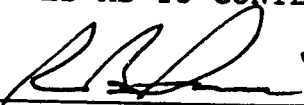
12.7 If any provision of this Agreement shall be found by a court to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement.

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

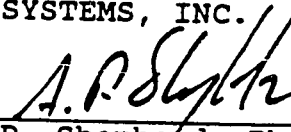
BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By _____
Michael E. Patrick
Executive Vice Chancellor for
Asset Management

APPROVED AS TO CONTENT:

By  _____
R. B. Price
Executive Vice President
for Administration and
Business Affairs

AVOX SYSTEMS, INC.

By  _____
A. P. Shepherd, Ph.D.
President

2. U. T. Health Science Center - San Antonio: Approval of Patent License Agreement with Kendall Labs Inc., Boerne, Texas.--The Land and Investment Committee recommended and the Board approved the patent license agreement set out on Pages 107 - 113 for and on behalf of The University of Texas Health Science Center at San Antonio with Kendall Labs Inc., Boerne, Texas, for the licensing of hemacytometer technology.

The license agreement grants Kendall Labs Inc. a royalty-bearing, nonexclusive, worldwide license to manufacture, have manufactured, use, and sell hemacytometer devices that are the subject of U. S. Patent No. 4,950,455 granted to the U. T. Board of Regents on August 21, 1990. The hemacytometer was developed by Dr. Kendall O. Smith in the Department of Microbiology at the U. T. Health Science Center - San Antonio.

Kendall Labs Inc. will pay a royalty of six percent (6%) of its net sales of the licensed product after its sales reach approximately \$100,000 (the estimated cost of development of the commercial prototype). The primary market for the hemacytometer in the United States is the veterinary trade. More extensive use is anticipated in developing countries where state-of-the-art hospital equipment is not available.

The license agreement is nonexclusive and is limited to two years for several reasons: FDA approval is required; the device must be manufactured on a large scale to establish its usefulness in the marketplace; and efforts are being made to find a larger entity to manufacture and market the device. In the meantime, Kendall Labs Inc. will market the device in Third World countries where there is a substantial need for it.

PATENT LICENSE AGREEMENT

THIS AGREEMENT is made by and between the BOARD OF REGENTS (BOARD) OF THE UNIVERSITY OF TEXAS SYSTEM (SYSTEM), an agency of the State of Texas, whose address is 201 West Seventh Street, Austin, Texas 78701, and KENDALL LABS INC. (LICENSEE), a Texas corporation having a principal place of business located at 102 Fabra Road, Boerne, Texas 78006.

W I T N E S S E T H :

Whereas BOARD owns certain PATENT RIGHTS and TECHNOLOGY RIGHTS related to LICENSED SUBJECT MATTER;

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

Whereas LICENSEE wishes to obtain a license from BOARD to practice LICENSED SUBJECT MATTER;

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

I. EFFECTIVE DATE

This agreement shall be effective as of January 1, 1991, subject to approval by BOARD.

II. DEFINITIONS

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

2.1 LICENSED SUBJECT MATTER shall mean inventions and discoveries covered by PATENT RIGHTS or TECHNOLOGY RIGHTS which is within LICENSED FIELD.

2.2 PATENT RIGHTS shall mean BOARD'S rights in information or discoveries described in patents and/or patent applications, whether domestic or foreign, and all divisions, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon, which names Kendall O. Smith, Ph.D. as either sole or joint inventor and which relates to the manufacture, use, or sale of "Apparatus for Quantifying Components in Liquid Samples", as described in U.S. Patent No. 4,950,455.

2.3 TECHNOLOGY RIGHTS shall mean BOARD'S rights in any technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design,

drawing or data relating to "Apparatus for Quantifying Components in Liquid Samples" which is not covered by PATENT RIGHTS but which is necessary for practicing the invention at any time covered by PATENT RIGHTS.

2.4 LICENSED FIELD shall mean all fields of possible use.

2.5 LICENSED TERRITORY shall mean the world.

2.6 LICENSED PRODUCT shall mean products covered by one or more valid claims of letters patent owned by BOARD SOLD by LICENSEE comprising LICENSED SUBJECT MATTER pursuant to this Agreement.

2.7 SALE or SOLD shall mean the transfer or disposition of a LICENSED PRODUCT for value to a party other than LICENSEE or a SUBSIDIARY.

2.8 SUBSIDIARY shall mean any entity more than 50% owned by LICENSEE, any entity which owns more than 50% of LICENSEE, or any entity that is more than 50% owned by an entity that owns more than 50% of LICENSEE.

2.9 NET SALES shall mean the gross revenues received by LICENSEE from the SALE of LICENSED PRODUCTS less sales and/or use tax actually paid, import and/or export duties actually paid, outbound transportation prepaid or allowed, cost of samples, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

III. LICENSE

3.1 BOARD hereby grants to LICENSEE a royalty-bearing, non-exclusive license under LICENSED SUBJECT MATTER to manufacture, have manufactured, use and/or sell LICENSED PRODUCTS and to practice any processes within the LICENSED SUBJECT MATTER within LICENSED TERRITORY for use within LICENSED FIELD. This grant shall be subject to the payment by LICENSEE to BOARD of all consideration as provided in this Agreement, and shall be further subject to rights retained by BOARD to:

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

(b) Use any information contained in LICENSED SUBJECT MATTER for research, teaching, and other noncommercial, educationally-related purposes.

3.2 LICENSEE shall have the right to extend the license granted herein to any SUBSIDIARY provided that such SUBSIDIARY consents to be bound by this Agreement to the same extent as LICENSEE.

IV. PAYMENTS AND REPORTS

4.1 In consideration of rights granted by BOARD to LICENSEE under this Agreement, LICENSEE agrees to pay BOARD the following:

(a) A nonrefundable license documentation fee in the amount of \$1.00, which shall be due and payable when this Agreement is executed by LICENSEE;

(b) A running royalty equal to zero percent (0%) of NET SALES for LICENSED PRODUCTS up to 300,000 units;

(c) A running royalty equal to six percent (6%) of NET SALES for LICENSED PRODUCTS in excess of 300,000 units.

4.2 LICENSEE shall keep complete and accurate records of its and its sublicensee's SALES and NET SALES of LICENSED PRODUCTS under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. LICENSEE shall permit BOARD or its representatives, at BOARD'S expense, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. Such books and records will be preserved for not less than three (3) years from the date of the royalty payment to which they pertain. The results of such examinations will be held in confidence. In the event that the amounts due to BOARD are determined to have been underpaid by more than five percent (5%) calculated on an annual basis, LICENSEE shall pay the cost of such examination, and accrued interest on the unpaid amount at the highest allowable rate.

4.3 LICENSEE shall deliver to BOARD a true and accurate report, giving such particulars of the business conducted by LICENSEE during the preceding twelve (12) calendar months under this Agreement as are pertinent to an account for payments hereunder. Such report shall include at least (a) the quantities of LICENSED SUBJECT MATTER that it has produced; (b) the total SALES; (c) the calculation of royalties thereon; and (d) the total royalties so computed and due BOARD. Simultaneously with the delivery of each such report, LICENSEE shall pay to BOARD the amount, if any, due for the period of such report. If no payments are due, it shall be so reported.

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

4.5 All reports provided under paragraphs 4.3 and 4.4 shall be held in confidence except to the extent that disclosure is required by law.

4.6 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees, or charges of any kind other than elsewhere provided in this Agreement. Checks shall be made payable to BOARD OF REGENTS, The University of Texas System.

4.7 BOARD shall have the responsibility for diligently prosecuting and maintaining any and all patents or patent applications included in PATENT RIGHTS.

V. TERM AND TERMINATION

5.1 The Term of this Agreement shall extend from the Effective Date set forth hereinabove for a term of two (2) years.

5.2 This Agreement will earlier terminate:

(a) automatically if LICENSEE shall file bankruptcy or become insolvent and unable to meet its obligations under this Agreement and/or if the business of LICENSEE shall be placed in the hands of a receiver or trustee, whether by voluntary act of LICENSEE or otherwise, and such receiver or trustee is not dismissed within ninety (90) days;

(b) upon ninety (90) days' written notice if LICENSEE shall breach or default on any obligation under this License Agreement; provided, however, LICENSEE may avoid such termination if before the end of such period LICENSEE notifies BOARD that such breach has been cured and states the manner of such cure.

5.3 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either party of any continuing obligation matured prior to the effective date of such termination. LICENSEE may, after the effective date of such termination, sell all LICENSED PRODUCT and parts therefor that it may have on hand, or in the process of manufacture, or in use, or in inventory at the date of termination, provided that it pays earned royalty thereon as provided in this Agreement.

VI. INFRINGEMENT BY THIRD PARTIES

6.1 In any suit or dispute involving an infringer, the parties shall cooperate fully, and upon the request of the party bringing suit, the other party shall make available to the party bringing suit at reasonable times and under appropriate conditions all relevant personnel, records, papers, information, samples, specimens, and the like which are in its possession.

6.2 In the event a court of competent jurisdiction from which no appeal has or can be taken determines that one or more claims of PATENT RIGHTS is invalid or unenforceable, no royalties shall be due or owing for LICENSED PRODUCTS falling within such invalid or unenforceable claims of PATENT RIGHTS or any patentably indistinct claims as of the date of such decision.

6.3 In the event that the making, having made, using or selling of the LICENSED PRODUCT is determined by a court of competent jurisdiction to infringe one or more claims of a valid subsisting patent owned by a third party, no royalty payments with respect to said product shall be due BOARD from the time such lawsuit is filed.

VII. ASSIGNMENT

This Agreement may not be assigned by LICENSEE without the prior written consent of BOARD.

VIII. PATENT MARKING

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

IX. INDEMNIFICATION

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

X. USE OF BOARD AND COMPONENT'S NAME

LICENSEE shall not use the name of UNIVERSITY, SYSTEM, BOARD, or Regents without express written consent.

XI. GENERAL

11.1 This Agreement constitutes the entire and only agreement between the parties for LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering or supplementing the

terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

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

Board of Regents
The University of Texas System
201 West 7th Street
Austin, TX 78701
ATTENTION: System Intellectual Property Office

or in the case of LICENSEE to:

Kendall Labs Inc.
102 Fabra
Boerne, TX 78006
ATTENTION: Kendall O Smith, Ph.D.

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

11.3 LICENSEE shall comply with all applicable federal, state and local laws and regulations in connection with its activities pursuant to this Agreement.

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

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

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

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

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

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

By _____
Michael E. Patrick
Executive Vice Chancellor for
Asset Management

APPROVED AS TO CONTENT:

By _____
R. B. Price
Executive Vice President
for Administration and
Business Affairs

KENDALL LABS INC.

By _____
Kendall O. Smith, Ph.D.
President and Chairman of the Board

Reconvene.--At 12:35 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEM FOR THE RECORD

U. T. M.D. Anderson Cancer Center: Report of Purchase of One Acre of Land in Houston, Harris County, Texas, from Mrs. Carolyn Grant Fay, Houston, Texas.--At the October 1989 meeting, the U. T. Board of Regents authorized the purchase of one acre of land adjacent to The University of Texas M.D. Anderson Cancer Center from Mrs. Carolyn Grant Fay, Houston, Texas. On December 21, 1990, the transaction closed as a "bargain purchase" with the U. T. M.D. Anderson Cancer Center paying only \$800,000 (plus closing costs) of the \$1,800,000 appraised value of the land. The balance of the value (\$1,000,000) constitutes a charitable contribution by Mrs. Fay. This gift was made to advance the educational mission of the U. T. M.D. Anderson Cancer Center.

Plans for this campus site include continuing the park theme for patients, visitors, and employees of the Medical Center along Holcombe Boulevard with adjacent property donated by the Fay family several years ago. A portion of the property will be used as a building site for future U. T. M.D. Anderson Cancer Center facilities.

Relevant records are on file in the Office of the Board of Regents.

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 met in San Antonio, Texas, on January 23, 1991, and approved a sealed bid Oil and Gas Lease Sale for June 27, 1991, at 10:00 a.m. in the Midland Hilton Hotel, Midland, Texas.

Nominations for this sale are to be submitted and received in the University Lands Midland Office on or before 5:00 p.m., March 15, 1991.

The Board for Lease approved oil and gas lease terms as follows:

1. Minimum bonus - not less than \$50 per acre
2. Advance rentals of \$5/acre for years two and three, and \$10/acre for years four and five of the lease
3. Variable royalty from 20% to 25%
 - 20% royalty if oil or gas is produced in paying quantities within the first 18 months of the lease term
 - 22.5% royalty if oil or gas is produced in paying quantities from the lease within the second 18 months (19-36th months) of the lease term
 - 25% royalty if oil and gas produced in the last two years of the primary term
4. All leases will be for a five-year term.

RECESS TO EXECUTIVE SESSION.--At 12:40 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 3:25 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 Room 1.130 of the Commons 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. Health Science Center - San Antonio: Settlement of Medical Liability Litigation - Robert De La Rosa, et al.--Regent Ramirez moved that the Chancellor and the Office of General Counsel be authorized to settle on behalf of The University of Texas Health Science Center at San Antonio the medical liability lawsuit filed by Robert De La Rosa, et al, in accordance with the proposal presented in Executive Session.

Regent Cruikshank seconded the motion which carried without objection.

2. U. T. Austin: Authorization to Conclude Negotiations with Mr. Sam Lane and Mr. Harry Montandon, Austin, Texas, Related to the Purchase of .525 Acres of Land in Austin, Travis County, Texas, and Authorization for Executive Vice Chancellor for Asset Management to Execute Documents Related Thereto.--Vice-Chairman Barshop moved that the appropriate System Administration staff be authorized to conclude negotiations with Mr. Sam Lane and Mr. Harry Montandon of Austin, Texas, concerning the purchase of two tracts of land totalling .525 acres in Austin, Travis County, Texas, within the parameters discussed in Executive Session and that the U. T. Board of Regents authorize the Executive Vice Chancellor for Academic Affairs to execute the necessary documents after approval of such documents by the President of The University of Texas at Austin and the Office of General Counsel.

Regents Cruikshank and Loeffler seconded the motion which prevailed by unanimous vote.

OTHER MATTERS

1. Presentation by Mr. Darren Reagan, Executive Director of the Black State Employees Association of Texas, Dallas, Texas.--Chairman Beecherl reported that, since the Material Supporting the Agenda had been prepared, Mr. Darren Reagan, Executive Director of the Black State Employees Association of Texas, had asked to appear before the Board.

Mr. Reagan thanked the Board for the opportunity to make a brief presentation. He noted that the Black State Employees Association of Texas is based in Dallas, Texas, and is a two-year old civil rights organization founded by twelve black state employees. He pointed out that the primary objective of the Association is to ensure ethnic minority participation and inclusion at every level of state government.

Mr. Reagan stated that he had agreed not to be specific regarding certain institutions but that he would take this opportunity to address the leaders and presidents of some of the major institutions in the State of Texas. In reviewing some of the changes taking place in the world today, Mr. Reagan urged the Board to consider the real meaning of civil rights, equal representation, equal access, and equal opportunity. He pointed out that Texas is a great State and this State can only become greater if leaders of the various institutions recognize equal representation. He stated that the census figures indicate that this State is changing from an ethnic minority to an ethnic majority, and the Association is grappling with equal representation.

Mr. Reagan challenged the Board and the component institutions to look at how ethnic minorities are faring in terms of employment. He urged the Board to look at the state of Black America 1990 and allow ethnic minorities to participate without fear of retribution. He further challenged the Board to set up a special task force to review how those universities that are funded with taxpayer money are faring in terms of representation and participation at every level.

At the conclusion of Mr. Reagan's presentation, Chairman Beecherl suggested that specific issues of the Association be put in writing so that the Board will be able to focus on those issues.

2. U. T. System: Report from Faculty Advisory Group Regarding Current Activities with Special Emphasis on Long-Term Strategy to Deal with Rising Costs Associated with Library Resources.--Chairman Beecherl called on Chancellor Mark who noted that The University of Texas System Faculty Advisory Group would introduce a special presentation on the current state of electronic library capabilities and promising directions for the future. Dr. Mark first recognized Dr. Andrew von Eschenbach, Chairman of the Faculty Advisory Group and a member of the faculty of The University of Texas M.D. Anderson Cancer Center, for introductory comments.

Dr. von Eschenbach stated that the first meeting of the Faculty Advisory Group was held on April 18, 1990, in Austin, Texas. He reported that the Group consists of two representatives from each component institution and the members are elected by the faculty and appointed by

the President. Dr. von Eschenbach pointed out that this was the Group's first appearance before the Board, and that the Group had chosen to carefully and deliberately formulate its organizational structure and goals and objectives. With regard to the organizational structure of the Group, Dr. von Eschenbach reported that the Group had elected officers, created an Executive Committee, and established subcommittees dealing with academic affairs, governance, retention and recruitment, and health affairs. He noted that the Group would focus on faculty issues concerning the welfare and excellence of The University of Texas System and each committee is charged with the following:

1. Identifying issues that faculty deems important
2. Responding to issues which are presented by the Board or U. T. System
3. Function as vehicle for communication
4. Resource of talent or expertise to assist students and the Board in deliberations and policy decisions.

Dr. von Eschenbach recognized Dr. Wayne Danielson, a member of the faculty of the College of Communication at The University of Texas at Austin, who presented an audiovisual presentation entitled "The Scholar's Workstation." A copy of Dr. Danielson's report is set out below.

The Scholar's Workstation

by Wayne Danielson

I appear today with Dr. Andrew von Eschenbach on behalf of the Faculty Advisory Council. My assignment is to ask for your support for the libraries of the U.T. System institutions.

The student advisory group at the December meeting of the Regents graphically presented the problem. Across the campuses, we urgently need more money for books, for scholarly journals, for staff. I do not want to repeat the case the students made so eloquently. Instead, following a suggestion made by Chancellor Hans Mark, I want to look beyond today's pressing needs toward the future of our University libraries. In particular, I want to demonstrate what we are beginning to call the scholar's workstation. I want to show you the future "information environments" we are trying to create for students and teachers on our campuses. I want you to think about the ways these information environments will change our understanding of what libraries are and how they operate.

Harold Billings, director of the General Libraries at UT-Austin, has assisted greatly in the preparation of this report. Charles Warlick, director of the UT-Austin Computation Center, will help me by operating the workstation. (I want to observe that neither Dr. Warlick or I are experts at running workstations -- we're scholars who use workstations, and that's about all we can guarantee.)

The scholar's workstation is a high-capacity microcomputer that can communicate over high speed networks with other computers on campus or elsewhere. The purpose of the scholar's workstation is to bring to students and teachers the information they need when and where they need it. Further, the workstation itself possesses the power and programs needed to allow students and teachers to apply the information acquired to the problem being studied.

To illustrate the workstation in action, let me tell you how I prepared today's presentation.

I first wrote a brief text using the workstation's word processor. For the title page, I decided I wanted a quotation from the Bible. Something about wisdom seemed to me to be appropriate.

I went out on the network and located a copy of the King James translation of the Bible stored in a computer on the campus of the University of Washington. I asked the computer to give me a copy of the Book of Proverbs. In just a few seconds, the book appeared in my workstation's memory. Now I could search it for those verses containing the word "wisdom."

As the wisdom verses were highlighted on my screen, I looked for the one that seemed most promising. At the end of the search, I selected the following and pasted it in the title page of my report:

*For wisdom is better than rubies; and all the things
that may be desired are not to be compared to it.
Proverbs 8:11*

Because I knew I would have only a few minutes for my presentation, I also decided to prepare a brief bibliography for you about future information environments on university campuses.

I went out on the network again -- this time to our own UTCAT -- an electronic catalog that contains complete bibliographic information on more than 4 million of the 6 million volumes in the University of Texas at Austin Library.

Using terms such as scholar, workstation, library, information, networks and knowledge, I searched all 4 million titles in the file. Each search turned up more books than I could possibly use. After checking the complete bibliographic information on titles of interest with library staff members, I came up with a list of ten of the most important books. I saved it to include at the end of my paper.

(Interestingly, UTCAT also told me which of these books were in the library and which ones were checked out.)

In addition, I wanted to demonstrate that not only words, but pictures, maps, and graphs are available via the scholar's workstation.

I obtained digitized images taken from some of Dr. von Eschenbach's research. Those of you who attended the December meeting of the Board of Regents at U.T. M.D. Anderson may recognize these remarkable pictures. They show before and after views of a cancer being destroyed by an experimental laser treatment. Each image contains more than 2 million bytes of information. In their encoded form, they can be sent to researchers anywhere in the world in a few minutes.

Also, from the files of NeXT Computer in Redwood City, California, I obtained this striking color image of Raphael's "Madonna." Imagine the uses an art historian could make of a collection of such images. For example, notice the ability the workstation has to zoom in and see how the artist treated the model's hands.

Finally, I want to share with you an idea that came to me as I used the workstation. It is simply this.

In the year 1450 in Mainz, Germany, Johannes Gutenberg began commercial printing of books on a converted winepress. In the half century after his invention, printing spread across Europe at an incredible rate. Presses sprang up on university campuses. Private printing companies arose. By 1500, more than 40,000 different books and more than 9 million copies had been printed. The Renaissance was in flower. The modern world had begun.

A curious parallel came to mind. The date usually given for the beginning of the Computer Age is 1950 -- just 500 years after the European invention of printing. In the last half of this century, we have seen an expansion of computing at least as rapid and as exciting as the expansion of printing. In the 1990s, we are nearing the end of the "incunabula" or cradle period of the computer, just as at the end of the 1400s, European society was nearing the end of the incunabula period of the book. In devices such as the scholar's workstation, we are beginning to glimpse the remarkable new opportunities for teaching and research that modern information systems can open to us.

As information technology changes, our libraries change too. The libraries of the next century will be substantially different from the libraries of today. They will still need more money for books, for journals, and for staff. You may be sure of that. But they will also need funding for storing knowledge and sharing knowledge in ways that we are just beginning to understand.

In 1492, gambling on knowledge made widely available for the first time via the printed word, Christopher Columbus set out on a voyage that opened up a new world. In 1992 and beyond, aided by our new inventions like the scholar's workstation, what new voyages to what new lands may we not undertake?

On behalf of the Faculty Advisory Council, I ask for your continuing support for our changing libraries.

**Selected bibliography
on the "scholar's workstation" and related issues,
compiled from the UTCAT online catalog**

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SCHEDULED MEETING.--Chairman Beecherl announced that the next meeting of the U. T. Board of Regents would be held on April 11, 1991, and would be hosted by The University of Texas Medical Branch at Galveston.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 4:00 p.m.


Arthur H. Dilly
Executive Secretary

February 22, 1991