

Meeting No. 869

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

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April 1, 1993

San Antonio, Texas

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 OF
 THE UNIVERSITY OF TEXAS SYSTEM
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 SAN ANTONIO, TEXAS

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MEETING NO. 869

THURSDAY, APRIL 1, 1993.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:05 a.m. on Thursday, April 1, 1993, in Room 1.220 of the Nursing School Building at The University of Texas Health Science Center at San Antonio, San Antonio, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Rapoport, presiding	
Vice-Chairman Temple	
Vice-Chairman Lebermann	
Regent Coneway	
Regent Cruikshank	
Regent Holmes	
Regent Loeffler	
Regent Ramirez	
Regent Smiley	

Executive Secretary Dilly

Chancellor Cunningham
Executive Vice Chancellor Burck
Executive Vice Chancellor Duncan
Executive Vice Chancellor Mullins

Chairman Rapoport announced a quorum present and called the meeting to order. Mr. Rapoport acknowledged receipt of a letter, which was delivered to each member of the Board, from Mayor Nelson Wolff welcoming the Board to San Antonio.

WELCOME BY JOHN P. HOWE, III, M.D., PRESIDENT OF THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO.--Chairman Rapoport stated that the Board was pleased to be meeting in San Antonio and expressed appreciation to The University of Texas Health Science Center at San Antonio Development Board for its gracious hospitality last evening (March 31). He then called on John P. Howe, III, M.D., President of the U. T. Health Science Center - San Antonio, for any welcoming remarks on behalf of the host institution.

On behalf of the faculty, staff, and students of the U. T. Health Science Center - San Antonio, President Howe welcomed the members of the Board and other guests to San Antonio and to the campus.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON FEBRUARY 11, 1993, AND SPECIAL MEETING HELD ON MARCH 1, 1993.--Upon motion of Regent Cruikshank, seconded by Regent Holmes, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on February 11, 1993, in Austin, Texas, and the Minutes of the

special meeting held on March 1, 1993, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copies of these Minutes are recorded in the Permanent Minutes, Volume XL, Pages 1222 - 1812.

SPECIAL ITEM

U. T. Board of Regents: Authorization for the Vice Chancellor for Asset Management to Approve and Execute the Revised Investment Agency Agreements with the Boards of the Ima Hogg Foundation, Inc., The Robertson Poth Foundation, and the Winedale Stagecoach Inn Fund; and Delegation of Authority to the Vice Chancellor for Asset Management and Other Officers of the U. T. System to Perform Certain Contractual Duties of the U. T. Board of Regents.--On June 14, 1990, Investment Agency Agreements authorizing the U. T. Board of Regents, as agent for each Foundation, to invest the funds, safekeep the assets, maintain records, and act upon instruction of the Foundation were entered into by and between the U. T. Board of Regents and the Boards of the Ima Hogg Foundation, Inc., The Robertson Poth Foundation, and the Winedale Stagecoach Inn Fund. These agreements defined the responsibilities of the Boards of the Foundations and the duties of the U. T. Board of Regents.

In an effort to clarify the interaction between the officers of these Foundations and the U. T. Board of Regents, the Board:

- a. Authorized the Vice Chancellor for Asset Management to approve and execute three revised Investment Agency Agreements appointing the U. T. Board of Regents as agent to hold, manage, and invest certain assets of the Ima Hogg Foundation, Inc., The Robertson Poth Foundation, and the Winedale Stagecoach Inn Fund substantially in the form set forth on Pages 3 - 4
- b. Delegated to the Vice Chancellor for Asset Management and to other officers of The University of Texas System, as appropriate, the authority to perform the duties assumed by the U. T. Board of Regents under the revised Investment Agency Agreements with the Ima Hogg Foundation, Inc., The Robertson Poth Foundation, and the Winedale Stagecoach Inn Fund in the same manner prescribed for funds under the control of the U. T. Board of Regents in the Regents' Rules and Regulations.

At the February 1993 meeting, the U. T. Board of Regents recommended to the Ima Hogg Foundation, Inc. Board of Trustees that the Ima Hogg Foundation, Inc. be dissolved. Until that dissolution is processed, the revised agreement is necessary to invest and pay out Ima Hogg Foundation, Inc. funds in the interim period. Following dissolution, the Ima Hogg Foundation, Inc. funds will be held in the Common Trust Fund and invested as other endowments and administered through the Office of the Hogg Foundation for Mental Health, and the revised Investment Agency Agreement will no longer be needed.

See Page 118 related to Foundation Matters.

INVESTMENT AGENCY AGREEMENT

This Investment Agency Agreement (hereinafter called "Agreement") is made and entered into as of _____, by and between the _____ Foundation, whose address is 201 W. Seventh Street, Austin, Texas 78701 (hereinafter called "the Foundation"), and the Board of Regents of The University of Texas System (hereinafter called "Agent"), whose address is 201 W. Seventh Street, Austin, Texas 78701 and supersedes the Investment Agency Agreement entered into by these two parties as of June 14, 1990.

RECITALS

The Foundation has deposited with Agent the property listed in Exhibit "A"* hereto attached, to be maintained in an agency account (hereinafter called "the Account"), together with any other property which may be added to or become a part of the Account.

In consideration of the covenants and conditions, and other good and valuable consideration as herein provided, the Account shall be held and administered by Agent under the following terms and conditions:

1. Agent shall safely keep the property in the Account and collect all income thereon and all principal realizable through sales, maturities, redemptions, or otherwise.
2. Income earned in the Account shall be disbursed or retained as directed in writing by the Treasurer of the Foundation from time to time.
3. Agent shall have investment discretion over the Account. In such capacity, unless otherwise directed in writing by the Trustees of the Foundation pursuant to an action by the Trustees of the Foundation, Agent will invest and reinvest the Account as it deems appropriate in accordance with "The Common Trust Fund Investment Policy Statement" as amended from time to time by the Board of Regents of The University of Texas System. In the case of purchases or sales directed by the Foundation, Agent may act only upon the written direction of the Trustees of the Foundation pursuant to an action by the Trustees of the Foundation. Agent shall not be liable for any losses or unfavorable results arising from its compliance with investment directions issued by the Foundation.
4. Agent is authorized to use its depository for the safekeeping of all securities held hereunder. Securities may be registered in the name of Agent's nominee or in the name of its depository's nominee. Notwithstanding the delegation of authority to Agent hereunder to hold, manage, invest, and disburse from the Account, all assets of the Account shall at all times remain the property of the Foundation.
5. All instructions or directions given by the Foundation hereunder, unless they otherwise provide, shall remain in force until revoked or amended by further written instructions or directions from the Foundation received by Agent. Agent shall be fully indemnified in acting upon any such instruction or directions, except for willful acts of default, bad faith or gross negligence.

*Exhibit A not attached hereto.

6. Agent shall keep books reflecting all transactions, and annually and at such other intervals as may be mutually agreeable to the Foundation and Agent, shall furnish the Foundation statements of receipts and disbursements and a list of assets. The annual statements referred to above will be delivered to the Treasurer of the Foundation within 45 days after the close of the Foundation's fiscal year. The Agent shall also provide to the Treasurer of the Foundation such additional information necessary for the preparation of the annual tax return based upon the assets held by the Agent within 45 days after the close of the Foundation's fiscal year. The Foundation or any person designated by it shall be entitled, at all reasonable times, to examine all books, papers and other records relating to the Account in possession of Agent.

7. Agent shall not be expected to provide services other than investment, distribution and reporting services enumerated above. Agent shall not be entitled to receive compensation for its services hereunder. However, Agent shall be entitled to reimbursement for any out-of-pocket expenses it incurs in the administration of the Account in accordance with this Agreement.

8. Agent shall use the same care with respect to securities and other property in the Account that it exercises with respect to its own securities and property. Agent may utilize members of its staff to carry out any or all of its functions under this Agreement and may delegate to its staff the authority to perform said functions.

9. All notices to the Foundation shall be mailed or hand delivered to the Secretary of the Foundation at their address last on file with Agent.

10. The Account may be terminated at any time by either party upon thirty (30) days written notice. Upon its termination and payment of all sums due Agent from the Foundation with respect to the Account, Agent shall deliver to the Foundation the property then held in the Account.

IN WITNESS WHEREOF, this Agreement is made and entered into by the authorized representatives of the parties as of the date and year first above written.

_____ Foundation

By:
Secretary

ATTEST:

The Board of Regents of
The University of Texas System

Arthur H. Dilly
Executive Secretary

By:
Thomas G. Ricks
Vice Chancellor for
Asset Management

201 West Seventh Street
Austin, Texas 78701

APPROVED AS TO FORM:

Max J. Werkenthin
Office of General Counsel

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 10:08 a.m., the Board recessed for the meetings of the Standing Committees, and Chairman Rapoport announced that at the conclusion of each committee meeting the Board would reconvene to approve the report and recommendations of that committee.

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

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 6 - 10).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Rapoport reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

1. U. T. Board of Regents: Approval of Standing Committee Chairmen and Members of the Board for Lease of University Lands; and Report of Appointments to the Standing Committees, Special Committees, and Other Liaison Groups Effective Immediately (Exec. Com. Letter 93-11).--In accordance with the requirements of the Regents' Rules and Regulations, Part One, Chapter I, Section 7, Chairman Rapoport requested concurrence by the Board of the chairmen of the Standing Committees and the members of the Board for Lease of University Lands as set forth below. Upon recommendation of the Executive Committee, unanimous approval was given to his request.

Chairman Rapoport's appointments to the Standing Committees, Special Committees, and other liaison groups, which do not require Regental approval, are set forth below for information. All are effective immediately.

1. STANDING COMMITTEES

Executive Committee

Mr. Bernard Rapoport, Chairman
Mrs. Ellen Clarke Temple, Vice-Chairman
Mr. Lowell H. Lebermann, Jr., Vice-Chairman

Business Affairs and Audit Committee

Mr. Tom Loeffler, Chairman
Mr. Robert J. Cruikshank
Ms. Martha E. Smiley

Academic Affairs Committee

Rev. Zan W. Holmes, Jr., Chairman
Mr. Lowell H. Lebermann, Jr.
Mario E. Ramirez, M.D.

Health Affairs Committee

Mario E. Ramirez, M.D., Chairman
Mr. Peter R. Coneway
Mr. Robert J. Cruikshank
Mrs. Ellen Clarke Temple

Facilities Planning and Construction Committee

Mrs. Ellen Clarke Temple, Chairman
Rev. Zan W. Holmes, Jr.
Mr. Lowell H. Lebermann, Jr.
Ms. Martha E. Smiley

Asset Management Committee

Mr. Robert J. Cruikshank, Chairman
Mr. Peter R. Coneway
Mr. Tom Loeffler
Ms. Martha E. Smiley

NOTE: CHAIRMAN RAPOPORT IS AN EX OFFICIO MEMBER OF ALL STANDING COMMITTEES.

2. BOARD FOR LEASE OF UNIVERSITY LANDS

Mr. Lowell H. Lebermann, Jr.
Mr. Bernard Rapoport

3. SPECIAL COMMITTEES

Joint Conference Committee of Board of Regents of The University of Texas System and Trustees of Hermann Hospital (Health Affairs Committee)

Mario E. Ramirez, M.D., Chairman
Mr. Peter R. Coneway
Mr. Robert J. Cruikshank
Mrs. Ellen Clarke Temple

Santa Rita Award

Mr. Robert J. Cruikshank, Chairman
Mr. Tom Loeffler
Mario E. Ramirez, M.D.

4. REGENTAL REPRESENTATIVES

Association of Governing Boards of Universities and Colleges

All members of the Board of Regents

The University of Texas at Austin Development Board (Liaison)

Mario E. Ramirez, M.D.

Committee of Governing Boards, Texas Public Senior Colleges and Universities

Mr. Bernard Rapoport

Ex-Students' Association - The University of Texas at Austin (Liaison)

Mr. Peter R. Coneway

2. U. T. Arlington - Science Building Phase I Expansion (Project No. 301-706): Award of Construction Contract to The Cadence Group, Inc., Irving, Texas (Exec. Com. Letter 93-9).--The Executive Committee recommended and the Board awarded a contract for the construction of the Science Building Phase I Expansion at The University of Texas at Arlington to the lowest responsible bidder, The Cadence Group, Inc., Irving, Texas, for the Base Bid and Additive Alternate Bid Nos. 1, 2, 3, and 4 in the amount of \$10,520,000.

The Phase I project is included in The University of Texas System Capital Improvement Plan and the FY 1993 Capital Budget. Funding for the \$12,500,000 total project cost will be \$10,000,000 from Permanent University Fund Bond Proceeds, \$2,000,000 from Gifts and Grants, and \$500,000 from FY 1988 Permanent University Fund Reserves.

This project was approved by the Texas Higher Education Coordinating Board in October 1991.

3. U. T. Brownsville: Authorization for Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 93-10).--In June 1991, the U. T. Board of Regents entered into an Educational Partnership Agreement with Texas Southmost College for the purpose of improving the continuity, quality, and efficiency of educational programs and services offered by both The University of Texas at Brownsville and Texas Southmost College.

Prior to the partnership agreement, U. T. Brownsville leased space for its programs from the Texas Southmost College Board of Trustees. Under the partnership, U. T. Brownsville continues to provide a lease payment for space used to meet upper-level and graduate program needs. The amount currently used is 20% of the campus Educational & General space (with a gross square footage of 528,547). The Texas Southmost College Board of Trustees continues to cover facilities costs for all the traditional community college programs which utilize the remaining 80% of the space. Subsequent to implementing the FY 1993 Operating Budget, it was determined that sufficient funding was not included in the budget to compensate Texas Southmost College at the agreed upon rate.

In order to fund the lease agreement for the remainder of FY 1993, the Board, upon recommendation of the Executive Committee, approved the following transfer of funds at U. T. Brownsville:

Educational and General Funds

Amount of Transfer - \$1,309,504

From: Other Sources - Texas Southmost College Contract	<u>\$1,309,504</u>
To: Lease of Facilities	<u>\$1,309,504</u>

4. U. T. Medical Branch - Galveston: Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 93-10).--In order to cover the expenses related to an increase in patient-care activity as well as to provide for additional patient-care and support services, the Board approved the transfer of funds at The University of Texas Medical Branch at Galveston as set forth below:

Educational and General Funds

Amount of Transfer - \$14,410,668

From:	Estimated Income	<u>\$14,410,668</u>
To:	Institutional Programs	\$ 745,000
	Home Health	793,848
	Geriatric Day Hospital	155,000
	Multiservice	6,868,272
	Employee Health	274,236
	Medical House Staff	547,624
	Health Programs Development	490,800
	Ob/Gyn Perinatal Program	924,851
	Pharmoeconomy	115,599
	Infectious Waste	300,000
	Healthcare Information Systems	557,311
	Hospital Adjustments	838,127
	Liver Transplant	<u>1,800,000</u>
	Total	<u>\$14,410,668</u>

5. U. T. M.D. Anderson Cancer Center - R. E. "Bob" Smith Research Building - Upgrading and Expansion of Mechanical and Utility Systems - Phase II (Project No. 703-770): Appointment of Burns DeLatte & McCoy, Inc., Houston, Texas, as Project Engineer to Complete Final Plans and Authorization to Advertise for Bids and for the Executive Committee to Award Contracts (Exec. Com. Letter 93-9).-- At the June 1991 meeting, the U. T. Board of Regents authorized a project for the Upgrading and Expansion of Mechanical and Utility Systems - Phase II in the R. E. "Bob" Smith Research Building for The University of Texas M.D. Anderson Cancer Center at an estimated project cost of \$6,000,000 to be funded from Educational and General Funds, and the firm of Spencer Engineers, Inc., Houston, Texas, was appointed as Project Engineer to prepare final plans and specifications. The scope of the project was to provide mechanical and utility upgrades to support the new state-of-the-art research laboratories located at this facility.

In December 1991, the U. T. Board of Regents authorized a related project for the R. E. "Bob" Smith Research Building - Addition at an estimated total project cost of \$21,400,000, and the firm of Watkins Carter Hamilton, Houston, Texas, was appointed as Project Architect to prepare preliminary plans to be presented to the U. T. Board of Regents for consideration at a future meeting. The Addition to the R. E. "Bob" Smith Research Building would provide much needed research laboratory space and support facilities.

During the development of plans and specifications for these two projects, it became apparent that the close coordination required would best be accomplished by a single engineering firm. This would assure compatibility between the two projects and minimize duplication of input and review by U. T. M.D. Anderson Cancer Center and the Office of Facilities Planning and Construction. A single design engineer is in a position to prepare construction documents that can be staged to limit disruption to ongoing research activities. It was understood that the firm of Spencer Engineers, Inc. will be compensated for work properly authorized and accomplished prior to the termination of its contract.

Therefore, the Board, upon recommendation of the Executive Committee:

- a. Appointed Burns DeLatte & McCoy, Inc., Houston, Texas, as Project Engineer to complete the final plans for the R. E. "Bob" Smith Research Building - Upgrading and Expansion of Mechanical and Utility Systems - Phase II at the U. T. M.D. Anderson Cancer Center at an estimated project cost of \$6,000,000
- b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and the Executive Committee to award all contracts related to this project within the authorized total project cost.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 11 - 20).--Committee Chairman Loeffler reported that the Business Affairs 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 Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 69 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 69 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.

2. U. T. System: Adoption of the Available University Fund Spending Policy.--Committee Chairman Loeffler called upon Executive Vice Chancellor for Business Affairs Burck for a brief overview of the proposed guidelines for The University of Texas System Available University Fund Spending Policy.

Following Mr. Burck's presentation and upon recommendation of the Business Affairs and Audit Committee, the Board approved the U. T. System Available University Fund Spending Policy set out on Pages 12 - 13.

The need for a policy to establish guidelines for the use of the Available University Fund was determined during discussions related to the reduction in Permanent University Fund (PUF) financing for capital projects resulting from reduced income projections. The policy establishes procedures for the approval of PUF funded projects, criteria for project selection, minimum debt service coverage, and minimum reserve balance.

AVAILABLE UNIVERSITY FUND SPENDING POLICY

In order to provide a consistent and dependable level of funding and to maintain the highest credit ratings level possible, the appropriation of the Available University Fund (AUF) shall be governed by the following:

- A. Any staff recommendation to appropriate funds from the AUF or from Permanent University Fund (PUF) bond proceeds will be presented in the context of that appropriation's impact on: (a) AUF funding for U. T. Austin operations, (b) bond ratings, (c) projected AUF fund balances, and (d) other PUF projects in the Capital Improvement Plan (CIP). As such, the following procedures will apply:
 1. Prior to each meeting of the U. T. Board of Regents at which a PUF funded project or AUF expenditure is submitted for approval, a forecast of at least seven years of the income and expenditures of the Available University Fund shall be completed. That forecast shall include, as separately identified expenditures, each of the proposed PUF projects recommended for approval in that agenda.
 2. As a part of each agenda item requesting approval of AUF expenditures or PUF funded projects, a statement indicating compliance with this policy based on the most recent forecast shall be included.
 3. Accompanying the forecast, there will be a listing of all PUF projects from the CIP which are in a delayed or pending status and the amount of time they have already been delayed, plus a listing of all other projects which may be delayed as a result of the actions recommended for that meeting.
 4. In preparing recommendations for projects to be approved, the staff will be guided by the following general priorities:
 - a. Repair and renovation projects
 - b. Library and equipment projects
 - c. New construction projects.

While these general priorities will shape recommendations, the specific merits of an individual proposed project will determine which of several pending projects across all categories as well as within each category may be recommended for funding as resources become available. In selecting which projects will be recommended, the staff will consider the following attributes:

- a. Emergency needs
- b. Contribution to the mission of the U. T. System as well as to the mission of the component

- c. Availability of alternate sources of funding including the use of revenue bonds
 - d. Leveraging effect from external financial participation and internal sources and operating efficiencies.
 - 5. No project will be recommended for approval, if in any of the forecasted years, the required appropriations from the AUF or PUF bond proceeds would cause:
 - a. The forecasted AUF expenditures for program enrichment at U. T. Austin to fall below 45 percent of the projected U. T. System share of the net divisible AUF annual income (subject to the limits imposed by b. and c. below)
 - b. Debt service coverage to be less than 2.25:1.00 and
 - c. The forecasted end of year AUF balance to be less than \$30 million.
- B. Permanent University Fund Investment Income Forecast and AUF Expenditures
 - 1. The Office of Asset Management shall provide a forecast of the investment income of the Permanent University Fund at least annually prior to the adoption of the U. T. System Capital Budget and Operating Budgets of U. T. Austin and the U. T. System Administration. In order to assure a high level of confidence in the results, the forecast will be based on the lower of current interest rates or long-term historical interest rates and explicitly stated assumptions. Concurrence of the Investment Advisory Committee on assumptions will be sought.
 - 2. Operating expenditures of the U. T. System Administration will be carefully controlled in order to maximize the opportunity to meet the capital needs of the component institutions and the operating budget needs of U. T. Austin. Wherever possible, alternate funding from component institutions, state funds, or other sources will be sought. Programs for which alternative funding cannot be obtained will be evaluated for possible reductions or phase out.
 - 3. Each two years beginning in June 1993 the Capital Improvement Plan (CIP) will be reviewed and updated. The update will include an estimated start date for each project which will be based on the criteria set forth in Section A4 above, project readiness, projected fund availability, and relative urgency of need for the completed project.
 - 4. During each fiscal year, the aggregate transfers to U. T. Austin from its annual AUF appropriation will be limited to no more than the ratable portion of the appropriation for the year unless prior approval is obtained from the Chancellor.

3. U. T. System: Approval of Amendments to the Guidelines Governing Administration of the Revenue Financing System.--At the request of Committee Chairman Loeffler, Executive Vice Chancellor for Business Affairs Burck reviewed the proposed amendments to The University of Texas System Guidelines Governing Administration of the Revenue Financing System which were approved by the U. T. Board of Regents at its April 1990 meeting.

The Board, upon recommendation of the Business Affairs and Audit Committee, amended the Guidelines Governing Administration of the Revenue Financing System for the U. T. System to read as set forth on Pages 14 - 17.

These amendments conform this policy to the organizational changes in which the Office of Finance was transferred to the Office of Business Affairs from the Office of Asset Management. Other changes are intended to enhance the use of historical experience by the component seeking approval for the use of revenue bonds in the forecast of future financial performance.

Guidelines Governing Administration of the Revenue Financing System

The purpose of the Revenue Financing System is to provide a Systemwide financing program with which to finance capital improvement projects using debt secured by resources other than the Permanent University Fund. The guiding principle underlying administration of the Revenue Financing System is that allocations of debt proceeds shall be contingent upon a Board determination that a component institution can prudently meet its proportionate share of debt service with its own financial resources. All decisions including Board actions shall be premised upon the observation of this principle.

Administration of the Revenue Financing System shall be the shared responsibility of the Office of Asset Management, Office of Business Affairs, and individual component institutions.

Component institutions are not automatically admitted as members of the Revenue Financing System. Admittance shall require approval of the Board. All component institutions constituting The University of Texas System as of April 12, 1990, shall be members of the Revenue Financing System.

1. Approval of Revenue Financing System Indebtedness for CIP Projects

All capital improvement projects to be funded in part or in whole with Revenue Financing System bond proceeds must receive a recommendation for allocation of debt proceeds from the Office of Business Affairs prior to being approved by the Board for inclusion in the capital budget. Each request for formal approval from the Board of Regents for the expenditure of funds for architectural or construction expenses shall be accompanied by a recommendation from the Office of Business Affairs concerning the use of Revenue Financing System bond proceeds. Recommendations of allocations of proceeds shall be

given by the Office of Business Affairs upon the completion of a financing evaluation concluding that the individual component institution proposing the project may prudently service its proportionate share of debt with its own financial resources. The financing evaluation shall include:

- a. Three levels of debt capacity & repayment analysis:
 - project level
 - component level
 - System level; with emphasis on maintaining or improving the current debt rating
- b. Financial Statement analysis:
 - 5-year history
 - trend analysis
 - evaluation of basis for projections
 - 5-year projections
 - verification of assumptions
 - risk adjustment of revenues
- c. Sensitivity analysis:
 - worst, probable and best cases
- d. Application of tests:
 - debt service coverage
 - leverage

The Board shall determine the sequence of funding and the terms of Revenue Financing System debt issues.

2. Issuance of Revenue Financing System Debt

Revenue Financing System debt shall be issued pursuant to a resolution and supplements specifying the terms of each issue.

Subject to outstanding debt with overlapping revenue pledges, Revenue Financing System debt shall be secured by a first lien on member institution revenues and fund balances lawfully available to the Board for payments of debt service except revenues and fund balances comprising: (a) the Available University Fund, (b) Higher Education Assistance Funds, (c) State of Texas general revenue fund appropriations unless specifically appropriated for debt service, and (d) M.S.R.D.P. income; unless and to the extent specifically pledged with the consent of a member institution.

After the establishment of the Revenue Financing System, no additional debt may be issued at parity with any outstanding debt secured in whole or in part with the pledged revenues.

3. Allocation of Debt Proceeds to Members

Revenue Financing System debt proceeds shall be advanced to a member institution and repaid to the Board in accordance with a financing agreement.

Advances shall be made at the time that the Board issues Revenue Financing System debt to fund a member institution's project. Proceeds shall be held and invested at the direction of the Office of Business Affairs by the Office of Asset Management until disbursed to a member institution in reimbursement of project costs or directly to vendors to pay financing costs. Advances pursuant to each supplement shall be evidenced by a single promissory note payable to the order of the Board in a principal amount equal to the aggregate unpaid principal amount of the advances. Each advance shall bear interest at a rate equal to that rate paid by the Board on the Revenue Financing System debt issued to fund the advances.

4. Anticipated Payment Deficit by a Member

It is the intent of the Board that all debt service payments be made on a timely basis. In any circumstance where the Board determines that a member institution will be unable to satisfy its proportionate share of debt service, the Board may take any and all actions, including raising the general fee without limit at said institution or any other member institution.

5. Member Institution Duties

- a. Each member shall furnish the Office of Business Affairs five-year projections of its balance sheet, statement of changes in funds balances, and statement of current revenues and expenditures.
- b. Each member in establishing its annual budget shall provide for the payment of its proportionate share of Revenue Financing System debt service.
- c. Each member shall establish and use its reasonable efforts to collect fees and other charges for goods and services in order to generate revenue sufficient to meet all of its financial obligations.
- d. Each member shall make available its proportionate share of Revenue Financing System debt service at such time and places as directed by the Office of Business Affairs in order to enable the Board to pay Revenue Financing System debt service.
- e. Each member shall not incur additional debt (including leases) except as permitted by the Board.
- f. Each member shall inform the Office of Business Affairs of any material change in its financial condition which would have a negative impact on its five-year projections.

- g. Each member shall annually file a report with the Office of Business Affairs on any auxiliary enterprise project which shall have materially failed to meet its original projections and, during the previous fiscal year, did not produce sufficient revenues, along with dedicated supplemental revenues, after all expenditures, based on the originally proposed method of finance, to at least meet its required allocation of Revenue Financing System debt service.
- h. In forecasting revenues and expenditures in support of an application for the use of Revenue Financing System proceeds, a component shall be guided by historical facts and trends. An allocation for expected future repairs and maintenance shall be included, and inflation should be considered where relevant.
- i. Whenever possible, a good faith effort should be made to obtain a portion of the total capital cost from private contributions.

6. Annual Report of Nonperforming Projects

The Office of Business Affairs shall annually submit to the Board a report of all projects which have failed to perform financially as originally approved by the Board.

4. U. T. System: Appointment of Teachers Insurance and Annuity Association (TIAA), New York, New York, for Group Term Life and Accidental Death and Dismemberment (AD&D) Insurance and UNUM Corporation, Portland, Maine, for Long-Term Disability (LTD) Income Insurance Coverage and Approval of Rates to be Effective September 1, 1993.--Following an extensive review and analysis of competitive proposals by The University of Texas System Employee Group Insurance Operating Committee, the Board appointed Teachers Insurance and Annuity Association (TIAA), New York, New York, to provide group term life and accidental death and dismemberment (AD&D) insurance and UNUM Corporation, Portland, Maine, for long-term disability (LTD) income insurance coverage for employees of the U. T. System at the rates set forth below to be effective September 1, 1993:

MONTHLY PREMIUMS FOR GROUP INSURANCE	
GROUP TERM LIFE	FISCAL YEAR 1994
Automatic (\$ per \$1,000 coverage)	\$0.276
Optional (\$ per \$1,000 coverage)	
Under age 35	\$0.068
35-39	0.087
40-44	0.122
45-49	0.188
50-54	0.293
55-59	0.459
60-64	0.695
65	1.049
66 and older	1.308
Dependent (for flat amount)	1.370
Retired Employees (for \$2,500 coverage from age 70 [*])	5.34 [*]
ACCIDENTAL DEATH AND DISMEMBERMENT	
(\$ per \$1,000 coverage)	\$0.021
LONG TERM DISABILITY	
(\$ per \$100 Salary)	\$0.373
[*] Age 70 years only	

5. U. T. System: Approval of Self-Insured, Point-of-Service Medical Plans, Appointment of Administrative/Fiscal Agents for Various Elements of the Employees' Medical and Dental Plans, and Appointment of a Fully-Insured Health Maintenance Organization (HMO) All Effective September 1, 1993.--Committee Chairman Loeffler reported that since the distribution of the Material Supporting the Agenda, supplemental material related to the proposed FY 1994 employees' health insurance program for The University of Texas System was provided to the Board and was before the Board on yellow paper.

Following a detailed report by James Guckian, M.D., Executive Associate for Health Policy and Planning, regarding the procedures used to review and evaluate the solicited proposals for U. T. System employees' medical and dental plans by the U. T. System Employee Group Insurance Operating Committee and retained consultants, the Board approved the following recommendations by the Business Affairs and Audit Committee to be effective September 1, 1993:

- a. Authorized the establishment of self-insured, point-of-service medical plans for U. T. System employees. The point-of-service feature allows for all of the advantages of a health maintenance organization (HMO) and preferred provider organization (PPO) while providing flexibility for beneficiaries to obtain care anywhere one wishes but at a higher out-of-pocket cost. Additionally, self-insuring the HMOs solves the dilemma presented by HMOs since there is a single risk pool for employees and dependents. Finally, self-insuring the HMOs will increase return on cash flow and reserve, which should have a positive effect on future rates for employees.
- b. Appointed Anthem Group Services Corporation, Dallas, Texas, as administrative/fiscal agent for the day-to-day management of the self-insured medical and dental plan for U. T. System employees
- c. Appointed Anthem Health Systems, Dallas, Texas, as the administrative agent for Preferred Provider Organizations (PPOs)

A preferred provider organization (PPO) is a network of physicians, hospitals, and other health-care providers who agree to provide care for a group of persons at a contracted rate. Most U. T. System employees have had access to a PPO for the past four years. The plan has been administered as an indemnity plan.

- d. Appointed the following as administrative agents for the Health Maintenance Organizations (HMOs) in the following service areas:

Austin	Prudential (PruCare) and Anthem Health Plan
San Antonio	Anthem Health Plan
Dallas/ Arlington	Sanus Texas Health Plan
Houston	Sanus Texas Health Plan and Prudential (PruCare)
Galveston	Anthem Health Plan

- e. Appointed Kaiser Permanente as a fully-insured HMO in Dallas/Arlington

With regard to Items d. and e. above, a health maintenance organization (HMO) is an affiliation of physicians, hospitals, and other health-care providers who agree to provide for the health-care needs of participants. There are no deductibles, but each participant pays co-payments for specified medical services each time he or she receives care. Participants in traditional HMOs are not reimbursed for care obtained outside the HMO.

- f. Appointed American Dental Corporation, Dallas, Texas, as the administrative agent for the Dental Provider Network.

Article 3.50-3 of the Texas Insurance Code authorizes institutions of higher education to become self-insured for health insurance. Reinsurance will be obtained so that in the event of catastrophic unforeseen claims the loss will not exceed premiums and reserves on hand.

Because the 73rd Legislature has not yet finalized appropriations for Employee Group Insurance, the rates for employee coverages will be submitted for approval at a subsequent meeting of the U. T. Board of Regents.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 21 - 56).--Committee Chairman Holmes 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: Approval of an Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1993 (Catalog Change).--In order to maintain the quality and availability of essential services for students, approval was given to increase the Compulsory Student Services Fee at The University of Texas at Arlington from \$8.25 per semester credit hour with a maximum fee of \$99 per semester or summer session to \$9 per semester credit hour with a maximum fee of \$108 per semester or summer session to be effective with the Fall Semester 1993.

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

2. U. T. Arlington: Authorization to Increase Differential Graduate Tuition Rates Effective with the Fall Semester 1993 and for the Executive Vice Chancellor for Academic Affairs to Approve Subsequent Increases as Statutory Tuition Rates Increase (Catalog Change).--Upon recommendation of the Academic Affairs Committee, the Board approved an increase in differential graduate tuition rates at The University of Texas at Arlington effective with the Fall Semester 1993 as set out below:

	Graduate Tuition Rate* 1993-94
<u>School of Urban and Public Affairs</u>	
Resident	\$ 52
Nonresident	188
 <u>School of Nursing</u>	
Resident	\$ 52
Nonresident	188
 <u>Center for Professional Teacher Education</u>	
Resident	\$ 52
Nonresident	188
 <u>College of Business Administration</u>	
Resident	\$ 52
Nonresident	188
 <u>College of Engineering</u>	
Resident	\$ 52
Nonresident	188

*Amount per semester credit hour of registration.

Graduate Tuition
Rate*
1993-94

<u>School of Architecture</u>	
Resident	\$ 52
Nonresident	188
<u>School of Social Work</u>	
Resident	\$ 52
Nonresident	188

*Amount per semester credit hour of registration.

Further, the Executive Vice Chancellor for Academic Affairs was authorized to approve subsequent increases in differential graduate tuition rates at U. T. Arlington as the statutory tuition rates increase with the following understandings:

- a. Resident graduate tuition rates may not exceed double the statutory rate
- b. Nonresident and foreign graduate tuition rates may not exceed double the cost of education as determined by the Texas Higher Education Coordinating Board
- c. The rates approved by the Executive Vice Chancellor for Academic Affairs will be reported in the institutional docket for ratification by the U. T. Board of Regents
- d. Allocation of differential tuition funds will be approved by the U. T. Board of Regents through either the annual operating budget or docketing procedures, as appropriate.

The U. T. Board of Regents approved differential graduate tuition rates at U. T. Arlington at the April 1991 and February 1992 meetings. The differential rates for 1993-94 are double the statutory rate of \$26 per semester credit hour (SCH) for residents. For nonresident and foreign students, the rate is the cost of education (\$162 per SCH) plus the resident statutory rate (\$26 per SCH) for a total of \$188 per SCH. The new rates for the 1993-94 academic year are within the legislatively established limits.

Priority uses for the additional funds derived from differential tuition charges are to provide financial support for students who could not otherwise meet new tuition costs and for faculty support or other academic program costs.

The procedure for subsequent administrative approval of differential graduate tuition rates will allow for changes to be made as the statutory rate increases and as the Coordinating Board's determination of the cost of education changes.

The next appropriate catalog published at U. T. Arlington will be amended to conform to this action.

3. U. T. Arlington: Approval of Rental Rates for University-Owned Residence Halls (Dormitories) and Apartments Effective with the Fall Semester 1993 (Catalog Change).---
The Academic Affairs Committee recommended and the Board approved rental rates as set forth below for University-owned residence halls (dormitories) and apartments at The University of Texas at Arlington effective with the Fall Semester 1993:

The University of Texas at Arlington
Rate Schedule for 1993-94

University-Owned Residence Halls (Dormitories)

	1993-94 Rate
<u>LONG SESSION</u>	
Lipscomb (North)	\$1,380
Lipscomb (South)	1,380
Trinity	1,380
Brazos	1,220
Pachl	1,220
<u>SUMMER SESSION</u>	
Lipscomb (North)	480
Lipscomb (South)	480
Trinity	480
Brazos	480
Pachl	480
Summer Groups	\$10 per night per person

Apartments

		Monthly Rate
<u>Complex</u>	<u>No. of Units</u>	<u>1993-94 Maximum</u>
Border West		
1 bedroom	17	\$345
2 bedroom	19	454
Cooper South		
1 bedroom	14	345
2 bedroom	15	454
West		
1 bedroom	7	281*
2 bedroom	7	400*
Pisces		
1 bedroom	58	308
2 bedroom**	1	454

*Tenant pays electric bill.

**Correction of previous designation of 3 bedroom (actually a 2 bedroom with an office).

Apartments

<u>Complex</u>	<u>No. of Units</u>	<u>Monthly Rate 1993-94 Maximum</u>
Capricorn		
1 bedroom	48	\$324
1 bedroom	4	335
Campus		
1 bedroom	28	281*
3 bedroom	1	389*
San Suz		
1 bedroom	22	254*
2 bedroom	1	384*
Del Mar		
1 bedroom	12	237*
Shelmar North		
1 bedroom	12	237*
Shelmar South		
1 bedroom	7	291
2 bedroom	1	324
University Village		
1 bedroom	80	324*
1 bedroom	28	345*
1 bedroom	12	340*
1 bedroom	4	368*
1 bedroom	4	368*
Warwick II		
1 bedroom	5	324
1 bedroom	12	335
Warwick III		
1 bedroom	14	324
Warwick V		
Efficiency	1	237
1 bedroom	3	345
1 bedroom	8	356
Keys		
1 bedroom	70	286
1 bedroom	2	291
2 bedroom	8	400
2 bedroom	4	405
Libra		
Efficiency	10	206*

*Tenant pays electric bill.

The 3-4% rate increases for residence halls and apartments for Fall 1993 are necessary to meet the escalating costs for operations and maintenance and to conform to increasing private sector rental rates.

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

4. U. T. Arlington: Approval of Affiliation Agreement with Rehab Hospital Division as Manager of Dallas Rehabilitation Institute, Dallas, Texas, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreement.--Approval was given to the affiliation agreement set out on Pages 26 - 34 by and between The University of Texas at Arlington and Rehab Hospital Division as manager of the Dallas Rehabilitation Institute, Dallas, Texas.

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

This affiliation agreement is designed to provide students at U. T. Arlington with a clinical learning experience at the Dallas Rehabilitation Institute.

AFFILIATION AGREEMENT

This Agreement is made and entered into as of this day of
 by and between University of Texas at Arlington
("School") and **Rehab Hospital Division as manager** of Dallas
Rehabilitation Institute ("Hospital")

W I T N E S S E T H:

WHEREAS, School offers to enrolled students a degree program
in the field of nursing; and

WHEREAS, Hospital manages a comprehensive inpatient
rehabilitation facility; and

WHEREAS, School desires to provide to its students a clinical
learning experience through the application of knowledge and
nursina skills in actual patient-centered situations in a
rehabilitation facility: and

WHEREAS, Hospital has agreed to make its facility available to
School for such purposes.

NOW, THEREFORE, in consideration of the mutual promises
contained herein, the parties hereby agree as follows:

1. Responsibilities of School.

(a) Clinical Proaram: School shall be responsible for
the implementation and operation of the clinical component of its
program at Hospital ("Program"), which Program shall be approved
in advance by Hospital. Such responsibilities shall include, but
not be limited to, the following:

(i) orientation of students to the clinical
experience at Hospital:

(ii) provision of classroom theory and practical
instruction to students prior to their clinical assignments at
Hospital:

(iii) preparation of student/patient assignments and
rotation plans for each student and coordination of same with
Hospital;

(iv) continuing oral and written communication with Hospital regarding student performance and evaluation, absences and assignments of students, and other pertinent information:

(v) supervision of students and their performance at Hospital:

(vi) participation, with the students, in Hospital's Quality Assurance and related programs;

(vii) performance of such other duties as may from time to time be agreed to between School and Hospital.

All students, faculty, employees, agents and representatives of School participating in the Program at Hospital (the "Program Participants") shall be accountable to the Hospital's Clinical Director of **Nursing**.

(b) **Student Statements:** School shall require each Program Participant to sign a Statement of Responsibility in the form attached hereto as Exhibit A, and a Statement of Confidentiality in the form attached hereto as Exhibit B.

(c) **Insurance:** School shall provide to the Program Participants or require that they obtain and maintain appropriate general and professional liability insurance coverage in amounts acceptable to and with insurance carriers approved by Hospital, in accordance with Hospital's Bylaws, rules and regulations. School as an entity of the State of Texas and its employees are essentially self-insured through the State and are entitled to certain immunities.

(d) **Health of Participants:** All Program Participants shall pass a medical examination acceptable to Hospital prior to their participation in the Program at Hospital at least once a year or as otherwise required by Texas law. School and/or the Program Participant shall be responsible for arranging for the Program Participants's medical care and/or treatment, if necessary, including transportation, in case of illness or injury while participating in the Program at Hospital. In no event shall Hospital be financially or otherwise responsible for said medical care and treatment.

(e) **Dress Code: Breaks:** School shall require the students to dress in accordance with dress and personal appearance standards

approved by School. Such standards shall be in accordance with Hospital's standards regarding same. All Program participants shall remain on the Hospital premises for breaks, including meals. Program Participants shall pay for their own meals at Hospital.

(f) **Performance of Services:** All faculty provided by school shall be duly licensed, certified or otherwise qualified to participate in the Program at Hospital. School shall have a specially designated staff for the performance of the services specified herein. School and all Program Participants shall perform their duties and services hereunder in accordance with all relevant local, state and federal laws, and shall comply with the standards and guidelines of all applicable accrediting bodies and the Bylaws and rules and regulations of Hospital, and any rules and regulations **of** School as may be in effect from time to time. Neither School nor any Program Participant shall interfere with or adversely affect the operation of Hospital or the performance of services therein.

2. **Responsibilities of Hospital.**

(a) Hospital shall accept the students assigned to the Program by School and cooperate in the orientation of all Program Participants to Hospital. Hospital shall provide the opportunities for such students, who shall be supervised by School and Hospital, to observe and assist in various aspects of rehabilitation patient care. Hospital shall coordinate School's rotation and assignment schedule with its own schedule and those of other educational institutions. Hospital shall at all times retain ^{Ultimate} **control** of the Hospital and responsibility for patient care.

(b) Upon the request of School, Hospital shall assist School in the evaluation of each Program Participant's performance in the Program. However, School shall at all times remain solely responsible for the evaluation and grading of Program Participants.

3. **Withdrawal of Program Participant.**

Hospital may request School to withdraw or dismiss a student or other Program Participant from the Program at Hospital when his/her clinical performance is unsatisfactory to Hospital or his/her behavior, in Hospital's discretion, is disruptive or

detrimental to Hospital and/or its patients. In such event, said Program Participant's participation in the Program shall immediately cease. It is understood that only School can dismiss the Program Participant from the Program at Hospital.

4. **Independent Contractor.**

The parties hereby acknowledge that they are independent contractors, and neither the School nor any of its agents, representatives, students or employees shall be considered agents, representatives, or employees of Hospital. In no event shall this Agreement be construed as establishing a partnership **or** joint venture or similar relationship between the parties hereto. School shall be liable for its own debts, obligations, acts and omissions, including the payment of all required withholding, social security and other taxes **or** benefits. No Program Participant shall look to Hospital for any salaries, insurance or other benefits.

5. **Confidentiality.**

School and its agents, students, faculty, representatives and employees agree to keep strictly confidential and hold in trust all confidential information of Hospital and/or its patients and not disclose or **reveal** any confidential information to any third party without the express prior written consent of Hospital. School shall not disclose the terms of this Agreement to any person who is not a party to this Agreement except as required by law or as authorized by Hospital. Unauthorized disclosure of confidential information or of the terms of this Agreement shall be a material breach of this Agreement and shall provide Hospital with the option of pursuing remedies for breach or, notwithstanding any other provision of this Agreement, immediately terminating this Agreement upon written notice to School.

6. **Indemnification.**

School as an entity of the State cannot indemnify.
(Texas Attorney General Opinion #MW475.)

7. Term: Termination,

(a) The initial term of this Agreement shall be one year, commencing

Janurry 25, 1993. At the end of said initial term, unless otherwise terminated as provided herein, this Agreement may be renewed for one year successive terms upon mutual agreement of the parties.

(b) Except as otherwise provided herein, either party may terminate this Agreement at any time upon at least sixty (60) days written notice, provided that all students currently enrolled in the Program at Hospital at the time of notice of termination shall be given the opportunity to complete their clinical Program at Hospital, such completion not to exceed six (6) months.

8. Entire Agreement.

This Agreement and its accompanying Exhibits set forth the entire Agreement with respect to the subject matter hereof and supersedes any prior agreements, oral or written, and all other communications between the parties relating to such subject matter. This Agreement shall not be modified or amended except by mutual written agreement. All continuing covenants, duties, and obligations shall survive the expiration or termination of this Agreement.

9. Severability.

If any provision of this Agreement is held to be invalid or unenforceable for any reason, this Agreement shall remain in full force and effect in accordance with its terms disregarding such unenforceable or invalid provision.

10. Q&ions.

The caption headings contained herein are used solely for convenience and shall not be deemed to limit or define the provisions of the Agreement.

11. No Waiver,

Any failure of a party to enforce the party's rights under any provision of this Agreement shall not be construed or act

as a waiver of said party's subsequent right to enforce any of the provisions contained herein.

12. Governina Law.

This Agreement shall be governed and construed in accordance with the laws of the State of **Texas**.

13. Assignment; Binding Effect,

School may not assign or transfer any of its rights, duties or obligations under this Agreement, in whole or in part, without the prior written consent of Hospital. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

14. Notices.

All notices, requests, demands or other communications hereunder shall be in **writing**, delivered personally, by registered or certified mail, return receipt requested, or by Federal Express or Express Mail, **and shall be** deemed to have been duly given when delivered personally or when deposited in the United States mail, **postage prepaid, addressed as follows:**

If to Hospital: **Dallas Rehabilitation Institute
9713 Harry Hines Boulevard
Dallas, Texas 75220-5441
Attn: Joanne Condi, Administrator**

copy to: **NME Specialty Hospital Group
1010 Wisconsin Avenue, N. W., #900
Washington, D. C. 20007
Attn: General Counsel**

If to School: **University of Texas at Arlington
school of Nursing
Box 19407
Arlington, Texas 76019-0407
Attn: Josie Lu O'Quinn, Ph.D., R.N.**

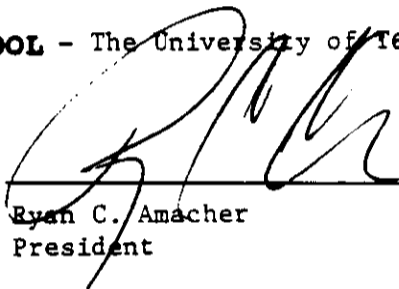
or to such other persons or places as either party may from time to time designate by written notice to the other.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date here in above written.

ATTEST:

SCHOOL - The University of Texas at Arlington

By:

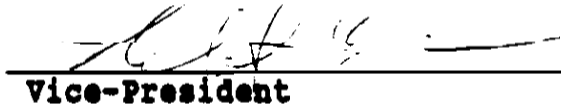


Ryan C. Amacher
President

ATTEST :

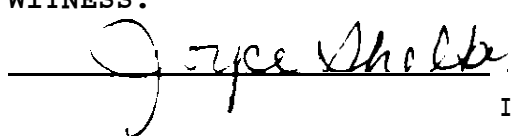
Rehab Hospital Division

By:

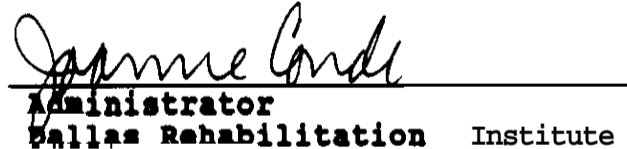


Vice-President

WITNESS:

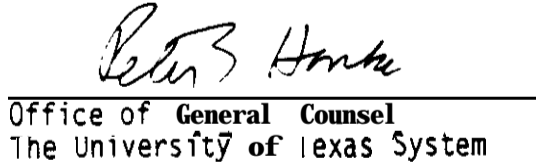

_____ I

By:



Administrator
Dallas Rehabilitation Institute

FORM APPROVED:



Office of General Counsel
The University of Texas System

CONTENT APPROVED:

Office of the Executive Vice Chancellor
for Academic Affairs
The University of Texas System

STATEMENT OF RESPONSIBILITY

For and in consideration of the benefit provided the undersigned in the form of experience in evaluation and treatment of patients of _____ Dallas Rehabilitation Institute Hospital, the undersigned, and his/her heirs, successors and/or assigns does hereby covenant and agree to be solely responsible for any injury or loss sustained by the undersigned while participating in the Program operated by University of Texas at Arlington l a t Dallas Rehabilitation Institute Hospital unless such injury or loss arises solely out of Hospital's gross negligence or willful misconduct.

Dated this _____ day of _____, 19_____

Program Participant

WITNESS

EXHIBIT "A"

CONFIDENTIALITY STATEMENT

The undersigned hereby acknowledges his/her responsibility under Federal applicable law and the Agreement between University of Texas at Arlington School and Dallas Rehabilitation Institute Hospital to keep confidential any information regarding Hospital patients, as well as all confidential information of Hospital. The undersigned agrees, under penalty of law, not to reveal to any person or persons except authorized clinical staff and associated personnel any specific information regarding any patient, and further agrees not to reveal to any third party any confidential information of Hospital.

Dated this _____ day of _____, 19_____

Program **Participant**

WITNESS

EXHIBIT "B"

5. U. T. Austin: Correction of Regental Action of June 1986 to Reflect Appointment of Dr. Bryce S. DeWitt to the Jane and Roland Blumberg Professorship in Physics and Appointment of Dr. Cécile DeWitt-Morette to the Jane and Roland Blumberg Centennial Professorship in Physics in the College of Natural Sciences Effective September 1, 1993.--The Board, upon recommendation of the Academic Affairs Committee, approved the following actions with regard to professorships in physics established by Dr. and Mrs. Roland K. Blumberg at The University of Texas at Austin:
- a. Corrected the Regental action of June 1986 to reflect that Dr. Bryce S. DeWitt, Professor of Physics, was appointed to the Jane and Roland Blumberg Professorship in Physics rather than the Jane and Roland Blumberg Centennial Professorship in Physics
 - b. Appointed Dr. Cécile DeWitt-Morette, Professor of Physics, as the initial holder of the Jane and Roland Blumberg Centennial Professorship in Physics effective September 1, 1993.
6. U. T. Austin: Dr. Oleg F. Vasiliev Appointed Initial Holder of the E. Gus Fruh Visiting Professorship in Civil Engineering in the College of Engineering Effective April 1, 1993 Through May 31, 1993.--Approval was given to appoint Dr. Oleg F. Vasiliev, Visiting Professor in the Department of Civil Engineering, as the initial holder of the E. Gus Fruh Visiting Professorship in Civil Engineering in the College of Engineering at The University of Texas at Austin effective April 1, 1993 through May 31, 1993.
7. U. T. Austin: Approval of Amendments to Requirements for the Provisional Admissions Program (Undergraduate Admissions Policy, Paragraph E) to be Effective Summer 1993 (Catalog Change).--Committee Chairman Holmes called on Executive Vice Chancellor for Academic Affairs Duncan to explain the Board's provisional admissions policy.

Dr. Duncan reported that The University of Texas System Board of Regents has a policy applicable to all U. T. System general academic institutions permitting the admission in the summer session or spring semester following high school graduation of Texas resident freshman students not meeting the institution's normal admissions requirement; that is, students whose high school record and score on the Scholastic Aptitude Test (SAT) or American College Test (ACT) do not meet the normal requirements for admission. Dr. Duncan noted that the item before the Board would, if approved, allow The University of Texas at Austin to narrow the options for specific courses that provisional students must take during the provisional semester or summer session.

Following Dr. Duncan's presentation, a detailed discussion ensued among members of the Board and President Berdahl of U. T. Austin, President Natalicio of The University of Texas at El Paso, and President Garcia of The University of Texas at Brownsville related to the importance and effectiveness of the provisional admissions program at those components.

In response to Regent Holmes' inquiry as to the impact of this provisional admissions program on minority students, Executive Vice Chancellor Duncan emphasized that this program is a very effective one for minority students.

Chairman Rapoport stated that it was important to note that throughout the U. T. System an effort is being made to serve students who want to go to college in this state.

In order to provide provisional students with a more standardized set of courses, better allow students to demonstrate their readiness for college work, and permit administrators to monitor provisional students more closely, the Board amended the requirements for the Provisional Admissions Program (Paragraph E of the Undergraduate Admissions Policy) at U. T. Austin to be effective Summer 1993 to read as set forth below:

THE UNIVERSITY OF TEXAS AT AUSTIN
UNDERGRADUATE ADMISSIONS POLICY

...

- E. Texas residents graduating from Texas high schools with the requisite units of high school credit, but not meeting the requirements for regular admission, may be considered for provisional freshman admission in the Summer or Spring terms immediately following graduation from high school, provided they have not enrolled for credit at any other college or university since graduation.

Provisionally admitted students must complete four courses for a minimum total of twelve semester credit hours with a 2.25 grade point average and no grade of "X" or "F" in that Summer Session or Spring Semester to be eligible to continue beyond that Summer Session or Spring Semester. All students must register for English 306 and Mathematics 301. The two remaining courses must be chosen as follows:

Psychology 301 or Sociology 302; and
Biology 301M or Chemistry 304K.

A provisionally admitted student will be required to register according to the published schedule and to participate in an orientation program at the time of registration.

A provisionally admitted student who fails to fulfill the academic requirements for continuation will be dismissed from the University and may be considered for readmission under the rules for transfer applicants.

....

This revision applies only to students admitted provisionally and requires all provisional students to take English 306 and Mathematics 301 regardless of scores on diagnostic tests and to choose a social science course from either Psychology 301 or Sociology 302 and a science course from Biology 301M or Chemistry 304K.

The Undergraduate Admissions Policy, as amended, is set forth in its entirety on Pages 37 - 40.

The next appropriate catalog published at U. T. Austin will be amended to reflect this action.

THE UNIVERSITY OF TEXAS AT AUSTIN
UNDERGRADUATE ADMISSIONS POLICY

The policy of The University of Texas at Austin regarding admission of undergraduates is as follows:

A. Texas Residents

1. Priority admission will be granted to all Texas resident freshman applicants who meet the following standards and whose completed applications are received by the Office of Admissions by February 1 for the following Summer Session or Fall Semester.
 - a. Texas resident freshman applicants in the top 10% of their high school class if they attain a score of at least 900 on the SAT or 22 on the ACT.
 - b. Texas resident freshman applicants ranking in the top quarter, but below the top 10%, of their high school graduating class if they attain a score of at least 1050 on the SAT or 25 on the ACT.
 - c. Texas resident freshman applicants ranking in the second quarter of their high school graduating class if they attain a score of at least 1150 on the SAT or 28 on the ACT.
2. Individual review will be given to all Texas resident freshman applicants who meet the following standards and whose completed applications are received by the Office of Admissions by March 1 for the following Summer Session or Fall Semester.
 - a. Texas resident freshman applicants who would have been eligible for priority admission but did not meet the February 1 deadline.
 - b. Texas resident freshman applicants ranking in the top 10% of their high school graduating class who attain scores below 900 on the SAT or 22 on the ACT.

- c. Texas resident freshman applicants ranking in the top quarter but below the top 10% if they attain scores of 800-1040 on the SAT or 19-24 on the ACT.
 - d. Texas resident freshman applicants ranking in the second quarter if they attain scores of 900-1140 on the SAT or 22-27 on the ACT.
 - e. Texas resident freshman applicants ranking in the third and fourth quarters if they attain test scores of at least 1100 on the SAT or 26 on the ACT.
3. Consistent with the Texas Educational Opportunity Plan for Higher Education, individual review will be given routinely to all Black and Hispanic Texas resident freshman applicants ranking in the top half of their high school graduating class and not otherwise admitted.
 4. Texas resident freshman applicants graduating from an unaccredited high school are eligible for individual review if they score at least 1100 on the SAT or 26 on the ACT and at least 500 on the College Board English Composition Test, Math Level I or Level II test and a third achievement test of the student's choice. A Texas resident over twenty-one years of age who did not graduate from high school but scored at least 1100 on the SAT or at least 26 on the ACT may be given individual review.
 5. The review of applications under provisions 2, 3 and 4 will take into account such multiple criteria as leadership, recommendations of teachers, special hardships, competitiveness of high school, the University's need for ethnic and cultural diversity, and the extent to which an academic program is impacted.

B. Nonresidents

1. Priority admission will be granted to all nonresident freshman applicants who are in the top 25% of their high school class with a minimum SAT score of 1200 or minimum ACT score of 29 and whose completed applications are received by the Office of Admissions by February 1 for the following Summer Session or Fall Semester. The President has the authority to raise these required scores if necessary.
2. Individual review will be given to all nonresident freshman applicants who meet the following standards and whose completed applications are received by the Office of Admissions by March 1 for the following Summer Session or Fall Semester.

- a. Applicants who would have been eligible for priority admission but did not meet the February 1 deadline.
 - b. Applicants who rank in the top 25% of their high school class and attain scores of 1100-1190 on the SAT or 26-28 on the ACT.
- C. Admission will be granted to all applicants who are holders of bona fide U. T. Austin scholarships designated by the President.
- D. Admission will be granted to all resident transfer applicants who submit applications by March 1 and who have 30 or more transferable semester credit hours of college credit and a minimum cumulative grade point average of 3.00; individual review will be given to all resident transfer applicants with 54 transferable semester credit hours or more and a cumulative grade point average between 2.50 and 2.99. Transfer applicants with fewer than 30 transferable hours will not be considered for admission.

Individual review will be given to all nonresident transfer applicants who submit applications by March 1 and who have 30 or more transferable semester credit hours of college credit and a minimum cumulative grade point average of 3.00 or who have 54 transferable semester credit hours or more and a minimum cumulative grade point average of 2.50.

- E. Texas residents graduating from Texas high schools with the requisite units of high school credit, but not meeting the requirements for regular admission, may be considered for provisional freshman admission in the Summer or Spring terms immediately following graduation from high school, provided they have not enrolled for credit at any other college or university since graduation.

Provisionally admitted students must complete four courses for a minimum total of twelve semester credit hours with a 2.25 grade point average and no grade of "X" or "F" in that Summer Session or Spring Semester to be eligible to continue beyond that Summer Session or Spring Semester. All students must register for English 306 and Mathematics 301. The two remaining courses must be chosen as follows:

Psychology 301 or Sociology 302; and
Biology 301M or Chemistry 304K.

A provisionally admitted student will be required to register according to the published schedule and to participate in an orientation program at the time of registration.

A provisionally admitted student who fails to fulfill the academic requirements for continuation will be dismissed from the University and may be considered for readmission under the rules for transfer applicants.

- F. All applicants for regular or provisional freshman admission are required to meet the high school unit requirements: four units of English, two units in a single foreign language, three units of mathematics at the level of algebra I or higher, two units of physical science, three units of social science and one and one-half units of elective courses.
- G. The priority application deadline is February 1 and the regular application deadline is March 1 for all seeking admission for the Summer Session or the Fall Semester and October 1 for all seeking admission for the following Spring Semester.
- H. With approval of the U. T. Board of Regents, individual schools and colleges may institute higher admission requirements where limitations on faculty and facilities do not permit the acceptance of all qualified applicants. In such cases, priority will be given to the applicants with the higher overall academic achievement and potential and earlier date of application.
- I. Under compelling circumstances, the President may revise application deadlines or criteria for admission as reasonably necessary to stabilize enrollment, increase the academic quality and diversity of the student body, and maintain access to the University for qualified Texas resident students.

8. U. T. Dallas: Authorization to Increase Differential Graduate Tuition Rates Effective with the Fall Semester 1993 and for the Executive Vice Chancellor for Academic Affairs to Approve Subsequent Increases as Statutory Tuition Rates Increase (Catalog Change). -- The Academic Affairs Committee recommended and the Board approved an increase in differential graduate tuition rates at The University of Texas at Dallas effective with the Fall Semester 1993 as set out below:

	Graduate Tuition Rate* <u>1993-94</u>
<u>School of Arts and Humanities</u>	
Resident	\$ 39
Nonresident	182
<u>Erik Jonsson School of Engineering and Computer Science</u>	
Resident	\$ 52
Nonresident	182
<u>School of General Studies</u>	
Resident	\$ 39
Nonresident	182
<u>School of Human Development</u>	
Resident	\$ 39
Nonresident	182
<u>School of Management</u>	
Resident	\$ 52
Nonresident	182
<u>School of Natural Sciences and Mathematics</u>	
Resident	\$ 39
Nonresident	182
<u>School of Social Sciences</u>	
Resident	\$ 39
Nonresident	182

*Amount per semester credit hour of registration.

Further, the Executive Vice Chancellor for Academic Affairs was authorized to approve subsequent increases in differential graduate tuition rates at U. T. Dallas as the statutory tuition rates increase with the following understandings:

- a. Resident graduate tuition rates may not exceed double the statutory rate
- b. Nonresident and foreign graduate tuition rates may not exceed double the cost of education as determined by the Texas Higher Education Coordinating Board

- c. The rates approved by the Executive Vice Chancellor for Academic Affairs will be reported in the institutional docket for ratification by the U. T. Board of Regents
- d. Allocations of differential tuition funds will be approved by the U. T. Board of Regents through either the annual operating budget or docketing procedures, as appropriate.

Priority uses for the additional funds derived from differential tuition charges are to provide financial support for students who could not otherwise meet new tuition costs and for faculty support or other academic program costs.

The procedure for subsequent administrative approval of differential graduate tuition rates will allow for changes to be made as the statutory rate increases and as the Coordinating Board's determination of the cost of education changes.

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

- 9. U. T. Dallas: Approval of Agreements of Cooperation with (a) Ivanovo State Power University of Russia, Ivanovo, Russia, and (b) St. Petersburg State Technical University, St. Petersburg, Russia, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreements.--Approval was given to the agreements of cooperation between The University of Texas at Dallas and the following international institutions:
 - a. Ivanovo State Power University of Russia, Ivanovo, Russia (Pages 43 - 45)
 - b. St. Petersburg State Technical University, St. Petersburg, Russia (Pages 46 - 48).

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

These agreements are designed to establish programs of exchange and collaboration in areas of interest and benefit to the respective institutions.

**AGREEMENT OF COOPERATION
BETWEEN**

Ivanovo State Power University

and

The University of Texas at Dallas

The University of Texas at Dallas, (hereinafter referred to as UTD) and Ivanovo State Power University (hereinafter referred to as ISPU) enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions.

I.

The purposes of the cooperation between UTD and ISPU are as follows:

- * to promote interest in the teaching and research activities of the respective institutions, and
- to deepen the understanding of the economic, cultural and social issues environment of the respective institutions.

II.

To achieve these goals, UTD and ISPU will, insofar as the means of each allow:

- promote institutional exchanges by inviting faculty and staff of the partner institution to participate in a variety of teaching and/or research activities and professional development;
- receive undergraduate and graduate students of the partner institution for periods of study and/or research;
- * organize symposia, conferences, short courses and meetings on research issues;
- carry out joint research and continuing education programs; and
- * exchange information pertaining to developments in teaching, student development and research at each institution.

III.

Each institution shall designate a coordinator to oversee and facilitate the implementation of this Agreement. The coordinators, working with other appropriate administrators at the respective universities, shall have the following responsibilities:

- to promote academic collaboration at both faculty, graduate and undergraduate student levels for research and study;
- to act as principal contacts for individual and group activities and to plan and coordinate all activities within their institution as well as with the partner institution;
- ★ to distribute to each institution information about the faculty, facilities, research, publications, library materials and educational resources of the other institution; and
- ★ to meet periodically to review and evaluate past activities and to work out new ideas for future cooperative agreements.

IV.

This general AGREEMENT OF COOPERATION shall be identified as the parent document of any program agreement executed between the parties. Further agreements concerning any program shall provide details concerning the specific commitments 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 Academic Affairs of The University of Texas System. The scope of the activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either institution from external sources.

V.

Each institution will be responsible for the travel and living expenses of the participant within its own borders. The travel expenses between countries will be the responsibility of the home institution. The host institution will assist professional staff engaged in teaching and research to find local living facilities.

VI.

Upon approval by each institution, this Agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least ninety (90) days **advancce** written notice of its intention to terminate. Termination shall be without penalty. If this Agreement is terminated, neither **UTD** nor ISPU shall be liable to the other for any monetary or other losses which may result.

Executed on this _____ day of _____, 199__.

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

THE UNIVERSITY OF TEXAS
AT DALLAS

BY: _____

TITLE: _____

IVANOVO STATE POWER UNIVERSITY

BY: _____

TITLE: _____

FORM APPROVED:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

OFFICE OF **GENERAL** COUNSEL
The University of Texas System

BY: _____
JAMES P. DUNCAN
Executive Vice Chancellor
for Academic Affairs

CERTIFICATE OF APPROVAL

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

EXECUTIVE SECRETARY, BOARD OF REGENTS
The University of Texas System

**AGREEMENT OF COOPERATION
BETWEEN
ST. PETERSBURG STATE TECHNICAL UNIVERSITY
AND
THE UNIVERSITY OF TEXAS AT DALLAS**

THE UNIVERSITY OF TEXAS AT DALLAS, (hereinafter referred to as U.T. Dallas), and St. Petersburg State Technical University (hereinafter referred to as SPbSTU) enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions.

I.

The purposes of the cooperation between U.T. Dallas and SPbSTU are as follows:

- . to promote interest in the teaching and research activities of the respective institutions, and
- . to deepen the understanding of the economic, cultural and social issues environment of the respective institutions.

II.

To achieve these goals, U.T. Dallas and SPbSTU will, insofar as the means of each allow:

- . promote institutional exchanges by inviting faculty and staff of the partner institution to participate in a variety of teaching and/or research activities and professional development;
- . receive undergraduate and graduate students of the partner institution for periods of study and/or research;
- . organize symposia, conferences, short courses and meetings on research issues;
- . carry out joint research and continuing education programs;
- . exchange information pertaining to developments in teaching, student development and research at each institution; and
- . promote business development activities.

III.

Each institution shall designate a coordinator to oversee and facilitate the implementation of this Agreement. The coordinators, working with other appropriate administrators at the respective universities, shall have the following responsibilities:

- . to promote academic collaboration at both faculty, graduate and undergraduate student levels **for** research and study;
- . to act as **principal contacts** for individual and group activities and to plan and coordinate all activities within their institutions as well as with the partner institution.
- . to distribute to each institution information about faculty, facilities, research, publications, library materials and educational resources of the other institution; and
- . to meet periodically to review and evaluate past activities and to work out new ideas for future cooperative agreements.

IV.

This general **AGREEMENT OF COOPERATION** shall be identified as the parent document of any program agreement executed between parties. Further agreements concerning any program shall provide details concerning the specific commitments 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 Academic Affairs of The University of Texas System. The scope of the activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either institution from external sources.

V.

Except as may be stipulated in any specific program agreement, each institution shall be responsible for expenses incurred by its employees under this agreement.

VI.

Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least six (6) months in advance written notice of its intention to terminate. Termination shall be **witnout** penalty. if this agreemeni is terminated, neither U.T. Dallas nor **SPbSTU** shall be liable to the other for any monetary or other losses which may result.

Executed on this day of _____, 199__.

ATTEST:

FOR
ST. PETERSBURG STATE
TECHNICAL UNIVERSITY

FOR
THE UNIVERSITY OF TEXAS
AT DALLAS

Yuri Vasiliev
Rector

Robert Rutford
President

APPROVED:

By: _____
Dr. James P. Duncan
Executive Vice Chancellor
for Academic Affairs
The University of Texas System

Date : _____

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 _____, 199__ and that the person whose signature appears above is **authorized** to execute such agreement on behalf of the Board.

Mr. Arthur H. Dilly
Executive Secretary,
U.T. Board of Regents

10. U. T. El Paso: Authorization to Increase the Compulsory Student Services Fee Effective with the Fall Semester 1993 (Catalog Change).--To maintain the quality and availability of essential services for its students, the Board approved an increase in the Compulsory Student Services Fee at The University of Texas at El Paso from \$9 per semester credit hour with a maximum fee of \$108 per semester or summer session to \$9.75 per semester credit hour with a maximum fee of \$117 per semester or summer session to be effective with the Fall Semester 1993.

It was noted that the next appropriate catalog published by U. T. El Paso will be amended to conform to this action.

11. U. T. El Paso: Approval of Agreements of Cooperation with (a) Centro de Investigaciones en Optica, A.C., Leon, Guanajuato, Mexico, and (b) La Universidad Regional Del Norte, Chihuahua, Chihuahua, Mexico, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreements.--Upon recommendation of the Academic Affairs Committee, the Board approved agreements of cooperation between The University of Texas at El Paso and the following international institutions:

- a. Centro de Investigaciones en Optica, A.C., Leon, Guanajuato, Mexico (Pages 50 - 52)
- b. La Universidad Regional Del Norte, Chihuahua, Chihuahua, Mexico (Pages 53 - 55).

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

The agreements are designed to promote interest in the teaching and research activities of the respective institutions and to deepen the understanding of the economic, cultural, and social issues environments of the respective institutions.

AGREEMENT OF COOPERATION
BETWEEN

CENTRO DE INVESTIGACIONES EN **OPTICA**, A.C.
AND
THE UNIVERSITY OF TEXAS AT EL PASO

THE UNIVERSITY OF TEXAS AT EL PASO, (hereinafter referred to as UTEP), and CENTRO DE **INVESTIGACIONES EN OPTICA**, A. C. (hereinafter referred to as CIO) enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions.

I.

The purposes of the cooperation between **UTEP** and CIO are as follows:

- to promote interest in the teaching and research activities of the respective institutions, and
- to deepen the understanding **of** the economic, cultural and social issues environment **of** the respective institutions.

II.

To achieve these goals, UTEP and CIO will, insofar as the means of each allow:

- promote institutional exchanges by inviting faculty and staff of the partner institution to participate in a variety of teaching and/or research activities and professional development;
- receive undergraduate and graduate students of the partner institutions for periods of study and/or research;
- organize symposia, conferences, short courses and meetings on research issues;
- carry out joint research and continuing education programs:
and
- exchange information pertaining to developments in teaching, student development and research at each institution.

III.

Each institution shall designate a coordinator to oversee and facilitate the implementation of this Agreement. The coordinators, working with other appropriate administrators at the respective universities, shall have the following responsibilities:

- to promote academic collaboration at both faculty, graduate and undergraduate student levels for research and study;
- to act as principal contacts for individual and group activities and to plan and coordinate all activities within their institutions as well as with the partner institution;
- to distribute to each institution information about the faculty, facilities, research, publications, library materials and educational resources of the other institution: and
- to meet periodically to review and evaluate past activities and to work out new ideas for future cooperative agreements.

IV.

This general AGREEMENT OF COOPERATION shall be identified as the parent document of any program agreement executed between the parties. Further **agreements** concerning any program shall provide details concerning **the** specific commitments 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 Academic Affairs of The University of Texas System. The scope of the activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either institution from external sources.

V.

Except as may be stipulated in any specific program agreement, each institution shall be responsible for expenses incurred by its employees under this agreement.

VI.

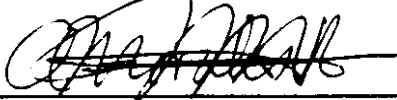
Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least ninety (90) days advance written notice of its intention to terminate. Termination shall be without penalty. If this agreement is terminated, neither UTEP nor CIO shall be

liable to the other for any monetary or other losses which may result.

Executed on this 5th day of April 1993.

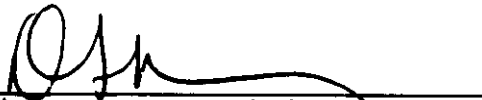
ATTEST :

FOR
CENTRO DE INVESTIGACIONES EN
OPTICA, A.C.



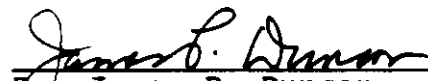
M.C. Arquimedes Morales R.
General Director

FOR
THE UNIVERSITY OF TEXAS
AT EL PASO



Diana S. Natalicio
President

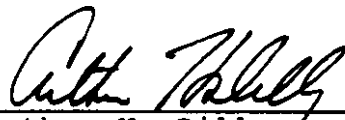
APPROVED:

By: 
Dr. James P. Duncan
Executive Vice Chancellor
for Academic Affairs
The University of Texas System

Date: 4-5-93

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 5th day of April, 1993 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.



Mr. Arthur H. Dilly
Executive Secretary,
U.T. Board of Regents

AGREEMENT OF COOPERATION
BETWEEN

LA UNIVERSIDAD REGIONAL DEL NORTE
AND
THE UNIVERSITY OF TEXAS AT EL PASO

THE UNIVERSITY OF TEXAS AT EL PASO, (hereinafter referred to as UTEP), and LA UNIVERSIDAD REGIONAL DEL NORTE, (hereinafter referred to as URN) enter into an agreement of cooperation to establish a program of exchange and collaboration in areas of interest and benefit to both institutions.

I.

The purposes of the cooperation between UTEP and URN are as follows:

- to promote interest in the teaching and research activities of the respective institutions, and
- to deepen the understanding of the economic, cultural and social issues environment of the respective institutions.

II.

To achieve these goals, UTEP and URN will, insofar as the means of each allow:

- promote institutional exchanges by inviting faculty and staff of the partner institution to participate in a variety of teaching and/or research activities and professional development:
- receive undergraduate and graduate students of the partner institutions for periods of study and/or research;
- organize symposia, conferences, short courses and meetings on research issues:
- carry out joint research and continuing education programs; and
- exchange information pertaining to developments in teaching, student development and research at each institution.

III.

Each institution shall designate a coordinator to oversee and facilitate the implementation of this Agreement. The coordinators, working with other appropriate administrators at the respective universities, shall have the following responsibilities:

- to promote academic collaboration at both faculty, graduate and undergraduate student levels for research and study:
- to act as principal contacts for individual and group activities and to plan and coordinate all activities within their institutions as well as with the partner institution:
- to distribute to each institution information about the faculty, facilities, research, publications, library materials and educational resources of the other institution: and
- to meet periodically to review and evaluate past activities and to work out new ideas for future cooperative agreements.

IV.

This general **AGREEMENT** OF COOPERATION shall be identified as the parent **document** of any program agreement executed between the parties. Further agreements concerning any program shall provide details concerning the specific commitments 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 Academic Affairs of The University of Texas System. The scope of the activities under this agreement shall be determined by the funds regularly available at both institutions for the types of collaboration undertaken and by financial assistance as may be obtained by either institution from external sources.

V.

Except as may be stipulated in any specific program agreement, each institution shall be responsible for expenses incurred by its employees under this agreement.

VI.

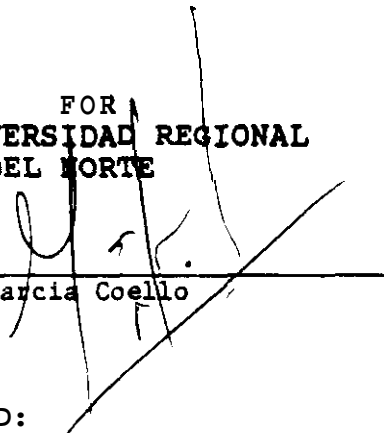
Upon approval by each institution, this agreement shall remain in effect until terminated by either institution. Such termination by one institution shall be effected by giving the other institution at least ninety (90) days advance written notice of its intention to terminate. Termination shall be without penalty. If this agreement is terminated, neither UTEP nor **URN** shall be

liable to the other for any monetary or other losses which may result.

Executed on this 17th day of February, 1993.

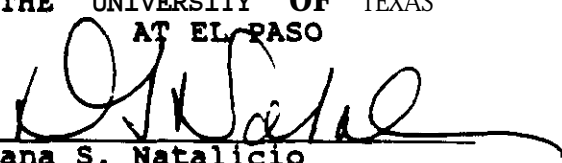
ATTEST:

FOR
LA UNIVERSIDAD REGIONAL
DEL NORTE




Daniel Garcia Coello
Rector

FOR
THE UNIVERSITY OF TEXAS
AT EL PASO



Diana S. Natalicio
President

APPROVED:


By: 

Dr. James P. Duncan
Executive Vice Chancellor
for Academic Affairs
The University of Texas System

Date: 4-5-93

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 1st day of April, 1993 and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.



Mr. Arthur H. Dilly
Executive Secretary,
U.T. Board of Regents

Agreement of Cooperation/Foreign Institution
Form 1 - 92

12. U. T. Tyler: Approval of an Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1993 (Catalog Change).--The Board approved an increase in the Compulsory Student Services Fee at The University of Texas at Tyler from \$7.50 per semester credit hour with a maximum fee of \$90 per semester or summer session to \$10 per semester credit hour with a maximum fee of \$150 per semester or summer session to be effective with the Fall Semester 1993.

Income from the fee increase will allow U. T. Tyler to provide increased student services including student health, student activities, and student financial aid services.

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

13. U. T. Tyler: Authorization for Changes in Parking Permit Fees Effective with the Fall Semester 1993 (Catalog Change).--The Academic Affairs Committee recommended and the Board approved changes in parking permit fees at The University of Texas at Tyler effective with the Fall Semester 1993 as set out below:

	<u>1993-94</u> <u>Fees</u>
<u>Student, Faculty, Staff Permits</u>	
Fall Semester	\$15*
Spring Semester	10
First Summer Session	5
Second Summer Session	3
<u>Permits for Additional Vehicles</u>	2

*Full-time staff with a salary under \$16,500 annually qualify to pay a reduced parking fee of \$2.00 annually.

The next appropriate catalog published at U. T. Tyler will be amended to conform to this action.

14. U. T. System: Comments by Executive Vice Chancellor for Academic Affairs Duncan on Tuition and Fees.--With regard to the seven tuition and fee related items (items 1, 2, 3, 8, 10, 12, and 13) set forth in the Academic Affairs Committee of the Material Supporting the Agenda, Committee Chairman Holmes called on Executive Vice Chancellor for Academic Affairs Duncan to brief the Board on its responsibility and authority related to tuition and fees within The University of Texas System.

Dr. Duncan noted that a briefing paper on tuition and fees describing statutory authorizations and amounts of fees and comparison of tuition and fees for U. T. System institutions with other public institutions was provided to the new Regents at their orientation on March 9, 1993, and a copy of that document will be sent to the other Regents.

Dr. Duncan then presented to the Board a comprehensive overview of the statutory and operating basis for the various fees considered in the above agenda items. A copy of Executive Vice Chancellor Duncan's notes on this subject is on file in the Office of the Board of Regents.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 57 - 62).--Committee Chairman Ramirez reported that the Health 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 Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Southwestern Medical Center - Dallas: Appointment of Initial Holders to Endowed Academic Positions - (a) Dr. Jerry Y. Niederkorn to the Dr. W. Maxwell Thomas Professorship in Ophthalmology and (b) Michel G. Baum, M.D., to the Sarah M. and Charles E. Seay Chair in Pediatric Research Effective Immediately.--Upon recommendation of the Health Affairs Committee, the Board approved the following initial appointments to endowed academic positions at The University of Texas Southwestern Medical Center at Dallas effective immediately:

- a. Dr. Jerry Y. Niederkorn, Director of Ophthalmic Research and Professor in the Departments of Ophthalmology and Molecular Microbiology, to the Dr. W. Maxwell Thomas Professorship in Ophthalmology
- b. Michel G. Baum, M.D., Associate Professor of Pediatrics and Internal Medicine and Director of the Division of Pediatric Nephrology, to the Sarah M. and Charles E. Seay Chair in Pediatric Research.

See Page 91 related to the establishment of this Chair.

2. U. T. Southwestern Medical Center - Dallas (U. T. Southwestern G.S.B.S. - Dallas): Approval to Discontinue the M.A. Degrees and to Offer M.S. Degrees in Nine Academic Programs and Authorization to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Approval was granted for the U. T. Southwestern G.S.B.S. - Dallas of The University of Texas Southwestern Medical Center at Dallas to discontinue the M.A. degrees and to offer the M.S. degrees under special circumstances in the nine academic programs set out below and to submit the proposal to the Texas Higher Education Coordinating Board for approval:

Biochemistry and Molecular Biology
Cell Regulation
Genetics and Development
Immunology
Neuroscience
Clinical Psychology
Radiological Sciences
Molecular Biophysics
Molecular Microbiology.

Currently, only students who intend to achieve the Ph.D. degree are admitted into these programs. However, circumstances may arise in which a student needs to leave the University before completing all requirements for the Ph.D. degree. In such cases, the student's educational achievements may be such that it would be appropriate to grant the M.S. degree. Each of these nine programs has established a condition statement describing the requirements for completing this option.

Upon approval by the Coordinating Board, the next appropriate catalog published at the U. T. Southwestern Medical Center - Dallas will be amended to reflect this action.

3. U. T. Medical Branch - Galveston: Appointment of Thomas A. Broughan, M.D., as Initial Holder of the Alonzo Alverly Ross, M.D. Centennial Chair in General Surgery Effective December 3, 1992.--The Board appointed Thomas A. Broughan, M.D., Associate Professor in the Department of Surgery and Director of the Liver Transplant Program, as initial holder of the Alonzo Alverly Ross, M.D. Centennial Chair in General Surgery at The University of Texas Medical Branch at Galveston effective December 3, 1992.

4. U. T. Medical Branch - Galveston: Authorization to Name (a) Conference Room on the Sixth Floor of the Administration Building as the Ballinger Mills Room and (b) the Plaza Located at the West Entrance of the Administration Building as the E. Burke Evans, M.D. Plaza (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, the Board approved the naming of the following facilities at The University of Texas Medical Branch at Galveston:
 - a. The conference room located on the sixth floor of the Administration Building as the Ballinger Mills Room

The naming of this conference room is to honor Mr. Mills who was a tireless supporter of the U. T. Medical Branch - Galveston and who served as President and Director of The Sealy & Smith Foundation from 1978 until his death in 1992.

 - b. The plaza located at the west entrance of the Administration Building as the E. Burke Evans, M.D. Plaza

The naming of the plaza is a fitting tribute to Dr. Evans for his professional leadership, academic contributions, community service, and his 39 years of dedicated service to the U. T. Medical Branch - Galveston.

5. U. T. Medical Branch - Galveston (U. T. Allied Health Sciences School - Galveston): Approval to Change the Name of the Department of Graduate Studies to the Department of Health Promotion and Gerontology and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Approval was granted for the U. T. Allied Health Sciences School - Galveston at The University of Texas Medical Branch at Galveston to change the name of the Department of Graduate Studies to the Department of Health Promotion and Gerontology and to submit the proposal to the Texas Higher Education Coordinating Board for approval. If approved by the Coordinating Board, implementation will be Fall 1993.

This name change is administrative in nature and does not represent any change in program content. The Department of Graduate Studies exists as an entity within the U. T. Allied Health Sciences School - Galveston. All courses offered by the department, however, are offered through the Graduate Program in Allied Health Sciences, a program of The University of Texas Graduate School of Biomedical Sciences at Galveston. The name change would provide for:

- a. A reduction in communication errors
- b. More appropriate characterization of the department
- c. Enhanced student recruitment.

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

6. U. T. Medical Branch - Galveston (U. T. Allied Health Sciences School - Galveston) and U. T. Health Science Center - Houston (U. T. Allied Health Sciences School - Houston): Authorization to Transfer the Bachelor of Science Degree Program in Respiratory Care from the U. T. Allied Health Sciences School - Houston to the U. T. Allied Health Sciences School - Galveston and to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--The Board, upon recommendation of the Health Affairs Committee, authorized the transfer of the Bachelor of Science Degree Program in Respiratory Care from the U. T. Allied Health Sciences School - Houston of The University of Texas Health Science Center at Houston to the U. T. Allied Health Sciences School - Galveston of The University of Texas Medical Branch at Galveston and submission of the proposal to the Texas Higher Education Coordinating Board for approval.

The program transfer will be conducted in such a manner as to assure minimum interruption in the educational experiences of those students currently enrolled in the program. During the transition period from September 1, 1993 to September 1, 1994, the program will exist at both institutions concomitantly with new students enrolling at the U. T. Allied Health Sciences School - Galveston beginning in September 1993. The Respiratory Care Program at the U. T. Allied Health Sciences School - Houston is a two-year program.

This transfer is in response to The Texas State Health Plan for 1993-94 which calls for Texas schools of nursing and allied health professions to educate nonphysician primary care providers and increase their availability in underserved areas. The program addresses several specific suggestions of the Plan including: recruiting students from medically underserved areas, graduating large numbers of minority students, and offering a career ladder program to accommodate working students.

Transfer of the program will be cost-effective and will not require additional state resources. Faculty who are already involved with the program, as well as the program accreditation and funding to operate the program for FY 1993-94, will transfer from the U. T. Allied Health Sciences School - Houston to the U. T. Allied Health Sciences School - Galveston.

Upon approval by the Coordinating Board, the next appropriate catalogs published at both institutions will be amended to reflect this action.

7. U. T. Health Science Center - Houston: Acceptance of Gift and Pledge from The Cullen Trust for Health Care, Houston, Texas, and Establishment of The Institute for Molecular Medicine for the Prevention of Human Diseases.--Upon recommendation of the Health Affairs Committee and with grateful appreciation, the Board accepted a \$333,000 gift and a \$667,000 pledge, payable by March 31, 1995, from The Cullen Trust for Health Care, Houston, Texas, for a total of \$1,000,000 and established The Institute for Molecular Medicine for the Prevention of Human Diseases at The University of Texas Health Science Center at Houston.

The goal of The Institute for Molecular Medicine for the Prevention of Human Diseases is to use new technology of molecular and genetic research to understand the root causes of diseases and conditions now considered incurable and to develop new strategies for their cure and prevention. Ten research centers will be created to focus support on human diseases in the areas of cardiovascular medicine, endocrine and reproductive diseases, autoimmune and connective tissue diseases, neurosciences, infectious diseases, kidney diseases, gastroenterological diseases, hematology/solid tumor oncology, medical genetics, and pulmonary diseases.

In further support of The Institute for Molecular Medicine for the Prevention of Human Diseases, additional pledges in the amount of \$4,070,000 have been committed as listed below:

- a. \$1,000,000, payable by December 31, 1997, from the M. D. Anderson Foundation, Houston, Texas
- b. \$1,000,000, payable by December 31, 1994, from Houston Endowment Inc., Houston, Texas
- c. \$1,000,000, payable by April 30, 1993, from the T.L.L. Temple Foundation, Lufkin, Texas
- d. \$1,070,000, payable by June 30, 1996, from The Brown Foundation, Inc., Houston, Texas.

On behalf of the Board, Committee Chairman Ramirez expressed appreciation to Regent Temple for her family's generous support of this effort.

8. U. T. Health Science Center - San Antonio: Permission for Ciro Sumaya, M.D., to Serve on the Presidential Task Force on National Health Care Reform [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was given for Ciro Sumaya, M.D., Professor in the Department of Pediatrics and Associate Dean for Affiliated Programs and Continuing Medical Education at The University of Texas Health Science Center at San Antonio, to serve on the Presidential Task Force on National Health Care Reform.

President Clinton's appointment of Dr. Sumaya is of benefit to the State of Texas, creates no conflict with his position at the U. T. Health Science Center - San Antonio and his appointment to this task force, 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. M.D. Anderson Cancer Center: Approval to Name (a) the Tenth Floor Auditorium in the R. Lee Clark Clinic Building as the Robert C. Hickey Auditorium; (b) Space to be Constructed in the Bertner Patient Tower for Diagnostic Imaging as the Robert D. Moreton Diagnostic Imaging Center; and (c) Station 19 of the Outpatient Chemotherapy Treatment Facility as the Fred G. Conrad Ambulatory Treatment Center (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 the following facilities at The University of Texas M.D. Anderson Cancer Center:

- a. Tenth floor auditorium in the R. Lee Clark Clinic Building as the Robert C. Hickey Auditorium

Robert C. Hickey, M.D., served for many years in the capacity of Executive Vice President and Director of the U. T. M.D. Anderson Hospital and presently holds the title of Special Assistant to the President. In addition to his special contributions to the educational programs at the institution, he played a major role in the design of the tenth floor auditorium in the R. Lee Clark Clinic Building.

- b. Space to be constructed in the Bertner Patient Tower for diagnostic imaging as the Robert D. Moreton Diagnostic Imaging Center

Robert D. Moreton, M.D., served in a unique role at the U. T. M.D. Anderson Cancer Center as patient advocate. At the time of his death in December 1992, he held the title of Vice President Emeritus and Special Assistant to the President. In his capacity as Professor of Radiology, he developed several support programs for research and clinical imaging.

- c. Station 19 of the outpatient chemotherapy treatment facility as the Fred G. Conrad Ambulatory Treatment Center

Prior to his death in 1982, Fred G. Conrad, M.D., held the position of Vice President for Patient Care at the U. T. M.D. Anderson Cancer Center. This facility is named in recognition of Dr. Conrad's unique understanding of cancer patients' needs and his contribution toward the design of the outpatient chemotherapy treatment facility.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 63 - 79).--Committee Chairman Temple reported that the Facilities Planning and Construction 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 Facilities Planning and Construction Committee and approved in open session and without objection by the U. T. Board of Regents.

Committee Chairman Temple reported that the Facilities Planning and Construction Committee held a briefing session on Wednesday afternoon, March 31, 1993, which included a review of the steps involved in project approval, an explanation of how architects/engineers are selected for various projects, an overview of the Historically Underutilized Business (HUB) Development Program within The University of Texas System, and a review of the Facilities Planning and Construction Committee agenda items before the Board on April 1.

Mrs. Temple noted that it was a very informative briefing and expressed appreciation to Mr. R. S. Kristoferson, Director of the Office of Facilities Planning and Construction, for the helpful information.

1. U. T. Austin - McDonald Observatory - Spectroscopic Survey Telescope (SST) (Project No. 102-724): Approval to Increase Total Project Cost; Authorization for Partnership Agreements with Participating Universities; Completion of Technical Design of Telescope Instrument; Retention of S. J. Medwadowski, Consulting Structural Engineer, San Francisco, California, and Simpson Gumpertz and Heger, Consulting Engineers, Arlington, Massachusetts, to Provide Design Standards; Completion of Final Design of Facility; Submission of Project to Coordinating Board; Advertisement for Bids; Appropriation for Initial Phase; and Authorization for the Executive Committee to Award Contracts and Approve Additional Appropriations to Complete Total Project Funding.--Following a brief presentation, President Berdahl introduced the following individuals and recognized their important role in the development of the Spectroscopic Survey Telescope (SST) at The University of Texas at Austin McDonald Observatory at Mount Locke:

Dr. Frank N. Bash, Director of the McDonald Observatory

Mr. Thomas A. Sebring, Project Manager of the SST.

With the aid of view graphs, [copies](#) of which are on file in the Office of the Board of Regents, Mr. Sebring presented a comprehensive overview of the SST project to the Facilities Planning and Construction Committee.

Following Mr. Sebring's presentation and upon recommendation of the Facilities Planning and Construction Committee, the Board:

- a. Approved an increase in the total project cost for the Spectroscopic Survey Telescope (SST) for the U. T. Austin McDonald Observatory from \$12,000,000 to \$12,800,000

- b. Authorized U. T. Austin Administration to enter into partnership agreements with participating universities to guarantee their financial commitments for construction of the SST in exchange for subsequent use of the telescope
- c. Authorized completion of the technical design, specifications, bidding, and award of contracts for the production of the telescope instrument by U. T. Austin with assistance from outside consultants as needed
- d. Authorized U. T. Austin, in consultation with the Office of Facilities Planning and Construction, to retain the professional services of S. J. Medwadowski, Consulting Structural Engineer, San Francisco, California, for the design of the telescope optical support structure and Simpson, Gumpertz and Heger, Consulting Engineers, Arlington, Massachusetts, to provide design standards for the facility to house the telescope
- e. Authorized U. T. Austin, in consultation with the Office of Facilities Planning and Construction, to retain additional Architect/Engineer services as required to complete final plans and specifications for the general construction of the SST facility
- f. Authorized submission of the project to the Texas Higher Education Coordinating Board
- g. Authorized the Office of Facilities Planning and Construction to advertise for bids for the general construction of the SST facility upon completion of final review and approval by the Coordinating Board
- h. Approved the appropriation of \$10,000,000 to fund the initial phase of construction from the following sources:
 - \$ 5,400,000 from the other SST partner universities pending successful completion of agreements
 - \$ 2,550,000 in gifts and pledges
 - \$ 550,000 from the U. T. Austin Special Item state appropriation for the Center for Advanced Studies in Astronomy
 - \$ 1,500,000 from Available University Funds
 - \$10,000,000 (This includes previous appropriations authorized at the June 1992 meeting.)

- i. Authorized the Executive Committee to award all contracts associated with the general construction of the SST facility within the \$10,000,000 initial phase of construction
- j. Authorized the Executive Committee to approve additional appropriations from accounts and contributions to be determined to the maximum total project cost of \$12,800,000.

U. T. Austin McDonald Observatory serves the academic and research needs of the Astronomy Department in the College of Natural Sciences. The newest telescope currently in use at the Observatory is 26 years old and is incapable of performance sufficient to meet the needs of U. T. Austin. The Spectroscopic Survey Telescope project will provide the facility and instrument necessary to keep U. T. Austin McDonald Observatory at the forefront of competing institutions and universities in the field of astronomy.

The SST has been under development at U. T. Austin since 1985, and the Technical Design and Cost Estimate phase authorized by the U. T. Board of Regents in June 1992 has been completed. Fund raising, which was approved by the U. T. Board of Regents in February 1988, has produced gifts, funding, and promised contributions from partner institutions totaling \$10,000,000. This amount is sufficient for construction of a fully operational telescope. It is the intention of U. T. Austin McDonald Observatory to continue fund raising efforts during construction to support additional expansion of the project via additions of equipment and upgrades to a total project cost of \$12,800,000.

It was noted that the design and general construction of the SST facility to house the telescope will be managed through standard procedures by the Office of Facilities Planning and Construction with consulting architect/engineer services as required and in close coordination with U. T. Austin.

This project is included in the Coordinating Board Master Plan, the U. T. Austin Strategic Plan, The University of Texas System Capital Improvement Plan, and the FY 1993 Capital Budget.

Chancellor Cunningham stated that he would like to "take his hat off to his colleagues and friends who contributed to this effort" and recognized the following U. T. Austin officials who devoted a considerable amount of time and effort to this project:

Dr. Harlan Smith, former Director of McDonald Observatory and longtime Chairman of the Department of Astronomy

Dr. Gerhard Fonken, Executive Vice President and Provost.

2. U. T. Pan American - Academic Services Building (Project No. 901-739): Approval of Plaque Inscription.--The Facilities Planning and Construction Committee recommended and the Board approved the inscription set out below for a plaque to be placed on the Academic Services Building at The University of Texas - Pan American in accordance with the standard pattern approved by the U. T. Board of Regents in June 1979:

ACADEMIC SERVICES BUILDING
1992

BOARD OF REGENTS

Louis A. Beecherl, Jr., Chairman	Hans Mark
Mario E. Ramirez, M.D., Vice-Chairman	Chancellor, The University of Texas System
Robert J. Cruikshank, Vice-Chairman	Miguel A. Nevarez
Sam Barshop	President, The University of Texas - Pan American
Zan W. Holmes, Jr.	
Tom Loeffler	
W. A. "Tex" Moncrief, Jr.	
Bernard Rapoport	Graeber, Simmons & Cowan, Inc.
Ellen Clarke Temple	Project Architect
	B-F-W Construction Co., Inc.
	Contractor

3. U. T. Pan American - Allied Health Annex (Project No. 901-742): Authorization to Redesignate Building as the Health Sciences Annex and Approval of Plaque Inscription.--In order to better reflect the use of the building, the Board redesignated the Allied Health Annex at The University of Texas - Pan American as the Health Sciences Annex and approved the inscription set out below for a plaque to be placed on the building. The inscription follows the standard pattern approved by the U. T. Board of Regents in June 1979.

HEALTH SCIENCES ANNEX
1992

BOARD OF REGENTS

Louis A. Beecherl, Jr., Chairman	Hans Mark
Mario E. Ramirez, M.D., Vice-Chairman	Chancellor, The University of Texas System
Robert J. Cruikshank, Vice-Chairman	Miguel A. Nevarez
Sam Barshop	President, The University of Texas - Pan American
Zan W. Holmes, Jr.	
Tom Loeffler	
W. A. "Tex" Moncrief, Jr.	
Bernard Rapoport	Graeber, Simmons & Cowan, Inc.
Ellen Clarke Temple	Project Architect
	B-F-W Construction Co., Inc.
	Contractor

4. U. T. Permian Basin: Approval of Amendment to Lease Agreement with The Art Institute for the Permian Basin, Odessa, Texas, and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute Agreement.--At its April 1984 meeting, the U. T. Board of Regents approved a lease agreement with The Art Institute for the Permian Basin for approximately 2.42 acres of The University of Texas of the Permian Basin campus land for construction of an art museum with all costs associated with the construction and maintenance of the building to be borne by the Institute.

The current lease is for a term of 99 years, and U. T. Permian Basin may terminate the lease upon at least one year's prior notice except that the lease may not be so terminated during the initial 30 years of the lease. The governing board of the Institute wishes to accept an offer from a donor to expand the building, but prior to making the gift, the donor requested that the existing lease be amended by deleting the reference to termination on one year's notice.

In compliance therewith, approval was given to amend the lease agreement as set out on Pages 68 - 74 between the U. T. Permian Basin and The Art Institute for the Permian Basin, Odessa, Texas, to delete the option of the U. T. Board of Regents to terminate the lease agreement by giving at least one year's prior notice. Thus the lease will not be subject to cancellation during the remainder of its term.

Further, the Executive Vice Chancellor for Academic Affairs was authorized to execute, on behalf of the U. T. Board of Regents, the lease amendment following approval by the Executive Vice Chancellor for Business Affairs and the Office of General Counsel.

This lease of university land is of benefit to the university community and does not conflict with the U. T. Permian Basin Land Use Master Plan. U. T. Permian Basin has had a successful relationship with The Art Institute for the Permian Basin and beneficial use of the facility for special events. The construction plans will be subject to review and approval by the U. T. System Office of Facilities Planning and Construction for compatibility with existing campus buildings.

AMENDMENT TO LEASE AGREEMENT

STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF ECTOR

WHEREAS, on April 12, 1984, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, on behalf of THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN ("Lessor"), entered into a lease agreement with THE ART INSTITUTE FOR THE PERMIAN BASIN ("Lessee"), for the construction of a building on land owned by Lessor, and said Agreement being attached hereto as Exhibit "A"; and

WHEREAS, Lessee is desirous of adding an addition to the existing building for the purpose of **enlarging** The Art Institute for the Permian Basin; and

WHEREAS, it is mutually AGREED by **all** parties to this Agreement that it is for the best interest of Lessor and Lessee to amend the existing lease agreement; and

NOW, THEREFORE, for and in consideration of the above premises and the mutual covenants and agreements **hereinafter** stipulated, Lessor and Lessee mutually agree that this amendment to the lease agreement shall become effective on _____, 1993, and Item 1 of the attached Lease is hereby amended as set out below in congressional style:

1. For **valuable** consideration paid and covenants herein contained on the part of Lessee to be kept and performed, Lessor does hereby lease to Lessee, and Lessee does hereby lease from Lessor, the tract of land described on Exhibit "A" which is attached to and made a part of this Agreement (the "Leased Premises"), in its present condition, located in the City of Odessa, Ector County, Texas.

The initial term of this lease is ninety-nine (99) years, commencing on January 1, 1984, and ending on December 31, 2082.

~~[However, anything herein to the contrary notwithstanding, should Lessor determine that the leased premises are required for use as a part of the campus of The University of Texas of the Permian Basin, Lessor may terminate this Lease by giving Lessee written notice at least one (1) year prior to the termination date, except that it may not be so terminated during the initial thirty (30) years of this lease.]~~

Lessor and Lessee mutually AGREE that **all** other terms, provisions and conditions of the attached Agreement **shall** remain in full force and effect during all the terms of the Agreement as set out therein.

EFFECTIVE on the __ day of _____, 1993.

BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM

James P. Duncan
Executive Vice Chancellor
for Academic Affairs

APPROVED AS TO CONTENT:

APPROVED AS TO FORM:

James S. Wilson
Executive **Director**-
Endowment Real Estate

Linward Shivers
University Attorney

ATTEST

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

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

ATTEST:

THE ART INSTITUTE FOR
THE PERMIAN **Basin**

Secretary, Board of Directors

By: _____
Chairperson of The **Art Institute**
for The **Permian** Basin

GHERM WORK AMENDART.LSE

Revised 3/3/93

LEASE

THE STATE OF TEXAS §
 §
COUNTY OF ECTOR §

WHEREAS, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, at a regularly scheduled meeting on April 12th, 1984, authorized THE ART INSTITUTE FOR THE PERMIAN BASIN to lease a certain portion of the campus lands of The University of Texas of the Permian Basin, in the City of Odessa, Texas, upon which to construct a building for The Art Institute for the Permian Basin, such building to be a permanent **structure** of approximately 11,000 square feet in a color and style compatible with existing University buildings;

NOW, THEREFORE, the Board of Regents of The University of Texas System and The Art Institute for the Permian Basin have mutually agreed that it would be for the best interest and convenience of all **parties** that the terms and conditions of the Lease hereinbelow set out shall **govern** and control the tract above referred to.

This lease is entered into and effective as of the 12th day of April 1984, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM ("**Lessor**") and THE ART INSTITUTE FOR THE PERMIAN BASIN ("**Lessee**").

1. For valuable consideration paid and covenants herein contained on the part of Lessee to **be** kept and performed, Lessor does hereby lease to Lessee, and Lessee does hereby lease from Lessor, the tract of land described on Exhibit "A" which is attached to and made a part of this agreement (the "leased premises*"), in its present condition, located in the **City** of Odessa, **Ector** County, Texas.

The initial term of this lease is ninety-nine (99) years, commencing on January 1, 1984, and ending on December 31, 2082.

However, anything herein to the contrary notwithstanding, should Lessor determine that the leased premises are required for use as a part of the campus of The University of Texas of the Permian Basin, Lessor may terminate this Lease by giving Lessee written notice at least one (1) year prior to the termination date, except that it may not be so terminated during the initial thirty (30) years of this lease.

2. The premises leased hereunder shall be used by Lessee solely for the operation of an art gallery and art institute by Lessee, along with associated services such as parking, receptions, art shows, and art classes. The planning, construction, and operation of such facilities shall be accomplished by, and at the expense **of**, Lessee; provided, however, that all plans for the building, exterior improvements, modifications, site work, and additions to the leased premises must be approved in writing in advance by the President of The University of Texas of the Permian Basin. Lessee further **agrees** that all costs related to the use, occupancy, or surrender of this property shall be borne by Lessee.

3. The facilities shall be open to faculty, staff, and students at The University of Texas of the Permian Basin on the same basis as to the general public. For **formal** University classes, art shows, and the like, the University will have priority access, without charge. Priority access by the University shall **not** supersede activities scheduled by Lessee.

4. Lessee agrees to incur all expenses and to pay all charges for bringing to the leased premises and **using** whatever electricity, **gas**, heat, water, telephone, and other utility services Lessee may desire for the leased premises, including all taxes that may be levied or assessed **against** Lessee. Lessee further agrees to indemnify and save Lessor harmless from all such expenses and charges.

5. Lessee, at its own cost and expense, shall keep and maintain in thorough repair, good order, and safe condition all buildings, sidewalks, curbs, parking areas, fences, and other improvements of whatever character hereinafter erected upon the leased premises and their full equipment and **appurtenances**, both interior and exterior, structural and non-structural. Lessee shall use all reasonable precaution to prevent waste, damage, or injury and shall keep and maintain all portions **of** the leased premises in an attractive, neat, and orderly condition and free of accumulation of dirt and rubbish, and shall comply with all state, federal, and local laws, rules, and regulations with regard to the use and condition of the leased premises and improvements and equipment thereon.

6. At the termination of this Lease, Lessee shall promptly surrender the premises in substantially as good condition as when received, ordinary wear and tear and damage by fire or the elements alone excepted, and all improvements located thereon shall become the property of Lessor.

7. It is agreed and understood that Lessor is not to be liable for any damages or injuries to any person or persons or property on account of the occupancy, use, or improvements placed on the leased premises by the Lessee, its successors or assigns. Lessee agrees to indemnify and save Lessor harmless from any and all liability, damage, expense, causes

of action, suits, claims, or judgments arising from injury to person or property in or on the leased premises. Lessee shall, at its sole cost and expense, procure and maintain in force and effect during the term hereof public liability insurance covering both bodily injury and property damage protecting Lessor and Lessee from all claims of whatsoever character that might arise out of Lessee's use of the leased premises or the improvements thereon in an amount at least equal to the maximum limits of liability as contained in Article 6252-19, Vernon's Civil Statutes, the Texas Tort Claims **Act**, or any successor or companion **statutes**, as amended from time to time. Copies of Lessee's insurance policy, showing Lessor to **be a** named insured thereunder, shall **be** delivered to Lessor prior to the effective date of this lease, and the insurer **of** each policy shall agree to give Lessor at least ten **(10)** days' prior written notice before any cancellation **or** modification of such insurance **coverage**

8. Lessee shall not have the right to sublease or sublet the premises and the rights and privileges hereby granted may be transferred or assigned by Lessee only after obtaining the written consent of Lessor to such transfer or assignment.

9. Nothing contained in this **agreement** or any development and use by Lessee shall ever be construed **as** the dedication of the leased premises **for** the purpose of Lessee.

10. Any notice provided **for** herein shall be given by registered or certified United States **Mail**, postage prepaid, addressed, if to Lessor, to the President, The University of Texas of the Permian Basin, Odessa, Texas, 79762, and if to

Lessee, to it at the leased premises. The person and the place to which notices are mailed may be changed by either party by written notice to the other party.

IT WITNESS WHEREOF, the parties hereto have executed this instrument the 12th day of April 1977.

ATTEST:

Arthur H. Dilly
Arthur H. Dilly
Executive Secretary'

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM
By: Jon P. Newton
JON P. NEWTON
Chairman

LESSOR

ATTEST :

George Kelly
Secretary of the Board
of Directors of The Art
Institute for the Permian
Basin

ART INSTITUTE FOR THE PERMIAN
BASIN
By: Joanna Lambert
Chairperson of the Board of
Directors of The Art
Institute for the Permian
Basin

LESSEE

Approved as to Form:

James R. Irion III
James R. Irion III
University Attorney

Approved as to Content:

Tom E. Smith
Tom E. Smith
Real Estate Officer

5. U. T. San Antonio - Academic Building (Project No. 401-756): Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; and Appropriation Therefor.--Following a brief overview by President Kirkpatrick, the preliminary plans and specifications for the Academic Building at The University of Texas at San Antonio were presented to the Facilities Planning and Construction Committee by Mr. Boone Powell and Mr. Bruce Sasse, representing the Project Architect, Ford, Powell & Carson Architects & Planners, Inc., San Antonio, Texas.

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

- a. Approved preliminary plans and specifications for the Academic Building at U. T. San Antonio at an estimated total project cost of \$28,475,000
- b. Authorized the Project Architect to prepare final plans and specifications with authority for the Executive Vice Chancellor for Business Affairs to interrupt or delay the preparation if Tuition Revenue Bonds or other funds are not available for construction
- c. Appropriated \$500,000 from U. T. San Antonio Unexpended Plant Funds to be reimbursed from Tuition Revenue Bonds when issued.

The critical importance of this new building of approximately 200,000 gross square feet cannot be overstated. The net assignable educational and general space at U. T. San Antonio is currently only 53.6% of the Coordinating Board space planning standard. When completed, this building will add thirty-four classrooms, auditoria/lecture halls, instructional theater/studios, and seminar and case study rooms having a combined seating capacity for more than 2,260 students. Thus the new building represents an increase of 37% in the campus student seating capacity. The new building is also designed to accommodate the faculty and administrative offices of the College of Business.

The original fund source for this project, Permanent University Fund Bond Proceeds, is not viable at this time due to the decline in interest rates on the Permanent University Fund necessitating a delay in all construction projects to be funded from this source. However, the Texas Legislature is currently considering authorization of a Tuition Revenue Bond financing package for a number of higher education facilities. If approved, this source of funds will replace the Permanent University Fund Bond Proceeds allowing this much needed project to proceed. If Tuition Revenue Bond financing is not approved, it will be necessary to interrupt or delay the development of final plans until suitable funding can be assured. The additional funding required to complete the final plans for this project is approximately \$500,000.

6. U. T. Southwestern Medical Center - Dallas - Aston Ambulatory Care Center - Ninth Floor Finish Out (Project No. 303-798): Approval of Final Plans; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; Appropriation Therefor; 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 Health Affairs and Facilities Planning and Construction Committees:
- a. Approved the final plans and specifications for the Aston Ambulatory Care Center - Ninth Floor Finish Out at The University of Texas Southwestern Medical Center at Dallas at an estimated total project cost of \$3,055,000
 - b. Authorized the Office of Facilities Planning and Construction to advertise for bids and authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost
 - c. Appropriated \$3,055,000 from Revenue Financing System Bond Proceeds. Previous appropriations of \$170,000 from U. T. Southwestern Medical Center - Dallas Unexpended Plant Funds for project costs will be reimbursed.

Following a presentation by Mr. John Roan, Executive Director of Finance for The University of Texas System, 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, amended October 12, 1990, and upon delivery of the Certificate of an Authorized Representative set out on Page 78, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost including any project costs paid prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. 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 tax-exempt Parity Debt in the amount of \$3,055,000 for the construction of Aston Ambulatory Care Center - Ninth Floor Finish Out

- d. This resolution satisfies the official intent requirement set forth in Section 1.103-18 of the Treasury Regulations.

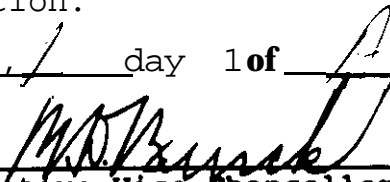
The scope of the work will complete approximately 33,124 gross square feet of shell space to help address an increase in patient volume as well as the development of new programs in cancer, bone and joint disease, and a center for pain control.

The Ninth Floor Finish Out project, which is included in the FY 1991 Capital Improvement Plan and the FY 1992 Capital Budget, was approved by the Texas Higher Education Coordinating Board in October 1992. Project funding will be \$3,055,000 from the issuance of tax-exempt Revenue Financing System Parity Debt. Revenue bonds will be serviced from designated funds but are also payable from any other "Pledged Revenue" as defined in the Master Resolution.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Executive Vice Chancellor for Business Affairs 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 Aston Ambulatory Care Center - Ninth Floor Finish Out 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, First Supplementary Resolution Establishing an Interim Financing Program, and the Second Supplemental Resolution, and is not in default of any of the terms, provisions and conditions in said Master Resolution, First Supplemental Resolution and Second Supplemental Resolution.

EXECUTED this 1 day 1 of April 9 3


Executive Vice Chancellor for Business Affairs

7. U. T. Health Center - Tyler - Ambulatory Care Center Addition and Renovation (Project No. 801-789): Approval of Preliminary Plans; Authorization to Prepare Final Plans; and Appropriation Therefor.--Following a brief overview by Director Hurst, the preliminary plans and specifications for the construction of the Ambulatory Care Center Addition and Renovation project at The University of Texas Health Center at Tyler were presented to the Facilities Planning and Construction Committee by Mr. James Clark and Mr. Lee Burch representing the Project Architect, Simons-Burch-Clark, Tyler, Texas.

Upon recommendation of the Facilities Planning and Construction Committee, the Board:

- a. Approved preliminary plans and specifications for the Ambulatory Care Center Addition and Renovation at the U. T. Health Center - Tyler at an estimated total project cost of \$11,300,000
- b. Authorized the Project Architect to prepare final plans and specifications to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$565,000 from institutional gifts and grants designated for this project to cover costs through the completion of final plans.

This new facility will accommodate significant growth in ambulatory care services, a family practice residency center, and clinic space for improved patient access and convenience. The additional space will provide for the outpatient oncology service, which acts as a regional center for the Texas Community Oncology Network in cooperation with The University of Texas M.D. Anderson Cancer Center. The Addition and Renovation project will also allow for the expansion of outpatient surgery, radiology, and pathology services.

The plans provide for a facility of approximately 80,000 gross square feet within a total project cost of \$11,300,000. Funding for the project will be \$4,800,000 from Patient Income, \$1,500,000 from private gifts and grants, and \$5,000,000 from Permanent University Fund Bond Proceeds. This project is included in The University of Texas System Capital Improvement Plan approved by the U. T. Board of Regents in June 1991 and the FY 1993 Capital Budget.

REPORT AND RECOMMENDATIONS OF THE ASSET MANAGEMENT COMMITTEE (Pages 79 - 115).--Committee Chairman Cruikshank reported that the Asset Management 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 Asset Management Committee and approved in open session and without objection by the U. T. Board of Regents.

I. PERMANENT UNIVERSITY FUND

APR - 1 1993

INVESTMENT MATTER

Report on Clearance of Monies to the Permanent University Fund for January and February 1993 and Report on Oil and Gas Development as of February 28, 1993.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for January and February 1993 and (b) Oil and Gas Development as of February 28, 1993, were submitted by the Executive Vice Chancellor for Business Affairs:

Permanent University Fund	January 1993	February 1993	Cumulative Through February of this Fiscal Year (1992-1993)	Cumulative Through February of Preceding Fiscal Year (1991-1992)	Per Cent Change
Royalty					
Oil	\$ 3,374,937.11	\$ 3,732,041.39	\$23,975,416.01	\$25,149,514.12	-4.67%
Gas	1,318,838.77	2,084,687.28	9,035,124.57	7,065,393.74	27.88%
Sulphur	0.00	0.00	0.00	(10,598.69)	
Water	82,006.50	36,947.71	389,702.78	300,076.08	29.87%
Brine	5,447.55	5,167.45	35,466.30	27,647.30	28.28%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Lease	0.00	(1,971.43)	297,705.48	365,033.53	-18.44%
Other	665.31	400.00	(3,746.99)	4,547.70	-182.39%
Sale of Sand, Gravel, Etc.	0.00	0.00	0.00	6.990.00	--
Total University Lands Receipts Before Bonuses	<u>4,781,895.24</u>	<u>5,857,272.40</u>	<u>33,729,668.15</u>	<u>32,908,603.78</u>	2.49%
Bonuses					
Oil and Gas Lease Sales	0.00	0.00	69,887.70	0.00	--
Amendments and Extensions to Mineral Leases	0.00	0.00	10.00	2,009.65	-99.50%
Total University Lands Receipts	<u>4,781,895.24</u>	<u>5,857,272.40</u>	<u>33,799,565.85</u>	<u>32,910,613.43</u>	2.70%
Gain or (Loss) on Sale of Securities	<u>18,250,454.49</u>	<u>14,791,948.47</u>	<u>55,374,999.16</u>	<u>24,017,525.14</u>	130.56%
TOTAL CLEARANCES	<u>\$23,032,349.73</u>	<u>\$20,649,220.87</u>	<u>\$89,174,565.01</u>	<u>\$56,928,138.57</u>	56.64%

Oil and Gas Development - February 28, 1993
 Acreage Under Lease - 653,031

Number of Producing Acres - 528,522

Number Of Producing Leases - 2,434

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. Arlington: Acceptance of Gift from Mrs. Laura Goodnight Poor, Dallas, Texas, and Establishment of the Laura Goodnight Poor Civil Engineering Scholarship for Women.--The Asset Management Committee recommended and the Board accepted a \$10,000 gift from Mrs. Laura Goodnight Poor, Dallas, Texas, and established the Laura Goodnight Poor Civil Engineering Scholarship for Women at The University of Texas at Arlington.

Income earned from the endowment will be used to provide financial support and recognition to deserving, qualified undergraduate and graduate students majoring in Civil Engineering at U. T. Arlington.

2. U. T. Austin: Acceptance of Gifts and Pledge from the Barton Creek Country Club Men's Golf Association, Austin, Texas, and Transfer of Funds for Addition to the Barton Creek Country Club Men's Golf Association Endowed Scholarship in the Department of Intercollegiate Athletics for Men and Redesignation as the George Hannon Endowed Scholarship.--The Board accepted \$5,000 in gifts and a \$25,000 pledge, payable by December 31, 1996, from the Barton Creek Country Club Men's Golf Association, Austin, Texas, and a \$15,000 transfer of Second Century Fund matching funds for a total of \$45,000 for addition to the Barton Creek Country Club Men's Golf Association Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin for a total endowment of \$55,000.

Further, in accordance with the donor's request, the Scholarship was redesignated as the George Hannon Endowed Scholarship.

3. U. T. Austin: Acceptance of Gifts from Various Donors and Corporate Matching Funds from Pennzoil Company, Houston, Texas, and Chevron Company, San Francisco, California; Establishment of the Board of Visitors Graduate Student Endowment Fund in the College of Natural Sciences; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--Upon recommendation of the Asset Management Committee, the Board accepted \$27,425 in gifts from various donors and \$425 in corporate matching funds from Pennzoil Company, Houston, Texas, and Chevron Company, San Francisco, California, for a total of \$27,850 and established the Board of Visitors Graduate Student Endowment Fund in the Department of Astronomy, College of Natural Sciences, at The University of Texas at Austin.

Further, matching funds in the amount of \$13,925 will be allocated under The Brackenridge Matching Program #2 to increase the endowment to a total of \$41,775.

Income earned from the endowment will be used to provide scholarship support to graduate students in the Department of Astronomy based on need or merit.

4. U. T. Austin: Approval to Accept Bequests from the Estate of Pauline Camp, Austin, Texas; Establishment of the Pauline Camp Operatic Voice Scholarship; and Addition to the Z. T. Scott Family Endowment for the Performing Arts in the College of Fine Arts.--Approval was given to accept specific bequests of \$10,000 and \$75,000 from the Estate of Pauline Camp, Austin, Texas, for the benefit of the College of Fine Arts at The University of Texas at Austin.

Further, the \$10,000 bequest will be used to establish the Pauline Camp Operatic Voice Scholarship in the Department of Music, College of Fine Arts, at U. T. Austin.

Income earned from the endowment will be used to award an annual scholarship in voice (opera) in the Department of Music within the College of Fine Arts.

Additionally, the bequest of \$75,000 will be used for addition to the Z. T. Scott Family Endowment for the Performing Arts in the College of Fine Arts at U. T. Austin for a total endowment of \$2,328,306.82.

5. U. T. Austin: Authorization to Amend Guidelines of the Earl W. Cunningham Endowed Presidential Scholarship in the College of Business Administration and the Graduate School of Business.--Authorization was granted to amend the guidelines of the Earl W. Cunningham Endowed Presidential Scholarship in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin to provide that the Scholarship be awarded to undergraduate or graduate students who have worked full-time in the past for The University of Texas System, including any of its component institutions, or who have a parent currently employed by, or retired from, the U. T. System.

Further, the guidelines were amended to provide that in years when suitable candidates meeting these requirements cannot be identified, decisions regarding the award of the Scholarship will be at the discretion of the Dean of the College of Business Administration and the Graduate School of Business.

The U. T. System Office of General Counsel has rendered an opinion that this modification is permissible under Section 65.36(f) of the Texas Education Code, and this amendment is acceptable to the donor.

6. U. T. Austin: Acceptance of Gift from Mrs. Lyall Pickett Davis, Dallas, Texas, and Establishment of the Robert Smith Davis and Lyall Pickett Davis Scholarship Fund in the College of Natural Sciences.--The Board, upon recommendation of the Asset Management Committee, accepted a \$10,000 gift from Mrs. Lyall Pickett Davis, Dallas, Texas, and established the Robert Smith Davis and Lyall Pickett Davis Scholarship Fund in the College of Natural Sciences at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to junior, senior, or graduate students who are majoring in Physics, Botany, Chemistry/Biochemistry, Zoology, or Mathematics. Recipients will be selected on the basis of merit and financial need, with preference given to female students.

7. U. T. Austin: Approval to Transfer Funds from the Thomas J. Dimiceli Endowed Presidential Scholarship in Accounting (#4); Establishment of the Thomas J. Dimiceli Endowed Presidential Scholarship in Accounting (#5); and Addition to the Thomas J. Dimiceli Endowed Presidential Scholarships in Accounting (#1, #2, #3, and #5) in the College of Business Administration and the Graduate School of Business.--Upon recommendation of the Asset Management Committee, the Board approved a transfer of \$38,732.80 from the Thomas J. Dimiceli Endowed Presidential Scholarship in Accounting (#4) in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin to be directed as follows:

- a. \$25,000 will be used to establish a fifth endowment to be named the Thomas J. Dimiceli Endowed Presidential Scholarship in Accounting (#5) in the College of Business Administration and the Graduate School of Business at U. T. Austin

Income earned from the endowment will be used to provide scholarship support to upper-division students in the area of accounting with special interest in the field of taxation in the College of Business Administration and the Graduate School of Business.

- b. \$13,732.80 will be allocated equally among the Thomas J. Dimiceli Endowed Presidential Scholarships in Accounting (#1, #2, #3, and #5), all in the College of Business Administration and the Graduate School of Business at U. T. Austin with \$3,433.20 transferred to each.

This transfer of funds results in a total endowment of \$28,733.20 for #1, \$28,433.20 for #2, \$31,041.20 for #3, \$28,433.20 for #4, and \$28,433.20 for #5.

This transfer of funds was made in accordance with the original intent of the donors as expressed in the donative instrument.

8. U. T. Austin: Acceptance of Gifts and Pledges from The University of Texas at Austin School of Nursing Alumni Association, Austin, Texas, and Establishment of the Mitzi I. Nuhn Dreher Endowed Presidential Scholarship in the School of Nursing.--The Asset Management Committee recommended and the Board accepted \$15,230 in gifts and \$9,770 in pledges, payable by May 31, 1995, from The University of Texas at Austin School of Nursing Alumni Association, Austin, Texas, for a total of \$25,000 and established the Mitzi I. Nuhn Dreher Endowed Presidential Scholarship in the School of Nursing at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to students in the School of Nursing.

9. U. T. Austin: Approval to Accept Transfer of Funds for Addition to the Priscilla Pond Flawn Fellowship in Early Childhood Education in the College of Education and to Redesignate the Fellowship as the Priscilla Pond Flawn Regents Professorship in Early Childhood Education.--The Board accepted transfers of \$15,644.50 from current restricted funds and \$15,500 from accumulated income for a total of \$31,144.50 for addition to the Priscilla Pond Flawn Fellowship in Early Childhood Education in the College of Education at The University of Texas at Austin for a total endowment of \$100,000.

Further, the Fellowship was redesignated as the Priscilla Pond Flawn Regents Professorship in Early Childhood Education.

10. U. T. Austin: Authorization to Allocate Matching Funds Under The Regents' Endowment Program for Addition to the L. D. Haskew Centennial Professorship in Public School Administration in the College of Education.--Authorization was given to allocate matching funds totaling \$11,660 from The Regents' Endowment Program to be added to the L. D. Haskew Centennial Professorship in Public School Administration in the College of Education at The University of Texas at Austin for a total endowment of \$274,070.14.

11. U. T. Austin: Acceptance of Transfer of Funds and Establishment of the Pat Hingle Endowed Presidential Scholarship in Theatre and Dance in the College of Fine Arts.--Upon recommendation of the Asset Management Committee, the Board accepted a \$25,000 transfer of current restricted funds and established a quasi-endowment in the Department of Theatre and Dance, College of Fine Arts, at The University of Texas at Austin to be named the Pat Hingle Endowed Presidential Scholarship in Theatre and Dance.

Income earned from the endowment will be used to award scholarships to outstanding upper-division undergraduate students majoring in theatre and dance in the College of Fine Arts.

12. U. T. Austin: Acceptance of Gifts from an Anonymous Donor and Establishment of the George M. Hocking Fund for the Collection of Floristic Books in the General Libraries.--The Asset Management Committee recommended and the Board accepted \$10,000 in gifts from an anonymous donor and established an endowment in the General Libraries at The University of Texas at Austin to be named the George M. Hocking Fund for the Collection of Floristic Books.

Income earned from the endowment will be used to purchase floristic texts and related library materials to enhance the George M. Hocking Collection held by the General Libraries.

13. U. T. Austin - Longhorn Scholarship Fund: Approval to Designate Permissible Use of Endowment Account for The Second Century Fund for Endowed Athletic Scholarships in the Departments of Intercollegiate Athletics for Men and Women.--Approval was given to designate the Longhorn Scholarship Fund at The University of Texas at Austin for use as needed by the Departments of Intercollegiate Athletics for Men and Women at U. T. Austin for The Second Century Fund in order to match private gifts designated for student support endowments.

Subject to the availability of funds, the President of U. T. Austin may make recommendations to the Executive Vice Chancellor for Academic Affairs for the matching of private gifts to endow student athlete scholarships with funds from the income or principal of the Longhorn Scholarship Fund. The Longhorn Scholarship Fund currently has a principal balance in excess of \$3.2 million.

14. U. T. Austin: Acceptance of Gifts from the Educational Foundation of the Texas Society of Certified Public Accountants, Inc., Dallas, Texas; Establishment of the Don M. Lyda Endowed Presidential Scholarship Fund in the College of Business Administration and the Graduate School of Business; and Eligibility for Matching Funds Under The Regents' Endowment Program.--The Board accepted \$25,000 in gifts from the Educational Foundation of the Texas Society of Certified Public Accountants, Inc., Dallas, Texas, and established the Don M. Lyda Endowed Presidential Scholarship Fund in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin. In addition, a \$1,000 gift from the Educational Foundation of the Texas Society of Certified Public Accountants, Inc., Dallas, Texas, was accepted to be used to award the first 1993 scholarship under the endowment.

Further, \$12,500 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$37,500.

Income earned from the endowment will be used to provide scholarship support for students in the Master in Professional Accounting Program and the Professional Program in Accounting in the College of Business Administration and the Graduate School of Business.

15. U. T. Austin: Acceptance of Gift from Mr. and Mrs. Baker (Mary) Montgomery, Dallas, Texas, and Transfer of Funds and Establishment of the Baker and Mary Montgomery Endowed Scholarship in the Department of Intercollegiate Athletics for Men.--Upon recommendation of the Asset Management Committee, the Board accepted a \$25,000 gift from Mr. and Mrs. Baker (Mary) Montgomery, Dallas, Texas, and a \$12,500 transfer of Second Century Fund matching funds for a total of \$37,500 and established the Baker and Mary Montgomery Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support for student athletes in the men's athletics program.

16. U. T. Austin - J. J. "Jake" Pickle Scholarship Program in the Lyndon B. Johnson School of Public Affairs: Authorization to Allocate Matching Funds from The Brackenridge Matching Program #2.--Authorization was given to allocate matching funds totalling \$446,373 from The Brackenridge Matching Program #2 to increase the J. J. "Jake" Pickle Scholarship Program in the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin for a total endowment of \$1,933,320.56.

17. U. T. Austin: Acceptance of Gifts from Various Donors and Establishment of the Donald T. and Gwen Rippey Endowed Scholarship in Community College Leadership in the College of Education.--The Asset Management Committee recommended and the Board accepted \$38,175 in gifts from various donors and established the Donald T. and Gwen Rippey Endowed Scholarship in Community College Leadership in the College of Education at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support for students enrolled in the Community College Leadership Program in the College of Education at U. T. Austin.

18. U. T. Austin: Acceptance of Gifts from Mr. Charles E. Seay and Mr. William H. Seay, Both of Dallas, Texas, and Establishment of the Margie and William H. Seay and Sarah M. and Charles E. Seay Endowed Scholarship in the Department of Intercollegiate Athletics for Men.--The Board, upon recommendation of the Asset Management Committee, accepted a \$5,000 gift from Mr. Charles E. Seay, Dallas, Texas, and a \$5,000 gift from Mr. William H. Seay, Dallas, Texas, for a total of \$10,000 and established the Margie and William H. Seay and Sarah M. and Charles E. Seay Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support for student athletes in the men's athletics program.

19. U. T. Austin: Acceptance of Gift from Mr. and Mrs. E. D. Vickery, Houston, Texas, and Establishment of the Anne Vickery Stevenson-Edward D. Vickery, Jr. Endowed Scholarship in the Department of Intercollegiate Athletics for Women.--Upon recommendation of the Asset Management Committee, the Board accepted a \$10,000 gift from Mr. and Mrs. E. D. Vickery, Houston, Texas, and established the Anne Vickery Stevenson-Edward D. Vickery, Jr. Endowed Scholarship in the Department of Intercollegiate Athletics for Women at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support for student athletes within the Department of Intercollegiate Athletics for Women who have made the greatest improvement in their academic studies from the previous year at U. T. Austin.

20. U. T. Austin: Approval to Accept Gift from Mr. and Mrs. Ralph B. Thomas, Houston, Texas, and Transfer of Funds and to Establish the Patricia and Ralph Thomas Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women.--Approval was given to accept a \$25,000 gift from Mr. and Mrs. Ralph B. Thomas, Houston, Texas, and a \$12,500 transfer of Second Century Fund matching funds for a total of \$37,500 and to establish the Patricia and Ralph Thomas Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes who have reached their fifth year of study, have completed athletic eligibility, and require financial assistance to complete an undergraduate degree or begin graduate studies. In any year that no fifth year student meets the criteria for this award, any student athlete within the Department of Intercollegiate Athletics for Women may be selected on the basis of need.

21. U. T. Austin: Acceptance of Gift from Mr. Gale White, Weimar, Texas, and Establishment of the Gale White Endowed Fellowship in Geophysics in the College of Natural Sciences.--The Board accepted a gift of 500 shares of Texas Instruments, Inc. common stock valued at \$23,062.50 from Mr. Gale White, Weimar, Texas, and established the Gale White Endowed Fellowship in Geophysics in the Institute for Geophysics, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to graduate students at the Institute for Geophysics with preference given to students specializing in the field of gravity research and instrumentation.

22. U. T. Austin - School of Law: Establishment of the (a) Mark G. Yudof Endowed Research Professorship in Law, (b) Julius Glickman Research Chair in Legal and Professional Ethics, (c) Ben and Mollye Glast Endowed Presidential Scholarship in Law, and (d) Judge Bill Junell Endowed Presidential Scholarship in Law.--Approval was given to establish the following endowments in the School of Law at The University of Texas at Austin with the understanding that the funds for the endowments will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations:

ENDOWMENT:	Mark G. Yudof Endowed Research Professorship in Law
Donor:	The law firm of Susman Godfrey, Houston, Texas
Gift Amount:	\$100,000
Total Endowment:	\$100,000

ENDOWMENT:	Julius Glickman Research Chair in Legal and Professional Ethics
Donor:	Mr. Julius Glickman, Houston, Texas
Gift Amount:	\$250,000
Donor:	Mr. Jimmy Janacek, Houston, Texas
Gift Amount:	\$250,000
Total Endowment:	\$500,000

ENDOWMENT:	Ben and Mollye Glast Endowed Presidential Scholarship in Law
Donor:	Mr. Sam Glast, Dallas, Texas
Gift Amount:	\$12,500
Law School Fdn. Matching:	\$25,000
Total Endowment:	\$37,500

ENDOWMENT:	Judge Bill Junell Endowed Presidential Scholarship in Law
Donor:	The law firm of Sewell & Riggs, Houston, Texas, and various donors
Gift Amount:	\$29,817.96
Total Endowment:	\$29,817.96

Income earned from the first two endowments will be used to support the Professorship and the Chair, respectively.

Income earned from the last two endowments will be used to award scholarships to law students.

23. U. T. Austin and U. T. Pan American: Approval to Transfer Funds from the William Terry Pollard and Claire Ford Pollard Memorial Loan Fund to U. T. Pan American for Administration as a Student Loan Fund.--With the concurrence of the donor, approval was given to transfer \$15,000 from the principal of the William Terry Pollard and Claire Ford Pollard Memorial Loan Fund (a current restricted fund) at The University of Texas at Austin to The University of Texas - Pan American for administration as a student loan fund.

The remaining principal of approximately \$37,000 will be maintained by U. T. Austin as an unrestricted student loan fund.

The U. T. System Office of General Counsel has rendered an opinion that this transfer of funds is permissible under Section 65.36(f) of the Texas Education Code.

24. U. T. Dallas: Acceptance of Transfer of Funds and Establishment of the Geosciences Fund.--The Board, upon recommendation of the Asset Management Committee, accepted an \$80,000 transfer of previously reported gifts from current restricted funds and established a quasi-endowment at The University of Texas at Dallas to be named the Geosciences Fund.

Seventy-five percent of the income earned from the endowment will be used to defray a portion of the costs of the Geosciences Program at U. T. Dallas. The remaining twenty-five percent of income earned will be reinvested in the corpus of the endowment.

25. U. T. El Paso: Acceptance of Gift from Mr. Moshe Azoulay, El Paso, Texas, and Establishment of the American Garment Finishers Endowed Excellence Fund for Entrepreneurial Development, Advancement, Research, and Support.--Upon recommendation of the Asset Management Committee, the Board accepted a \$10,000 gift and a \$40,000 pledge, payable by December 31, 1997, from Mr. Moshe Azoulay, El Paso, Texas, for a total of \$50,000 and established the American Garment Finishers Endowed Excellence Fund for Entrepreneurial Development, Advancement, Research, and Support at The University of Texas at El Paso.

Income earned from the endowment will be used at the discretion of the Dean of the College of Business Administration to support activities which stimulate, aid, and encourage entrepreneurial and/or small business development with preference given to use in support of functions of CEDARS (Center for Entrepreneurial Development Advancement Research and Support) that have direct impact on small and developing businesses in El Paso.

26. U. T. El Paso: Acceptance of Transfer of Funds and Establishment of the James D. DeGroat Memorial Library Fund.--The Asset Management Committee recommended and the Board accepted an \$11,515 transfer of funds from the Library Endowment Fund at The University of Texas at El Paso, consisting of gifts from Mrs. James D. (Mary Carolyn) DeGroat, El Paso, Texas, and various donors, and established an endowment at U. T. El Paso to be named the James D. DeGroat Memorial Library Fund.

Income earned from the endowment will be used to purchase books and periodicals for the University Library at U. T. El Paso.

27. U. T. El Paso: Approval to Accept Transfer of Funds and to Establish the Dr. John M. Hills Memorial Library Fund.--Approval was given to accept a \$10,769.91 transfer of funds from the Library Endowment Fund at The University of Texas at El Paso, consisting of gifts from Mrs. John M. Hills, El Paso, Texas, and various donors, and to establish the Dr. John M. Hills Memorial Library Fund at U. T. El Paso.

Income earned from the endowment will be used to purchase books and periodicals for the University Library at U. T. El Paso.

28. U. T. El Paso: Acceptance of Transfer of Funds and Establishment of the Robert P. & Margaret Love Library Fund.--The Board accepted a \$10,460 transfer of funds from the Library Endowment Fund at The University of Texas at El Paso, consisting of gifts from various donors, and established an endowment at U. T. El Paso to be named the Robert P. & Margaret Love Library Fund.

Income earned from the endowment will be used to purchase books and periodicals for the University Library at U. T. El Paso.

29. U. T. El Paso: Acceptance of Gift from Dr. and Mrs. Andrew (Valerie) Bernat, El Paso, Texas, and Establishment of the Arlene Smith McKinnon Endowment for Art.--Authorization was given to accept a \$10,000 gift from Dr. and Mrs. Andrew (Valerie) Bernat, El Paso, Texas, and to establish the Arlene Smith McKinnon Endowment for Art at The University of Texas at El Paso.

Income earned from the endowment will be used to support the exhibition of student art and to provide stipends for art students whose works are awarded at the annual Spring juried Student Art Show held by the Department of Art at U. T. El Paso. The stipend awards will be used to purchase these students' art works to create a permanent University Student Art Collection to be available for viewing in public areas on the campus of U. T. El Paso.

30. U. T. El Paso: Acceptance of Gift from Dr. Diana Natalicio, El Paso, Texas, and Establishment of the Bill and Jo Siedhoff Staff Scholarship Endowment.--Upon recommendation of the Asset Management Committee, the Board accepted a \$10,000 gift from Dr. Diana Natalicio, El Paso, Texas, and established the Bill and Jo Siedhoff Staff Scholarship Endowment at The University of Texas at El Paso.

Income earned from the endowment will be used for staff scholarships in accordance with the scholarship guidelines.

31. U. T. Tyler: Approval to Accept Gift from Dr. and Mrs. Thomas F. Eckert, Tyler, Texas, and to Establish The Stella Crews and Erwin Douglas Dyer Scholarship Endowment.--The Asset Management Committee recommended and the Board accepted a \$45,000 gift from Dr. and Mrs. Thomas F. Eckert, Tyler, Texas, and established The Stella Crews and Erwin Douglas Dyer Scholarship Endowment at The University of Texas at Tyler.

Income earned from the endowment will be used to award scholarships to students at U. T. Tyler.

32. U. T. Tyler: Report of Gift from Mrs. Maurine G. Muntz, Tyler, Texas, to the Liberal Arts/Fine and Performing Arts Complex.--It was reported that a \$500,000 pledge from Mrs. Maurine G. Muntz, Tyler, Texas, had been received to benefit the proposed Liberal Arts/Fine and Performing Arts Complex fund campaign at The University of Texas at Tyler. The pledge will be payable in quarterly installments of \$50,000 each beginning March 31, 1993, with the final payment due September 30, 1995.

33. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from The Sarah M. and Charles E. Seay Charitable Trust, Dallas, Texas; Establishment of the Sarah M. and Charles E. Seay Chair in Pediatric Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board, upon recommendation of the Asset Management Committee, accepted a \$250,000 gift from The Sarah M. and Charles E. Seay Charitable Trust, Dallas, Texas, and established the Sarah M. and Charles E. Seay Chair in Pediatric Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$250,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$500,000.

In addition, the actual income that will be earned on the \$250,000 gift and the \$250,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

See Page 57 related to an appointment to this Chair.

34. U. T. Medical Branch - Galveston: Approval to Accept Transfer of Funds and to Establish the Mason Guest Scholar Program.--Approval was given to accept a \$50,000 transfer of MSRDP funds and to establish an endowment at The University of Texas Medical Branch at Galveston to be named the Mason Guest Scholar Program.

Income earned from the endowment will be used either to send a junior nonfaculty scientist to a scientific meeting or training program or to bring a respected scientist to the U. T. Medical Branch - Galveston for interaction with faculty members of the Department of Physiology and Biophysics.

35. U. T. Health Science Center - Houston: Acceptance of Gift from the Houston Livestock Show and Rodeo, Houston, Texas, and Establishment of the Joseph T. Ainsworth, M.D. Country Doctor Endowed Scholarship.--Upon recommendation of the Asset Management Committee, the Board accepted a \$50,000 gift from the Houston Livestock Show and Rodeo, Houston, Texas, and established the Joseph T. Ainsworth, M.D. Country Doctor Endowed Scholarship at The University of Texas Health Science Center at Houston.

Ninety percent of the income earned from the endowment will be used to provide financial assistance for academically able students who intend to return to a rural area in Texas upon completion of their medical degree. The remaining ten percent of the income earned will be reinvested in the corpus of the endowment.

36. U. T. Health Science Center - San Antonio: Authorization to Redesignate the Endowed Professorship in the School of Nursing as The Oncology Nursing Endowed Professorship (No Publicity).--At the request of the donor, authorization was given to redesignate the Endowed Professorship in the School of Nursing at The University of Texas Health Science Center at San Antonio as The Oncology Nursing Endowed Professorship.

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

37. U. T. M.D. Anderson Cancer Center: Acceptance of Gift and Pledge from Mr. and Mrs. Paul R. Haas, Corpus Christi, Texas, and Establishment of the Paul and Mary Haas Endowment in Urologic Research and for Current Restricted Use.--The Asset Management Committee recommended and the Board accepted a \$275,000 gift and a \$225,000 pledge, payable by December 31, 1997, from Mr. and Mrs. Paul R. Haas, Corpus Christi, Texas, for a total of \$500,000 for the benefit of The University of Texas M.D. Anderson Cancer Center.

The \$275,000 gift established a term endowment to be named the Paul and Mary Haas Endowment in Urologic Research and the \$225,000 pledge will be used for the construction of a Urology Laboratory to be located in the Bertner Research Center at the U. T. M.D. Anderson Cancer Center.

Income earned from the endowment and the corpus of the endowment, if necessary, will be used in support of research programs within the Department of Urology.

38. U. T. M.D. Anderson Cancer Center: Acceptance of Annuity Payments from The 1992 Beverly M. Sloan Charitable Lead Annuity Trust.--The Board accepted an income interest in The 1992 Beverly M. Sloan Charitable Lead Annuity Trust (to be held in trust by NationsBank of Texas, N.A., Harris County, Texas) for current unrestricted use at The University of Texas M.D. Anderson Cancer Center.

III. INTELLECTUAL PROPERTY MATTER

U. T. M.D. Anderson Cancer Center: Approval of Sponsored Research Master Agreement with Aastrom Biosciences, Inc. (ABI), Ann Arbor, Michigan; Acceptance of Stock in ABI; and Approval for Albert B. Deisseroth, M.D., to Serve on the Board of Directors and Scientific Advisory Board of ABI.--Upon recommendation of the Asset Management Committee, the Board:

- a. Approved the Sponsored Research Master Agreement set out on Pages 94 - 115 by and between The University of Texas M.D. Anderson Cancer Center and Aastrom Biosciences, Inc. (ABI), Ann Arbor, Michigan
- b. Approved the acceptance by U. T. M.D. Anderson Cancer Center of stock in Aastrom Biosciences, Inc. as partial consideration for such agreement
- c. Authorized Albert B. Deisseroth, M.D., Ph.D., Chairman of the Department of Hematology at U. T. M.D. Anderson Cancer Center, to serve on the Board of Directors and Scientific Advisory Board of ABI.

Dr. Deisseroth's service will not conflict with his academic and research responsibilities to U. T. M.D. Anderson Cancer Center.

U. T. M.D. Anderson Cancer Center and Aastrom Biosciences, Inc., a Michigan corporation, entered into the Sponsored Research Master Agreement for purposes of collaborating in basic and clinical research programs in the growth of very powerful cells called stem cells and progenitor cells that may be transplanted into humans to produce normal tissues such as bone marrow. The collaboration may result in new avenues for expanded, affordable bone marrow transplantation on a medically effective basis. Dr. Deisseroth will direct the research program.

The agreement provides for ABI to fund not only the research program but also fellowships for postdoctoral training, clinical trials, and such other research and developmental activities as may be agreed upon by the parties. U. T. M.D. Anderson Cancer Center will license ABI to commercialize technologies resulting from the research at a royalty rate of two percent (2%) of net sales in excess of \$3,000,000.

As partial consideration for the agreement, ABI will transfer 50,000 shares of ABI common stock to U. T. M.D. Anderson Cancer Center to be held by The University of Texas System Office of Asset Management for the benefit of U. T. M.D. Anderson Cancer Center.

SPONSORED RESEARCH MASTER AGREEMENT

This Agreement is entered into as of 12/14, 1992, by and between the Board of Regents, The University of Texas System ("**Board**"), The University of Texas M.D. Anderson Cancer Center, 1515 Holcombe Boulevard, Houston, Texas 77030 ("Institution"), a component of the University of Texas System ("System"), and Aastrom Biosciences, Inc., Am Arbor, Michigan **48113-0469** ("Sponsor"), with respect to the following facts:

RECITALS

A. Institution has been a progressive leader in the delivery of new therapies for patients of Institution. The fields of bone marrow transplantation and stem cell genetic therapy have become targets for new cures for cancer, as well as other immunologic and genetic diseases. To maintain and enhance the leadership role of Institution in providing effective and affordable patient care, investigators at Institution have sought to expedite the general development of new therapies, in order to accelerate the availability of new therapies to patients of Institution, and for the benefit of the people of the state of Texas.

B. Sponsor is a young company that has novel technology for growing very powerful cells, caged stem cells and progenitor cells, that have the ability to be transplanted into humans, which cells then produce normal tissues, such as human bone marrow (hereinafter referred to as "Sponsor's Technology"). Sponsor's Technology is expected to provide new avenues for expanded bone marrow transplantation, on a more affordable and medically efficient basis. Sponsor's Technology is also expected to enable human stem cell gene therapy.

C. Institution and Sponsor have mutually determined that the most effective way to further the research and development of Sponsor's Technology is through a formalized collaboration for basic and **clinical** research programs (the "Stem Cell Research Program" or the "Research Program"), under the direction of Albert B. Deisseroth, M.D., Ph.D., an employee of Institution, as further described in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, Institution and Sponsor agree as follows:

1. **Term.**

1.1 This Agreement shall be effective commencing as of 1992/14 (the "Effective Date"). This Agreement shall continue for a term of four years, expiring on the fourth anniversary of the Effective Date, unless terminated earlier pursuant to Section 10 below.

2. **Research Program.**

2.1 The Stem Cell Research Program shall be located at Institution and shall be directed by Dr. Deisseroth. The primary purpose of the Research Program will be to conduct research and development for the clinical application of Sponsor's Technology regarding stem cell expansion, as described in Recital B above.

2.2 The Research Program shall be supported financially by Sponsor, which support may include (a) grant funding for basic research, (b) fellowships for postdoctoral training, (c) funding for clinical trials, and (d) such other research and development activities as may be mutually approved by Sponsor and **Institution.**

2.3 It is contemplated that there will be several distinct research projects within the Research Program, each having a separate budget, time schedule, and research plan, all of which are to be mutually approved by Institution and Sponsor before commencement of the research project, and which, upon approval, shall be attached hereto as exhibit C-n, where **n** is the number of the project. The terms of this Agreement shall govern the parties' rights and obligations with respect to each such research project which is specified to be a part of the Research Program contemplated by this Agreement, such that this Agreement, together with the specific budget, time schedule, and research plan for each separate research project, shall govern each separate research project. **An** example of such a specific research project is the Sponsored Laboratory Study Agreement, dated 9/22, 1992, concerning "**Ex** Vivo Expansion of Stem Cells for Transplant," which has already been **entered** into between Institution and Sponsor and which is attached hereto as Exhibit C-1. **In** order to have consistency and uniformity for all such separate research projects, any inconsistent or **conflicting** provisions between this Agreement and said Sponsored Laboratory Study Agreement shall be governed by the terms of this **Agreement**, with the terms of this Agreement superseding and prevailing over the terms of said Sponsored Laboratory Study Agreement.

2.4 Sponsor shall provide **scientific** collaboration with Institution, on a project-by-project basis as needed, with Sponsor sharing information about Sponsor's Technology, and **with** Sponsor assisting in the training of members **of** Institution's research team working on the **Research** Program. **In** order to augment **the** effectiveness of the collaboration between Institution and Sponsor, for the ultimate goal of developing new therapies for benefitting patients, it is acknowledged that Dr. Deisseroth currently serves as a member of the Board of Directors of Sponsor, and Dr. Deisseroth currently serves as a member of Sponsor's Scientific Advisory Board; and it is contemplated that these positions held by Dr. Deisseroth will continue through the term of this Agreement, so long as such continuation is mutually agreed to by both Dr. Deisseroth and Sponsor.

2.5 Institution will use its reasonable best efforts to conduct the various research projects which are approved from time to time by Institution and Sponsor to be part of the Research Program. Institution will furnish the facilities, equipment, supplies, and

personnel necessary to carry out said research projects which constitute the Research Program. Dr. Deisseroth will serve as the principal investigator for the Research Program and Dr. Deisseroth and Institution will utilize such additional personnel, **associates** and colleagues as may be reasonably required, in the discretion of Institution and Dr. Deisseroth.

2.6 Sponsor understands that Institution's primary mission is education, advancement of knowledge, and patient care, **and consequently**, the Research Program will be designed to carry out that mission within the criteria specified in the mutually approved **specific** plan for each research project. Institution does not guarantee specific results, and Institution does not guarantee that any patent rights will result from the Research Program, or that any patent rights which may result will be of commercial interest to Sponsor, or that any such patent rights will be free of dominance by other patents.

2.7 Institution shall conduct the Research Program on a reasonable-best-efforts basis, in accordance with the mutually approved specific plan for each research project. Institution will use its reasonable best efforts to conduct the Research Program in a manner which will not result in any third parties acquiring any proprietary rights to the results of the Research Program to which Sponsor is entitled.

3. **Compensation and Financial Matters.**

3.1 As consideration for the performance by Institution of each mutually approved **specific** plan for a research project which is to be a part of the Research Program pursuant to this Agreement, Sponsor will pay Institution an amount equal to Institution's reasonable expenditures and overhead to conduct the research project, subject to a maximum **expenditure** limit and budget criteria as specified in **the** mutually approved budget for each such research project. Payment of said consideration **will** be pursuant to a schedule as set forth in the mutually approved budget.

3.2 As additional consideration for this Agreement, and particularly the intellectual property rights granted to Sponsor pursuant to this Agreement, Sponsor hereby agrees to issue to Institution fifty thousand **(50,000)** shares of the common stock of Sponsor. Said stock shall vest on an annual basis over four (4) years, with 25% of the stock becoming vested on each anniversary of **the** Effective Date of **this** Agreement, such that 100% of the stock shall be fully vested on the fourth anniversary. Vesting will cease automatically upon any termination of this Agreement prior to the normal **expiration** of the scheduled four-year term of this Agreement. Upon any termination of this Agreement, any unvested shares shall be reconveyed, without consideration, to Sponsor. The shares of stock shall be issued subject to the standard stock restriction agreement used by Sponsor, a copy of which has been furnished to Institution. Sponsor agree's to "piggy-back" Institution's shares in the event of any formal registration of Sponsor's stock on a basis with other common stock

3.3 Institution hereby acknowledges that it (Institution) intends to use any proceeds or other financial benefits realized by Institution from the shares of stock issued

Received
[Handwritten signature]

to Institution to support the continuing research programs of Institution's Department of Hematology for the benefit of Institution's **patient's**.

3.4 Institution will keep accurate financial records relating to each separate research project, and will make such records available to Sponsor or its authorized representatives throughout the term of this Agreement, during normal business hours and upon reasonable notice.

3.5 Institution shall maintain in a separate account all funds contributed by Sponsor for a separate research project; and Institution shall expend such funds for the expenses of said research project in accordance with the mutually approved budget for that research project.

4. Consultation Reports.

4.1 During the term of this Agreement, Sponsor may consult informally with Institution's representatives regarding the Research Program, both personally and by telephone. Reasonable access to Institution's laboratories shall be given to Sponsor to review the research work being conducted in Institution's laboratories for the Research Program

4.2 Dr. Deisseroth or his designated representative will make periodic oral reports as requested by Sponsor concerning the status, progress and expenses of each research project. Within sixty (60) days after the end of each anniversary date of this Agreement, Dr. **Deisseroth** shall submit to Sponsor a written report **giving** a detailed summary of the status, progress, results, data, expenses, and future plans for each research project within the Research Program.

5. Intellectual Property Rights.

5.1 All patentable inventions and non-patentable technology which are, or result in, an improvement or **modification** of SPONSOR's documented or tangible technology disclosed or provided to carry out the research or clinical work, made **by** Institution resulting from the Research Program shall be owned by Board and licensed to Sponsor on an exclusive, world-wide basis, **with** right to sublicense, for a term equal to the life of the patent, or for a term **ending fifteen** (15) years after the date of **first** commercial sale of a product utilizing non-patentable technology, which ever occurs last.

5.2 Sponsor will pay the expenses to obtain, maintain, and defend such patent protection for the licensed, patentable inventions, as Sponsor deems reasonable and appropriate, using Sponsor's patent attorney, provided said patent attorney is reasonably acceptable to Institution.

5.3 In consideration of patent rights granted by Board and Institution under

this Agreement, Sponsor agrees to pay Institution the following:

- (a) A running royalty equal to two percent (2%) of annual Net Sales in excess of three million dollars (**\$3,000,000**) of products protected by a patent licensed by Institution to Sponsor ("Licensed Patent"), where Net Sales shall mean the gross revenues received by Sponsor from the sale of licensed products, less sales and/or use taxes 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). In the event that Net Sales result from a combination Product (i.e., a product which cannot be manufactured, used or sold without infringing the Licensed Patent, and also one or more patents held by Sponsor or a third party) or a Component Product (i.e., a product which is a distinct component of a product which contains multiple components) the Net Sales **shall** be determined in accordance with the following formula:

$$X = \frac{A}{B} \times C \quad \text{where:}$$

X = Net Sales attributable to the Component and/or Combination Product;

A = **value** of the contribution of the Sponsor's Licensed Patents or Component based on Licensed Patents;

B = aggregate value of **all** patent rights and or components;

C = Net **Sales** for the Combination and/or Component product.

The values **described** above shall be determined by the parties hereto in good faith. In the **absence of** agreement as to said **values**, the values shall be determined by arbitration, to the extent authorized by Texas law.

- (b) Sponsor shall have the right to grant sublicenses to any party, provided however, that any such sublicense shall be subject in all respects to **all** the provisions of **this** Agreement. Sponsor shall pay Institution or cause its sublicensee to pay Institution, royalties on **all** Net Sales of sublicensee, the same **as** if such Net Sales had been made by Sponsor. In the event that Sponsor receives consideration for the granting of a sublicense in a form other than royalties on Net Sales, then Sponsor shall promptly notify Institution, and Sponsor and Institution shall promptly negotiate in good faith to properly characterize said consideration and to determine a fair and reasonable portion of said consideration which shall be paid to Institution.

5.4 Sponsor's rights under this Agreement to inventions or other intellectual property shall not be deemed to include a grant to rights to any inventions or intellectual property belonging to third parties; and Institution shall use reasonable best efforts to conduct the Research Program in a manner which does not result in any third party acquiring any rights to the results from the Research Program funded by Sponsor.

5.5 Sponsor shall have an obligation to use reasonable good faith efforts to reasonably exploit any patentable inventions and non-patentable technology which is licensed to Sponsor. Sponsor shall furnish to Institution on an annual basis a written report identifying the efforts which have been undertaken and which Sponsor intends to undertake to so exploit the inventions and technology. It is recognized that the research and development efforts by Sponsor **will** take many years, particularly for conducting clinical trials for obtaining approval from the United States Food and Drug Administration. So long as Sponsor demonstrates to the reasonable satisfaction of Institution that Sponsor is actively pursuing reasonable efforts in an attempt to exploit and commercialize the licensed inventions and technology, Sponsor shall be deemed to be in compliance with its good faith efforts obligation pursuant to this Section 5.5. Evidence that Sponsor has an ongoing and active research, development, manufacturing, marketing, or licensing program, as appropriate, directed toward ultimate development, production and sale of products based upon the licensed inventions and technology, shall be deemed to be in compliance **with** Sponsor's good faith efforts obligation pursuant to this Section 5.5.

5.6 Any patentable invention or non-patentable technology arising from a research project within the Research Program that does not meet the criteria of Section 5.1, made by Institution shall be owned by Institution. Sponsor shall **not** have an automatic, royalty-free license to such invention or technology; however, Sponsor shall have a right of **first** refusal to obtain a license to said invention or technology. Upon the request of either party, the parties shall pursue reasonable good faith negotiations, for a period of at least ninety (90) days, for **establishing** the terms for such a license, including the royalty rate, exclusivity, geographical **territory**, and other customary terms. For the period of such negotiations, Institution shall not pursue any negotiations with a third party, or entertain any proposal **from** a third party, to license said invention or technology to a third party. **Additionally**, if, during the term of this Agreement and for a period of three (3) years thereafter, Institution receives a bona fide offer from a third party to license or otherwise use the subject invention or technology (which is not covered by Sections 5.1 or 5.3). Institution shall give a written notice to Sponsor of the name of the third party who is the proposed licensee, and the details of the proposed license **agreement**, whereupon Sponsor shall have a period of **sixty** (60) days in which to exercise its right of first **refusal** to enter into a license agreement on the same terms. Only if Sponsor does not exercise its right of **first** refusal and enter into the same license agreement may Institution enter **into** said license agreement with said third party, as specified in the notice given to Sponsor. Upon Institution's so entering into said license agreement with said third party, Institution shall reimburse Sponsor for all patent-related costs paid by Sponsor with respect to any patentable invention so licensed to said third party. If said patent costs were also

attributable to patentable rights which remain available to Sponsor, then an equitable allocation of said patent costs shall be made, and only the allocable share of costs for the invention rights licensed to the third party shall be reimbursed.

6. Publication and Confidentiality.

6.1 Institution and Dr. Deisseroth shall have the right to publish or **otherwise** publicly disclose information gained in the course of conducting the Research Program. Provided, however, in order to avoid loss of potential patent rights as a result of premature public disclosure of patentable information, Institution shall submit all **prepublication** materials to Sponsor for review and comment at least sixty (60) days prior to the planned submission for publication.

6.2 Subject to Article 6.3, below, Sponsor may use **for** any of its **filings** with the United States Food and Drug Administration, or any comparable governmental agency in another **country**, any and all data, results and findings from the Research Program.

6.3 Except as otherwise required by law or regulation, neither party shall release or distribute any materials or information containing the name of the other party or any **of** its employees, without the prior written approval of an authorized representative of the non-releasing party; but such approval shall not be unreasonably withheld.

6.4 In connection with the Research Program, and particularly the collaboration between Sponsor and Institution, it is expected that confidential information belonging to one party **will** be disclosed to the other party. Each party shall hold in **confidence** and not disclose to any third party any confidential information which has been disclosed by the other party. This confidentiality obligation shall remain in effect for a period of three (3) years after receipt of the confidential information. The parties acknowledge and agree that this confidentiality obligation shall not apply to information which:

- (a) is already in the recipient party's possession at the time of the disclosure **thereof**;
- (b) is or later becomes part of the public domain, through no fault of the recipient party;
- (c) is received by the recipient party from a third party having no obligation of confidentiality to the disclosing party;
- (d) is independently developed by the recipient party, without the benefit of the disclosure from the disclosing party; or
- (e) is required by law or governmental regulation to be disclosed.

7. Reserved Rights.

7.1 **Institution reserves** and retains for Institution and System the right to use any information, including patentable inventions, arising from the Research Program for Institution's and System's own research, teaching and other educationally related purposes, excluding, however, any commercial uses, and excluding any transfer of technology to third parties. Provided, however, Institution and System shall not use or disclose any of Sponsor's confidential information, without Sponsor's prior written consent. Institution and System shall delay use and disclosure of information concerning patentable inventions until appropriate patent protection is obtained by Sponsor, if Sponsor elects to pursue patent protection, as specified in Section 6.1 above. Institution also reserves rights as required for the United States Government to the extent required by Public Law **96-517**, if applicable.

a. Indemnification.

8.1 Institution shall, to the extent authorized under the constitution and the laws of the State of Texas, indemnify and hold Sponsor harmless from liability resulting from the negligent acts or omissions of Institution, its agents or employees pertaining to the activities of Institution to be carried out pursuant to this Agreement. Provided, however, Institution shall not hold Sponsor harmless from claims arising out of the negligence or **willful** malfeasance of Sponsor, its **officers**, agents or employees, or any person or entity not subject to Institution's or System's supervision or control.

8.2 Sponsor shall indemnify and hold harmless System and Institution and their regents, officers, agents and employees from any liability or loss resulting from judgments or claims against them arising out of the activities to be carried out pursuant to the obligations of this Agreement or from Sponsor's use of the results of the Research Program. Provided, however, that **Sponsor's** obligation to indemnify and hold harmless shall not be applicable to any claims arising out of the:

(a) negligent **failure** of Institution or System or their regents, officers, agents or employees, to comply with any applicable governmental requirements or to adhere to the terms of the mutually approved research project; or

(b) negligence or willful malfeasance by System or Institution or their regents, office& agents or employees.

8.3 Both parties agree that upon receipt of a notice of a claim or action arising out of the activities which are the subject of the indemnification obligations, the party receiving such notice will notify the other party promptly. **The** party obligated to provide the indemnity shall provide attorneys to defend against any such action which is the subject of the parties' indemnity obligation; and the other party shall cooperate in assisting to defend against such claim.

9. Independent Contractor.

9.1 **For purposes** of this Agreement and **all** research projects hereunder, the parties acknowledge and agree that they are independent contractors and are not agents or employees of the other party. Neither party shall have authority to make any statements, representations or commitments, or to take any action, which may be binding on the other party, except as may be expressly provided for herein or authorized in writing.

10. Termination.

10.1 This Agreement shall continue for a scheduled term of four (4) years, as specified in Section 1 above, unless sooner terminated in accordance with the provisions of this section. This Agreement shall be deemed to continue in effect during the scheduled four-year term so long as any one (1) or more **of** the following remain in effect and applicable:

(a) There remains in effect a research project which is being sponsored by Sponsor and conducted by Institution (including the existing research project referenced in Section 23 above); or

(b) Dr. Deisseroth remains as a member of Sponsor's **Scientific Advisory Board** or **Board** of Directors.

If neither of the foregoing remain in effect, then this Agreement shall be deemed to be terminated, unless both parties mutually agree in writing to continue the Agreement in effect.

10.2 In the event that either party shall be in default of its material obligations under this Agreement, or under any specific research project which is entered into pursuant to this Agreement, and said default shall not be remedied within sixty (60) days after the defaulting party receives a written notice of the default, then this Agreement shall terminate upon the expiration of said **sixty-(60)-day** notice period.

10.3 **Termination**, cancellation or expiration of this Agreement shall not affect the rights and obligations of the parties accrued prior thereto. Without limiting the generality of the foregoing, any funding obligations accrued and owing by Sponsor prior to a termination shall continue to be owed and paid thereafter; and any prepayment of funds for future research which has not been expended by Institution shall be refunded to Sponsor upon any such termination; and Sponsor's rights to license intellectual property arising from the Research Program prior to the termination shall remain in **full** force and effect; and the indemnity provisions shall remain in effect. Further, any other provisions of this Agreement which by their nature extend beyond the termination hereof shall **survive** such termination.

10.4 Upon any termination of this Agreement, Institution shall return to

Sponsor any of Sponsor's materials and/or equipment loaned or directly provided by Sponsor to Institution for the studies covered by this Agreement.

11. **General.**

11.1 This Agreement may not be assigned by either party without the prior **written** consent of the other party. Provided, **however**, Sponsor may assign its rights and obligations under this Agreement to any party which purchases substantially **all** of Sponsor's assets or stock, or into which Sponsor is merged, without needing any consent from **Institution.**

11.2 This Agreement, together with its Exhibits, constitutes the entire agreement between the parties relating to the Research Program, and all prior negotiations, representations, agreements and understandings are superseded hereby. Provided however, the Sponsored Laboratory Study Agreement referred to in Section 2.3 above and attached hereto **as** exhibit C-1 shall be **modified** only to the extent necessary to make its terms consistent with the terms of this Agreement. Further, it is contemplated, as set forth in Article 2, that additional specific research projects will become part of this Agreement, by means of a mutually approved research plan, budget and schedule for each additional research project.

11.3 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 both parties.

11.4 This Agreement shall be governed by, construed and enforced in accordance with the internal **laws of** the State of Texas.

11.5 Any notice required by this Agreement shall be given as follows:

To Institution at: **Attn:** Director, Technology Development
The University of Texas
M.D. Anderson Cancer Center
1020 Holcombe, Suite 1405
Houston, Texas 77030
FAX: (713) 794-1356
PHONE: (713) **792-7598**


To Sponsor at: Attn: President
Aastrom Biosciences, Inc.
P.O. Box 376
Ann Arbor, Michigan 48106
FAX: (313) **665-0485**
PHONE: (313) **930-5555**

Each notice shall be deemed delivered when received at the address specified above, with

the notice properly addressed to the attention of the officer as specified above. Said notice must be given in writing and may be transmitted by fax, telegram, mail, personal delivery, or in any other reasonable manner.

IN WITNESS WHEREOF, Institution and Sponsor hereby enter into this Agreement, effective as of the Effective Date defined in. Section 1, and execute three original counterparts.


AASTROM BIOSCIENCES, INC.

By: 
R. Douglas Armstrong, Ph.D.
President/CEO

UNIVERSITY OF TEXAS
M.D. ANDERSON CANCER CENTER

By: 
Michael J. Best
Chief Financial Officer


Content Approved:

By: 
William J. Doty
Director, Technology Development

Form Approved:


By: 
Matthew E. Burr, J.D.
Legal Services Officer

I have read this Agreement and understand my obligations hereunder:

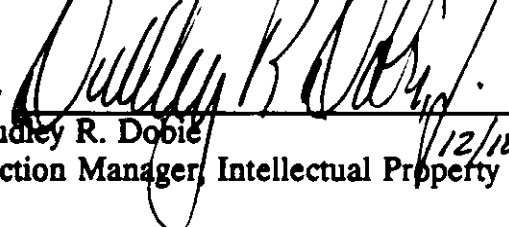
By:  12/14/92
Albert B. Deisseroth, M.D., Ph.D.
Principal Investigator

By: 
Irwin M. Krakoff, M.D.
Head, Division of Medicine

BOARD OF REGENTS
THE UNIVERSITY OF TEXAS

By: 
Thomas Ricks
Vice Chancellor for Asset Management

APPROVED AS TO FORM

By: 
Dudley R. Dobie
Section Manager, Intellectual Property 12/10/92

LSA

EXHIBIT C-1

SPONSORED LABORATORY STUDY AGREEMENT

THIS **Agreement** is made this 11th day of September, 1992, between The University of Texas M.D. Anderson Cancer Center, 1515 Holcombe Boulevard, Houston, Texas 77030 ("Institution"), a component of The University of Texas System ("**System**"), and AASTROM Biosciences, Inc., Ann Arbor, Michigan 48113-0469 ("**Sponsor****"), to conduct a research study and evaluation ("**Study**"). Institution and Sponsor agree as follows:

1. PROTOCOL

- 1.1 Institution agrees to use its best efforts to conduct the Study, as an independent contractor, in accordance with Institutional policy, applicable laws and regulations and the Project, "**Ex Vivo Expansion of Stem Cells for Transplant**", as described in Exhibit A attached hereto and incorporated herein. The Study will be supervised by Albert B. Deisseroth, M.D., Ph.D. ("**Principal Investigator**"), at Institution, with assistance from associates and colleagues as required.
- 1.2 Sponsor agrees to engage the services of Institution to conduct the Study and further agrees to provide at no cost to Institution the cell expansion **technology** for the conduct of the Study.
- 1.3 Institution agrees to provide Sponsor access to all results of the Study, to provide Sponsor with a written report of the results of the Study, and to administer the funds in general accordance with the budget described in Exhibit B. Sponsor shall have the right to disclose, publish and use such **reports, results, data** and information developed by Institution hereunder.

2. AWARD

- 2.1 In consideration for performance of the Study by Institution, Sponsor shall pay Institution One Hundred **Forty-Two** Thousand Eight Hundred Four and No/100 Dollars (**\$142,804.00**) for Study expenses and other related costs. This amount, shown by approximate category of expense in Exhibit B attached hereto for information only, is payable in Four (4) installments as follows: (1) the first **installment** of Seventy-One Thousand Four Hundred Two and No/100 Dollars (**\$71,402.00**) is payable within thirty (30) days of the date herein above (2) the remaining Three (3) installments of Twenty-Three Thousand Eight Hundred and 67/100 Dollars (**\$23,800.67**) each are payable on a quarterly basis.

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3. **TERM**

- 3.1 This Agreement shall continue in force until the earlier of completion of the Study as mutually agreed upon by the **parties** or one (1) **year** from the date set forth above: provided, however, that either party may **terminate** the Agreement by giving thirty (30) days advance notice to the other.
- 3.2 Upon early termination of this Agreement, Sponsor shall be liable **for** all reasonable costs incurred or obligated by Institution at the time of such termination, subject to the maximum amount specified in Article 2. Sponsor shall pay Institution for such costs within thirty (30) days of receipt of an invoice **for** same. Upon early termination by either Sponsor or Institution, Institution shall **refund** any unused funds.
- 3.3 Upon *termination of this Agreement*, Institution shall return Sponsor's *materials* and equipment to Sponsor.

4. **INDEMNIFICATION**

- 4.1 Institution shall, to the extent authorized under the Constitution and laws of the State of Texas, indemnify and hold **Sponsor** harmless *from* liability resulting from the negligent acts **or** omissions of Institution, its *agents* or employees pertaining to the activities to **be** carried out pursuant to the obligations of this Agreement; provided, however, that Institution shall not hold Sponsor harmless from claims arising out **of** the negligence or willful malfeasance **of Sponsor, its officers, agents, or employees, or any person** or entity not subject to Institution's supervision or control.
- 4.2 Sponsor shall **indemnify** and hold harmless System, Institution, their Regents, officers, **agents** and employees from any liability or loss resulting from judgments or claims against them arising **from the use by Sponsor** of the results of the Study; provided, **however**, **#at the following is excluded from Sponsor's obligation to indemnify and hold harmless:**
- a. the negligent failure of Institution to comply with any applicable governmental requirements or to **adhere** to **the** terms of the project as described in Exhibit A; or
 - b. the negligence or willful malfeasance by **a** Regent, officer, agent, or employee of Institution or System.

5. **PUBLICATION MD CONFIDENTIALITY**

- 5.1 **a.** All data, know-how, and non-patentable technology resulting from Goals a and **b** or Specific Aims I and II of the Study shall be available for use by sponsor, without additional payments.

AASTROM 8/24/92

- b. All patentable inventions that are specific improvements to or modifications of Sponsor's cell expansion ~~●~~ ~~◊~~ ~~⊗~~ ~~□~~ ~~○~~ ~~∩~~ ~~■~~ ~~◆~~ and related technology, made by the Institution that result directly from Goals a and b or Specific Aims I and II of the Study shall be owned by the Institution, and licensed to Sponsor for use within the fields of use described in the Study. Said license shall be on a non-exclusive, world-wide, royalty-free basis, with the right to sublicense. Sponsor shall have an obligation to use good faith efforts to reasonably exploit said licensed patentable inventions.
 - c. Sponsor shall have a right of first refusal to obtain a license to use all other patentable inventions not described in Section 5.1 **(b)**, hereinabove, but arising from the pursuit of Goals a and b, or specific Aims I and II of the Study. Said license shall be on an exclusive, world-wide, royalty-bearing basis, with the right to sublicense. Said royalty shall be at a reasonable, commercial rate, to be determined by mutual agreement or by arbitration.
 - d. Sponsor will pay for any patent prosecution, maintenance or defense costs, to obtain and maintain such patent protection as Sponsor deems appropriate, using Sponsor's patent attorney, provided said attorney is acceptable to Institution.
 - e. Sponsor's rights under this Agreement to inventions or other intellectual property shall not include rights to inventions or intellectual property to which third parties have rights.
- 5.2 The parties reserve the right to publish or otherwise make public ~~the~~ data resulting from the Study., The party so wishing to publish or make public shall submit any such manuscript or release to the other party for comment thirty (30) days prior to publication or **release**. The reviewing party may request the publishing party to delay publication for a maximum of an additional sixty (60) days in order to secure patent protection for inventions described therein. It is the intent of the parties that no publication will contain any of the confidential information of the reviewing party without the reviewing party's prior written consent.
- 5.3 Except as otherwise required by law or regulation, neither party shall release or distribute any materials or information containing the name of the other party or any of its employees without prior written approval by **an** authorized representative of the non-releasing party, but such approval shall not be unreasonably withheld.

AASTROM 8/24/92

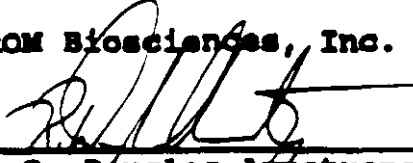
5..4 Each party shall hold in confidence for three (3) **years** after the termination of this Agreement any confidential information identified as confidential **and** obtained **from** the other party during the course of this Study. Nothing herein, however, shall prevent Institution or any other component of **System** from using any information generated hereunder for ordinary **research** and educational purposes of a university.

6. GENERAL

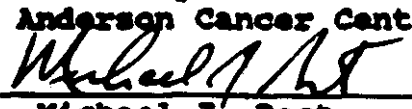
- 6.1 This Agreement, including the attached Exhibit A and B, constitutes the entire and only **Agreement** between the parties relating to the Study, **and** all prior negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering **or** supplementing the **terms** hereof, including the exhibits attached hereto, may be made except by a written document **signed** by the duly authorized representatives of the parties.
- 6.2 Any conflicts between the Study and **this Agreement are** controlled **by** this Agreement.
- 6.3 This Agreement shall be construed and enforced in accordance with the laws of the State of Texas.
- 6.4 This **Agreement** anticipates educational training and **may** involve health science postgraduates and other students of the Institution.

IN WITNESS WHEREOF, Institution and Sponsor hereby enter into Agreement, effective as of the date first set forth above, and execute three (3) original counterparts.

AASTRON Biosciences, Inc.

BY: 
R. Douglas Armstrong, Ph.D.
Title President/CEO


The University of Texas
M.D. Anderson Cancer Center

BY: 
Michael J. Best
Title Chief Financial Officer

I have read this agreement and understand my obligations hereunder:

BY: 
Albert B. Deisseroth, M.D., Ph.D.
Principal Investigator

CONTENT APPROVED:

BY: 
Donna S. Gilberg, CPA
Manager, Sponsored Agreements

BY: 
Irwin H. Krakoff, M.D.
Head, Division

FORM APPROVED:

BY: 
Matthew E. Burr, J.D.
Legal Services Officer

Make Payment To:
The University of Texas
M.D. Anderson Cancer Center
Tax I.D. 74 600118 A1

AASTRON Correspondence:
R. Douglas Armstrong, Ph.D.
President/CEO
AASTRON Biosciences, Inc.
P.O. Box 376
Ann Arbor, MI 48106

Mailing Name and Address:
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The University of Texas
M.D. Anderson Cancer Center
P.O. Box 297402
Houston, TX 77197

AASTRON 8/24/92

EXHIBIT A

PROPOSAL TO **AASTROM BIOSCIENCES, INC.**
EX VIVO EXPANSION OF STEM CELLS FOR TRANSPLANT

PROGRAM GOALS:

A. ESTABLISHMENT OF THE BIOREACTOR AT M.D. ANDERSON

In order to establish the ex vivo expansion of the hematopoietic stem cells and to explore ways of expanding stem cells after genetic modification, we have proposed to collaborate with **AASTROM Biosciences, Inc.** to study a chamber developed by this company called the Bioreactor for use in expanding stem cells.

We will use the **MSTROM** bioreactor for the ex vivo expansion of hematopoietic stem cells obtained at the time of bone marrow storage. We will characterize the number of cells which grow in this bioreactor with respect to their stage of maturation and growth potential. We will compare the types of cells growing using molecular assays (PCR, FISH, and **FACS**).

B. STUDY OF DIFFERENTIAL GROWTH OF LEUKEMIC AND NORMAL CELLS

Acute myelogenous leukemia (**AML**) is a disease which is usually treated by combination chemotherapy. Seventy-five percent of patients go into complete remission, but only 20% of patients overall are cured of their disease with chemotherapy. Another 20% are eligible for allogeneic bone marrow transplantation, either at the time of relapse or at the time of induction of remission, if some feature of the disease is predictive of relapse. For those individuals not eligible for allogeneic bone marrow transplantation, and for whom relapse has occurred, salvage regimens are necessary. One of the most effective salvage regimens includes the use of **Famp Ara-C**. Delivery of more than two courses of **Famp high-dose &a-C** has been associated with progressive **thrombocytopenia** in our experience. This limits the number of courses of chemotherapy which can be delivered to these patients. This loss of platelet function cannot be corrected by the use of hematopoietic growth factors. Thus, this is a setting in which the use of the **AASTROM** bioreactor could play a role in the use of autologous stem cells to make safe and practical the delivery of effective salvage therapy.

However, contamination of the autologous cells with the leukemic population is the problem which requires study, before the **AASTROM** bioreactor conditions, which promote the growth of the normal hematopoietic cells, would not promote the growth of the abnormal hematopoietic cells. We are proposing to initially study in a preclinical model the relative efficiency of growth of the normal and abnormal hematopoietic progenitor cells in the smallest of the **AASTROM** bioreactors. The Molecular Hematology Section at the U.T. M.D. Anderson Cancer Center is uniquely equipped to resolve this question as it has a number of molecular assays (PCR, FISH, and **FACS**) available which can be used to follow

the number of normal or leukemic cells which remain in the patient's marrow cells following in vitro growth in the AASTROM reactor, and in the patient's bone marrow *in vivo* following each course of chemotherapy. following establishment of data which suggests that AML cells do not grow in the MSTROM bioreactor, or that there is differential growth of the normal cells and suppression of the leukemic cells in the AASTROM bioreactor. we will apply it to clinical trials.

EXPANSION OF THE HEMATOPOIETIC STEM CELLS FOLLOWING GENETIC MODIFICATION

The AASTROM bioreactor is a potentially useful device to enable expansion of hematopoietic stem cells following introduction of safety-modified retroviruses which carry sequences of potential value to the therapy of neoplastic diseases. Due to the low transduction frequency associated with the use of currently available retroviruses, we are proposing to use the AASTROM bioreactor to expand genetically-modified stem cells following transduction and selection for the modified cells. This will require optimization of the conditions of transduction and selection in the MSTROM bioreactor as well as the capability for expansion *ex vivo*.

SPECIFIC AIRS OF PROPOSAL FOR YEAR 1:

This program is designed to provide for the establishment of the technology and expertise at the U.T. M.D. Anderson Cancer Center Molecular Hematology Unit which is necessary for the operation of the AASTROM bioreactor. This will include technological studies designed to monitor efficiency, quality, and reliability of the operation of the AASTROM bioreactor in the hands of the U.T. M.D. Anderson personnel in Houston, and the types of cells which grow in the reactor: leukemic versus normal, in those cases in which the marrow of leukemic patients are being grown in the reactor. The *in vitro* trials with the AASTROM bioreactor will also be devoted to the study of conditions which will be optimal for the use of safety-modified retroviruses for the genetic modification of hematopoietic stem cells from human marrow for use in the genetic therapy of hematopoietic neoplasms or solid tumors.

We will specifically examine the following:

1) **SPECIFIC AIM I: ESTABLISHMENT OF THE OPERATION OF THE MSTROM BIOREACTOR IN THE HEMATOLOGY UNIT OF THE U.T. M.D. ANDERSON CANCER CENTER:** MSTROM personnel will send to the U.T. M.D. Anderson Cancer Center the MSTROM bioreactor for use in expansion of the hematopoietic stem cells. This will involve initially the use of the smallest reactor, followed by the use of the intermediate and finally, the largest reactor for the expansion of engrafting numbers of hematopoietic stem cells. The growth of these cells will be followed by total nucleated cell count, culture assays of early, intermediate and late progenitor cells, in the

methylcellulose, delta and Dexter culture assays. **The** use of FISH assays for the normal and leukemic progenitors, and PCR assays for **these** two populations, **will** be used to monitor the types of cells which are growing in this bioreactor.

2) SPECIFIC AIM II: ESTABLISHMENT OF CONDITIONS UNDER WHICH NORMAL BUT NOT LEUKEMIC MYELOID PROGENITOR CELLS GROW IN THE AASTROM BIOREACTOR: The use of the **AASTROM** bioreactor for the expansion of marrow cells from AWL patients **will** also be studied. These cells will be studied in the **smallest** reactor, on a small analytical scale, and then studied in the intermediate size reactor, and finally in the large transplantation **sized reactor**. Thus, a **stepwise** program **will** be used to establish the capability of \bullet x vivo expansion using the **AASTROM** bioreactor and the types of cells which are growing in *this bioreactor*.

3) SPECIFIC AIM III: COLLABORATION OF THE U.T. M.D. ANDERSON CANCER CENTER UNIT AND AASTROM IN THE FIELD OF GENETIC MODIFICATION OF HEMATOPOIETIC STEM CELLS USING SAFETY-MODIFIED RETROVIRUSES: The **Molecular Hematology** Section of the U.T. *M.D. Anderson Cancer Center* **will** use the operation of the **AASTROM bioreactor** and the ongoing testing of **this** reactor at M.D. **Anderson** to: a) develop better means of transduction of the hematopoietic stem cells \bullet x vivo with safety-modified retroviruses; and b) to test out the vectors under development at the University of **Michigan** and at AASTROM for the development of genetic **therapy** of human **disease**.

WORK PROPOSED:

SPECIFIC AIM I: ESTABLISHMENT OF THE OPERATION OF THE AASTROM BIOREACTOR AT M.D. ANDERSON CANCER CENTER:

In order to develop the expertise to expand stem cells in the AASTROM bioreactor, we are proposing to first use the smallest AASTROM bioreactor to develop the experience and expertise for the operation of the **AASTROM** bioreactor at M.D. Anderson. This will involve the use of human marrow samples from the bone marrow specimens incidentally obtained at M.D. Anderson for growth in the AASTROW bioreactor. This **will** require the principal investigator at the U.T. **M.D. Anderson Cancer Center**, Dr. Deisseroth, his co-investigators, and technical personnel, to successfully set up the apparatus, and apply the methods of FISH, FACS and PCR to follow in the methylcellulose, **delta** and Dexter culture systems the analysis of the cells which are growing in the bioreactor.

These samples will be characterized with respect to the number of total nucleated cells, late progenitors (**CFUGM**), intermediate progenitors (ones that grow in the delta assay and than grow in the methylcellulose assay, and which grow in the Dexter assay. Following the growth in the delta and Dexter assays, they **will** then be grown in methylcellulose as a final readout assay. The results will be compared with those previously obtained at AASTROM with respect to the number of cells which are growing, the rate at which they increase with time, and the clonogenicity and the degree of

maturation of each of those types of progenitor cells. The following types of marrow will be grown: marrow from non-leukemic individuals and from patients with acute and chronic myelogenous leukemia. The cells will be characterized with respect to the numbers of normal and CML cells which are growing by PCR, FISH, and cytogenetics.

These types of cells which are growing at varying times after inoculation will be studied with respect to the presence or absence of markers which are specific for CML [t(19;22)], and for marker chromosomes which are specific for AML: t(15;17), t(8;21), i16, i3, -5, -7, 5q-, 7q-, and +8.

The marrow grown from patients with ovarian cancer and with trophoblastic disease of pregnancy will also be studied for markers which are specific for these diseases.

SPECIFIC AIM II: ESTABLISHMENT OF CONDITIONS UNDER WHICH NORMAL BUT NOT LEUKEMIC MYELOID PROGENITOR CELLS GROW IN THE AASTROM BIOREACTOR:

Aspirates of marrow, obtained at the time of autologous harvest, or at the time of diagnostic aspirate (initial presentation in untreated patients, or at relapse, or in morphological remission), will be obtained in the course of regularly scheduled diagnostic or therapeutic procedures approved by the U.T. M.D. Anderson Cancer Center IRB. These cells will be subjected to discontinuous density gradient centrifugation (40/60 Percoll), and/or CD34 selection. These cells will be grown under the conditions outlined by AASTROM for the AASTROM bioreactor (initially the smallest, and later the intermediate size reactor). The cells will be characterized first for the cytogenetic composition by classical metaphase cytogenetics, in addition to which fluorescent in situ hybridization (FISH) assays, PCR assays, and FACS assays (for rare immunophenotypes which are characteristic of leukemic populations) will be performed in order to characterize the initial populations for molecular markers of use in the study of the differential growth of the leukemic and normal populations.

These same assays will be used to follow the composition of the cells in the AASTROM bioreactor. The Molecular Hematology group has the following assays for acute myelogenous leukemia cells: 2 color FISH for balanced translocations (chromosomal painting) for t(15;17), t(8;21), t(9;22), as well as centromeric FISH assays for +8, -7, and -5. In addition, specific probes exist for i16 and i3. PCR assays are available for 7q-, 5q-, t(15;17), t(9;22), and inversion 16. FACS analysis of leukemic populations has been used to develop assays for the presence of leukemic cells in minimal residual leukemic disease and remission duration. The reappearance of the cells bearing abnormal combinations of lineage-specific and maturation-specific markers can also be used to identify the presence of the abnormal cells. The combination of FISH for interphase cells with FACS and PCR measurement of residual leukemic cells will permit us to test if the AASTROM bioreactor

culture conditions can be used for the selective growth of normal cells from AML patients.

SPECIFIC AIM III: DEVELOPMENT OF METHODS OF MODIFYING HEMATOPOIETIC STEM CELLS WITH SAFETY-MODIFIED RETROVIRUSES:

Dr. Michael Clark has developed a series of vectors which he has shown to exhibit high frequency transduction of hematopoietic stem cells. The laboratory of Dr. Daisueth has also developed a series of retroviruses into which sequences have been introduced which can modify the growth of normal and abnormal hematopoietic stem cells. In this section, the investigators of AASTROM and Dr. Deisseroth's group will collaborate in the study of methods for the introduction of these retroviruses into cells from the peripheral blood of individuals with leukemic and non-leukemic marrow. Ways of using the AASTROM vector to enhance the transduction frequency into stem cells and to expand these cells after transduction will be studied.

EXHIBIT B

SPONSORED LABORATORY STUDY AGREEMENT

BETWEEN

THE UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER

AND

AASTROM BIOSCIENCES, INC.

"EXVIVO EXPANSION OF STEM CELLS FOR TRANSPLANT"

The approximate distribution of expenses related to the Study described in the covering Agreement is as follows:

Salaries (including fringe benefits)	\$ 71,981.00
Supplies	29,262.00
Travel	3,000.00
Other Miscellaneous Costs	10,000.00
Indirect Costs (institutional overhead)	<u>28,561.00</u>
TOTAL	<u>\$142,804.00</u>

These expenses are provided for information only. Institution reserves the right to modify the distribution of such expenses as necessary in the circumstances, provided that the stipulated total cost of \$142,804.00 is not exceeded.

AASTROM 8/24/92

RECONVENE.--At 12:06 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEMS FOR THE RECORD

1. U. T. Board of Regents and U. T. Brownsville: Report of Appointment of Regents Lowell H. Lebermann, Jr., Mario E. Ramirez, M.D., and Ellen Clarke Temple to Serve on the Partnership Advisory Committee Between U. T. Brownsville and Texas Southmost College.--As Chairman of the Academic Affairs Committee, Regent Zan Holmes reports for the record that he has appointed Regents Lowell H. Lebermann, Jr., Mario E. Ramirez, M.D., and Ellen Clarke Temple to represent the U. T. Board of Regents on the Partnership Advisory Committee between The University of Texas at Brownsville and Texas Southmost College.

These appointments are in keeping with Section 51.662 of the Texas Education Code and the Regental action of April 11, 1991, authorizing the partnership arrangement.

The involvement of the Committee will be directed by Executive Vice Chancellor for Academic Affairs James P. Duncan in consultation with President Garcia.

2. U. T. Austin - Laura Thomson Barrow Graduate Fellowship in the College of Natural Sciences: Correction of Minute Order of December 3, 1992, Related to the Allocation of Matching Funds Under The Regents' Endowment Program.--At the December 1992 meeting, the U. T. Board of Regents approved the allocation of matching funds from The Regents' Endowment Program to increase several previously established endowments at The University of Texas at Austin, including the allocation of \$10,000 in matching funds to increase the endowment for the Laura Thomson Barrow Graduate Fellowship in the College of Natural Sciences at U. T. Austin.

President Berdahl requested that the Regental action of December 3, 1992, be amended to omit the Laura Thomson Barrow Graduate Fellowship in the College of Natural Sciences from the list of endowments for which matching funds under The Regents' Endowment Program were approved. The original request for matching funds for the Laura Thomson Barrow Graduate Fellowship was submitted in error, based on incorrect information as to new gift money received for the endowment.

3. U. T. Tyler - Scroggin Scholarship Fund: Clarification of Scholarship Guidelines.--At the April 1987 meeting, the U. T. Board of Regents accepted the residual estate from the Estate of Mattie Alice Scroggin Baker and established the Scroggin Scholarship Fund at The University of Texas at Tyler. The Minutes of that meeting recite that income earned was dedicated to awarding scholarships to students "majoring in history." However, Part V of the Will of Mattie Alice Scroggin Baker reads as set forth on Page 117.

All the rest, and residue of my estate remaining, after the effecting of the above described gifts, including all lapsed gifts, I give, devise and bequeath unto the University of Texas at Tyler to be used and expended for the creation of one or more academic scholarships in the field of history, to be known as Scroggin Scholarships.

Thus there is no wording in the Will that limits these scholarships to history majors, and the U. T. Board of Regents' Minutes should be amended to reflect the availability of the Scroggin Scholarship Fund to students engaged in study in the field of history. U. T. Tyler will administer the scholarships to make them available to degree-seeking students who are taking or have completed six semester credit hours or more of history courses and demonstrate a particular interest in and aptitude for study in the field of history by including in their degree plans upper-level or graduate history courses or a curriculum which emphasizes historical content such as art history, theatre history, or political history.

All distributions have been received from the Estate, and the current balance in the Common Trust Fund account is \$894,373.24.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

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

Report

The Board for Lease of University Lands met in Austin, Texas, on February 11, 1993, and set terms and conditions for a Frontier Lease Sale to be held in connection with the regular University Oil and Gas Lease Sale scheduled for June 23, 1993, in Midland, Texas.

The sale terms and conditions established by the Board for Permanent University Fund acreage located in the following counties are as follows:

CULBERSON, EL PASO, AND HUDSPETH COUNTIES

Primary Term:	10 years
Minimum Bonus:	\$2.00/acre (must bid on units of three or more sections not to exceed 6,000 acres)
Annual Rentals:	Varies from \$.10 to \$.20 per acre
Royalty:	1/8th for years 1-13; beginning with year 14, royalty will escalate to 3/16th
Pugh Clause:	Release all nonproducing proration units after 13 years

TERRELL COUNTY

Primary Term: 5 years

Minimum Bonus: \$20.00/acre (must bid on one section only)

Annual Rentals: \$1.00/acre/year for years 2 and 3
\$2.00/acre/year for years 4 and 5

Royalty: 3/16th for years 1-8; beginning with year 9, royalty will escalate to 1/5th

Pugh Clause: Release all nonproducing proration units after 8 years

Nominations for the June 23 lease sale are very positive with approximately 200 tracts available for lease.

FOUNDATION MATTERS

Ima Hogg Foundation, Inc., The Robertson Poth Foundation, and Winedale Stagecoach Inn Fund: Approval of Minutes, Election of Officers, Approval of Investment Agency Agreement and Authorization to Execute, and Authorization to Legally Dissolve the Ima Hogg Foundation, Inc. and Related Actions to Implement Dissolution.--In accordance with Section 5 of Chapter VII of Part One of the Regents' Rules and Regulations, the U. T. Board of Regents recessed its meeting to meet independently in its capacity as the Board of Trustees for the Ima Hogg Foundation, Inc., The Robertson Poth Foundation, and the Winedale Stagecoach Inn Fund and approved for each Foundation the Minutes of the preceding meeting, election of officers, and an Investment Agency Agreement as set forth in the Material Supporting the Agenda.

In addition to these actions and on behalf of the Ima Hogg Foundation, Inc., the Board, acting as trustees of that Foundation, authorized the legal dissolution of the Ima Hogg Foundation, Inc., the investment of its assets in the Common Trust Fund for purposes in conformance with the donor's wishes, and authorized appropriate Foundation officers to implement the dissolution when legally approved.

The formal Minutes of these three Foundations and the recordation of the actions pursuant to the recommendations in the Material Supporting the Agenda are maintained in the Office of Endowment Management and Administration of The University of Texas System Administration. A copy of these Minutes is also located in the Office of the Board of Regents.

See related item on Page 2.

RECESS TO EXECUTIVE SESSION.--At 12:13 p.m., the Board recessed to convene in Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Sections 2(e), (f) and (g) to consider those matters set out in the Material Supporting the Agenda.

RECONVENE.--At 2:50 p.m., the Board reconvened in open session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Rapoport reported that the Board had met in Executive Session in Room 1.228 of the Nursing School 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 Rapoport's inquiry regarding the wishes of the Board, the following actions were taken:

1. U. T. Health Science Center - Houston and U. T. M.D. Anderson Cancer Center: Settlements of Medical Liability Litigation.--Chairman Rapoport reported that in Executive Session the Board heard presentations from Executive Vice Chancellor for Health Affairs Mullins and Vice Chancellor Farabee concerning the two medical liability matters listed in the agenda.

Based on these presentations and upon motion of Regent Ramirez and without objection, the Board authorized the Chancellor and the Office of General Counsel to settle the following medical liability litigation matters in accordance with the individual proposals presented in Executive Session:

- a. On behalf of The University of Texas Health Science Center at Houston, the medical liability litigation filed by Patricia Surman, et vir.
 - b. On behalf of The University of Texas M.D. Anderson Cancer Center, the medical liability litigation filed by Rochelle Allred, et al.
2. U. T. Austin - Balcones Research Center: Approval to Complete Negotiations to Lease Approximately 10.5 Acres of Land in Austin, Travis County, Texas, and Authorization for the Vice President for Business Affairs of U. T. Austin to Execute All Documents Pertaining to the Lease.--The Board, upon motion of Regent Holmes:
 - a. Authorized the Office of Endowment Real Estate to complete negotiations on behalf of The University of Texas at Austin for the lease of an approximately 10.5 acre tract of land in Austin, Travis County, Texas, located in the western portion of the Balcones Research Center in accordance with the parameters outlined in Executive Session

- b. Authorized the Vice President for Business Affairs of U. T. Austin or his delegate to execute all documents pertaining to the lease following approval by the President of U. T. Austin, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Office of General Counsel.
3. U. T. Austin - Brackenridge Tract: Authorization to Complete Negotiations to Lease Approximately 14 Acres of Land in Austin, Travis County, Texas, and Approval for the Vice Chancellor for Asset Management to Execute All Related Documents.--Upon motion of Regent Cruikshank, duly seconded, the Office of Endowment Real Estate was authorized to complete negotiations on behalf of The University of Texas at Austin for the lease of approximately 14 acres of land in Austin, Travis County, Texas, out of the Brackenridge Tract in accordance with the parameters outlined in Executive Session, and the Vice Chancellor for Asset Management or his delegate was authorized to execute all documents pertaining to the lease following approval by the President of U. T. Austin, the Executive Vice Chancellor for Academic Affairs, and the Office of General Counsel.

Vice-Chairman Temple abstained from this vote because of a possible conflict of interest.

4. U. T. San Antonio: Request for Authorization to Complete Negotiations to Acquire a Gift of Real Property Being Lot 26, Block 18, New City Block 302, Vista Verde South Unit 2, City of San Antonio, Bexar County, Texas (Fiesta Plaza Site) (Deferred).--Chairman Rapoport reported that, following a presentation by Executive Vice Chancellor for Academic Affairs Duncan and consideration by the Board, it was determined that formal action related to the proposed acquisition of a gift of real property being Lot 26, Block 18, New City Block 302, Vista Verde South Unit 2, City of San Antonio, Bexar County, Texas (Fiesta Plaza Site), on behalf of The University of Texas at San Antonio was premature at this time. Mr. Rapoport then called on Executive Vice Chancellor Duncan to summarize the status of the negotiations for the conditional gift of the Fiesta Plaza site.

Dr. Duncan noted that he was very pleased to provide an update on the most generous gift offer of Mr. Balous Miller, who was in attendance at the meeting, and the Miller family on behalf of Bill Miller Bar-B-Q Enterprises and pointed out that the owners have completed the acquisition of the 9.18 acres of land in downtown San Antonio from the Resolution Trust Corporation. He stated that the necessary demolition of the existing structure on the site had begun and the process will take approximately 90 days. Dr. Duncan noted that the representatives of the donors and the institution were working with the attorneys on the transfer of that property, and the proposed gift of land will be brought back to the Board for formal acceptance. He expressed confidence that the Miller family's vision in acquiring and readying this site would enable U. T. San Antonio to expand its downtown operations, provide additional access and opportunities for the people of San Antonio and the South Texas region, and satisfy a critical institutional expansion priority.

Regent Loeffler expressed the Board's deep appreciation to Mr. Balous Miller and stated that the Board and President Kirkpatrick were hopeful that the results of the downtown campus study could be expedited to bring this matter to a successful conclusion. Mr. Loeffler stated that the Board's previous concerns now appeared abated and expressed appreciation to Executive Vice Chancellor Duncan and President Kirkpatrick for their efforts in the review process. He emphasized that the study should be expedited so that the Board could formally accept this gift in the near future.

In conclusion, Chairman Rapoport stated that while this matter will be formally considered by the Board at a later date, the Board is encouraged and pleased with the nature of the ongoing negotiations.

5. U. T. Medical Branch - Galveston: Authorization to Purchase Two Parcels of Land with Improvements in Galveston, Galveston County, Texas.--Vice-Chairman Temple moved that the Executive Vice President of The University of Texas Medical Branch at Galveston or his delegate be authorized to take all steps necessary to purchase two parcels of land with improvements in Galveston, Galveston County, Texas, on behalf of the U. T. Medical Branch - Galveston according to the parameters outlined in Executive Session following approval of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Office of General Counsel.

The motion carried without objection.

SCHEDULED MEETING.--Chairman Rapoport announced that the next scheduled meeting of the U. T. Board of Regents would be on June 10, 1993, at The University of Texas at El Paso.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 3:00 p.m.

/s/ Arthur H. Dilly
Executive Secretary

April 8, 1993