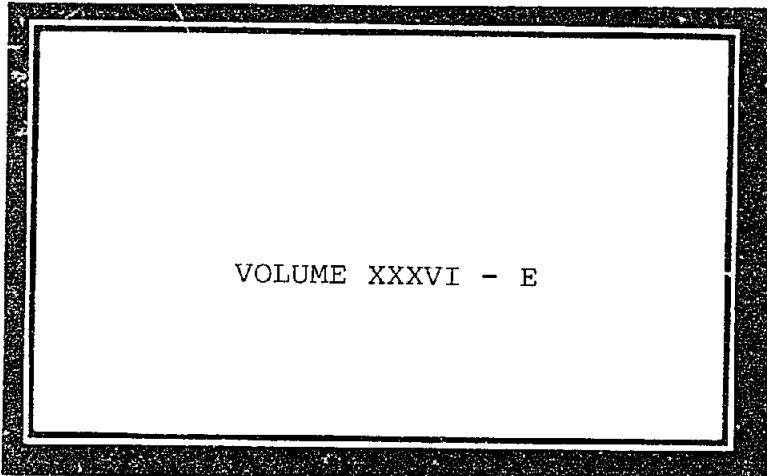


Meeting No. 841

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



VOLUME XXXVI - E

Pages 1 - 101

June 8, 1989

Austin, Texas

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 OF
 THE UNIVERSITY OF TEXAS SYSTEM
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MEETING NO. 841

THURSDAY, JUNE 8, 1989.--The members of the Board of Regents of The University of Texas System convened in regular session at 12:05 p.m. on Thursday, June 8, 1989, in the Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, with the following in attendance:

ATTENDANCE.--

Present

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

Absent

Executive Secretary Dilly

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

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

RECESS TO EXECUTIVE SESSION.--Chairman Beecherl announced that the Board would recess to convene in Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Sections 2(e), (f) and (g) to consider those matters set out in the Material Supporting the Agenda: litigation, land acquisition and personnel matters.

RECONVENE.--At 1:15 p.m., the Board reconvened in open session.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON APRIL 6, 1989.--Upon motion of Vice-Chairman Barshop, seconded by Regent Ratliff, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on April 6, 1989, in El Paso, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XXXVI, Pages 2369 - 3108.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 1:17 p.m., the Board recessed for the meetings of the Standing Committees and Chairman Beecherl announced that at the conclusion of each committee meeting, the Board would reconvene to approve the report and recommendations of that committee.

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

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 2 - 6).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Beecherl reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

1. U. T. Southwestern Medical Center - Dallas - Cecil and Ida Green Biomedical Research Building - Completion of Ninth Floor Shell Space (Project No. 303-693): Award of Construction Contract to Dal-Mac Construction Co., Richardson, Texas (Exec. Com. Letter 89-20).--Upon recommendation of the Executive Committee, the Board awarded a construction contract for the completion of the ninth floor shell space in the Cecil and Ida Green Biomedical Research Building at The University of Texas Southwestern Medical Center at Dallas to the lowest responsive bidder, Dal-Mac Construction Co., Richardson, Texas, for the Base Bid and Alternate Bid No. 1 in the amount of \$2,145,100.

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

Construction Cost	\$2,145,100
Fees and Administrative Expenses	196,970
Furniture and Furnishings	115,000
Future Work (Air Balancing and FCMS)	45,000
Miscellaneous Expenses	7,500
Project Contingency	90,430
Total Project Cost	\$2,600,000

This project was approved by the Texas Higher Education Coordinating Board in October 1988.

2. U. T. Southwestern Medical Center - Dallas - Charles C. Sprague Clinical Science Building (Project No. 303-598): Authorization to Increase Project Cost for Connections to Parkland Memorial Hospital, Dallas, Texas (Exec. Com. Letter 89-17).--It was reported that the Dallas County Hospital District Board of Managers had requested that construction work in Parkland Memorial Hospital to provide the "breakthroughs" at the connecting link between the hospital and the Charles C. Sprague Clinical Science Building be accomplished by the U. T. Board of Regents and its General Contractor, Spaw-Glass Construction, Inc., for the Clinical Science Building.

In compliance therewith, the Board authorized an increase in the total project cost of the Charles C. Sprague Clinical Science Building at The University of Texas Southwestern Medical Center at Dallas in the amount of approximately \$195,000 for connections to Parkland Memorial Hospital, Dallas, Texas.

The Dallas County Hospital District will provide funds for the construction, contingency and administrative expenses associated with these connections in accordance with the terms of the letter agreement dated March 14, 1989, set out on Pages 3 - 4.

March 14, 1989

Parkland Memorial Hospital
5201 Harry Hines Blvd.
Dallas, TX 75235

Attention: Mr. William Walther

Subject: BREAKTHROUGH RENOVATION WORK TO PARKLAND MEMORIAL HOSPITAL

Gentlemen:

This letter sets forth the agreement by and between Dallas County Hospital District for and on behalf of Parkland Memorial Hospital (Parkland), and the Board of Regents of The University of Texas System for and on behalf of The University of Texas Southwestern Medical Center at Dallas (UTSMCDAL), with respect to the subject construction project.


1. The Project - The project is defined by the information set forth on Harwood K. Smith and Partners drawings AD.01, D1.01, 02, 03, A2.01, 02, 03, A4.01, 02, 03, A5.01, 02, A6.01, 02, A7.01, MEP2.01, 02, 03 and S-1, all dated December 7, 1987, and incorporated herein by reference. The project may be summarized as making breakthroughs in the exterior wall and windows on every floor, and all impinging and related areas of Parkland's hospital immediately adjacent to UTSMCDAL's Charles C. Sprague Clinical Science Building under construction (CSB) for the purpose of providing access between the two buildings. UTSMCDAL is currently having the CSB constructed under a prime contract between it and Spaw-Glass General Contracting, Inc. (Spaw-Glass).
2. Change Order to be Issued - Parkland and UTSMCDAL agree that UTSMCDAL will have the project performed as a change order to said prime contract subject to the same contractual terms and conditions. The project will be completed concurrent with the sequence and finish out of said prime contract. All work will be performed during normal working hours except for the shutdown of mechanical systems stated in the documents. The work is anticipated to commence on or about April 1, 1989, and to be completed within 120 days.
3. Amounts to be Paid by Parkland - The amount of the change order to the prime contract between UTSMCDAL and Spaw-Glass shall be \$175,662. Spaw-Glass will make monthly payment requests to UTSMCDAL to reflect the progress of the work during each month. Ten days before Spaw-Glass makes each such payment request, UTSMCDAL shall invoice to Parkland the estimated amount thereof, and Parkland shall pay such invoices within ten

days of receipt, in order that UTSMCDAL will be able to utilize funds from Parkland to pay such payment requests. In addition, Parkland shall pay UTSMCDAL an administrative fee of \$5,000 within eight working days from the execution of this letter agreement. Parkland also agrees to set aside on its books and make available to UTSMCDAL to the extent, if any, that it may be necessary, a contingency amount of \$14,338 to cover any changes in the project that Parkland and UTSMCDAL may agree are necessary to carry out the intent of the project. Thus, this letter agreement may be considered to be in the fixed amount of \$180,662, with an additional amount of not to exceed \$14,338 to cover possible contingencies, for a total of not to exceed \$195,000.

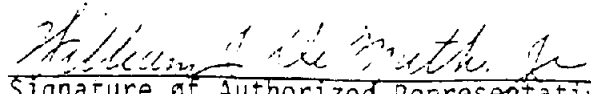
4. Architect Fees - Parkland has had the architectural work for the project done by Harwood K. Smith & Partners. Parkland will pay said architects for said work directly.
5. Asbestos Representation - Parkland represents that the work area does not contain asbestos-containing materials or other hazardous materials and that, accordingly, removal of such materials will not be required to carry out the project. If this representation proves to be in error, the work will have to be stopped and this letter agreement will be amended to provide for said removal at Parkland's expense.
6. Authorization and Hold Harmless - Parkland agrees to waive, indemnify, and hold harmless the Board of Regents of The University of Texas System and Harper, Kemp, Clutts & Parker, Architects, with respect to, against, and from any and all claims by Parkland and/or any third persons for liability for personal injury or property damage arising out of the performance of the project. Liability therefor resides with Harwood K. Smith & Partners, Architects, and/or the persons in charge of or performing the project, whether it is Spaw-Glass, general contractor, or others, as applicable.

If the foregoing accurately describes the agreement of the parties, please so indicate by having an authorized representative of Parkland Memorial Hospital sign in the space provided below on the enclosed duplicate copy of this letter and return it to the undersigned. If, on the other hand, clarification of the above provisions is needed, please contact the undersigned as soon as possible. We look forward to carrying out this project for you.

Sincerely,



R. S. Kristoferson
Director


Signature of Authorized Representative
Parkland Memorial Hospital (DCRD)

Project Director (Owner's Representative)
Title

3. U. T. Medical Branch - Galveston - Remodeling of John Sealy Hospital (Old Building) - Lithotripter Facility and Additional Surgical Operating Rooms (Project No. 601-676): Award of Construction Contract to Harrop Construction Co., Inc. & G. B. Harrop, Individually, A Joint Venture, Houston, Texas (Exec. Com. Letter 89-18).--The Board, upon recommendation of the Executive Committee, awarded a construction contract for the renovation of space for a lithotripter facility and additional surgical operating rooms as a phase of the continued Remodeling of John Sealy Hospital (Old Building) at The University of Texas Medical Branch at Galveston to the lowest responsive bidder, Harrop Construction Co., Inc. & G. B. Harrop, Individually, A Joint Venture, Houston, Texas, for the Base Bid and Alternate Bid Nos. 1 and 2 in the amount of \$605,000.

See related item below.

4. U. T. Medical Branch - Galveston - Remodeling of John Sealy Hospital (Old Building) - Lithotripter Facility and Additional Surgical Operating Rooms (Project No. 601-676): Award of Construction Contract to Miner-Dederick Constructors, Inc., Houston, Texas (Exec. Com. Letter 89-19).--On March 29, 1989, a recommendation for the award of a construction contract to the lowest responsive bidder, Harrop Construction Co., Inc. & G. B. Harrop, Individually, A Joint Venture, Houston, Texas, for the renovation of space for a lithotripter facility and additional surgical operating rooms as a phase of the continued Remodeling of John Sealy Hospital (Old Building) at The University of Texas Medical Branch at Galveston, was distributed to the U. T. Board of Regents via Executive Committee Letter 89-18. On April 5, 1989, the Executive Secretary to the U. T. Board of Regents forwarded a notice to the low bidder that the Board had awarded a construction contract to that firm. The construction contract forms were prepared by the Office of Facilities Planning and Construction (OFPC) and forwarded to the low bidder for execution.

Approximately three weeks after the receipt and opening of the construction bids, OFPC was notified by an attorney representing Harrop Construction Co., Inc. & G. B. Harrop, Individually, A Joint Venture, that an error had been made in its bid proposal and requested that Harrop be allowed to withdraw its bid. This request was denied due to the long period of time between submission of the bid and the claim of error. The low bidder refused to execute the contract and on April 27, 1989, brought suit against the U. T. Board of Regents "and Jack Blanton, its Chairman," seeking return of the bid bond and a declaration of authority to withdraw the bid.

In order not to delay construction of this project, the Board awarded a construction contract to the second lowest responsive bidder, Miner-Dederick Constructors, Inc., Houston, Texas, for the Base Bid and Alternate Bid Nos. 1 and 2 in the amount of \$696,400.

The total project cost is composed of the following elements:

Construction	\$ 696,400
Fees and Administrative Expenses	78,000
Furniture and Furnishings	99,600
Future Work (Testing and Balancing and Electrical Vault)	71,000
Miscellaneous Expenses	25,000
Project Contingency	<u>30,000</u>
Total Construction Project Cost	\$1,000,000
Lithotripter Equipment	<u>1,200,000</u>
Total Project Cost	\$2,200,000

The Office of General Counsel is coordinating with the Office of the Attorney General a demand for payment of the bid bond furnished by Harrop Construction Co., Inc. & G. B. Harrop, Individually, A Joint Venture, and, if appropriate, inclusion of the surety company as a third party defendant in the pending litigation.

See related item set out on Page 5.

REPORT AND RECOMMENDATIONS OF THE PERSONNEL AND AUDIT COMMITTEE (Pages 7 - 10).--Committee Chairman Roden reported that the Personnel and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Personnel and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System Administration and U. T. Austin: Approval of Resolution to Amend the List of Individuals Authorized to Negotiate, Execute and Administer Classified Government Contracts (Managerial Group).--In order to update the roster of administrative officials authorized to negotiate, execute and administer classified government contracts pursuant to the Security Agreement of The University of Texas System with the United States Department of Defense, the resolution adopted June 11, 1987, was amended to read as follows:

BE IT RESOLVED:

- a. That those persons occupying the following positions among the officers of The University of Texas System shall be known as the Managerial Group as described in the Department of Defense Industrial Security Manual for Safeguarding Classified Information:

Hans Mark, Chancellor, Chief Executive Officer
Thomas M. Grady, Comptroller
Arthur H. Dilly, Executive Secretary to the Board of Regents
Wayne K. Kuenstler, Acting Director, Office of Sponsored Projects, U. T. Austin; U. T. System a.k.a. U. T. Austin Security Supervisor
William H. Cunningham, President, U. T. Austin
Gerhard J. Fonken, Executive Vice-President and Provost, U. T. Austin
G. Charles Franklin, Vice-President for Business Affairs, U. T. Austin
- b. That the Chief Executive Officer and the members of the Managerial Group have been processed or will be processed for a personnel clearance for access to classified information, to the level of the facility clearance granted to the institution, as provided for in the aforementioned Industrial Security Manual, and all replacements for such positions will be similarly processed for security clearance.
- c. That the said Managerial Group is hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified contracts of the Department of Defense, or User Agencies of its Industrial Security Program, awarded to the institutions of The University of Texas System.

- d. That the following named members of the U. T. Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of The University of Texas System and do not occupy positions that would enable them to affect adversely the policies and practices of the institutions of The University of Texas System in the performance of classified contracts for the Department of Defense, or User Agencies of its Industrial Security Program, and need not be processed for a personnel clearance.

Members of the U. T. Board of Regents:

Louis A. Beecherl, Jr., Chairman
 Sam Barshop, Vice-Chairman
 Bill Roden, Vice-Chairman
 Jack S. Blanton
 Robert J. Cruikshank
 Tom Loeffler
 W. A. "Tex" Moncrief, Jr.
 Mario E. Ramirez, M.D.
 Shannon H. Ratliff

2. U. T. System: Acceptance of American General Group Insurance Company, Dallas, Texas, Renewal Rates for Employee Group Health and Dental Insurance for 1989-90 Effective September 1, 1989.--Upon recommendation of the Personnel and Audit Committee, the Board approved the 1989-90 renewal rates for The University of Texas System employee group health and dental insurance with American General Group Insurance Company, Dallas, Texas, effective September 1, 1989. The renewal rates negotiated for the FY 1990 plan represent an overall 30.6% increase over rates for the previous period. Coverage rates and plan design changes for 1989-90 are set forth below:

a. Group Health Insurance

	<u>Monthly Rates</u>	
	<u>Plan A</u>	<u>Plan B</u>
Employee	\$104.84	\$ 87.22
Employee/Spouse	224.25	182.76
Employee/Child(ren)	203.28	165.79
Employee/Family	342.19	274.82

b. Group Dental Insurance

	<u>Monthly Rates</u>
Employee	\$14.79
Employee/Spouse	27.07
Employee/Child(ren)	36.20
Employee/Family	45.25

The Group Health Insurance Plan to be effective September 1, 1989, incorporates the cost containment/managed care measures set forth below:

a. Modification of the Existing Reimbursement Schedule for the American Health Network Preferred Provider Organization

This plan design change serves to simplify the existing preferred provider organization reimbursement schedule which was implemented September 1, 1988. The current reimbursement schedule provides for 90% reimbursement when a U. T. Provider, and/or a PPO Provider in areas where no U. T. Provider exists, is utilized. Reimbursement is at a level of 85% within a PPO Network where a U. T. Provider exists, but is not utilized. Reimbursement is at a level of 70% when the PPO Network is available, but not utilized. Effective September 1, 1989, the 90% reimbursement option is eliminated. Therefore, employees will be reimbursed at a level of 85% whenever a PPO Network Provider is utilized regardless of U. T. affiliation and at a level of 65% when a PPO Network is available, but not utilized.

b. Modification in the Amount of Maximum Employee Out-of-Pocket Expenses

New levels of maximum out-of-pocket expenses are as follows:

	Maximum Out-of-Pocket Expenses	
<u>Plan A</u>	<u>Plan B</u>	<u>Basis</u>
\$1,500	\$2,000	Within PPO Network

It should be noted that the \$1,500 maximum out-of-pocket expenses exceed the present \$1,000 maximum under the Rules and Regulations of the Texas Higher Education Coordinating Board, Chapter 25, Administrative Council. However, it is anticipated that the Coordinating Board will revise that maximum upward because inflation has eroded the relative value of \$1,000, which has been the stated maximum for a number of years. Coordinating Board staff have been advised that The University of Texas System supports such revision and that we require the modification as it is important to the overall integrity of plan design.

c. Change in Co-payment Schedule for National Rx Services of Texas

Presently, employees of The University of Texas System may utilize a drug prescription service for maintenance-type prescriptions through National Rx Services of Texas, (MEDCO) with a \$5.00 co-payment to process mail-order prescriptions. Effective September 1, 1989, MEDCO will assess a \$5.00 co-payment to process generic drug prescriptions and a \$10.00 co-payment to process brand name prescriptions.

Other current plan benefits and rates, as set forth in the Minutes of the June 9, 1988 meeting of the Board, will remain in effect for the 1990 fiscal year.

The monthly employer contribution available for purchase of insurance coverage of the employee's choice will increase from \$115.00 to \$130.00 for Employee only coverage and \$150.00 for Employee/Dependent coverage effective September 1, 1989.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 11 - 30).--Committee Chairman Barshop reported that the Academic Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Arlington: Approval of Cooperative Agreement with the Ministry of Higher and Secondary Specialized Education of Minvuz-Ukrainian Soviet Socialist Republic and Authorization for the Executive Vice Chancellor for Academic Affairs to Execute the Agreement.--Approval was given to the cooperative agreement in substantially the form set out on Pages 11 - 16 by and between The University of Texas at Arlington and the Ministry of Higher and Secondary Specialized Education of Minvuz-Ukrainian Soviet Socialist Republic.

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

This general agreement is designed to promote academic and research cooperation through an exchange program between U. T. Arlington and the named Ministry.

D R A F T
5/11/89

COOPERATIVE AGREEMENT

This COOPERATIVE AGREEMENT is entered into by and between The University of Texas at Arlington ("UT Arlington"), which is located in Arlington, Texas, United States of America, and which is a component institution of The University of Texas System ("System"), with and after the approval of its Board of Regents, and the Ministry of Higher and Secondary Specialized Education ("Ministry") of Minvuz-Ukrainian Soviet Socialist Republic. The Agreement shall be effective as of the date of the signature of the last authorized representative to execute the Agreement below.

Recitals

WHEREAS, both parties have expressed the desire to do joint research in priority fields of science and technology that are of mutual interests to them, to hold joint scientific conferences, symposiums, seminars and workshops, and to prepare collective monographs and publications; and

WHEREAS, both parties recognize the great potential of mutual interests and benefits in the fields of scientific and technological development, joint research and publications in the field of area studies and international scientific exchange; and

WHEREAS, both parties desire to memorialize their previous verbal agreements.

NOW, THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

ARTICLE 1: PURPOSE

The purpose of this Agreement is to formulate a cooperative agreement concerning an Exchange Program between the Ministry of Higher and Secondary Specialized Education of the Ukrainian SSR and The University of Texas at Arlington, USA.

Article 2: RESPONSIBILITIES AND RIGHTS

- (a) Both parties shall cooperate in the field of Humanities, Area Studies, and Sciences, including the teaching of both Russian and English languages, culture, and literature on the basis of jointly negotiated, subsequently approved programs of cooperation.
- (b) Both parties shall have an equal right to make use of the results of their joint work.
- (c) U. T. Arlington and the Ministry shall annually negotiate the arrangements necessary for student and faculty exchanges, research projects, and related procedures, through official representatives.
- (d) Notwithstanding any provision to the contrary, this Agreement may be cancelled without penalty by _____ days notice being given in writing by authorized representatives of the parties.
- (e) If this Agreement is cancelled prior to the end of its term, U. T. Arlington and the Ministry agree not to hold the other institution liable for any resulting monetary losses.

Article 3: PARTICIPANTS IN EXCHANGE PROGRAM

- (a) The participants in exchange programs developed pursuant to this Agreement may be:
- (1) UT Arlington and System or other institutions of higher education which have been invited by UT Arlington and who choose to participate; and
 - (2) institutions of higher education that fall within the jurisdiction of the Ministry and other institutions of higher learning which have been invited by the Ministry and who choose to participate.
- (b) Participating institutions shall be designated as either "sending" or "host" organizations in the specific, written program agreements.
- (c) Participants may be asked to accomplish research, engage in classroom activities, give lectures, and/or conduct classes. Such activities shall be arranged to the mutual satisfaction of the participating institutions concerned.

Article 4: QUALIFICATIONS OF PARTICIPANTS

Each participating institution shall establish its own procedures for selecting individual participants for the program. However, applications for individual participants shall include certain biographical data that shall be sent to the prospective host institution. The form for this biographical information shall be mutually agreed upon by the administrators of the program, and shall be printed both in English and in Russian. Applicants may complete the form in either language desired, but it is expected that the applicants will have at least a rudimentary or working knowledge of both the Russian and English languages. After acceptance into the program, the host institution will assist in visa procurement for the approved participants.

Article 5: SCOPE OF EXCHANGE PROGRAMS

- (a) Participating institutions may exchange faculty members, faculty adjuncts, graduate students, and undergraduate students and may share scientific materials, methods of teaching, and scientific and technical information, under specific written agreements to be formulated by mutual agreement.
- (b) The number of participants in exchange programs on each side shall be equal, unless otherwise determined by mutual agreement, and may include up to 10 individuals initially. Upon mutual agreement, this number may be increased. It is contemplated that the length of time of the participants' stay will be from two to 10 months. Upon mutual agreement, extensions may be approved.
- (c) The exchange program may include the following types of academic and research activities:
 - (1) long-term, in-depth, scientific research;
 - (2) short-term, in-depth, scientific research;
 - (3) exchange of language, linguistics, political science, history, music, literature, and other area studies teachers; or
 - (4) exchange of students to study any discipline mutually agreed upon.
- (d) The exchange participants shall be selected by the sending institution, provided that the host institution gives its consent with respect to each candidate.
- (e) The scope of cooperation and the number of institutions involved may be expanded by future written agreements.

Article 6: FINANCIAL MATTERS

- (a) During any exchange the sending institution shall be responsible for ensuring round-trip transportation of the participants from their home to the academic facility where the exchange will take place in the host institution's country. The

host institution shall be responsible for ensuring the academic and research program, accommodations and a stipend at a level mutually agreed upon.

- (b) If any participants' family members plan to visit the host institution's country, the cost of their transportation, accommodations, and living expenses shall be covered by the individual participants of the exchange, and not by the participating institutions.

Article 7: VISITS AND INSPECTION OF PROGRAM ARRANGEMENTS

Visits and inspection in the host institution's country of a program, the facilities, and the academic arrangements provided for by this Agreement may be made through mutual exchanges of program site-visit teams. Dates of such visits and number of members in each site-visit team shall be mutually agreed upon.

Article 8: SPECIFIC PROGRAM AGREEMENTS

Specific actions of cooperation, their time length, the number of participants, specific aspects of implementing the exchange program by the sending and host institutions shall be reduced to writing in program agreements of cooperation through mutual coordination by both participants four months before the beginning of the academic year.

Article 9: MISCELLANEOUS PROVISIONS

- (a) Term. This Agreement, which shall become effective on _____, 1989, shall be in effect for _____ years thereafter unless one of the parties notifies the other in writing of its desire to terminate the Agreement not later than six months before its expiration.
- (b) Notices.

IF TO THE MINISTRY:

Ministry of Higher and Secondary Specialized
Education of the Ukrainian SSR,
34, Kreshchatik str., Kiev, 252001, USSR

IF TO UT ARLINGTON:

Attention: Office of The President
The University of Texas at Arlington
P. O. Box 19125, Arlington, Texas 76019, USA

- (c) Translation. This Agreement has been translated into Russian and English in such manner that, prior to their execution, both U. T. Arlington and the Ministry are fully satisfied that both translations are correct and represent the terms of agreement arrived at through all previous discussions.
- (d) Savings Clause. If any part of this Agreement is found to be invalid for any reason, the remaining parts continue in effect.
- (e) Agreement Subordinate. Anything to the contrary herein notwithstanding, this Agreement shall be construed consistent with the Rules and Regulations of the Board of Regents of The University of Texas System and the Handbook of Operating Procedures of U. T. Arlington, and the equivalent documents of the Ministry.

EXECUTED this _____ day of _____, 1989 in duplicate copies, each of which shall be deemed an original, in ((Minvuz-Ukrainian, SSR?))

ATTEST:

MINISTER OF EDUCATION
UKRAINIAN SSR

Official Representative

By: _____
President

EXECUTED this _____ day of _____, 1989, in Arlington, Texas.

ATTEST:

BOARD OR REGENTS,
THE UNIVERSITY OF TEXAS SYSTEM

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

By: _____
Dr. James P. Duncan
Executive Vice Chancellor for
Academic Affairs

FORM APPROVED:

CONTENT APPROVED:

by
Office of the General Counsel
The University of Texas System

by
Dr. Wendell H. Nedderman, President
The University of Texas at Arlington

2. U. T. Arlington: Approval of Rental Rates for University-Owned Residence Halls (Dormitories) and Apartments Effective with the Fall Semester 1989 (Catalog Change). -- Upon recommendation of the Academic Affairs Committee, the Board approved the rate schedule set forth below for University-owned residence halls (dormitories) and apartments at The University of Texas at Arlington effective with the Fall Semester 1989:

The University of Texas at Arlington
Rate Schedule for 1989-90

University-Owned Residence Halls (Dormitories)

	<u>1989-90 Rate</u>
<u>LONG SESSION</u>	
Lipscomb (North)	\$1,260
Lipscomb (South)	1,260
Trinity	1,260
Brazos	1,100
Pachl	1,100
<u>SUMMER SESSION</u>	
Lipscomb (North)	420
Lipscomb (South)	420
Trinity	420
Brazos	420
Pachl	420
Summer Groups	\$10 per night per person

Apartments

<u>Complex</u>	<u>No. of Units</u>	<u>Monthly Rate 1989-90 Maximum*</u>
Border West		
1 bedroom	18	\$310
2 bedroom	19	410
Cooper South		
1 bedroom	14	310
2 bedroom	15	410
West		
1 bedroom	7	250**
2 bedroom	7	360**
Pisces		
1 bedroom	58	275
3 bedroom	1	410

* The rates for apartments represent the maximum to be charged for each unit, with authority for U. T. Arlington to lower any of the respective rates by up to eight percent to allow for flexibility in a competitive market.

** Tenant pays electric bill.

<u>Complex</u>	<u>No. of Units</u>	<u>Monthly Rate 1989-90 Maximum*</u>
Capricorn		
1 bedroom	48	\$290
1 bedroom	4	300
Campus		
1 bedroom	28	250**
3 bedroom	1	350**
San Suz		
1 bedroom	22	225**
2 bedroom	1	345
Del Mar		
1 bedroom	12	210**
Shelmar North		
1 bedroom	12	210**
Shelmar South		
1 bedroom	7	260
2 bedroom	1	290
University Village		
1 bedroom (2 people)	80	290**
1 bedroom (2 people)	28	310**
1 bedroom (2 people)	12	305**
1 bedroom (2 people)	4	330**
1 bedroom (3 people)	4	330**
Warwick II		
1 bedroom	6	290
1 bedroom	12	300
Warwick III		
1 bedroom	14	290
Warwick V		
Efficiency	1	210
1 bedroom	3	310
1 bedroom	8	320
Keys		
1 bedroom	70	255
1 bedroom	2	260
2 bedroom	8	360
2 bedroom	4	365

* The rates for apartments represent the maximum to be charged for each unit, with authority for U. T. Arlington to lower any of the respective rates by up to eight percent to allow for flexibility in a competitive market.

** Tenant pays electric bill.

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

3. U. T. Austin: Initial Appointments to Endowed Academic Positions in the (a) College of Business Administration and the Graduate School of Business, (b) College of Engineering, (c) College of Fine Arts, (d) School of Law, (e) College of Liberal Arts, (f) College of Natural Sciences and (g) College of Pharmacy Effective September 1, 1989.--The Board approved the following initial appointments to endowed academic positions at The University of Texas at Austin effective September 1, 1989, with the understanding that the professors would vacate any currently held endowed positions on the effective date of the new appointment unless otherwise indicated:
- a. College of Business Administration and the Graduate School of Business
 - (1) Dr. Timothy W. Ruefli, Rex A. and Dorothy B. Sebastian Centennial Professor in Business Administration, to the Herbert D. Kelleher/MCorp Regents Professorship in Business
 - (2) Dr. Reuben R. McDaniel, Jr., Jesse H. Jones Professor in the Graduate School of Business, to the Tom E. Nelson, Jr. Regents Professorship in Business
 - (3) Dr. Paul Newman, Professor, Department of Accounting, to The Wilton E. Thomas and Catherine A. Thomas Professorship in Accounting
 - b. College of Engineering

Dr. Russell D. Dupuis, Distinguished Member of the Technical Staff, AT&T Bell Laboratories, to the Judson S. Swearingen Regents Chair in Engineering
 - c. College of Fine Arts

Dr. David Deming, Professor, Department of Art, to the Ruth Head Centennial Professorship
 - d. School of Law

Professor Harold H. Bruff, John S. Redditt Professor in State and Local Government, to the Wales H. Madden, Jr. Centennial Research Professorship in Law for one year only

Professor Bruff will retain his appointment to the John S. Redditt Professorship in State and Local Government.
 - e. College of Liberal Arts
 - (1) Dr. Bryan R. Roberts, C. B. Smith, Sr. Centennial Chair in United States-Mexico Relations (No. 4), to the C. B. Smith, Sr. Centennial Chair in United States-Mexico Relations (No. 1)

- (2) Professor Bjorn Lindblom, Department of Linguistics, to the Elsie and Stanley E. (Skinny) Adams, Sr. Centennial Professorship in Liberal Arts
- (3) Dr. Symmes Chadwick Oliver, Professor, Department of Anthropology, to the Robert D. King Centennial Professorship of Liberal Arts
- (4) Dr. Joel Sherzer, Professor, Department of Anthropology, to the Liberal Arts Foundation Centennial Professorship
- (5) Dr. Janet T. Spence, Ashbel Smith Professor, Departments of Psychology and Educational Psychology, to the Alma Cowden Madden Centennial Professorship
- (6) Dr. C. L. Baker, Professor, Department of Linguistics, to the Harold C. and Alice T. Nowlin Regents Professorship in Liberal Arts
- (7) Dr. Paul Woodruff, Chairman, Department of Philosophy, to the Mary Helen Thompson Centennial Professorship in the Humanities

f. College of Natural Sciences

Dr. Richard J. Meyer, Professor, Department of Microbiology, to the Lorene Morrow Kelley Professorship in Microbiology for the Fall Semester 1989 only

g. College of Pharmacy

- (1) Dr. Jerry Fineg, Professor, College of Pharmacy and Director, Animal Resources Center, to the James T. Doluisio Regents Professorship in Pharmacy
- (2) Dr. Patrick J. Davis, Professor, College of Pharmacy, to the Eckerd Centennial Professorship in Pharmacy
- (3) Dr. Kenneth W. Kirk, Professor and Associate Dean, College of Pharmacy, to the Clifford L. Klinck, Jr. Centennial Professorship in Pharmacy Administration.

4. U. T. Austin: Approval of Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1989 (Catalog Change).--The Academic Affairs Committee recommended and the Board approved an increase in the compulsory Student Services Fee at The University of Texas at Austin from \$89.85 to \$94.36 per semester or summer session for a student taking twelve or more semester credit hours effective with the Fall Semester 1989. This fee is comprised of an increase in the compulsory allocation for operation of the Student Health Center from \$36.45 to \$40.60 per semester or

summer session for all students and an increase from \$4.45 per semester credit hour to \$4.48 per semester credit hour for a maximum charge of \$53.76 for a student taking twelve or more credit hours of course work per semester or summer session.

The Student Health Center receives a flat fee per student enrolled in one or more semester credit hours of course work. Agencies which receive partial or total support from the portion of the fee which is prorated on a semester credit hour basis are: Recreational Sports, Students' Attorney, The Daily Texan, Students' Association, Campus Activities, Cabinet of College Councils, University Childcare, Ombudsman, Shuttle Bus, KTSB Student Radio and the Student Services Fees Committee.

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

5. U. T. Austin: Authorization to Increase the Compulsory Texas Union Fee Effective with the Fall Semester 1989 (Catalog Change).--In order to resolve safety concerns and to maintain the physical plant at the Texas Union of The University of Texas at Austin, the compulsory Texas Union Fee was increased from \$17 per semester or summer session to \$23 per semester or summer session to be effective with the Fall Semester 1989. The fee is reduced proportionally for students who register for less than twelve weeks during a summer session.

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

6. U. T. Austin: Approval to Name Room 3.116 in Townes Hall in the School of Law the Mack Kidd, Bill Whitehurst, Tom Harkness Room (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 classroom 3.116 in Townes Hall in the School of Law at The University of Texas at Austin the Mack Kidd, Bill Whitehurst, Tom Harkness Room.

The naming of this room is in recognition of gifts from Mr. Kenneth (Mack) Kidd, Mr. William O. Whitehurst, Jr. and Mr. Thomas R. Harkness, all of Austin, Texas, to a previously established endowment in the School of Law.

7. U. T. Austin - Balcones Research Center: Request for Authorization to Accept a Cash Donation from Cellular One, Austin, Texas, to Construct a Communications Tower Conditioned Upon Agreement for Shared Use of Tower (Withdrawn).--Committee Chairman Barshop reported that the item regarding the proposed acceptance of a cash gift from Cellular One, Austin, Texas, for the purpose of constructing a communications tower at the Balcones Research Center at The University of Texas at Austin and approval of a shared use agreement was withdrawn for consideration at a future meeting of the U. T. Board of Regents.

8. U. T. Dallas: Authorization to (a) Establish a New Class of Parking Permits and Corresponding Fee and (b) Increase Existing Enforcement Fees Effective with the Fall Semester 1989 (Catalog Change).--Authorization was given to (a) establish a new class of parking permits and corresponding fee and (b) increase the existing enforcement fees at The University of Texas at Dallas effective with the Fall Semester 1989 as set out below:

a. Parking Permits and Corresponding Fee

	<u>1989-90 Fees*</u>
<u>Faculty/Staff Permits</u>	
Class A (reserved)	\$148.00
Class C (close-in)	83.00
Class D (general)	48.00
Class E (handicapped/disabled)	0.00
Class H (motorcycle)	48.00
<u>Student Permits</u>	
Class C (close in)	83.00
Class D (general)	40.50
Class E (handicapped/disabled)	0.00
Class H (motorcycle)	40.50
<u>New Student Permit</u>	
Class F (student housing)**	40.50
<u>Other Fees</u>	
Additional decals (as authorized)	5.00

* Fees are for decals purchased in the fall for the academic year. Fees are reduced for permits purchased for only part of a year.

**Actual implementation of the Class F (student housing) permit is dependent on successful negotiation of an agreement with the private entity which is building student housing on the campus.

b. Enforcement Fees

	<u>1989-90 Fees</u>
<u>Class A Enforcement Fees</u>	
Students	\$15.00
Faculty	20.00
Class B Enforcement Fee	25.00
<u>Class C Enforcement Fees</u>	
First Violation	10.00
Second Violation	15.00
Third Violation	20.00
Fourth and Subsequent Violations	25.00
<u>Class D Enforcement Fees</u>	
First-Fifth Violations	8.00
Sixth and Subsequent Violations	10.00
Late Penalty Fee	7.50

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

9. U. T. San Antonio: Approval to Grant a Third-Year Leave of Absence Without Pay to Dr. Antonio Furino, College of Business, for the 1989-90 Fiscal Year (Part One, Chapter III, Section 16, Subsection 16.4 of the Regents' Rules and Regulations).--In accordance with Part One, Chapter III, Section 16, Subsection 16.4 of the Regents' Rules and Regulations, the Board granted a third-year leave of absence without pay to Dr. Antonio Furino, Professor, Division of Economics and Finance in the College of Business at The University of Texas at San Antonio, for the 1989-90 fiscal year.

Dr. Furino has been on leave for the past two years to assist The University of Texas Health Science Center at San Antonio in preparing curriculum materials in economics for students and developing economic impact models dealing with the health professions. Completion of this project will be of mutual benefit to the U. T. Health Science Center - San Antonio and U. T. San Antonio.

10. U. T. San Antonio: Approval of Cross-Town Air Force ROTC Agreement Among Southwest Texas State University, U. T. Health Science Center - San Antonio and the Commandant, Air Force ROTC, San Antonio, Texas.--The Board, upon recommendation of the Academic Affairs and Health Affairs Committees, approved the Cross-Town Air Force ROTC Agreement set out on Pages 24 - 28 among Southwest Texas State University, The University of Texas at San Antonio, The University of Texas Health Science Center at San Antonio and the Commandant, Air Force ROTC, San Antonio, Texas.

This agreement, executed by the appropriate officials of the institutions and facilities to be effective upon approval by the U. T. Board of Regents, will establish an extension of Southwest Texas State University's Air Force ROTC program on the U. T. San Antonio campus, continue the Air Force ROTC General Military Course and the Professional Officer Course at U. T. San Antonio and extend these courses to qualified students at the U. T. Health Science Center - San Antonio who desire to earn appointments as commissioned officers in the United States Air Force.

CROSS-TOWN AGREEMENT TO EXTEND AIR FORCE ROTC INSTRUCTION
TO STUDENTS AT INSTITUTIONS NOT HOSTING AIR FORCE ROTC

This agreement is made by and between Southwest Texas State University (hereinafter referred to as "SWT," which hosts Air Force ROTC Detachment 840), The University of Texas at San Antonio (hereinafter referred to as "UTSA," which is an Air Force ROTC Nonhost Teaching Location), The University of Texas Health Science Center at San Antonio (hereinafter referred to as "UTHSCSA," which does not host an Air Force ROTC unit), and the Commandant, Air Force ROTC. It is the purpose of this agreement to make the Air Force ROTC General Military Course and the Professional Officer Course available to qualified students at UTHSCSA who desire to earn appointments as commissioned officers in the United States Air Force.

AGREEMENT

1. Contingent upon acceptance of this agreement and upon the initial and continuing fulfillment of all the conditions enumerated in paragraphs 2, 3, 4, and 5 following, the Commandant, Air Force ROTC will:

a. Provide Air Force ROTC instruction in the General Military Course and the Professional Officer Course to qualified and selected applicants who are students at UTHSCSA. Air Force ROTC instruction will be provided those selected students at UTHSCSA on the UTSA campus or the UTHSCSA campus as required.

b. Enroll qualified students at UTHSCSA who are selected for the General Military Course and the Professional Officer Course as members of the Air Force ROTC Nonhost Teaching Location at UTSA.

c. Provide uniforms, in accordance with the existing contract agreement between SWT and UTSA, and the Secretary of the Air Force, for all Air Force ROTC cadets who are enrolled as members of the Air Force ROTC Nonhost Teaching Location at UTSA.

d. Provide subsistence allowance, in accordance with existing policies, to all Air Force ROTC cadets who are enrolled as members of the Air force ROTC Nonhost Teaching Location at UTSA.

e. Provide tuition and fees, in accordance with existing policies:

(1) To UTSA for all Air force ROTC cadets on scholarship status who are enrolled as members of the Air Force ROTC Nonhost Teaching Location at UTSA.

(2) To UTHSCSA for all Air Force ROTC cadets on scholarship status who are enrolled as members of the Air Force ROTC Nonhost Teaching Location at UTSA under the terms and conditions of a separate education service agreement between the Department of the Air Force and UTHSCSA.

2. Contingent upon the acceptance of this agreement and upon fulfillment of the conditions enumerated in paragraph 1 above, SWT agrees:

To pay out of its Commutation Fund sums due for necessary uniforms and accessories provided to all members of the Air Force ROTC unit at UTSA, to the extent such funds are made available by the Department of the Air Force; provided, however, no sums shall

be paid out of said Commutation Fund prior to acknowledgment of receipt of such uniforms and accessories by an authorized representative of Air Force ROTC Detachment 840.

3. Contingent upon the acceptance of this agreement and upon fulfillment of the conditions enumerated in paragraph 1 above, UTSA agrees:

a. To provide adequate classroom and related administrative facilities to support the Aerospace Studies instruction of all enrolled members of its Air Force ROTC unit who receive instruction on its campus.

b. To report estimated and actual costs of tuition and fees for each fiscal year to the Air Force ROTC Nonhost Teaching Location at UTSA. This report will be the basis for funding obligations for each fiscal year.

4. Contingent upon the acceptance of this agreement and upon fulfillment of the conditions enumerated in paragraph 1 above, UTHSCSA agrees:

a. to include in appropriate publications announcement of the Aerospace Studies courses of Air Force ROTC available to its students.

b. To grant appropriate academic credit applicable toward graduation for the successful completion of courses offered by the Department of Aerospace Studies at UTSA.

c. To report estimated and actual costs of tuition and fees

for each fiscal year to the Air Force ROTC Nonhost Teaching Location at UTSA under a separate education service agreement between the Department of the Air Force and UTHSCSA. This report will be the basis for funding obligations for each fiscal year.

d. To provide adequate classroom facilities to support the Aerospace Studies instruction of all enrolled members of its Air Force ROTC unit who receive instruction on its campus.

5. UTHSCSA affirms and represents that:

a. It is accredited to award baccalaureate degrees by the following regional associations: Southern Association of Colleges and Schools and other appropriate accrediting bodies.

b. For good and valid mutual consideration, and as a condition precedent to acceptance and continuation of this agreement, UTHSCSA warrants and represents that it does not, and will not, discriminate in any way with respect to the admission or subsequent treatment of students on the basis of race, color, sex, or national origin. It is further mutually agreed that a violation of this covenant, as determined by the Secretary of the Air Force or a designee, may be regarded as a breach of this agreement, justifying termination thereof, at no cost to the government, by the Secretary or designee.

6. All parties agree that:

a. This agreement becomes effective March 1, 1989.

b. This agreement may be terminated on the 31st day of May of any year by any party giving the other parties at least six months' written notice of such intent.

c. This agreement between SWT, UTSA, UTHSCSA and AFROTC does not change or influence the separate agreement now in effect between SWT, UTSA, and AFROTC.

SOUTHWEST TEXAS STATE UNIVERSITY

THE UNIVERSITY OF TEXAS AT SAN ANTONIO

By: *Richard A. Newcom*

By: *James W. Rogers*

Date: 2/22/89

Date: 2/10/89

UTHSCSA

FOR AIR FORCE ROTC Detachment 840

By: *Dr. H. H. Hines*

By: *B. B. Blansett*
BENNIE BLANSETT, JR, Colonel, USAF
Professor of Aerospace Studies

Date: 1.27.89

Date: 20 Feb 89

FOR THE COMMANDANT, AIR FORCE ROTC

FORM APPROVED:

By: EDUARD BENDER, Colonel, USAF
Commandant, Midwest Area

By: *Edna H. Hines*
UT System Office of General Counsel

Date: _____

CONTENT APPROVED:

By: _____
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 ____ day of _____, 19__.

By: _____
Executive Secretary to the Board
of Regents of The University of
Texas System

11. U. T. San Antonio - U. T. Institute of Texan Cultures - San Antonio: Authorization to Name the Conference Center (Rooms 301 and 302) The Nellie B. and John B. Connally Conference Center (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings). -- Upon recommendation of the Academic Affairs Committee, the Board named the Conference Center (Rooms 301 and 302) at The University of Texas Institute of Texan Cultures at San Antonio The Nellie B. and John B. Connally Conference Center 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 naming of this Conference Center recognizes that the U. T. Institute of Texan Cultures - San Antonio owes its existence to the personal vision, effort and understanding of former Governor John B. Connally and the enthusiastic ongoing support of Nellie B. Connally as the State's First Lady.

12. U. T. Arlington, U. T. Austin, U. T. Dallas, U. T. El Paso, U. T. Permian Basin, U. T. San Antonio, U. T. Tyler and U. T. Institute of Texan Cultures - San Antonio: Nominees to Development Boards and Advisory Councils Effective September 1, 1989. -- Approval was given to nominees for membership on the following development boards and advisory councils of the general academic institutions of The University of Texas System to be effective September 1, 1989.

The names of those accepting membership will be reported for the record at a subsequent meeting of the U. T. Board of Regents.

a. The University of Texas at Arlington

Development Board
Graduate School of Social Work Advisory Council
School of Architecture and Environmental Design
Advisory Council
College of Business Administration Advisory Council
College of Engineering Advisory Council
School of Nursing Advisory Council

b. The University of Texas at Austin

Development Board
School of Architecture Foundation Advisory Council
College of Business Administration Foundation
Advisory Council
College of Communication Foundation Advisory
Council
College of Education Foundation Advisory Council
College of Engineering Foundation Advisory Council
College of Fine Arts Foundation Advisory Council
Geology Foundation Advisory Council
Graduate School Foundation Advisory Council
Graduate School of Library and Information Science
Foundation Advisory Council
College of Liberal Arts Foundation Advisory Council
College of Natural Sciences Foundation Advisory
Council
Pharmaceutical Foundation Advisory Council
School of Social Work Foundation Advisory Council
Marine Science Institute Advisory Council

McDonald Observatory and Department of Astronomy
Board of Visitors
School of Nursing Foundation Advisory Council
Texas Union Advisory Council
Longhorn Associates for Excellence in Women's
Athletics Advisory Council
Longhorn Foundation Advisory Council

c. The University of Texas at Dallas

Development Board
Advisory Council for the School of Management
Advisory Council for the Callier Center for Com-
munication Disorders
Advisory Council for the School of General Studies
Advisory Council for the School of Arts and
Humanities
Advisory Council for the School of Social Sciences
Erik Jonsson School of Engineering and Computer
Science Advisory Council

d. The University of Texas at El Paso

Development Board
College of Engineering Industrial Advisory Council

e. The University of Texas of the Permian Basin

Development Board

f. The University of Texas at San Antonio

Development Board
College of Business Advisory Council
College of Fine Arts and Humanities Advisory
Council
College of Sciences and Engineering Advisory
Council

g. The University of Texas at Tyler

Development Board

h. The University of Texas Institute of Texan Cultures
at San Antonio

Development Board

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 31 - 34).--Committee Chairman Blanton reported that the Health Affairs Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Health Science Center - Houston: Dr. Ernst Knobil Appointed Ashbel Smith Professor Effective Immediately.--Approval was granted to appoint Dr. Ernst Knobil, Professor of Physiology and Cell Biology and Director of the Laboratory for Neuroendocrinology at the U. T. Medical School - Houston of The University of Texas Health Science Center at Houston, as Ashbel Smith Professor effective immediately.

2. U. T. Health Science Center - Houston: Adoption of Resolution Relating to Compliance with Section 603(e), Title IV of the Public Health Service Act (Hill-Burton) for the Houston Speech and Hearing Center.--Upon recommendation of the Health Affairs Committee, the Board adopted the following resolution on behalf of The University of Texas Health Science Center at Houston:

RESOLUTION

BE IT RESOLVED, That the Board of Regents of The University of Texas System on behalf of The University of Texas Health Science Center at Houston agrees to continue the Hill-Burton uncompensated and community service obligations of the Houston Speech and Hearing Center in accordance with Section 603(e), Title IV of the Public Health Service Act.

This resolution does not create any new obligations for The University of Texas System and avoids the prospect of federal recovery of funds. The Center has been providing the required levels of uncompensated care and community service since it was transferred to the U. T. System in 1971 by legislative action.

3. U. T. Health Science Center - San Antonio: Appointment of Initial Holders - (a) Robert W. Huff, M.D., to the Joseph Seitchik Chair in Reproductive Genetics and (b) Peter M. Banks, M.D., to the Frank M. Townsend Chair Effective Immediately.--The Board approved the following initial appointments to endowed academic positions at The University of Texas Health Science Center at San Antonio effective immediately:
 - a. Robert W. Huff, M.D., Professor and Deputy Chairman, Department of Obstetrics and Gynecology, to the Joseph Seitchik Chair in Reproductive Genetics

See Page 90 related to the redesignation of this Chair.

b. Peter M. Banks, M.D., Professor, Department of Pathology and Chief of Anatomic Pathology, to the Frank M. Townsend Chair.

4. U. T. Health Science Center - San Antonio: Permission for Bennett L. G. Harber, D.D.S., to Serve on the Board of the Texas Department of Health [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was granted for Bennett L. G. Harber, D.D.S., Clinical Assistant Professor in the Department of General Practice at the U. T. Dental School - San Antonio of The University of Texas Health Science Center at San Antonio, to serve on the Board of the Texas Department of Health for a term to expire on February 1, 1995. His service in this capacity will be without remuneration.

Dr. Harber's appointment to this Board by Governor Clements is of benefit to the State of Texas, creates no conflict with his regular duties and is in accordance with approval requirements for positions of honor, trust or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

5. U. T. Health Science Center - San Antonio: Approval to Increase the Compulsory Student Services Fees Effective with the Fall Semester 1989 (Catalog Change).--To cover the additional costs of providing student health services and a variety of student activities, approval was granted to increase the compulsory Student Services Fees at The University of Texas Health Science Center at San Antonio effective with the Fall Semester 1989 as set forth below:

<u>Schools</u>	<u>Fees for Fall Semester 1989</u>
U. T. Medical School - San Antonio (Academic Year)	\$125.00
U. T. Dental School - San Antonio (Academic Year)	125.00
U. T. Allied Health Sciences School - San Antonio, U. T. G.S.B.S. - San Antonio, U. T. Nursing School - San Antonio	\$ 4.00 per semester credit hour \$45.00 maximum per semester \$35.00 per summer session

It was ordered that the next appropriate catalog published at the U. T. Health Science Center - San Antonio be amended to conform to this action.

6. U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, U. T. M.D. Anderson Cancer Center and U. T. Health Center - Tyler: Nominees to Development Boards and Advisory Councils Effective September 1, 1989.--Approval was given to nominees for membership on the following development boards and advisory councils for the health-related institutions of The University of Texas System to be effective September 1, 1989.

The names of those accepting membership will be reported for the record at a subsequent meeting of the U. T. Board of Regents.

- a. The University of Texas Southwestern Medical Center at Dallas
Development Board
- b. The University of Texas Medical Branch at Galveston
Development Board
School of Allied Health Sciences Advisory Council
School of Nursing Advisory Council
- c. The University of Texas Health Science Center at Houston
Development Board
Speech and Hearing Institute Advisory Council
- d. The University of Texas Health Science Center at San Antonio
Development Board
Medical School Advisory Council
Nursing School Advisory Council
- e. The University of Texas M.D. Anderson Cancer Center
University Cancer Foundation Board of Visitors
- f. The University of Texas Health Center at Tyler
Development Board

7. U. T. System: Report by William McGanity, M.D., on Valley/Border Health Services Task Force.--Committee Chairman Blanton called on William McGanity, M.D., former Chairman of the Department of Obstetrics and Gynecology at The University of Texas Medical Branch at Galveston, for a brief report on The University of Texas System Valley/Border Health Services Task Force.

Dr. McGanity, who serves as Chairman of the Task Force, reported that the Valley/Border Health Services Task Force, which is comprised of representatives of each of the U. T. System health institutions, Pan American University, and the School of Social Work and the LBJ School of Public Affairs at The University of Texas at Austin, was established in August 1988 to:

- a. Develop an inventory of all health-related education, research and service activities currently active in the Lower Rio Grande Valley

- b. Develop ways and means by which all health-related components of the U. T. System might integrate, coordinate and cooperate in the health education and health care services program in the Valley/Border area.

With the aid of slides, Dr. McGanity presented a summary inventory of all the ongoing U. T. System program activities associated with the Valley/Border area and reviewed the goals and recommendations of the Task Force. He pointed out that nine recommendations had been developed within the following three step timetable which would make the Lower Rio Grande Valley self-sufficient in health programming by the year 2000:

- a. Develop and implement a full range of health education programs in pre-med, pre-dentistry, nursing, allied health and social work
- b. Full availability and utilization of health care services in the public sector as well as in the private sector along the Lower Rio Grande Valley
- c. Provide for an administrative structure to maintain and expand the program inventory.

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

Following Dr. McGanity's presentation, Committee Chairman Blanton expressed appreciation for this very informative report.

Regent Ramirez commended the Task Force on its efforts to establish health professional educational programs, health delivery services and research activities in the Lower Rio Grande Valley and reemphasized the need to support such programs in that area.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND FACILITIES COMMITTEE (Pages 35 - 78).--Committee Chairman Moncrief reported that the Finance and Facilities Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Finance and Facilities Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 46 (Catalog Change).--Upon recommendation of the Finance and Facilities Committee, the Board approved Chancellor's Docket No. 46 in the form distributed by the Executive Secretary. It is attached following Page 101 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

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

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval of Amendment to Chapter VIII, Section 1.33 (Signature Authority for Construction Contracts in Excess of \$300,000).--Approval was given to amend the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1.33 (Signature Authority for Construction Contracts in Excess of \$300,000) to read as set forth below:

- 1.33 In accordance with law, the Board will approve and award the contracts for all work in excess of the amount of \$300,000. The contract will be signed by the contractor(s) involved and an authorized representative of the Board.

3. U. T. System: Authorization to Extend the Six-Year Capital Improvement Program Through Fiscal Year 1994 and Approval of Additional Permanent University Fund (PUF) and Institutionally Funded Projects.--In introducing the consideration of this item, Committee Chairman Moncrief noted that a long-range Capital Improvement Program for The University of Texas System was first adopted by the U. T. Board of Regents in October 1985. This followed voter approval of an amendment to the Texas Constitution which allowed Permanent University Fund (PUF) Bond Proceeds to be used at all component institutions for construction, repair and rehabilitation, land acquisition and the purchase of major equipment and library materials. At that time, the Board committed to revising and updating the program every two years. The last comprehensive revision and update was adopted in January 1987, although interim special adjustments to the plan have been made in response to specific unanticipated needs and opportunities.

In addition to a biennial revision and update of the comprehensive program, Chairman Moncrief continued, the Board committed to allocate annually, from special reserves, funds for major repair and rehabilitation projects and for equipment projects. Since that program was initially established in October 1985, the Board has allocated \$10,000,000 per year for repair and rehabilitation and another \$10,000,000 per year for equipment. Allocations for specific projects have been made at the same time that operating budgets have been approved. In each of the past two years, allocations for equipment have included allocations for library enhancement. In June 1986, the Board adopted a special library enhancement program as a part of the Capital Improvement Program.

The Capital Improvement Program adopted in October 1985, and revised in January 1987, was limited to projects funded in whole or in part from PUF Bond Proceeds. Capital improvement projects to be funded totally from other sources were considered by the U. T. Board of Regents on an individual basis although they derived from the same planning process as did PUF funded projects. For the first time, the currently proposed additions to the Capital Improvement Program incorporate formally into the program projects which will be funded from both PUF and from non-PUF resources.

Chairman Moncrief advised the Board that the proposed extension of the Capital Improvement Program through Fiscal Year 1994 was based on requests submitted by the institutions in November of 1988 and subsequently reviewed by System Administration. The Board was briefed by System officials and by component presidents on April 5, 1989, regarding individual projects and project priorities. Subsequent briefings were also held with the Finance and Facilities Committee, the Health Affairs Committee and with the full Board of Regents.

A. Allocation of PUF Bond Proceeds

- (1) Following the specific reaffirmation by the Health Affairs Committee of the PUF allocations to the four projects indicated by an asterisk (*) on Pages 38 - 39, the Finance and Facilities Committee recommended and the Board allocated PUF Bond Proceeds to the projects indicated below:

U. T. SYSTEM

FY 93 Reserve for Repair and Rehabilitation	\$10,000,000
FY 94 Reserve for Repair and Rehabilitation	10,000,000
FY 93 Reserve for Institutional Equipment and Library	10,000,000
FY 94 Reserve for Institutional Equipment and Library	10,000,000
Upgrade of Telecommunications Network	2,500,000

ACADEMIC

U. T. Arlington

Science Building, Phase I (Projected total project cost of \$12,500,000 includes \$2 million in gifts and grants and \$500,000 previously allocated from FY 88 PUF Repair and Rehabilitation Reserves)	10,000,000
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U. T. Austin

Molecular Biology Building (Projected total project cost of \$25,000,000 includes \$8,000,000 from Fee Reserves and \$4,000,000 from gifts and grants)	13,000,000
Animal Resources Center - Expansion (Projected cost of \$2.9 million includes \$1,000,000 from institutional funds)	1,900,000
Experimental Sciences Building Renovation (Funding for this \$16 million phased project includes \$2 million from gifts and grants and \$4 million from institutional sources)	10,000,000

U. T. Dallas

Renovation of Founders Annex and Berkner Hall (Funding for this \$2 million project includes \$1 million from gifts and grants) \$ 1,000,000

Renovation of Founders Building (Funding for the \$5.5 million project includes \$3 million in gifts and grants) 2,500,000

U. T. San Antonio

Campus Infrastructure, Phase I (Primary Electrical Service) 1,200,000

Advance Project Design-Academic Building Two 200,000

Small Animal Building 300,000

Asbestos Abatement (Emergency Project Previously Approved; Work in Progress) 400,000

Engineering and Biotechnology Building Phase II (This \$15,000,000 project was previously approved for funding entirely from PUF Bond Proceeds. The PUF bond requirement is reduced by substituting \$2.5 million in gifts and grants.) (2,500,000)

HEALTH

U. T. Southwestern Medical Center - Dallas

Development of North Campus - Buildings 1a and 1b. (Total projected cost of \$52,500,000 includes \$32,500,000 in gifts and institutional balances) 20,000,000

Development of North Campus - Buildings 2a and 2b--Advance Project Design only. (Total projected cost for this project is anticipated to be approximately \$67,800,000; \$20,000,000 in PUF Bond Proceeds to be allocated after 1994 and the remainder from revenue funding) 500,000

U. T. Health Science Center - Houston

Clinical Research Building (*) (Total projected cost of \$30,000,000 includes gift monies of \$12,500,000) 17,500,000

Ambulatory Care Center (*) (Total projected cost of \$20,000,000 with \$5,000,000 of PUF and \$15,000,000 of local funds.) Confirmation of earlier Level III approved project. confirmation of prior approval of \$5,000,000

U. T. Medical Branch - Galveston

Completion of Shelled Floors (Total projected cost is \$8,250,000 including \$4,125,000 from gifts and grants) \$4,125,000

U. T. M.D. Anderson Cancer Center

Clinic Remodeling - Phase III (*) (Total project cost is \$21,600,000 for all three phases with \$5,000,000 of PUF and the remainder in local funds.) Confirmation of earlier Level II approved project. confirmation of prior approval of \$5,000,000

U. T. Health Center - Tyler

Clinic Expansion and Family Practice (*) (This clinic expansion and family practice project was included in the Capital Improvement Program by previous Board action. The PUF requirement is reduced by \$5,000,000. Total project cost is \$11,300,000 with \$5,000,000 of PUF and \$6,300,000 of local funds.) reduction of previously scheduled PUF funding (\$5,000,000)

Secretary's Note: Regents Beecherl and Moncrief emphasized that their concurrence with the \$5.0 million allocation of PUF resources to the Clinic Expansion and Family Practice project at the U. T. Health Center - Tyler was to fund the educational/medical teaching component of the facility and that the funding for the patient care activities would need to be developed from local resources. Regent Blanton noted that the Board would have additional opportunities to satisfy itself regarding the funding sources for this project as the planning process continues through its several phases.

- (2) Following presentations by Dr. Gerhard Fonken, Executive Vice-President and Provost of U. T. Austin and Chairman of the Executive Committee for the U. T. System Center for High Performance Computing, and Dr. Norman Hackerman, a distinguished scientist and former president of U. T. Austin and Rice University, the Board strongly endorsed the need for the U. T. System to maintain and enhance its supercomputing capability to serve the needs of its academic and research missions.

Recognizing that such a commitment would require an ongoing and substantial amount of fiscal resources, the Board instructed the System Administration to review all possible methods to fund this continuing requirement and to bring alternatives to the Board for consideration.

To allow for planning to continue for the possible acquisition of a new supercomputer in Fiscal Year 1991 or 1992, Regent Blanton indicated that the Board should make a commitment against the PUF and moved that the allocation of \$25,500,000

from Permanent University Fund Bond Proceeds for Fiscal Year 1991 remain in the plan as alternative methods of financing were being reviewed and analyzed. Regent Ramirez seconded the motion, which prevailed by a vote of 7 to 2; the negative votes being cast by Regents Beecherl and Moncrief. Thus, for the Capital Improvement Program, the PUF allocation was:

Upgrade of U. T. System Center
for High Performance Computing \$25,500,000

- (3) Following considerable discussion regarding the ability of the San Antonio community to contribute to the construction cost of Academic Building One at U. T. San Antonio, Regent Loeffler moved that the PUF Bond Proceeds allocation to this project be \$16,475,000 as set forth in the Supplemental Material dated Revised June 5, 1989. The motion was seconded by Regent Blanton and was approved by a vote of 7 to 2, with Regents Beecherl and Moncrief voting against the motion. Thus, for the Capital Improvement Program, the PUF allocation was:

U. T. San Antonio:
Academic Building One \$16,475,000

TOTAL NET ADDITIONS TO THE PROGRAM \$159,600,000

B. Allocations for Institutionally Funded Projects

Upon recommendation of the Finance and Facilities Committee and without objection, the Board approved the projects listed below for funding from the sources indicated:

	<u>Project Amount</u>	<u>Project Funding Source</u>	<u>Operating Funding Source</u>	<u>Earliest Starting Date</u>
<p>(1) Projects funded by gifts and grants designated for specific purposes</p>				
<p><u>U. T. Austin</u></p>				
Center for Electromechanics Expansion	\$1,170,000	U. S. Army	U. S. Army	Sept. '89
<p><u>U. T. Dallas</u></p>				
New Cecil and Ida Green Institute	2,300,000	Gifts	End. Inc.	Jan. '91
<p><u>U. T. Medical Branch - Galveston</u></p>				
Sealy Conf. Ctr. Renovation	3,500,000	Gifts	Conf. Inc.	June '91
New Student Activities Bldg.	<u>2,850,000</u>	Gifts	Student Fees	Sept. '89
Subtotal	\$ 9,820,000			

	<u>Project Amount</u>	<u>Project Funding Source</u>	<u>Operating Funding Source</u>	<u>Earliest Starting Date</u>
(2) Projects Funded by Sealy & Smith Foundation Grants (These are restricted to Hospitals and Clinics at U. T. Medical Branch - Galveston.)				
Emergency Generators	\$ 4,000,000	Fdn.	Hosp. Inc.	Aug. '89
Remodel 1st Fl. Admin. Bldg. - Scanner	1,275,000	Fdn.	Hosp. Inc.	June '89
Remodel 1st Fl. Sealy, 3rd Fl. McCullough, 3rd Fl. Clin. Sci.	10,000,000	Fdn.	Hosp. Inc.	March '90
Remodel Graves Building	3,800,000	Fdn.	Hosp. Inc.	March '90
Remodel 2nd Fl. Clin. Science	<u>5,000,000</u>	Fdn.	Hosp. Inc.	June '89
Subtotal	\$24,075,000			

(3) Projects funded by Income from Auxiliary Enterprises

U. T. Austin

New Parking Garage #2	\$ 4,015,000	Rev.Bonds	Park.Fees	July '90
Erwin Center Exterior	750,000	Aux.Resrv.	None	Jan. '91
Texas Union Renovation	8,000,000	Aux.Resrv.	None	June '89
Replace Marine Sci. Visitors Quarters	190,000	Sale of Old Bldg.	Rental Inc.	Jan. '90

U. T. San Antonio

Student Apts.	1,750,000	Rev.Bonds	Rental Inc.	June '89
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U. T. Health Science Center - San Antonio

New Park. Garage	4,500,000	Rev.Bonds	Park. Fees	June '89
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U. T. M.D. Anderson Cancer Center

New Rotary House	29,000,000	Rev.Bonds and Gifts	Rental Inc.	June '90
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U. T. Health Center - Tyler

New Medical Resident Housing	<u>487,500</u>	Gifts	Rental Inc.	Oct. '89
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Subtotal \$48,692,500

	<u>Project Amount</u>	<u>Project Funding Source</u>	<u>Operating Funding Source</u>	<u>Earliest Starting Date</u>
(4) Projects funded from Other Institutional Sources				
<u>U. T. Austin</u>				
New Spectro- scopic Survey Telescope	\$6,000,000	AUF, Gifts Grants	NSF Grants, Educational and General	April '90
Purchase of Ofc. Building	2,000,000	Des. Fund Balance	Educational and General	Sept. '90
Texas Swim Ctr. Repairs	1,000,000	Plant Funds	None	March '92
Communications Bldg. Repairs	1,000,000	Gen. Fee Balance	None	July '91
<u>U. T. San Antonio</u>				
New Tennis Building	100,000	Plant Funds	Student Fees	June '89
<u>U. T. Medical Branch - Galveston</u>				
Remodel Old Shriners	12,720,000	Gifts and Grants	Res. and Hospital Income	Sept. '92
<u>U. T. Health Science Center - San Antonio</u>				
Central Energy Plant Expansion	8,700,000	Rev. Bonds	Util. Inc.	June '89
<u>U. T. M.D. Anderson Cancer Center</u>				
New Bertner Street Bldg.	49,500,000	Rev. Bonds	Hosp. Inc.	Jan. '90
Renovate Private Room Wing	<u>1,000,000</u>	Educ. and Gen. Bal.	Educational and General	Sept. '89
Subtotal	\$ 82,020,000			
TOTAL	<u>\$164,607,500</u>			

C. With respect to the continued implementation of the Capital Improvement Program, the Board authorized the U. T. System Administration, in consultation with the component institutions, to proceed with planning for these and previously authorized projects and to bring recommendations to the U. T. Board of Regents for funding approval via the appropriate annual capital budget based on performance of the PUF, on the development of academic and research programs upon which these projects are predicated, and on other appropriate considerations. Individual project

recommendations with regard to the appointment of architects, approval of architectural plans, and award of construction contracts for individual projects will be in accordance with usual Board approval procedures via the agenda or docket, as appropriate.

For the record, the history of the Capital Improvement Program is summarized in two ways:

Attachment One (Pages 52 - 53) presents the Capital Improvement Program by project and fund source as authorized at this meeting to be effective through Fiscal Year 1994. This attachment does not include previously approved Capital Improvement Program projects which are completed or under contract.

Attachment Two (Pages 54 - 55) presents the history of the Capital Improvement Program since its inception in October 1985, as it relates to projects funded in whole or in part from PUF Bond Proceeds. This attachment includes the allocations made at this meeting.

To complete this Minute Order, there follows on Pages 43 - 51 a brief description of each of the PUF and institutionally funded projects which were added to the Capital Improvement Program by the actions at this meeting.

Permanent University Fund Projects

For Fiscal Years 1993 and 1994, the Repair and Rehabilitation Reserves and the Equipment and Library Collection Reserves will be continued at \$10,000,000 each. Specific allocations from these reserves for Repair/Rehabilitation and Library/Equipment will be recommended at the same time that FY 1990 Operating and Capital Budgets are submitted for approval.

U. T. System's Supercomputer project will set aside funds for major upgrades of the Center for High Performance Computing. In order to maintain a state-of-the-art research computing environment, a major upgrade should be planned every three to five years. The present computer, a CRAY X-MP/24, was acquired in 1985.

U. T. System's Telecommunications project will set aside \$2.5 million to acquire microwave dishes, video codecs, digital multiplexors, telephone interfaces, and high capacity data routers to complete the implementation of an integrated telecommunications network for the U. T. System component institutions. With the completion of this project, institutions will be able to call any number within the metropolitan area of any other component institution for a small fixed monthly charge, independent of the number of calls made. Academic and administrative data communications capability will be enhanced and compressed digital two-way closed circuit television will be provided.

U. T. Arlington's Science Building Phase I will consist of a 50,000 gross square foot addition to the 1949 Science Building. This new facility will solve a serious building maintenance problem, address a potential health hazard, support research generated by newly authorized Ph.D. programs in Chemistry and Physics, and provide additional facilities to position the institution to benefit from the probable construction of the Superconducting Super Collider.

U. T. Austin's Molecular Biology Building will promote one of the institution's highest strategic goals by providing space for the development of a teaching and research program in molecular biology. U. T. Austin has a documented deficiency of assignable research space of approximately 350,000 square feet. Based on a very conservative extrapolation of current trends, this deficit may be as high as 1,500,000 square feet by the year 2000. Molecular biology is presently spread out among six buildings, and the lack of modern space dedicated to this discipline is a major factor underlying the institution's inability to fill any of the six endowed chairs.

U. T. Austin's Animal Resources Center consists of a 20,000 square foot expansion of the existing facility. This expansion will position the institution to seek accreditation by the Association of Accreditation for Laboratory Animal Care by closing several nonaccreditable satellite locations. It will also add to the institution's overall laboratory animal capacity in support of the molecular biology program.

U. T. Austin's Experimental Science Building Renovation will provide funds for the phased renewal of a 1951 era building presently serving as the prime locale of research in the biological sciences. This renovation project will be coordinated with the construction of the Molecular Biology Building. The \$10 million from PUF Bond Proceeds allocated to this project will be matched by \$2 million from gifts and grants and \$4 million from institutional sources.

U. T. Dallas' Renovation of the Founders Annex and Berkner Hall will adapt these facilities to current teaching and research programs (including undergraduate engineering instruction), recapture at least 8,000 square feet of halls and corridors, bring the facilities into compliance with modern life safety codes, and improve energy efficiency. The remodeling work will be scheduled for completion at or about the same time as completion of the new engineering building in order to meet engineering, teaching and research needs in a coordinated manner.

U. T. Dallas' Renovation of the 25 year-old Founders Hall will be phased to commence upon completion of the Berkner Hall and Founders Annex renovation. About 6,900 square feet of assignable space will be added, and life safety codes will be met. Most mechanical systems in this science building will be replaced.

U. T. San Antonio's Campus Infrastructure, Phase I project will begin expanding the campus infrastructure, including roads, power and power distribution, water and sewer, in order to accommodate a predicted 40% expansion in the amount of education and general use space which will be needed over the next twelve years.

U. T. San Antonio's Academic Building One will partially correct a documented shortage in teaching space. U. T. San Antonio is the most crowded public university in the State, with only 65% of the space indicated by the Coordinating Board's space standard and with an additional need projected by the U. T. System's space model of 146,000 assignable square feet in 1988 (after completion of the Phase I Engineering and Biotechnology Building) and a projected deficiency of 287,000 by the year 2000. Academic Building One (76,000 assignable square feet) will provide general purpose classroom and faculty office space for humanities and business.

U. T. San Antonio's Advance Project Design-Main Campus will provide funds for preliminary planning for a second academic building. This building will be needed to meet space deficiencies that will exist even with completion of Academic Building One and the Science and Engineering Expansion (currently designated as Engineering and Biotechnology Building, Phase II).

U. T. San Antonio's Small Animal Building will enable the institution to correct several serious deficiencies, including lack of an adequate cage washing area, absence of a quarantine area, and absence of a segregated area for food storage.

U. T. San Antonio's Asbestos Abatement project consists of reimbursement for unexpected expenses that were incurred in the process of renovating the U. T. Institute of Texan Cultures - San Antonio.

U. T. Southwestern Medical Center - Dallas' North Campus Phase I consists of an energy distribution systems building and an eight-story, 300,000 gross square foot research building. The \$20 million PUF allocation will be matched with \$10 million in gifts and \$22.5 million in institutional balances. This facility is needed because of recent trends in research growth which leave the U. T. Southwestern Medical Center - Dallas with a present deficiency of more than 300,000 square feet in assignable research space and a projected deficiency of more than 1.2 million square feet by the year 2000. This facility will be the first stage in constructing U. T. Southwestern Medical Center - Dallas' North Campus.

U. T. Southwestern Medical Center - Dallas' North Campus Phase II consists of an eleven-story 330,000 gross square foot research building and a 90,000 gross square foot research support facility. The program approves \$500,000 in PUF Bond Proceeds for advance project design only for a project that will ultimately require \$20 million in PUF and approximately \$47.8 million from other institutional sources.

U. T. Health Science Center - Houston's Clinical Research Building will partially remedy a documented shortage of assignable research space and provide facilities to support new initiatives to develop clinical applications of biotechnology aimed at prevention and better treatment of disease. This 256,000 gross square foot facility will be located in the Texas Medical Center and will be financed by \$12.5 million in gifts and grants as well as \$17.5 million in PUF Bond Proceeds.

U. T. Medical Branch - Galveston has under construction a \$25 million Medical Research Building, including floors five through seven as shell space. This project is scheduled for completion in 1991. The U. T. Medical Branch - Galveston also has a documented shortage in research space exceeding the amount of space to be added through this new facility. Completion of the shelled floors will assist in overcoming this shortage and will support clinical, academic, and research programs in neurosciences and other critical areas.

Institutionally Funded Projects

Projects Funded by Gifts and Grants Designated for Specific Purposes:

U. T. Austin's Center for Electromechanics - Expansion has been recognized by the U. S. Army as a Center of Excellence. To continue the work on contracts and grants already awarded, expansions consisting of a covered storage facility of 14,300 gross square feet at an estimated cost of \$300,000; a low bay laboratory extension of 2,300 gross square feet at an estimated cost of \$120,000; and an extension of the high bay laboratory and craneway to cover the Down Range and the new Spin Test Facility, 6,800 gross square feet at an estimated cost of \$750,000 are needed. The total estimated cost is \$1,170,000. Financing of the construction will be under an agreement with the Department of the Army whereby the University will provide advance funding to be amortized by a special use allowance.

U. T. Dallas' Cecil and Ida Green Institute for the Study of Science and Society will serve as an archive for the papers, books, slides and other memorabilia of Cecil and Ida Green, as well as a general lecture area, operations center and faculty

commons area where general group meetings can be held. The cost of the 10,000 gross square foot facility will be approximately \$2,300,000, to be funded entirely by private gifts.

U. T. Medical Branch - Galveston's Sealy Conference Center Renovation will convert the 19th Century Sealy Mansion into a facility to support continuing medical education. This mansion was given to U. T. Medical Branch - Galveston upon the death of Mr. Robert Sealy in 1979. The present on-campus learning center cannot serve the current requirements for conferences, continuing education and professional meetings. The renovation of the Sealy Mansion will accommodate simultaneous meetings for groups ranging from 10 to 100 by providing flexible conference rooms supported by modern audio and video technology. This repair and rehabilitation project will be financed out of a Sealy & Smith Foundation grant, and the Conference Center operations will be financed out of conference income.

U. T. Medical Branch - Galveston's Student Activities Building will serve the institution's more than 2,000 students and post-doctoral trainees. There is no community center at present and this facility will include a large gathering space, offices for student government and student financial aid, study areas, food services, lockers, mail boxes and activity space. The facility will be paid for from Sealy & Smith Foundation grants and operated out of student fee revenues.

Projects Funded By Sealy & Smith Foundation Grants:

U. T. Medical Branch - Galveston's project to remodel the first floor north addition for a whole body scanner (Phase II) will provide offices and laboratories to support the whole body irradiator, the cyclotron and the whole body counter. This facility will support clinical research in priority important areas, including nutrition and osteoporosis.

U. T. Medical Branch - Galveston has put together a \$10 million phased remodeling project captioned, "Remodel John Sealy Building (1954 Sector), 1st floor John Sealy Building, 3rd floor McCullough Building and the 3rd floor Clinical Sciences Building." This project represents the fifth phase of remodeling the 1954 John Sealy Building and covers areas that have not been remodeled since 1954. The mechanical, plumbing and electrical systems need modernization and the facilities must be redesigned to meet life safety codes. Remodeled space will house activities such as the expansion of the Blood Bank and the blood donor areas; office and research laboratories for the Department of Obstetrics and Gynecology; and office and research laboratories for the Department of Ophthalmology.

U. T. Medical Branch - Galveston's remodeling of the 2nd and 4th floors of the Graves Building (\$3.8 million) will complete the ongoing renovation of the former psychiatric hospital. Other parts of

the building were renovated in 1982 upon the completion of the new psychiatric hospital. This latest remodeling project will provide space for various teaching, research and administrative functions within the Department of Psychiatry.

U. T. Medical Branch - Galveston's partial remodeling of the 2nd floor Clinical Sciences Building and the 2nd floor John Sealy Building (1954 Sector) will accommodate a CT Scanner and a new Magnetic Resonance Imaging unit. Four million dollars of the \$5 million requested for this project will be used to purchase imaging equipment, and the remaining \$1 million will finance the remodeling.

U. T. Medical Branch - Galveston's purchase and installation of four emergency generators will serve the new Medical Research Building, the John Sealy Building (1954 Sector), the Jennie Sealy Hospital and the Waverley Smith Pavilion. This project is reflective of a new strategy to provide one large source of emergency power rather than an emergency generator for each building. This strategy will be more cost effective, both in construction costs and personnel requirements in the event of an emergency.

Projects Funded by Income from Auxiliary Enterprises:

U. T. Austin's Parking Garage No. 2 will be located one block west of the main campus at the site of Parking Lot 28, southwest of Walter Webb Hall on San Antonio and Nueces Streets. The facility will have six levels with 684 parking spaces, a net increase of 604 spaces. Twenty percent of the \$4,015,000 estimated construction cost will be provided by the University from Auxiliary Enterprise reserves with the remaining cost to be provided by a bond issue funded from parking permits.

U. T. Austin's Erwin Center Exterior and Plaza Restoration project will correct leaks which, if not corrected, will lead to continuing and accelerated deterioration of the building structure. The plazas and the exterior vertical shell of the entire building need to be waterproofed and recaulked. The estimated cost of \$750,000 will be paid from Auxiliary Reserves.

U. T. M.D. Anderson Cancer Center's Jesse H. Jones Rotary International Facility will provide housing for patients and their families at moderate rates. Some clinical services will also be provided. An updated feasibility study was recently authorized by the U. T. Board of Regents as well as a revision of preliminary plans. This \$29 million facility will be constructed from a combination of gifts and revenue bonds and will be operated from the income it generates.

U. T. Austin's Texas Union Building Renovation project is based upon the results of an engineering survey. The survey concluded that all electrical and mechanical systems should be replaced. Many of the systems are original to the 1933 building.

In addition to replacement of electrical and mechanical systems, asbestos must be removed from the structure. The total estimated cost of the renovation is \$8 million. The students have voted in favor of a \$16 increase in the student fee to cover the cost of the renovation.

U. T. Austin's Visitors Quarters for the Marine Science Institute, Port Aransas, will enhance the Institute's ability to attract top visiting research scientists. This visitor housing is necessary because of the extremely high rental prices during the summer months due to the vacation area nature of the community. The proposed building is a four-plex of 3,200 gross square feet. The estimated cost is \$190,000. Project funds are anticipated from the sale of Lund House, an older two-story beach home located in a good neighborhood near the U. T. Marine Science Institute campus. It was donated to the University in 1970 by Dr. E. J. Lund, the first director of the U. T. Marine Science Institute.

U. T. San Antonio's Student Apartments to be constructed will have an initial capacity of 160 students. Five buildings with eight units in each will house four students per unit. These apartments will be located on the east side of the main campus. It is anticipated that the rental rate will be \$950-\$1000 per student per semester. Assuming 90% occupancy, each of the forty units should generate revenue of approximately \$650 in excess of debt service and expenses each academic year, excluding the summer. Construction will be financed from revenue bonds.

U. T. Health Center - Tyler plans to construct three additional housing units for medical residents. By 1991 the number of full-time medical residents in Family Practice will exceed the available housing. These units will be financed from private gifts.

Projects Funded from Other Institutional Sources:

U. T. Austin's Spectroscopic Survey Telescope will be housed in a building constructed on available land at McDonald Observatory. The Astronomy Departments of U. T. Austin and The Pennsylvania State University have developed a unique design for the construction of a very powerful spectroscopic telescope at a fraction of the cost of a conventional single mirror telescope. Component mirrors and frames have already been constructed and tested at Penn State. The total cost of \$6,000,000 will be shared equally by U. T. Austin and The Pennsylvania State University. The \$3,000,000 share from U. T. Austin will include \$1,500,000 from the Available University Fund and \$1,500,000 from gifts and grants.

U. T. Austin's Rehabilitation of the Texas Swim Center is necessary to prevent further deterioration to the world-class swimming facility caused by migration of water between the pools. This

water migration is placing the structural integrity of pools and the building in jeopardy. Rehabilitation of the twelve-year old facility contemplates replacement of all tile surfaces inside the pools, repairs to the viewing windows, replacement of the stainless steel bulkhead rails, waterproofing of the pool walls and floors, repairs to existing steel reinforcing rods, concrete patching, replacement of the rim flow tile systems, and waterproofing of the surge gutter. The estimated cost of \$1,000,000 will be paid from Plant Funds.

U. T. Austin's Replacement of the Exterior Skin on Communications Building B will correct deterioration of the corten steel cladding of the building. The cladding was intended to be a maintenance-free surface. This has not proved to be the case. The building was completed in 1973. Deterioration of steel cladding was noted in the late 1970's. The cladding has continued to deteriorate. The \$1,000,000 estimated cost of replacement will be paid from General Fee Balances.

U. T. San Antonio's New Tennis Building will consist of a single story concrete block structure of 1,130 square feet housing a small office, storage space and a monitoring station for control of personnel utilizing the ten lighted championship courts. Also included will be men and women's restrooms. Currently, no facilities are available to monitor access to or utilization of the courts or to store practice equipment and supplies. Additionally, no restroom facilities are available in the immediate area when the main campus buildings are closed. The project cost of \$100,000 will be funded from Plant Funds.

U. T. Austin's Acquisition of a General Purpose Office Building will allow the University to house some of the several departments and research groups now leasing approximately 85,000 square feet off campus. There is also a need for additional general purpose office space on or in immediate proximity to the campus. Implementation of this project will depend on the University's ability to negotiate an attractive price. The estimated project cost of \$2,000,000 will be paid from Designated Fund Balances.

U. T. Health Science Center - San Antonio needs to expand the Central Energy Plant that it shares with the Veterans Administration (VA) and Medical Center Hospital. This \$8.7 million project will add chillers, cooling towers, pumping and electrical equipment as well as an expansion of the building to house the new equipment. The plant's peak load last summer of 10,320 tons of chilled water approached the plant's total capacity of 12,000 tons and required that all four chillers operate simultaneously. Projects completed since last summer and projects under construction will add another 1,200 tons to the system. The U. T. Health Science Center - San Antonio is already using part of the reserve capacity allotted to the VA and Bexar County. A phased project is envisioned, with the first phase costing \$2.6 million. The source of financing will be revenue bonds, although a renegotiation of the contract with Lone Star Energy Corporation is an alternative.

U. T. M.D. Anderson Cancer Center is planning a major two-phased expansion of its physical plant. Phase I will be a multipurpose facility to be named the "Bertner Street Building." It will contain research space for the clinical divisions and departments and will also house new operating rooms, pathology service laboratories, radiation therapy, and an MRI facility. It will also contain an enhanced Learning Resource Center. The U. T. M.D. Anderson Cancer Center's external research support has increased by 83% over the past five years and the number of patients involved in clinical research has almost tripled. New research facilities are needed to support both basic and clinical research in order to continue progress in the "bench to bedside" concept by rapidly bringing laboratory research findings to patients. The Bertner Street Building will also correct deficiencies in the 35 year-old surgery facility.

U. T. M.D. Anderson Cancer Center plans to convert into a private nursing wing with 12 private rooms with special enhanced amenities. This project will support the institution's efforts to enhance revenue. Market research has been conducted to support the need for this facility and to determine its cost-effectiveness. The \$1 million for this project will come from patient revenues.

U. T. Medical Branch - Galveston's remodeling of the former Shriners Hospital can commence upon the projected 1992 completion of the new Shriners Hospital and the deeding of the former facility to U. T. Medical Branch - Galveston. This facility was constructed in 1966, and the University Long Range Planning Committee is identifying various academic, clinical and research programs that will be moved into this facility after it is remodeled. It is envisioned that clinical research will be the major use of this facility.

TOTAL CAPITAL IMPROVEMENT PLAN
PUF AND INSTITUTIONAL FUNDS
CURRENTLY PLANNED AND PROPOSED ADDITIONS
(EXCLUDES PROJECTS UNDER CONTRACT OR COMPLETE)
JUNE, 1989

ATTACHMENT ONE

	Total Cost	PUF Funds	Gifts/Grants	Institutional	Revenue Bnds	Hospital Inc.	Other	Earliest Start Date
U.T. ARLINGTON								
Science Building—Phase I	\$12,500,000	\$10,000,000 D	\$2,000,000				\$500,000	1990
U.T. AUSTIN								
Molecular Biology Building	25,000,000	13,000,000 D	4,000,000	8,000,000				1990
Animal Resource Center	2,900,000	1,900,000 D		1,000,000				1991
Experimental Science Bldg	18,000,000	10,000,000 D	2,000,000	4,000,000				1991
Andrews & Kinoshing Dorms—Phase 2	2,982,288							1991
Applied Research Lab—Service Bldg	3,500,000						2,982,288	1989
Energy Conservation	4,437,834		4,437,834	3,500,000				1990
Center for Electromechanics	1,170,000		1,170,000					1989
Spectroscopic Survey Telescope	6,000,000		4,500,000	1,500,000				1990
Purchase of Office Building	2,000,000			2,000,000				1990
Texas Farm Center Repairs	1,000,000			1,000,000				1990
Ernn Center Exterior	750,000							1990
Communications Building Repairs	1,000,000						750,000	1990
Parking Garage Number Two	4,015,000				4,015,000		1,000,000	1992
Texas Union	8,000,000				8,000,000			1990
Marine Science Inst. Visitors Quarters	190,000						190,000	1990
U.T. DALLAS								
Animal Care Facility (Emergency)	515,000	400,000 A		115,000				1989
Engineering & Computer Science Bldg	20,000,000	17,500,000 A	2,500,000					1990
Renov. of Founders Annex & Barber	2,000,000	1,000,000 D	1,000,000					1990
Renovation of Founders Building	5,500,000	2,500,000 D	3,000,000					1992
Cecil and Ida Green Institute	2,300,000		2,300,000					1990
U.T. EL PASO								
Geological Sciences Building	6,800,000	6,800,000 A						1989
U.T. SAN ANTONIO								
Engineering & Biotechnology Building Phase II	15,000,000	12,500,000 A	2,500,000					1993
Campus Infrastructure, Phase I (Primary Electrical Service)	1,200,000	1,200,000 D						1990
Small Animal Building	300,000	300,000 D						1990
Adv Project Design, Academ. Bldg II	200,000	200,000 D						1991
Asbestos Abatement	400,000	400,000 D						1988
Academic Building One	16,475,000	16,475,000 D						1991
Tennis Building	100,000			100,000				1989
Student Apartments	1,750,000				1,750,000			1990
U.T. TYLER								
Liberal Arts Complex	17,000,000	12,000,000 A	4,000,000	1,000,000				1993
SOUTHWESTERN MEDICAL CENTER								
Dev. of North Campus—Phase I	52,500,000	20,000,000 D	10,000,000	22,500,000				1991
Dev. of North Campus—Phase II	48,300,000	500,000 D	25,000,000	22,800,000				1994
Expansion of Aston Center	20,000,000				20,000,000			1989
Completion of 9th Floor—Green Biomed	2,600,000		2,600,000					1989
Chemical Storage Building	350,000			350,000				1990
Regulated Waste Disposal System	650,000			650,000				1990
Student Service Building	5,800,000			5,800,000				1991
GALVESTON MEDICAL BRANCH								
Completion of Shaded Floors	8,250,000	4,125,000 D	4,125,000					1994
John Seary—ER & Trauma Center	28,071,400		28,071,400					1990
Renovation of Kailer Building	10,250,000		10,250,000					1990
John Seary—Waverly Smith Pavilion	7,500,000		7,500,000					1990
Renovate Brackenridge Hall	2,500,000		2,500,000					1990
Seary Conference Center	3,500,000		3,500,000					1991
Student Activities Building	2,850,000		2,850,000					1991
Emergency Generators	4,000,000		4,000,000					1991
Rem. 1st Floor Addn—Body Scanner	1,275,000		1,275,000					1990
1st Floor Seary, 3rd floor McCullough, 3rd floor Clinical Sciences	10,000,000		10,000,000					1990
Remodel Graves Building	3,800,000		3,800,000					1990
Remodel 2nd Floor Clinical Sciences	5,000,000		5,000,000					1990
Renovate Former Shriners Hospital	12,720,000		12,720,000					1994
HOUSTON HEALTH SCIENCE CENTER								
Ambulatory Care Facility	20,000,000	5,000,000 B				15,000,000		1993
Clinical Research Building	30,000,000	17,500,000 D	10,000,000	2,500,000				1994
Surface Parking Facility	1,300,000				1,300,000			1990

	Total	Private	Gift/C	Institutional	Revenue	Other	Start Date	
SAN ANTONIO HSC								
Air Intake System	3,710,000	3,710,000	A					
Parking Garage	4,500,000				4,500,000		1989	
Expansion of Central Energy Plant	8,700,000				8,700,000		1990	
MD ANDERSON CANCER CENTER								
Learning Resource Center, Bernier								
Street Building	55,000,000	1,500,000	A	28,500,000	5,000,000	20,000,000		
Clinical Remodeling	6,900,000	5,000,000	B				1991	
Mech. System—Bob Smith Pash Bldg	2,000,000					1,900,000	1990	
Research Lab Expansion—Smithville	4,000,000				2,000,000		1991	
Upgrading of Mech. Systems, Phase II	4,700,000				2,000,000	2,000,000	1990	
Entrance Fountain	876,000			876,000			1990	
Surface Parking Lot	500,000						1990	
Renovate Smith Research Bldg	1,218,000				1,218,000	500,000	1990	
Private Room Wing	1,000,000				1,000,000		1992	
Rotary House	29,000,000			10,000,000		19,000,000	1993	
TYLER HEALTH CENTER								
Clinic Expansion & Family Practice	11,300,000	6,000,000	B					
Medical Resident Housing	487,500			487,500		6,300,000	1992	
U.T. SYSTEM								
Institutional Equipment & Library	50,000,000	50,000,000	C					
Repair and Rehabilitation	50,000,000	50,000,000	C					
Supercomputer	25,500,000	25,500,000	D, E					
Telecommunications	2,500,000	2,500,000	D					
TOTAL	\$724,075,717	\$298,610,696		\$216,482,734	\$92,733,000	\$49,766,000	\$23,200,000	\$5,402,288

FOOTNOTES REGARDING PUF ALLOCATIONS

- A. Previously Approved for Capital Improvement Plan
- B. Previously Approved for CIP and Reconfirmed June 1989
- C. Allocations Continued at \$10,000,000 each for FY1993 and FY1994
- D. New Allocation, June 1989
- E. System Administration is Directed to Review all Alternate Sources of Funding and to Present such Alternatives for Consideration by the Board.

19-Jun-89

THE UNIVERSITY OF TEXAS SYSTEM
 CAPITAL IMPROVEMENT PLAN 1985-1994
 PERMANENT UNIVERSITY FUND BOND PROCEEDS
 HISTORY OF THE PROGRAM WITH RECOMMENDED ADDITIONS
 THROUGH JUNE 1989

	Original Plan Oct., 1985	Interim Changes	Revised Plan Jan., 1987	Interim Changes	Recommended Changes	CIP Plan (PUF) June, 1989
U.T. SYSTEM						
Equipment & Library	\$ 59,250,000		\$ 10,000,000		\$ 20,000,000	\$ 89,250,000
Library Enhancement		12,249,500	7,500,000			19,749,500
Library Budget Augmentation (Interest on PUF)		7,500,000				7,500,000
Repair and Rehabilitation	58,410,000		10,000,000		14,060,000	82,470,000
Supercomputer	20,000,000				25,500,000	45,500,000
MCC Advance		9,300,000		(1,963,607)		7,336,393
Reimbursement of Capital Expenditures (Interest on PUF)				11,000,000		11,000,000
Telecommunications					2,500,000	2,500,000
U.T. ARLINGTON						
Engineering Building Addition & Renovation	38,500,000			(40,290)		38,459,710
Cooper Street Modifications	2,600,000					2,600,000
Science Building, Phase I					10,000,000	10,000,000
U.T. AUSTIN						
Remodeling & Expansion of Goldsmith Hall	11,000,000			(2,654,719)		8,345,281
Expansion of Physical Plant Facilities Phase I	12,500,000			(108,000)		12,392,000
Nuclear Engineering Teaching Microelectronics/Engineering Research Building	5,860,000		10,000,000	1,400,000		3,985,700
Purchase of Villa Capri Property				6,027,396		11,400,000
Purchase of SEMATECH Site				12,287,423		6,027,396
Center for Energy & Economic Diversification				2,000,000		12,287,423
Purchase of Pforzheimer Collection Molecular Biology Building				2,500,000		2,000,000
Animal Resources Center (Expan.)					13,000,000	2,500,000
Experimental Science Bldg. Ren.					1,900,000	13,000,000
					10,000,000	1,900,000
						10,000,000
U.T. DALLAS						
Animal Care Facility	400,000					400,000
Multipurpose & Engineering Startup Space	4,800,000					4,800,000
Engineering & Comp. Science	17,500,000					17,500,000
Ren. Founders Annex & Berkner Renovation of Founders Building					1,000,000	1,000,000
					2,500,000	2,500,000
U.T. EL PASO						
Physical Plant Facilities	6,900,000	880,000		105,000		7,885,000
Geological Sciences Building	4,700,000			2,100,000		6,800,000
U.T. PERMIAN BASIN						
Campus Computers	750,000					750,000
Re-Roofing Mesa Building	200,000					200,000
U.T. SAN ANTONIO						
Campus Electricity System	500,000					500,000
Engineering & Biotechnology Bldg Phase I	12,900,000					12,900,000
Phase II	15,000,000				(2,500,000)	12,500,000
Renovation of Public Areas at the Institute of Texan Cultures Phased Project	2,130,000					2,130,000
Hemisfair Property Renovations Phased Project			1,200,000			1,200,000
Campus Infrastructure, Phase I					1,200,000	1,200,000
Small Animal Building					300,000	300,000
Advance Proj. Design--Academic Building II					200,000	200,000
Asbestos Abatement					400,000	400,000
Academic Building One					16,475,000	16,475,000

* System Administration is Directed to Review all Alternate Sources of Funding and to Present such Alternatives for Consideration by the Board

	Original Plan Oct., 1985	Interim Changes	Revised Plan Jan., 1987	Interim Changes	Recommended Changes	Final Plan (PUF) June, 1989
U.T. TYLER						
Space Completion & Renovation						
Phased Project	3,800,000					3,800,000
Liberal Arts Complex	12,000,000					12,000,000
SOUTHWESTERN MEDICAL CENTER						
Clinical Science Building	8,000,000					8,000,000
Imaging Center	3,900,000					3,900,000
Green Biomedical Research Bldg			3,000,000	(3,000,000)		
Dev of North Campus--Phase I					20,000,000	20,000,000
Dev of North Campus--Phase II					500,000	500,000
GALVESTON MEDICAL BRANCH						
Medical Research Building	20,000,000					20,000,000
Expansion of Thermal Energy Plant		2,000,000				2,000,000
Completion of Shelled Floors					4,125,000	4,125,000
HOUSTON HEALTH SCIENCE CENTER						
Addition to Dental Science Bldg	8,000,000			670,000		8,670,000
Ambulatory Care Facility	5,000,000					5,000,000
Clinical Research Building					17,500,000	17,500,000
SAN ANTONIO HEALTH SCIENCE CENTER						
Basic Science Bldg/5th Level	3,400,000					3,400,000
Expansion of Clinical Science	15,500,000					15,500,000
Research Building-Medical Center			10,000,000			10,000,000
Air Intake System				3,710,695		3,710,695
M.D. ANDERSON CANCER CENTER						
Learning Resources Center	1,500,000					1,500,000
Clinical Remodeling	5,000,000					5,000,000
TYLER HEALTH CENTER						
Clinic Expansion & Family					(5,000,000)	
Practice Clinic	10,000,000					5,000,000
TOTAL	\$ 370,000,000	\$ 29,929,500	\$ 53,700,000	\$ 32,159,598	\$ 153,660,000	\$ 639,449,098

19-Jun-89

4. U. T. Austin - Balcones Research Center - Applied Research Laboratory Addition: Authorization for Project; Appointment of Wilson Stoeltje Martin, Inc., Austin, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--The Board, upon recommendation of the Finance and Facilities Committee:

- a. Authorized a project for the construction of an addition to the Applied Research Laboratory building at the Balcones Research Center at The University of Texas at Austin for an estimated total project cost of \$3,500,000
- b. Appointed the firm of Wilson Stoeltje Martin, Inc., Austin, Texas, as Project Architect to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$125,000 from Permanent University Fund Bond Proceeds previously allocated to U. T. Austin for campus repair/rehabilitation projects. Permanent University Fund Bond Proceeds expended for this project are to be replaced under a Special Use Allowance Agreement with the U. S. Department of the Navy.

At the February 1989 meeting, the U. T. Board of Regents approved a Special Use Allowance Agreement with the U. S. Department of the Navy in consideration of federally sponsored research projects to be conducted in facilities provided by U. T. Austin. Construction of these facilities will provide an addition of approximately 30,000 gross square feet to the Applied Research Laboratory at the Balcones Research Center.

In addition, the Board also concurred in the use of up to \$3,500,000 in Permanent University Fund (PUF) Bond Proceeds allocated under the U. T. System Capital Improvement Program for campus repair/rehabilitation projects to provide advance construction funds for the new facilities at the Applied Research Laboratory. This concurrence was made with the understanding that Navy payments under the Special Use Allowance Agreement will be used to replace advanced PUF Bond Proceeds and/or to finance U. T. Austin projects deferred as a result of this advance and that resultant construction project(s) are subject to normal administrative and Board approval requirements.

5. U. T. Dallas: Approval in Principle to Construct and Operate Fairhill School; Authorization for Officials to Finalize Negotiations of the Ground Lease and Shared Use Agreement with Fairhill School, a Texas Nonprofit Corporation, Dallas, Texas, and Authorization for Executive Committee to Approve Document.--Upon recommendation of the Finance and Facilities Committee, the Board:

- a. Concurred in principle to the construction and operation of Fairhill School, Dallas, Texas, on The University of Texas at Dallas campus under a long-term Ground Lease and Shared Use Agreement

- b. Authorized final negotiation of the Ground Lease and Shared Use Agreement by representatives of U. T. Dallas and The University of Texas System Administration
- c. Authorized the Executive Committee to approve and the Chairman of the U. T. Board of Regents to execute said document, assuming final agreement on a lease is in substantially the form set out on Pages 58 - 77.

The Lease provides that the U. T. Board of Regents will lease a tract of approximately 10 acres out of the U. T. Dallas campus (Leased Premises) to Fairhill School, a nonprofit corporation headquartered in Dallas, Texas, for a term of 35 years, with an option to extend for up to 15 years.

The project consists of a two-story office/classroom building and multipurpose auditorium/gymnasium of which Fairhill School will provide the financing, construction and maintenance. Construction on Phase I of the project (office/classroom building with finish out of first floor) will begin no later than December 31, 1990, and be completed within 18 months; construction on Phase II of the project (auditorium/gymnasium) is to commence three years after the completion of Phase I and be completed within 18 months of commencement; and construction on Phase III of the project (finish out of second story of office/classroom building) is to commence within three years after the completion of Phase II and be completed within one year of commencement.

All improvements to the Leased Premises revert to the U. T. Board of Regents at the expiration of the Lease at no cost to the Board. The Board will have the option to require Fairhill School, at its sole cost, to demolish all improvements upon expiration or abandonment of the Lease unless the U. T. Board of Regents takes possession of the facilities, after approval by the Texas Higher Education Coordinating Board, if required.

Consideration to be paid the U. T. Board of Regents includes a \$1/acre per year base rent and a yearly gift of \$20,000 per year for the term of the Lease for the funding of an academic position in the School of Human Development at U. T. Dallas. Additionally, U. T. Dallas will have shared use of all facilities for its educational activities and operations as mutually agreeable.

DRAFT

May 11, 1989

THE BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM,
FOR THE USE AND BENEFIT OF THE
UNIVERSITY OF TEXAS AT DALLAS

LESSOR

AND

FAIRHILL SCHOOL
a Texas nonprofit corporation

LESSEE

GROUND LEASE and
SHARED USE AGREEMENT
(School Site)

Dated: As of June _____, 1989

GROUND LEASE and SHARED USE AGREEMENT

(School Site)

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

THIS GROUND LEASE and SHARED USE AGREEMENT (the "Lease") is made and entered into as of the 12th day of June, 1989, by and between The Board of Regents of The University of Texas System for the use and benefit of The University of Texas at Dallas ("Lessor"), and Fairhill School, a Texas nonprofit corporation ("Lessee"). In consideration of the mutual covenants herein contained, Lessor and Lessee hereby agree as follows:

W I T N E S S E T H

ARTICLE I.

LEASE, TERM AND USE

Section 1.1. Leased Premises. Subject to the terms, provisions and conditions hereinafter set forth, and in consideration of the covenants of payment and performance stipulated herein, Lessor has leased, demised and let unto Lessee and the Lessee by these presents does hereby lease and take from Lessor, the tract of land (herein called the "Land") situated in the City of Richardson, Dallas County, Texas, more particularly described in Schedule I attached hereto and for all purposes made a part hereof, together with all Improvements (hereinafter defined) now or hereafter located thereon and all and singular the rights, easements, privileges and appurtenances thereunto attaching or belonging (hereinafter called the "Leased Premises") subject only to the matters set forth in Schedule II hereto to the extent the same affect the Leased Premises (the "Permitted Encumbrances").

Section 1.2. Term. Unless sooner terminated under the provisions hereof, this Lease shall be an continue in full force and effect for a Term commencing on the date hereof and expiring at midnight June 12, 2024.

Section 1.3. Lessee's Option to Extend Term. Lessor does hereby grant to Lessee one (1) option to renew and extend the Term of this Lease for a period of time not to exceed fifteen (15) calendar years, commencing upon the expiration of the Term and expiring at midnight on a date to mutually agreed upon by Lessor and Lessee which in no event shall be later than June 12, 2039 (herein referred to as the "Renewal Term"), unless this Lease is terminated earlier pursuant to the provisions hereof or unless there remains uncured any breach of any covenant set forth herein which Lessor has theretofore notified Lessee and as to which the applicable time to cure such breach has finally expired. Should Lessee

desire to exercise its option to extend the Term, it shall do so by delivering to Lessor written notice of its intention to exercise such option on or before one hundred eighty (180) days prior to the expiration of the Term.

Section 1.4. Use of Leased Premises. Lessee shall have the right to use the Leased Premises solely for the development and operation of the School Improvements (hereinafter defined) and ancillary uses including uses now or hereafter customarily related to or connected with the ownership and operation of a school. Lessor and Lessee covenant and agree that the School Improvements shall be for the exclusive use and benefit of the students, faculty, administration, employees, staff and guests of Lessee and Lessor and such other persons as Lessor and Lessee shall mutually designate pursuant to Section 3.3 hereof. Lessee shall comply with all federal, state, county and municipal laws and ordinances applicable to and as required for Lessee's use of the Leased Premises.

ARTICLE II.

CONSTRUCTION AND OWNERSHIP OF IMPROVEMENTS

Section 2.1. Construction of Improvements. The "School Improvements" referred to in this Article II and elsewhere herein shall mean a school complex containing a two-story classroom/office building (to be constructed as Phase I and Phase III) and a multi-purpose gymnasium/auditorium (Phase II) to be constructed on the Land by Lessee substantially in accordance with the Plans and Specifications prepared by Lessee's architect (the "Project Architect"), with such alterations thereto as may be made after initial completion of such Improvements pursuant to Section 7.2 hereof. When used herein the term "Commencement of Construction" shall mean the date on which labor is first performed on the Land in preparing the Land for construction.

All Plans and Specifications must be approved by the Office of Facilities Planning and Construction of The University of Texas System and The University of Texas at Dallas.

Lessee shall, at Lessee's cost, risk and expense, construct, erect and complete the Improvements upon the land. The Improvements shall be constructed in a good and workmanlike manner substantially in compliance with the Plans and Specifications to the satisfaction of representatives of The University of Texas System and The University of Texas at Dallas.

If Commencement of Construction of Phase I of the Improvements has not occurred on or before December 31, 1990, Lessor may treat such event as an event of default under this Lease. After Commencement of Construction, lessee covenants and agrees to complete construction of the Improvements with reasonable diligence, subject to the provisions of this Article II, without substantial deviation from the Plans and Specifications for the Improvements as approved. Should Lessee desire to substantially or materially amend or modify the Plans and Specifications, Lessee shall first obtain the prior written consent of authorized representatives of Lessor, which consent shall not be unreasonably withheld or delayed. The dates on which construction of Phase I, II or III of the

Improvements is completed (the "Completion Date") shall be the dates as certified by the Project Architect and representatives of The University of Texas System and The University of Texas at Dallas as the date on which the Improvements have been completed substantially in accordance with the Plans and Specifications thereof.

Section 2.2. Ownership of Improvements. All of the School Improvements, and all other Improvements of any nature on the Land, shall be owned by and shall be the property of Lessee during the Term of this Lease. The term "Improvements" shall mean the Improvements from time to time on the Land, including, without limitation, the School Improvements and alterations to the School Improvements pursuant to the provisions of this Lease.

Upon the termination of this lease, whether by expiration of the Term hereof or by reason of default on the part of Lessee, or for any other reason whatsoever, the School Improvements, and all parts thereof, and any other Improvements erected on the Land by Lessee in the future during the Term of this Lease, shall merge with the title to the Land. Subject to the provisions of Articles VI and XI hereof, Lessee shall deliver up the Leased Premises to Lessor in reasonably good condition, actual wear and tear excepted.

Section 2.3. Force Majeure. Lessee's obligations hereunder relative to the timely construction, restoration, repair, operation and maintenance of the School Improvements as provided for in this Lease shall be extended for the Period that such performance is prevented by failure of Lessor to perform actions hereunder required to be performed by Lessor; any arbitration, alternative dispute resolution, legal proceeding or other litigation against Lessee relative to the construction, restoration or repair of the Improvements in which Lessee is involved in good faith and not merely for purposes of delay; acts of God, force majeure, strikes, labor disputes, work stoppages, riots, insurrections, or by the act of any governmental agency or authority restricting or curtailing the erection, restoration or repair of the Improvements on the Land; or other causes beyond the reasonable control of Lessee, including, but not limited to inclement weather or the inability of Lessee to procure and obtain building materials as a result of any order, law or decree of any governmental authority or agency; or any other Unavoidable Delay. "Unavoidable Delay" shall mean all failures or delays in a party's performance of its obligations hereunder not within such party's reasonable control, including without limitation, the impossibility of such performance which shall result from or be caused by any arbitration, alternative dispute resolution, legal proceedings or other litigation threatened, instituted against or defended by such party, in good faith, and not merely for purposes of delay, acts of God, acts of the public enemy, wars, blockades, epidemics, earthquakes, storms, floods, explosions, strikes, labor disputes, works stoppages, riots, insurrections, breakages or accident to machines or lines of pipe or mains, lawful acts of any governmental agency or authority restricting or curtailing the construction of the School Improvements or withholding or revoking necessary consents, approvals, permits or licenses, equipment failures, inability to procure and obtain needed building materials (provided such party who is unable to do so makes reasonable efforts to procure satisfactory substitute materials if practical) whether as a result (directly or indirectly) of any lawful order, law or decree of any governmental authority of agency or otherwise, and any other cause whether

of the kind herein referred to or otherwise; provided, that such party shall pursue with reasonable diligence the avoidance or removal of such delay. The inability or refusal of a party to settle any labor dispute shall not qualify or limit the effect of Unavoidable Delay. The inability of a party to secure funds required to perform its agreement hereunder shall not constitute Unavoidable Delay.

Section 2.4. Lessor's Option to Require Demolition. Lessor shall have the option to require Lessee to demolish the Improvements at Lessee's sole cost and expense upon the occurrence of either (i) the "Abandonment" (as hereinafter defined) of the Improvements by Lessee, or (ii) the expiration of the Term of this Lease as it may amended or modified from time to time, provided that:

- (a) Lessor has not exercised its option to take control of the Improvements after approval by the Texas Higher Education Coordinating Board, its successor in function, and any other agency of the State of Texas from which approval is then required; or
- (b) Lessee and Lessor have not entered into an extension or a renewal of this Lease or an amendment to this Lease upon terms and conditions acceptable to Lessee and Lessor which gives Lessee the right to own and operate the Improvements for a period of time beyond the expiration of the Term.

As used herein, the term "Abandonment" shall mean (i) Lessee's voluntary surrender of the Leased Premises to Lessor prior to the expiration of the Term, or any extension or renewal thereof or (ii) Lessee's failure to operate the Improvements as provided under Section 1.4 for a period of eighteen (18) months measured from and after the last date permitted hereby for Commencement of Construction of Phase I.

Lessor shall give Lessee written notice of its exercise of such option no later than thirty (30) days after the occurrence of either (i) the "Abandonment" of the Improvements by the Lessee as hereinabove defined, or (ii) the expiration date of the Term, or any extension or renewal thereof, if none of the events specified in Subparagraphs (a) and (b) have occurred. If Lessor fails to give such notice within such time period, Lessor shall be deemed to have waived its option to have Lessee demolish the Improvements. Upon receipt of such notice, provided it is given within the time periods required hereby, Lessee shall demolish the Improvements within two hundred seventy (270) days.

In order to secure obligations of Lessee under this Section 2.5, Lessee shall furnish to Lessor a performance bond in the amount of . The Performance bond shall be issued by a company acceptable to Lessor, in favor of Lessor as named beneficiary, securing full and complete performance by Lessee of the demolition of School Improvements and having an expiration date which shall be 90 days after required completion date for Phase I. Funding under the performance bond shall be conditioned only upon receipt by issuer of a statement from Lessor certifying that Lessee has defaulted under its obligation set forth in this Section 2.5.

ARTICLE III.

CONSIDERATIONS

Section 3.1. Rental. Lessee covenants and agrees to pay annually to Lessor the sum of ten (\$10.00) Dollars (calculated on the basis of \$1.00 per acre of the Land as payment of rental). First year's rental shall be due and payable in full upon the execution of this Lease by Lessor and Lessee.

Section 3.2. Place and Manner of Payment. Subject to the further provisions hereof, the Rental hereinabove provided for shall be payable to the Lessor at the original or changed address of Lessor called for in Article XIV hereof or to such other person or persons at such address or addresses as lessor may designate from time to time in writing (subject to the provisions of Article XIV). In addition to other proper methods of payment, all payments of Rental and other sums payable to Lessor by Lessee under this Lease may be made, and shall be deemed to have been properly made, by the mailing or delivery to Lessor of Lessee's check or draft in the amount of such payment and shall be deemed timely made if received by Lessor on or before the due date thereof; provided that if such check or draft be not paid and honored upon presentation thereof, duly endorsed, such check or draft shall not constitute payment.

Section 3.3. Additional Considerations.

- (a) Lessee will provide Lessor with a gift of at least \$20,000 per year for the Term of the Lease and for each year of any extension of Lease by August 31 of each year for the purpose of funding an academic position in the School of Human Development at The University of Texas at Dallas. At the completion of the first five years of the Lease, the minimum amount of the gift will be adjusted annually to reflect changes in the CPI/Urban. This adjusted minimum will not increase by more than 5% per year.
- (b) Lessee will make available Leased Premises and all School Improvements to Lessor on a mutually agreeable basis for use in educational activities and operations of Lessor. Lessor agrees to make athletic fields available to Lessee on a mutually agreeable basis.
- (c) Lessee agrees to establish, in cooperation with the faculty and administration of The University of Texas at Dallas, a program for early childhood learning disorders to complement academic programs of The University of Texas at Dallas.
- (d) Lessee will execute an affiliation agreement with The University of Texas at Dallas to facilitate use of School Improvements as a learning laboratory for students of The University of Texas at Dallas.
- (e) The parties agree to the composition of a Liaison committee of three representatives appointed by the President of The

University of Texas at Dallas and three representatives appointed by Lessee to meet at least four times a year to discuss and make recommendations concerning the mutual academic goals of Fairhill School and The University of Texas at Dallas.

Section 3.4. Net Lease. This Lease shall be deemed and construed to be a "net lease", and the Lessee shall pay to the Lessor the Rental hereunder without abatement, deduction or set-off; and under no circumstances or conditions, whether now existing or hereafter arising, or whether or not beyond the present contemplation of the parties, shall the Lessor be expected or required to make any payment of any kind whatsoever or be under any other obligation or liability hereunder except as herein otherwise expressly set forth.

ARTICLE IV.

IMPOSITIONS AND UTILITIES

Section 4.1. Definition of Impositions. The term "Impositions" shall mean all taxes, assessments, use and occupancy taxes, water and sewer charges, rates and rents, charges for public utilities, excises, levies, license and permit fees and other charges by any public authority, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, which shall or may during the Term of this Lease be assessed, levied, charged, confirmed or imposed by any public authority upon or accrued or become due or payable out of or on account of or become a lien on the Leased Premises or any part thereof, or the School Improvements now or hereafter comprising a part thereof, or the appurtenances thereto or the sidewalks, streets or lots adjacent thereto, or the rent and income received by or for the account of Lessee for any permitted use or occupation of the Leased Premises, and such franchises, licenses and permits as may be appurtenant to the use of the Lease Premises, payable to any governmental body; but shall not include any income tax, capital levy, estate, succession, inheritance or transfer taxes or similar tax of Lessor, or any franchise tax imposed upon any owner of the fee of the Leased Premises, or any income, profits or revenue tax, assessment or charge imposed upon the rent or other benefit received by Lessor under this Lease, by any municipality, county or state, the United States of America or any governmental body; provided, however, that if at any time during the Term of this Lease, the present method of taxation or assessment shall be so changed that the whole or any part of the taxes, assessments, levies, Impositions or charges now levied, assessed or imposed on real estate and Improvements thereon shall be discontinued and as a substitute therefor, taxes, assessments, levies, Impositions, or charges shall be levied, assessed and/or imposed wholly or partially as a capital levy or otherwise on the rents received from said real estate or the rents reserved herein or any part thereof, then such substitute taxes, assessments, levies, Impositions or charges, to the extent so levied, assessed or imposed, shall be deemed to be included within the term "Impositions".

Section 4.2. Lessor's Payments of Impositions on Land. It is expressly understood and agreed by and between Lessor and Lessee that Lessor shall never (i) become liable for the payment of any ad valorem taxes becoming due with respect to the leasehold estate created hereunder or the Improvements.

Section 4.3. Lessee's Payment of Impositions. As additional rental during the Term of this Lease, Lessee will pay or cause to be paid as and when the same shall become due, subject to the further provisions hereof, all the Impositions assessed against (i) the School Improvements or other Improvements from time to time located on the Land, (ii) all fixtures, equipment and machinery therein owned by Lessee, and (iii) the Land, except that:

- (a) All Impositions that are payable by Lessee pursuant hereto for the tax year in which this Lease begins as well as during the year in which the Term of this Lease expires shall be apportioned so that Lessee shall pay its proportionate share of the Impositions that are payable in the year in which the Term of this lease begins and in the year in which the Term of this Lease expires, and Lessor shall pay its proportionate part, if any.
- (b) Where any Imposition that Lessee is obligated to pay in whole or in part is permitted by law to be paid in installments, Lessee may pay such Imposition (or proportionate part thereof) in installments as and when such installments become due.
- (c) The provisions of this Article shall never be construed as imposing any liability upon Lessee for the payment of any taxes, assessments or other charges imposed by city, county, state or federal laws or ordinances or any other laws or ordinances, upon the income of Lessor, or upon the transfer or passing of any interest owned by Lessor in the Leased Premises, generally known as income, inheritance, estate, succession or transfer taxes, nor shall Lessee be obligated to pay any withholding, profit or revenue tax or charge levied upon the rents payable to Lessor under the terms of this Lease.

Section 4.4. Evidence of Impositions Payable. The certificate, advice, bill or statement issued or given by the appropriate officials authorized or designated by law to issue or give the same or to receive payment of any Imposition, of the existence, non-payment or amount of such Imposition shall be prima facie evidence for all purposes of the existence, non-payment or amount of such Imposition.

Section 4.5. Rendition. Lessee shall have the right to render the Leased Premises, the Land and/or the Improvements for all taxing jurisdictions imposing Impositions, if any, and Lessor agrees to join in Lessee's rendering if requested to do so by Lessee.

Section 4.6. Utilities. Lessee shall pay (or cause to be paid or discharged) all charges to Lessee for gas, electricity, light, heat or power, telephone and other communication services used, rendered or supplied upon or in connection with Lessee's use of the Leased Premises, and all water and sewer service charges levied or charged against the Leased Premises during the continuance of this Lease.

Section 4.7. Option of Other Party to Pay Impositions. If either Lessor or Lessee shall fail to pay any of such Impositions for which it is liable, or its proportionate part thereof, as the case may be, before the same becomes delinquent, or fails to notify the other party of its intention to contest the same prior to such delinquency, or fails to pay contested Impositions, such other party may, at such other party's election (but shall not be obligated to), upon ten (10) days prior written notice to such other party, pay such Impositions with any interest and penalties due thereon, and the amount so paid by such other party shall be repayable to it by the party failing to pay on demand, together with interest thereon at the rate of eighteen percent (18%) per annum from the date of such payment until repaid; provided, however, that before Lessor may pay any such Imposition on behalf of the Lessee, the Lessor shall give the Lessee notice of such intended payment in the same manner as provided herein for any default by Lessee.

ARTICLE V.

INSURANCE

Section 5.1. Casualty Insurance. During the Term of this Lease, Lessee will keep and maintain (or cause to be kept and maintained) in force a policy of insurance on the School Improvements or any replacements or substitutions therefor with deductibles in an amount which Lessee may reasonably desire (not exceeding five percent of the face amount of such insurance policy unless Lessor approves a larger deductible), from and after commencement of construction of the Improvements, against Insurable Risks, and in builder's risk completed value form during construction, in amounts sufficient to avoid the effects of co-insurance provisions of policies, that is, not less than ninety percent (90%) of actual replacement cost (exclusive of cost of excavation, foundations, footings below the surface of the ground or below the lowest basement level and costs of underground flues, pipes and drains). Such "actual replacement cost" shall be confirmed from time to time (but not more frequently than once in any twelve calendar months) at the request of Lessor, by one of the insurers or, at the option of Lessee, by an appraiser, engineer, architect or contractor approved by the issuer of such insurance policy and paid by Lessee;

"Insurable Risks" shall mean those risks covered by the Texas Standard Form Fire and Extended Coverage Policy (including fire and direct loss by windstorm, hurricane, hail, explosion, riot, civil commotion, smoke, aircraft and land vehicles; sonic shock wave; and leakage from fire protective equipment).

Such insurance shall be secured and maintained with a company or companies reasonably satisfactory to the Lessor and shall be carried in the name of both Lessor and Lessee, as their respective interests appear. Lessee agrees to furnish Lessor with duplicate originals or copies of all such policies (or certificates evidencing such insurance),

and to furnish and maintain with Lessor at all times, a certificate or certificates of the insurance carrier or carriers certifying that such insurance will not be cancelled without at least thirty (30) days' advance written notice to Lessor.

Section 5.2. Indemnity. Lessee shall indemnify and hold harmless Lessor, its officers, agents and employees (the "Indemnified Parties"), from all claims, suits, actions and proceedings ("Claims") whatsoever which may be brought or instituted on account of or growing out of any and all injuries or damages, including death, to persons or property relating to any use or occupancy of the Leased Premises (including without limitation the construction, maintenance or operation of the Improvements), and all losses, costs, penalties, damages and expenses, including but not limited to attorneys' fees and other costs of defending against, investigating and settling the Claims; provided, however, that the indemnity shall not apply with respect to injuries or damages caused by the negligence or willful misconduct of Lessor, its agents or employees. Lessee shall assume on behalf of the Indemnified Parties and conduct with reasonable diligence and in good faith the defense of all Claims against the Indemnified Parties, whether or not Lessee is joined therein; provided, however, without relieving Lessee of its obligations under this Lease, the Indemnified Parties, at their election may defend or participate in the defense of any or all of the Claims with attorneys and representatives of their choice. Maintenance of the insurance referred to in this Agreement shall not affect Lessee's obligations under this Section 5.2 and the limits of such insurance shall not constitute a limit on Lessee's liability; provided, however, that Lessee shall be relieved of its aforesaid obligation of indemnity to the extent and only to the extent of the amount actually recovered from one or more of the insurance carriers of Lessee and either (i) paid to Lessor or (ii) paid for Lessor's benefit in reduction of any liability, penalty, damage, expense or charge imposed upon Lessor in connection with the Claims. Lessor covenants and agrees that Lessee shall have the right to contest the validity of any and all such Claims of any kind or character and by whomsoever claimed, in the name of Lessee or Lessor, as Lessee may deem appropriate, provided that the expenses thereof shall be paid by Lessee or caused by Lessee to be paid by its insurer.

Section 5.3. Liability Insurance. During the Term of this Lease, Lessee agrees to secure and maintain in force, comprehensive general liability insurance issued by a company or companies reasonably satisfactory to Lessor, with limits of not less than \$1,000,000 per occurrence nor less than \$500,000 per person. Lessee agrees to furnish and thereafter maintain with Lessor certificates of insurance to the effect that the above policy or policies of insurance are in force and that the same will not be cancelled without thirty (30) days' advance written notice to Lessor.

Section 5.4. Workers' Compensation. Lessee agrees to maintain, during the Term of this Lease, workers' compensation insurance for all employees.

ARTICLE VI.

DESTRUCTION OF IMPROVEMENTS

Section 6.1. Lessee's Obligation to Restore. Should the Improvements or any other Improvements constructed by Lessee hereafter situated on the Land or fixtures therein or thereon, during the term of this Lease be wholly or partially destroyed or damaged by fire, or any other casualty whatsoever which is an Insurable Risk, Lessee shall promptly repair, replace, restore or reconstruct the same in substantially the form in which the same existed prior to any such casualty and with at least as good workmanship and quality as the Improvements being repaired or replaced, all in compliance with the provisions of Section 7.2 hereof but with such alterations or modifications to the restored Improvements as may be consistent with the further terms and provisions hereof; provided, however, that Lessee shall not be obligated to repair, replace or reconstruct such Improvements unless (i) insurance proceeds received by Lessee from the policies of insurance maintained with respect to such Improvements (plus the applicable deductible under such policies) are sufficient to pay the costs and expenses of such repair, replacement and reconstruction and (ii) such damage resulted from an Insurable Risk (it being understood that Lessee has no obligation to repair or reconstruct Improvements damaged by a risk or casualty that is not an Insurable Risk). Should the cost of said repairs, restoration and rebuilding be estimated by Lessee's architect (which estimate must be made within a reasonable time under the circumstances) to be in excess of said insurance proceeds (plus the applicable deductibles under such policies) and Lessee fails to commence such repairs, restoration and rebuilding within a reasonable time, in no event exceeding one hundred eighty (180) days after the cost of such repairs, restoration and rebuilding is known to Lessee and the amount of such available insurance proceeds is determined, Lessor shall have the option to terminate this Lease by written notice to Lessee. Notwithstanding any provision to the contrary in Article VIII or elsewhere in this Lease, the termination option and exclusive recourse that Lessor may take against Lessee as a result of Lessee's failure to commence (or complete) such repairs, restoration and rebuilding regardless of whether Lessee's failure to repair, restore or rebuild the Improvements is a breach of Lessee's obligation hereunder when insurance proceeds are sufficient for restoration or is a result of Lessee's election not to repair, rebuild or restore the Improvements after determining that available insurance proceeds are insufficient to cover the costs of repairs and restoration.

In the event of a termination of this Lease by Lessor as a result of Lessee's failure to commence (or complete) restoration for any of the reasons or under any of the circumstances set forth above, this Lease shall terminate and come to an end upon Lessor's termination as aforesaid as though the date of such termination by Lessor were the date of expiration of the Term of this Lease, and all insurance proceeds shall be payable as follows: first, to Lessor in an amount sufficient to pay the cost to clear the Land of the partially damaged or destroyed Improvements; second, to Lessee in an amount equal to Lessee's equity invested in project plus the then present value (discounted at 10% per annum) of the Leasehold estate hereunder for the balance of the stated Term of this Lease and the balance to be paid to Lessor.

Section 6.2. No Abatement. In the event of any such casualty, the Rental and other payments herein provided for shall not be abated, and the happening of any such casualty shall not cause a termination of this Lease except as herein provided.

ARTICLE VII

USE, REPAIRS AND ALTERATIONS

Section 7.1. Use of and Repairs to Leased Premises. Throughout the Term of this Lease, Lessee shall keep all Improvements hereafter situated upon the Land, and all appurtenances thereunto belonging, in good and safe condition and in reasonable repair, and Lessee shall conform to and comply with all valid ordinances (as modified by variances applicable to the Land and Improvements thereon), regulations and laws affecting the Leased Premises and shall indemnify and hold Lessor harmless from any and all penalties, damages and charges imposed or incurred for any violation of such ordinances, regulations or laws relating to Lessee's use and operation of the Leased Premises. Lessor covenants and agrees that Lessee shall have the right to contest any such asserted or alleged violations of such ordinances, regulations or laws with the expenses of such contest to be paid by Lessee or its insurer. It is understood, however, that Lessee shall be relieved of its aforesaid obligation of indemnity to the extent and only to the extent of the amount actually recovered from the insurance carrier of Lessee, and (i) paid to Lessor or (ii) paid for Lessor's benefit in reduction of an such liability, penalties, damages, expenses or charges imposed upon Lessor.

Section 7.2. Alterations. Lessee shall have the right, from time to time, to make additions, alterations and changes (hereinafter sometimes referred to collectively as "Alterations") in or to the Improvements (which term shall, when used in this Section 7.2, include any replacement or substitution therefor), provided that no Event of Default (as defined herein) shall exist by Lessee in the performance of any of Lessee's covenants or agreements in this Lease subject, however, to the following:

- (a) no structural Alterations of the original facade or exterior of the Improvements shall be commenced except after receipt of written approval from Lessor's authorized representative of such Alterations, which approval Lessor agrees not to unreasonably withhold;
- (b) no Alternations shall be made which would impair the structural soundness of the Improvements;
- (c) no Alternations shall be undertaken until Lessee shall have procured and paid for, so far as the same may be required from time to time, all permits, licenses and authorizations of all municipal departments and governmental subdivisions having jurisdiction. Lessor shall join, but without expense to Lessor, in the application for such permits, licenses or authorizations whenever such action is necessary and is requested by Lessee;

- (d) any Alterations shall be commenced and completed within a reasonable time (subject to Unavoidable Delays and other matters referred to in Section 2.3 hereof) and in a good and workmanlike manner and in substantial compliance with all applicable permits, licenses and authorizations and buildings laws and with all applicable laws, ordinances, orders, rules, regulations and requirements of federal, state and municipal governments, departments, commissions and boards;
- (e) if any involuntary liens for labor and materials supplied or claimed to have been supplied to the Leased Premises shall be filed, Lessee shall pay or bond around such liens to Lessor's reasonable satisfaction or otherwise obtain the release or discharge thereof at least sixty (60) days prior to the time that Lessor's interest in the Land and/or Improvements may become subject to forced sale with respect to such involuntary liens;
- (f) Lessee shall obtain workers' compensation insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against Lessor, Lessee or the Leased Premises; and
- (g) Lessee will upon demand by Lessor give reasonably satisfactory proof or assurances to Lessor that the funds required to pay for the Alterations are or will be available to Lessee for such purpose.

Section 7.3. No Abatement. In no event shall Lessee be entitled to any abatement, allowance, reduction or suspension of the Rental and other payments herein reserved or required to be charged by reason of such Alterations, nor shall Lessee, by reason thereof, be released of or from any other obligations imposed upon Lessee under this Lease.

Section 7.4. Lessee Has No Authority to bind Lessor's Interest. Neither Lessee nor any of Lessee's agents, employees, representatives, contractors or subcontractors shall have any power or authority to do any act or thing or to make any contract or agreement which shall result in the creation of any mechanics' lien or other lien or claim upon or against Lessor or Lessor's interest in the Leased Premises, and Lessor shall have no responsibility to Lessee or to any contractor, subcontractor, supplier, materialman, worker or other person, firm or corporation who shall engage in or participate in any alterations. Lessee shall have the right to contest any mechanics' lien or other involuntary lien in good faith and by proper proceedings; however, in any event, Lessee shall be obligated to bond or otherwise discharge of record any such lien asserted against the interest of Lessor as a result of Lessee's work on the Leased Premises at least sixty (60) days prior to the time Lessor's interest might be claimed to be subject to forfeiture or forced sale as a result of any such lien claim.

ARTICLE VIII

DEFAULT

Section 8.1. Events of Default. Each of the following shall be deemed an Event of Default by Lessee under this Lease:

- (a) Failure by Lessee to pay any installment of Rental or other payments or to pay or to cause to be paid Impositions (to the extent Lessee is obligated to pay same or cause same to be paid), insurance premiums or other liquidated sums of money herein stipulated in this Lease to be paid by Lessee if such failure shall continue for a period of thirty (30) days after written notice ("First notice") thereof has been received by Lessee.
- (b) Material failure by Lessee to perform or observe any of the terms, covenants, conditions, agreements and provisions of this Lease (other than the payment of rent, Impositions, insurance premiums or other liquidated sums of money and other than the obligation to commence construction of and complete Phases I, II or III by the dates provided in herein) stipulated in this Lease to be observed and performed by Lessee if such failure shall continue for a period of one hundred twenty (120) days after notice ("First notice") (which notice shall explicitly specify the nature of any such material failure by Lessee to perform or observe any of the terms, covenants, conditions, agreements and provisions of this Lease and where appropriate, recommend possible remedial actions to be taken by Lessee) thereof has been received by Lessee.
- (c) Failure of Lessee to commence construction of Phase I of the School Improvements on or before December 31, 1990 or to complete construction of Phase I within 18 months commencement of construction.
- (d) Failure of Lessee to commence construction on Phase II of the School Improvements (Auditorium/Gymnasium) within three years of commencement of construction of Phase I or to complete construction of Phase II within 18 months of commencement of construction of Phase II.
- (e) Failure of Lessee to commence construction of Phase III of School Improvements (finish out of second story of Phase I) within three years of completion of Phase II or to complete Phase III within one year of commencement of construction of Phase III.
- (f) Failure of Lessee to retain accreditations?

Section 8.2 No Waiver of Default. No waiver of any breach of any covenant or provision of this Lease shall be construed to be a waiver of any other or subsequent breach of the same or of any other covenant or provisions, and the acceptance of Rental, other payment or default shall not be deemed a waiver of the right to demand the complete performance by Lessee of its obligations hereunder.

Section 8.3. Default by Lessor. Should Lessor fail to perform its obligations under the provisions set forth herein or under any other written agreement between Lessor and Lessee, Lessee's sole remedy for such failure shall be to cease paying Rental and/or other payments to Lessor until such failure shall be cured or remedied by Lessor.

ARTICLE IX

WARRANTY OF PEACEFUL POSSESSION

Section 9.1. Lessor covenants and warrants that Lessee, on paying the Rental and other payments herein provided and performing and observing all of its covenants and agreements herein contained and provided, shall and may peaceably and quietly have, hold, occupy, use and enjoy all of the Leased Premises during the entire Term of this Lease, and may exercise all of its rights hereunder, subject only to the provisions of this Lease and applicable governmental rules and regulations; and Lessor agrees to warrant and forever defend Lessee's right to such occupancy, use, and enjoyment and the title to the Leased Premises against the claims of any and all persons whomsoever lawfully claiming or to claim the same, or any part thereof, subject only to the provisions of this Lease and applicable governmental rules and regulations.

ARTICLE X

ADDITIONAL OBLIGATIONS OF LESSOR

Section 10.1. Access. Lessor hereby grants to Lessee, its agents, employees, contractors, licensees, invitees, and guests the right of ingress and egress over and upon all real property now or hereafter owned by Lessor which is adjacent to or having a boundary contiguous with the Leased Premises in order that Lessee, its agents, employees, contractors, licensees, invitees, and guests may have reasonable access from a dedicated public right-of-way to and from the Leased Premises of sufficient size and area to facilitate the use and occupancy of the Leased Premises and reasonable pedestrian and vehicular access from and between such public right-of-way and the Leased Premises over the sidewalks, walkways, roads, streets and drives whether now existing or constructed in the future, located thereon.

ARTICLE XI

MODIFICATIONS AND APPROVALS

Lessor agrees that in the event it becomes necessary or desirable for Lessor to approve in writing any ancillary documents concerning the construction, operation or maintenance of the School Improvements or to alter or amend any such ancillary agreements between Lessor and Lessee regarding the construction, operation or maintenance of the Improvements or to give any approval or consent of Lessor required under the terms of this Lease, or to execute any compliance certificate, Lessor hereby authorizes, designates and empowers the following officers of the

University to execute any such agreement, approvals or consents necessary or desirable: the President or Vice President for Business Affairs of The University of Texas at Dallas or their successors in function.

ARTICLE XII

INSPECTION BY LESSOR

Lessor, in person or by or through its agents and representatives, shall have the right to enter upon portions of the Leased Premises for purposes of inspection of same from time to time to assure Lessee's compliance with this Lease after reasonable notice of Lessor's intention to inspect the Leased Premises, and Lessor agrees that such inspection shall be during reasonable normal business hours.

ARTICLE XIII

RECORDING OF LEASE

Lessor and Lessee hereby agree that this Lease shall not be recorded. Lessor and Lessee, upon the written request of either of them, shall execute a memorandum or short form lease, in recordable form and in form and substance satisfactory to Lessor and Lessee, wherein the Original Memorandum is amended and restated in its entirety and wherein a legal description of the Leased Premises, the Term of this Lease and certain other terms and provisions hereof, excepting, however, the provisions hereof relating to the amount of Rental payable hereunder, shall be set forth. Such memorandum or short form lease shall be filed for record in the Real Property Records of Dallas County, Texas.

ARTICLE XIV

NOTICE

Any notice, communication, request, reply or advice or duplicate thereof (herein severally and collectively, for convenience called "Notice") in this instrument provided or permitted must be in writing and shall, unless otherwise in this instrument expressly provided, be given or be served by depositing the same in the United States mail, postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party. Notice deposited in the mail in the manner hereinabove described shall be effective, unless otherwise stated in this Lease, from and after the expiration of four (4) days after it is so deposited, regardless of whether or when same is actually received by the addressee. Notice in any other manner shall be effective only if and when received by the party to be notified. For purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to Lessor, to: The University of Texas at Dallas
P.O. Box 830688
Richardson, Texas 75083-0688
Attention: Vice President for
Business Affairs

With a copy to: The Board of Regents of
The University of Texas System
601 Colorado Street
Austin, Texas 78701
Attention: Executive Vice Chancellor
for Academic Affairs

With a copy to: Office of General Counsel
The University of Texas System
201 West 7th Street
Austin, Texas 78701
Attention: Vice Chancellor and
General Counsel

However, the parties hereto shall have the right from time to time at any time to change their respective addresses and each shall have the right to specify as such party's address any other address within the United States of America by at least fifteen (15) days written Notice to the other party.

ARTICLE XV

ENTIRE CONTRACT AND NON-WAIVER

No variations, modifications, or changes herein or hereof shall be binding upon any party hereto unless executed by it or by a duly authorized officer or a duly authorized agent of the particular party. No waiver of any breach or default by either party of any term, condition, or liability of or performance by the other party of any duty or obligation hereunder, including without limitation, the acceptance by Lessor or payment by Lessee of any Rental at any time or in any manner other than as herein provided shall be deemed a waiver thereof, nor shall any such waiver be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character, or description under any circumstance.

ARTICLE XVI

NO MERGER OF TITLE

Except upon expiration of the Term of this Lease or upon termination of this Lease pursuant to express right set forth herein, there shall be no merger of this Lease nor of the leasehold estate created by this Lease with the fee estate in the Lease Premises or any part thereof by reason of the fact that the same person may acquire or own or hold, directly or indirectly, (a) this Lease or other leasehold estate created by this Lease or any interest in this Lease or in any such leasehold estate (including any Improvements hereafter situated upon the Leased Premises), unless and until all persons having any interest in (i) this Lease or the leasehold estate created by this Lease, and (ii) the fee estate in the Leased Premises or any part thereof, shall join in a written instrument effecting such merger and shall duly record the same.

ARTICLE XVII

BINDING AGREEMENT

This Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective heirs, successors, assigns, and legal representatives.

ARTICLE XIX

MISCELLANEOUS

This Lease shall be construed and enforced in accordance with the laws of the State of Texas.

Pronouns shall include natural persons and corporations and associations of every kind and character, and the singular shall include the plural and the plural the singular of all nouns and pronouns herein wherever applicable. Paragraph and section headings in this Lease are for convenience of reference and shall not affect interpretation of this Lease and in no way define, limit or describe the scope or intent of this Lease.

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Nothing contained in this Lease shall be construed to create a partnership, association, trust or other entity, nor to constitute either party the agent of the other, nor to mean that either party shall assume any of the liability of the other party, whether such liability be past, present or future.

IN WITNESS WHEREOF, this Lease is made and entered into in multiple original counterparts, on the day and year first above written.

LESSEE:

FAIRHILL SCHOOL

By: _____
Chairman
Board of Directors

LESSOR:

THE BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM,
FOR THE USE AND BENEFIT OF
THE UNIVERSITY OF TEXAS AT DALLAS

By: _____
Louis A. Beecherl, Jr.
Chairman

Attest

Arthur H. Dilly
Executive Secretary

APPROVED AS TO CONTENT:

APPROVED AS TO FORM:

Robert Rutford
President
The University of Texas at Dallas

Office of General Counsel

Schedule I

Schedule II

6. U. T. Health Science Center - San Antonio - Central Energy Plant Modification/Expansion - Phase I: Authorization for Project; Appointment of Wm. E. Wallis & Associates, San Antonio, Texas, as Project Engineer to Prepare Final Plans; Approval to Submit to the Coordinating Board; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; and Appropriation Therefor.--The Finance and Facilities Committee recommended and the Board:

- a. Authorized a project for the first phase of modification and expansion of the Central Energy Plant at The University of Texas Health Science Center at San Antonio at an estimated project cost for Phase I of \$2,600,000
- b. Appointed the firm of Wm. E. Wallis & Associates, San Antonio, Texas, as Project Engineer to prepare final plans and specifications
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board
- d. Subject to approval by the Coordinating Board, authorized the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award all contracts related to this project within the authorized total project cost
- e. Appropriated \$2,600,000 from the U. T. System General Revenue Subordinate Lien Notes for total project funding.

This project will be accomplished in two phases, with the first phase consisting of alterations and modifications to improve the efficiency of equipment within the existing plant and the second phase consisting of expansion of the existing facilities.

There is a critical need to accomplish Phase I prior to the Summer of 1990 to provide the cooling requirements for space currently under construction at the U. T. Health Science Center - San Antonio campus. The Phase I work will provide for conversion of one steam turbine driven chiller to electric drive, modifications to cooling tower cells, provision of additional emergency power and other electrical, plumbing and condenser water systems.

REPORT AND RECOMMENDATIONS OF THE LAND AND INVESTMENT COMMITTEE (Pages 79 - 97).--Committee Chairman Ratliff reported that the Land and Investment Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Land and Investment Committee and approved in open session and without objection by the U. T. Board of Regents.

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

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

I. PERMANENT UNIVERSITY FUND

A. INVESTMENT MATTERS

1. Report on Clearance of Monies to the Permanent University Fund for March and April 1989 and Report on Oil and Gas Development as of April 30, 1989.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for March and April 1989, and (b) Oil and Gas Development as of April 30, 1989, were submitted by the Executive Vice Chancellor for Asset Management:

	<u>March 1989</u>	<u>April 1989</u>	<u>Cumulative Through April of this Fiscal Year (1988-1989)</u>	<u>Cumulative Through April of Preceding Fiscal Year (1987-1988)</u>	<u>Per Cent Change</u>
Permanent University Fund					
Royalty					
Oil	\$ 4,579,201.54	\$ 3,310,751.21	\$ 28,481,399.46	\$37,171,561.22	-23.38%
Gas	2,060,447.35	1,671,364.38	13,991,042.97	15,775,263.50	-11.31%
Sulphur	18,874.68	24,314.44	188,913.48	65,091.65	190.23%
Water	77,259.78	89,321.96	516,572.28	373,322.34	38.37%
Brine	2,084.89	3,213.66	22,669.75	32,468.26	-30.18%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Leases	(2,117.20)	(1,159.94)	699,963.76	365,161.09	91.69%
Other	20,300.00	(19,900.00)	766.46	1,624.00	-52.80%
Sale of Sand, Gravel, Etc.	0.00	0.00	34,887.45	6,205.50	--
Total University Lands Receipts Before Bonuses	<u>6,756,051.04</u>	<u>5,077,905.71</u>	<u>43,936,215.61</u>	<u>53,790,697.56</u>	<u>-18.32%</u>
Bonuses					
Oil and Gas Lease Sales	0.00	0.00	2,554,807.73	3,567,241.98	--
Amendments and Extensions to Mineral Leases	0.00	0.00	641.11	724.98	--
Total University Lands Receipts	<u>6,756,051.04</u>	<u>5,077,905.71</u>	<u>46,491,664.45</u>	<u>57,358,664.52</u>	<u>-18.95%</u>
Gain or (Loss) on Sale of Securities	\$ 6,790,543.68	\$ 6,627,187.57	\$ 94,068,808.71	\$42,426,092.30	121.72%
TOTAL CLEARANCES	<u>\$13,546,594.72</u>	<u>\$11,705,093.28</u>	<u>\$140,560,473.16</u>	<u>\$99,784,756.82</u>	<u>40.86%</u>

Oil and Gas Development - April 30, 1989
Acreage Under Lease - 703,001

Number of Producing Acres - 545,738

Number of Producing Leases - 2,182

2. Permanent University Fund: Recommendation to Appoint a Master Trust Custodian; Authorize a Securities Lending Program; and Authorize the Executive Vice Chancellor for Asset Management to Negotiate and Execute a Master Trust Custodian Contract and Related Documents.--Committee Chairman Ratliff initiated consideration of the item related to the proposed appointment of a Master Trust Custodian for the Permanent University Fund by indicating that both the Land and Investment Committee and the Board of Regents had been briefed on the process and the evaluation procedure which had been applied to the Request for Proposal for the appointment of a Master Trust Custodian. He noted that such briefings indicated a difference of opinion among the Board with some favoring the System Administration recommendation of NCNB, Texas National Bank, Dallas, Texas, and others favoring the proposal advanced by First City, Texas - Houston N.A., Houston, Texas.

Following considerable discussion, Chairman Ratliff moved the recommendation of the Land and Investment Committee that: First City, Texas - Houston N.A., Houston, Texas, be appointed the Master Trust Custodian for the Permanent University Fund; participation in the securities lending program offered by that bank be authorized; and the Executive Vice Chancellor for Asset Management be authorized to negotiate and execute a Master Trust Custodian Contract with this bank and related Securities Lending Contracts with this bank or its subcontractors after approval by the Land and Investment Committee and approval as to form by the Office of General Counsel.

Regent Cruikshank seconded the motion and again discussion ensued regarding the merits and terms of the proposals submitted by NCNB and First City.

Regent Barshop offered a substitute motion to table this matter for further discussion and negotiation. The motion was seconded by Regent Moncrief and discussed with regard to the possible fiscal and other difficulties attendant to further delay. The substitute motion was put to the Board by Chairman Beecherl with the result that the motion failed by a five (5) to three (3) vote, with one (1) abstention.

Discussion then continued with regard to Committee Chairman Ratliff's motion to appoint First City as cited above and upon vote by the Board, the motion failed for lack of a majority.

<u>For</u>	<u>Against</u>	<u>Abstain</u>
Regent Blanton	Regent Beecherl	Regent Barshop
Regent Cruikshank	Regent Loeffler	
Regent Ratliff	Regent Moncrief	
Regent Roden	Regent Ramirez	

There being no further motions brought before the Board, Chairman Beecherl indicated that the Executive Vice Chancellor for Asset Management and his staff should continue negotiations with and again review the proposals from both NCNB, Texas National Bank and First City, Texas - Houston N.A. and that the Board would plan to meet either by telephone or in person in about two weeks to again consider this matter.

Executive Vice Chancellor Patrick assured the Board that he would talk with the respective banks in an attempt to clarify the terms of their proposals and that the Land and Investment Committee as well as the remainder of the Board would be kept advised regarding the continuing interactions with these banks.

B. LAND MATTERS

Permanent University Fund: Authorization for Execution of Assignments and Amendments to Surface Leases Nos. 5777, 6490 and 6946, All Located in Ward County, Texas, from Cabot Corporation to Cabot Gas Processing Corporation, Both of Waltham, Massachusetts.--The Land and Investment Committee recommended and the Board:

- a. Authorized the appropriate U. T. System Administration officials to execute assignments of Surface Leases Nos. 5777, 6490 and 6946, all located on Permanent University Fund lands in Ward County, Texas, from Cabot Corporation to Cabot Gas Processing Corporation, both of Waltham, Massachusetts
- b. Authorized the appropriate U. T. System Administration officials to negotiate with Cabot Gas Processing Corporation for requested amendments and extension of leased terms for Surface Leases Nos. 5777, 6490 and 6946 within the general parameters of the Regental policy in these matters
- c. Authorized the appropriate U. T. System Administration officials to execute these amended surface leases upon approval of such leases by the Office of General Counsel.

The U. T. Board of Regents recognized that, in the absence of time constraints caused by a pending corporate merger, these matters would ordinarily be approved via the Docket.

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. Austin: Acceptance of Gift and Pledge from the Abell-Hanger Foundation, Midland, Texas; Allocation of Funds from the College of Engineering Challenge Grant; Establishment of the George T. and Gladys H. Abell Endowed Chair of Engineering in the College of Engineering; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$109,000 gift and a \$219,000 pledge, payable by August 31, 1991, from the Abell-Hanger Foundation, Midland, Texas, for a total of \$328,000 and established the George T. and Gladys H. Abell Endowed Chair of Engineering in the College of Engineering at The University of Texas at Austin.

Further, \$472,320 will be allocated from the College of Engineering Challenge Grant received from an anonymous donor and will be used to increase the endowment to a total of \$800,320.

Additionally, \$328,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of \$1,128,320.

2. U. T. Austin: Acceptance of Gift of Securities from Mr. and Mrs. Earl N. Brasfield, St. Louis, Missouri, and a Corporate Matching Pledge from Monsanto Company, St. Louis, Missouri; Allocation of Funds from the College of Engineering Challenge Grant; Establishment of the Earl N. and Margaret Brasfield Endowed Faculty Fellowship in Engineering in the College of Engineering; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--The Board accepted a gift of Monsanto Company common stock valued at \$17,518.75 from Mr. and Mrs. Earl N. Brasfield, St. Louis, Missouri, and a corporate matching pledge of the same amount payable by August 31, 1991, from the Monsanto Company, St. Louis, Missouri, for a total of \$35,037.50 and established the Earl N. and Margaret Brasfield Endowed Faculty Fellowship in Engineering in the College of Engineering at The University of Texas at Austin.

Further, \$50,454.50 will be allocated from the College of Engineering Challenge Grant received from an anonymous donor and will be used to increase the endowment to a total of \$85,492.00.

Additionally, \$35,037.50 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of \$120,529.50.

3. U. T. Austin: Acceptance of Gift from Native American Consultants, Inc., Washington, D. C., and Transfer of Funds and Establishment of the Louis R. Bruce/Linda J. Hayes Scholarship for American Indian Students in the College of Engineering.--The Land and Investment Committee recommended and the Board accepted a \$9,000 gift from Native American Consultants, Inc., Washington, D. C., and a \$9,000 transfer of previously reported gifts from current restricted funds for a total of \$18,000 and established the Louis R. Bruce/Linda J. Hayes Scholarship for American Indian Students in the College of Engineering at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships annually to students in the College of Engineering with preference given to American Indian students.

4. U. T. Austin: Carol Diane Cave Memorial Endowed Presidential Scholarship in the School of Nursing - Approval to Redesignate as the Carol Diane Cave Memorial Endowed Presidential Scholarship in Nursing.--In accordance with the donors' request, the Carol Diane Cave Memorial Endowed Presidential Scholarship in the School of Nursing was redesignated as the Carol Diane Cave Memorial Endowed Presidential Scholarship in Nursing at The University of Texas at Austin.

5. U. T. Austin: Acceptance of Gifts from Various Donors and Establishment of the A. Odell Fletcher Endowed Presidential Scholarship.--Approval was given to accept gifts totalling \$25,605 from various donors and to establish the A. Odell Fletcher Endowed Presidential Scholarship at The University of Texas at Austin.

Income earned from the endowment will be administered by the Office of Student Financial Services and used to award scholarships in accordance with the Endowed Presidential Scholarship guidelines. The Scholarship will be awarded to students majoring in industrial engineering or, secondarily, a student in the College of Business.

6. U. T. Austin: Acceptance of Pledge from Lorraine I. Stengl, M.D., Wimberley, Texas, and Establishment of the Carl Gottfried Hartman Graduate Fellowship Endowment Fund in the College of Natural Sciences.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$100,000 pledge, payable by June 10, 1989, from Lorraine I. Stengl, M.D., Wimberley, Texas, and established the Carl Gottfried Hartman Graduate Fellowship Endowment Fund in the Department of Zoology, College of Natural Sciences, at The University of Texas at Austin.

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

7. U. T. Austin: James F. and Bernice M. Hinton Memorial Scholarship Fund Redesignated as the James F. and Bernice M. Hinton Endowed Presidential Scholarship.--Upon recommendation of the Land and Investment Committee, and in accordance with the donor's request, the Board redesignated the James F. and Bernice M. Hinton Memorial Scholarship Fund as the James F. and Bernice M. Hinton Endowed Presidential Scholarship at The University of Texas at Austin.

8. U. T. Austin: Recommendation to Accept Gift of Real Property Located in Austin, Travis County, Texas, from Judge Oscar H. Mauzy and Anne Mauzy, Both of Austin, Texas, to Establish the Oscar and Anne Mauzy Regents' Professorship for Educational Research and Development (Withdrawn).--The item related to the proposed acceptance of a gift of real property from Judge Oscar H. Mauzy and Anne Mauzy, both of Austin, Texas, and the establishment of the Oscar and Anne Mauzy Regents' Professorship for Educational Research and Development in the College of Education at The University of Texas at Austin was withdrawn for consideration at a future meeting.

9. U. T. Austin: Approval to Dissolve the Nancy Francis McMinn and William Arnold McMinn II Endowed Presidential Scholarship and to Establish the Nancy Francis and William Arnold McMinn Endowed Presidential Scholarship in Nursing in the School of Nursing and the Nancy Francis and William Arnold McMinn Endowed Presidential Scholarship in Physics in the College of Natural Sciences.--In accordance with the donors' request, the Nancy Francis McMinn and William Arnold McMinn II Endowed Presidential Scholarship was dissolved and the fund balance divided equally to establish the Nancy Francis and William Arnold McMinn Endowed Presidential Scholarship in Nursing in the School of Nursing, and the Nancy Francis and William Arnold McMinn Endowed Presidential Scholarship in Physics in the Department of Physics, College of Natural Sciences, at The University of Texas at Austin. Future gifts received in satisfaction of the donors' pledges will also be divided equally between the two new endowments.

Previously earned income from the original endowment will be divided equally and distributed to the respective Colleges for use in awarding scholarships.

10. U. T. Austin: Acceptance of Gift of Cash and Securities from Mrs. Mary Miller Bartholow, Dallas, Texas; Allocation of Pledged Funds and Matching Funds from the Graduate Fellowships in the Fine and Performing Arts; and Establishment of the Emily Maverick Miller and Emily Miller Wells Endowed Presidential Scholarship in Art in the College of Fine Arts.--The Board, upon recommendation of the Land and Investment Committee, accepted a gift of \$25,000 comprised of cash and 495 shares of Exxon Corporation common stock from Mrs. Mary Miller Bartholow, Dallas, Texas, and established the Emily Maverick Miller and Emily Miller Wells Endowed Presidential Scholarship in Art in the Department of Art, College of Fine Arts, at The University of Texas at Austin.

Further, \$50,000 in pledged funds and \$25,000 in matching funds will be allocated from the Graduate Fellowships in the Fine and Performing Arts and will be used to increase the endowment to a total of \$100,000.

Income earned from the endowment will be used to award scholarships based on merit to incoming and continuing graduate students who are United States citizens.

11. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Establishment of the Wally Scott Endowed Scholarship Fund.--The Land and Investment Committee recommended and the Board accepted gifts of \$163,738.12 and pledges of \$13,250 from various donors for a total of \$176,988.12 and established the Wally Scott Endowed Scholarship Fund at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to deserving, qualified, needy students for assistance in finishing their degrees or in continuing with graduate studies after having completed athletic eligibility. Athletic achievement is to be given preferential consideration in selecting scholarship recipients, but is not a requirement. The Scholarship will be administered by the Office of Student Financial Services.

12. U. T. Austin: Acceptance of Gifts and Pledges from Mills, Shirley, Eckel & Bassett, Galveston, Texas, and Various Donors; Establishment of the Preston Shirley Faculty Fellowship in Law in the School of Law; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--Upon recommendation of the Land and Investment Committee, the Board accepted \$35,198.34 in gifts and \$3,766.66 in pledges, payable by August 31, 1991, from the law firm of Mills, Shirley, Eckel & Bassett, Galveston, Texas, trustees of The University of Texas Law School Foundation, and various other donors and a \$12,500 transfer of previously reported gifts from current restricted funds for a total of \$51,465 and established the Preston Shirley Faculty Fellowship in Law in the School of Law at The University of Texas at Austin.

Further, \$19,482.50 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment.

Income earned from the endowment will be used to fund visiting professors and faculty research, awarded at the discretion of the Dean of the Law School.

Committee Chairman Ratliff recognized President Cunningham who commented that the Preston Shirley Faculty Fellowship in Law is the 1000th endowed faculty position at U. T. Austin and the 100th endowment in the School of Law. President Cunningham expressed gratitude to the Board for its strong support of the endowment programs at U. T. Austin and acknowledged the leadership of Mr. Fred Moore and Dr. Peter Flawn as very instrumental in motivating the deans to achieve the financial support for these endowments from the private sector. These endowed academic positions will provide the cornerstone for the continued academic and research excellence of U. T. Austin in the years ahead.

President Cunningham introduced Mr. Preston Shirley and expressed appreciation for his most generous and continuing support of the component institutions of The University of Texas System.

13. U. T. Austin: Acceptance of Gifts from Behrens Inc., Waco, Texas, and Various Donors and Establishment of the Glenn Smith Memorial Scholarship Endowment in the College of Pharmacy.--The Board accepted a \$25,000 gift from Behrens Inc., Waco, Texas, and \$42,680 in gifts from various donors for a total of \$67,680 and established the Glenn Smith Memorial Scholarship Endowment in the College of Pharmacy at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to students who have aspirations to own their own pharmacy, are Texas residents, have completed 29 semester hours of required pharmacy courses, have at least a 2.5 grade point average and plan to practice pharmacy in Texas.

14. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Establishment of the Marie Smith Regents Endowed Scholarship in Chemistry in the College of Natural Sciences.--The Land and Investment Committee recommended and the Board accepted gifts of \$2,485 and pledges of \$22,515, payable by August 31, 1991, from various donors for a total of \$25,000 and established the Marie Smith Regents Endowed Scholarship in Chemistry in the Department of Chemistry, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to deserving undergraduate and graduate students in the Department of Chemistry.

15. U. T. Austin: Acceptance of Bequest from the Estate of Mrs. Lois Baird Trice, Austin, Texas; Establishment of the Joanne Thaman Dissertation Fellowship and the Trice Professorship in Plan II; Addition to the Lois Trice Endowed Scholarship in Plan II in the College of Liberal Arts; and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program and The Regents' Endowed Teachers and Scholars Program.--Approval was given to accept a bequest of approximately \$310,000 from the Estate of Mrs. Lois Baird Trice, Austin, Texas, and to establish the Joanne Thaman Dissertation Fellowship in the Department of English, College of Liberal Arts, with \$10,000 and the Trice Professorship in Plan II in the College of Liberal Arts at The University of Texas at Austin with approximately \$200,000. The remaining one-third of the distribution, approximately \$100,000, was added to the Lois Trice Endowed Scholarship in Plan II in the College of Liberal Arts at U. T. Austin.

Further, the distribution added to the Lois Trice Endowed Scholarship in Plan II will be matched under The Regents' Endowed Student Fellowship and Scholarship Program up to a maximum of \$50,000 and will be used to increase the endowment of the Scholarship.

Additionally, the portion of the distribution used to establish the Trice Professorship in Plan II will be matched under The Regents' Endowed Teachers and Scholars Program up to a maximum of \$100,000 and will be used to increase the endowment of the Professorship.

16. U. T. Austin: Acceptance of Bequest from the Estate of Betty Ann Thompson, Austin, Texas, and Establishment of the Betty A. Thompson Endowment for Recreational Sports.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$10,000 specific bequest from the Estate of Betty Ann Thompson, Austin, Texas, and established the Betty A. Thompson Endowment for Recreational Sports at The University of Texas at Austin.

Income earned from the endowment will be used for program enhancement in any manner deemed appropriate by the Director or other manager of the Division of Recreational Sports at U. T. Austin.

17. U. T. Austin: Acceptance of Gifts from Various Donors and Establishment of the John A. Wheeler Graduate Fellowship in Physics in the College of Natural Sciences.--The Board, upon recommendation of the Land and Investment Committee, accepted \$78,569 in gifts from various donors and established the John A. Wheeler Graduate Fellowship in Physics in the Department of Physics, College of Natural Sciences, at The University of Texas at Austin.

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

18. U. T. Dallas: Acceptance of Gifts from Various Donors and Establishment of the Research Stipend for Women in the Bio-Behavioral Sciences.--The Land and Investment Committee recommended and the Board accepted \$10,000 in gifts from various donors and established the Research Stipend for Women in the Bio-Behavioral Sciences at The University of Texas at Dallas.

Ninety percent of the income earned from the endowment will be used to provide financial support for women conducting research in the bio-behavioral sciences. The remaining ten percent of income earned will be reinvested in the corpus.

19. U. T. El Paso: Approval to Accept Gift from Dr. and Mrs. C. Sharp Cook, El Paso, Texas, and to Establish the C. Sharp Cook Graduate Scholarship Fund.--Approval was given to accept a \$10,137 gift from Dr. and Mrs. C. Sharp Cook, El Paso, Texas, and to establish the C. Sharp Cook Graduate Scholarship Fund at The University of Texas at El Paso.

Income earned from the endowment will be used to provide scholarships for graduate students in the Department of Physics in the College of Science. The funds need not be used solely for a degree in Physics but may also be used in any interdisciplinary areas of graduate study participating with the Physics Department. These funds shall not be used to purchase equipment or supplies but only as a stipend to assist the graduate student in completing degree requirements.

20. U. T. El Paso: Acceptance of Gift from the Eta Kappa Chapter of Delta Kappa Gamma Society International, El Paso, Texas, and Establishment of the Delta Kappa Gamma-Eta Kappa Chapter Scholarship Fund.--The Board accepted a \$10,000 gift from the Eta Kappa Chapter of Delta Kappa Gamma Society International, El Paso, Texas, and established the Delta Kappa Gamma-Eta Kappa Chapter Scholarship Fund at The University of Texas at El Paso.

Income earned from the endowment will be used in accordance with the Endowed Presidential Scholarship guidelines to provide scholarships for upper level female students seeking a teaching certificate.

21. U. T. Medical Branch - Galveston: Acceptance of Gifts and Pledges from Various Donors and Establishment of the Robert N. Cooley Distinguished Professorship in Radiology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Land and Investment Committee, the Board accepted \$110,164.24 in gifts and \$139,835.76 in pledges, payable by December 31, 1991, from various donors for a total of \$250,000 and established the Robert N. Cooley Distinguished Professorship in Radiology at The University of Texas Medical Branch at Galveston.

Further, the actual income which will be earned on the \$250,000 in gifts and pledges, as received, will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code.

22. U. T. Health Science Center - San Antonio: Approval to Accept Trust Distributions from Mr. Walter A. Bielstein, Trustee of the A. B. Alexander Charitable Annuity Trust, San Antonio, Texas.--Approval was given to accept trust distributions from Mr. Walter A. Bielstein, Trustee of the A. B. Alexander Charitable Annuity Trust, San Antonio, Texas, with an initial distribution of \$200,000 received to date, for use in cancer research at The University of Texas Health Science Center at San Antonio. A final report will be made at a later date.

The trust agreement provides for distributions to be made in the amount or amounts as exclusively determined by the Trustee. However, no less than 25 percent of the remainder shall be distributed to cancer research organizations, as a class. The U. T. Health Science Center - San Antonio was the only cancer research organization chosen by Mr. Bielstein as a charitable remainderman.

The principal asset of the Trust is a one-half undivided interest in approximately 9,000 acres of ranch land in LaSalle County, Texas, and the majority of distributions to be made from the Trust must await sale of the ranch land.

23. U. T. Health Science Center - San Antonio: Acceptance of Transfer of Funds and Establishment of The Bajandas Memorial Lectureship Program in Ophthalmology.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$20,000 transfer of previously reported gifts from current restricted funds and established The Bajandas Memorial Lectureship Program in Ophthalmology at The University of Texas Health Science Center at San Antonio.

Income earned from the endowment will be used to obtain outstanding guest lecturers for the annual Residents Clinical Conference, as well as other special conferences at the U. T. Health Science Center - San Antonio.

24. U. T. Health Science Center - San Antonio: Joseph Seitchik Chair in Obstetrics and Gynecology - Approval to Redesignate as the Joseph Seitchik Chair in Reproductive Genetics.--In accordance with the donors' request, approval was given to redesignate the Joseph Seitchik Chair in Obstetrics and Gynecology as the Joseph Seitchik Chair in Reproductive Genetics at The University of Texas Health Science Center at San Antonio.

See Page 31 related to an appointment to this Chair.

25. U. T. M.D. Anderson Cancer Center: Correction of Minute Order of April 9, 1987, Related to the Estate of Homer Ammann, El Campo, Texas, to Reflect Remainder Interest in Homer Ammann Trust.--A bequest of an undivided twenty-five percent interest in the Estate of Homer Ammann, El Campo, Texas, was accepted by the U. T. Board of Regents at its April 1987 meeting for the benefit of The University of Texas M.D. Anderson Cancer Center. Subsequent review of this matter indicated that the acceptance of the gift should have been recorded as an undivided twenty-five percent remainder interest in the Homer Ammann Trust, and the Board authorized this correction.

III. INTELLECTUAL PROPERTY MATTERS

1. U. T. Arlington: Approval of Sponsored Research Agreement with Electronic Protection & Controls, Inc. (EPCO), Dallas, Texas.--The Board approved the Sponsored Research Agreement set out on Pages 91 - 92 between the Board of Regents of The University of Texas System, for and on behalf of The University of Texas at Arlington, and Electronic Protection & Controls, Inc. (EPCO), Dallas, Texas.

Pursuant to this agreement, Electronic Protection & Controls, Inc. (EPCO) will provide \$48,617 for a project entitled "Design of a Microcomputer-Based Load Shedding Relay."

The EPCO agreement presented herein requires the granting of a two-year renewable license to utilize results of the EPCO-funded project. The agreement deviates from the Intellectual Property Policy, Subdivision 2.453, which requires that intellectual property resulting from grant supported research is subject to ownership by the U. T. Board of Regents. The agreement places patent ownership of the research product, if patentable, at 51% to EPCO and 49% to the U. T. Board of Regents. Additionally, the research offers contributions to the graduate education and research missions that provide gains potentially greater than any which might accrue from intellectual property resulting from the EPCO-funded research.

SPONSORED RESEARCH AGREEMENT

This agreement is entered into by The Board of Regents of The University of Texas System on behalf of The University of Texas at Arlington (University) and by Electronic Protection & Controls, Inc. (EPCO) on the date (most recent) noted below. The parties agree to the following terms and conditions:

1. EPCO agrees to provide funding in the amount of \$48,617 for a project entitled "Design of a Microcomputer-based Load Shedding Relay" to develop load shedding relay systems ("relay system(s)") under the direction of Dr. Wei-Jen Lee of the Energy Systems Research Center of The University of Texas at Arlington.
2. The funding, including all reasonable expenses incurred by Dr. Lee and other University employees to produce a prototype of a device known as the Mac-1 load shedding relay system, will be paid by EPCO within 30 days of execution of this agreement.
3. University will hold all rights, including intellectual property rights, to ongoing research and product development of the relay system and new products associated with the relay system except as set forth hereafter with respect to patent rights relating to the Mac-1 load shedding relay system.
4. University reserves the right to use material developed in the project in academic publications and coursework.
5. Joint ownership of patent rights relating to the Mac-1 load shedding relay will be held by University and EPCO with a majority undivided ownership interest of 51% controlled by EPCO and an undivided ownership interest of 49% controlled by University. University will prepare, file and prosecute patent applications with advice from EPCO. EPCO will promptly reimburse University for all patent-related expenses. EPCO, at its expense, agrees to enforce patent rights against all infringers.
6. University will grant EPCO an exclusive license under University's undivided ownership interest in patent rights relating to the Mac-1 load shedding relay for two years from the date hereof subject to and in conformity with the Rules and Regulations of the U. T. Board of Regents. The license will be granted on the condition that a 33.0% royalty will be paid to University from all EPCO revenues (or other consideration received) related to the Mac-1 load shedding relay. This license will be automatically renewed for successive two-year periods if this product generates at least five thousand dollars (\$5,000.00) to University during each two-year license period. EPCO may sublicense the product with University's prior written approval.

7. With respect to joint ownership of patent rights relating to the Mac-1 load shedding relay set forth in Paragraph 5 above, and in the event of termination of the exclusive license to be granted to EPCO pursuant to Paragraph 6, the parties will (a) account to one another for the sharing of proceeds from commercialization in proportion to ownership, and (b) enter into good faith negotiations to unitize rights relating to licensing, litigation and any other executory matters relating to the subject patent rights.
8. EPCO agrees to aggressively market the Mac-1 load shedding relay.
9. EPCO will comply with all applicable state, federal and local laws and regulations relating to the product. EPCO will indemnify The University of Texas at Arlington, The University of Texas System, and their regents, officers, employees and agents against all claims, demands or judgments relating to the manufacture, use or sale of the product.
10. This agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supercedes all other understandings.
11. Texas law governs the interpretation of this agreement.

EPCO

The Board of Regents of
The University of Texas System

By: _____

By: _____
Dr. James P. Duncan
Executive Vice Chancellor for
Academic Affairs

Date: _____

Date: _____

Attest:

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

Approved as to Context:

Dr. Wendell H. Nedderman

2. U. T. Austin: Approval of Formula for Distribution of Portion of Equity in Parker Kinetic Designs, Inc. (PKD), a Texas Corporation, Austin, Texas.--The Land and Investment Committee recommended and the Board approved a distribution of one-half of the ten per cent (10%) equity ownership of Parker Kinetic Designs, Inc. (PKD), a Texas Corporation, Austin, Texas, granted to the U. T. Board of Regents pursuant to a Patent and Technology License Agreement by and between The University of Texas at Austin and Parker Kinetic Designs, Inc. approved in April 1988. The specific formula for distribution of equity to coinventors of technologies licensed under the agreement is set out below:

FORMULA FOR DISTRIBUTION OF
INVENTORS' PORTION OF PKD EQUITY

- a. On January 1, 1998, the tenth anniversary of the January 1, 1988 Patent and Technology License Agreement (Agreement) between the U. T. Board of Regents and Parker Kinetic Designs, Inc. (PKD), the inventors' portion of equity in PKD issued to the U. T. Board of Regents under the above Agreement shall be transferred to the inventors according to the point system in (d) and (e) below.
- b. The inventors' portion of PKD equity shall be one-half of (1) the PKD stock received by the U. T. Board of Regents pursuant to paragraph 6.1 of the above Agreement, (2) the accumulated dividends from that stock and (3) the proceeds from the sale of such stock.
- c. Distribution of the inventors' portion shall be based upon issued United States patents originally included in Attachment A of the Agreement, or thereafter appended to it as provided by the Agreement.
- d. Prior to the above-noted tenth anniversary, each inventor named in each issued patent shall accrue one point for each year the issued patent is included in Attachment A of the Agreement after the patent has been issued and during which the inventor is an employee of U. T. Austin.
- e. The value of each point shall be determined by dividing the total amount of each of the (1) stock, (2) dividends and (3) sales proceeds by the total number of points as defined above. In the case of stock, each individual inventor's portion shall be rounded off to the nearest share of stock.
- f. The stock of PKD transferred to the inventors shall be subject to Parker Drilling Company's, Tulsa, Oklahoma, option to purchase and attendant obligations described in the Shareholders Agreement dated April 14, 1988.

IV. OTHER MATTER

U. T. System: Approval to Amend the (a) Investment Guidelines Section of the Permanent University Fund Investment Policy Statement and (b) Investment Guidelines Section of the Common Trust Fund Investment Policy Statement.--Upon recommendation of the Land and Investment Committee, the Board:

- a. Amended the Investment Guidelines section of the Permanent University Fund Investment Policy Statement to read as set out below:

PERMANENT UNIVERSITY FUND
INVESTMENT POLICY STATEMENT

INVESTMENT GUIDELINES

The Fund must be invested at all times in strict compliance with the State Constitution and other applicable law. The primary and constant standard for making investment decisions is the "Prudent Person Rule."

Investment restrictions include the following:

- All investments must be U. S. dollar denominated unless held by an investment manager retained to manage an international portfolio.
- No investments may be made in securities of the South African government, its government agencies, or firms headquartered in South Africa.
- Commercial paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
- Negotiable certificates of deposit must be with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.
- Repurchase Agreements and Reverse Repurchase Agreements must be with a domestic dealer selected by the Federal Reserve as a primary dealer in U. S. Treasury securities; or a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by the Executive Vice Chancellor for Asset Management prior to investment of Fund monies in such liquid investment fund. No requirement exists that such funds conform to the above restrictions on money market instruments.

- Corporate bonds and preferred stocks must be rated a minimum of Baa3 by Moody's Investors Service, Inc. or BBB- by Standard & Poor's Corporation, respectively, when purchased. Bonds rated below A3 and A- shall not constitute an excessive portion of the total bond portfolio. Unrated bonds or preferred stocks may be purchased prior to review by the Land and Investment Committee if, in the opinion of the System's investment staff, they are at least equal in quality to publicly offered securities eligible for purchase. The cost of unrated bonds and preferred stocks which have not been reviewed by the Land and Investment Committee may not exceed 1% of the book value of the Fund.
- Less than five percent of the voting securities of a corporation may be owned unless additional ownership is specifically authorized by the Executive Vice Chancellor for Asset Management.
- No securities may be purchased or held which would jeopardize the Fund's tax exempt status.
- No securities may be purchased on margin or leverage.
- No transactions in short sales will be made.
- Transactions in financial futures and options (other than those received as part of an investment unit) may only occur as part of a hedging program authorized by the Land and Investment Committee.
- Unaffiliated investment managers transacting solely within their assigned assets:
 - shall hold no more than 25% of their managed portfolio in any one industry at cost unless the manager was retained to concentrate in an industry or industries.
 - shall hold no more than 10% of their managed portfolio in the securities of one corporation at cost.
 - shall not hold investment in real estate, partnerships, and other such illiquid assets unless retained to manage this type of asset and shall hold no more than 10% of their managed portfolio at cost in any other asset category different than the type they were retained to manage. Short-term liquid investments are excluded from this limitation. Convertible securities are considered to be equity equivalents for purposes of this restriction.
 - shall hold no securities traded only in foreign markets unless they were retained to manage an international portfolio.

- b. Amended the Investment Guidelines section of the Common Trust Fund Investment Policy Statement to read as set out below:

COMMON TRUST FUND
INVESTMENT POLICY STATEMENT

INVESTMENT GUIDELINES

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

Investment restrictions include the following:

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

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

Secretary's Note: In response to an inquiry from Chairman Beecherl regarding the need to upgrade the required rating for corporate bonds and preferred stocks as included in these Guidelines, Executive Vice Chancellor Patrick and Committee Chairman Ratliff assured the Board that the current requirement reflected a normal investment standard and had been reviewed by both the Investment Advisory Committee and the Land and Investment Committee. They indicated that securities of these ratings were consistent with the Board's fiduciary responsibility.

RECONVENE.--At 3:30 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEMS FOR THE RECORD

1. U. T. System: Notice of Decreased Health Maintenance Organization (HMO) Rates for PruCare of Austin Effective September 1, 1989.--Since the U. T. Board of Regents' approval at the April 1989 meeting of The University of Texas System Health Maintenance Organization (HMO) rates to be effective September 1, 1989, PruCare of Austin HMO has reported that a computational correction has resulted in a revised and decreased rate from that approved by the Board.

The rates effective September 1, 1989, will be:

Employee	\$118.98
Employee/Spouse	249.86
Employee/Child(ren)	239.13
Employee/Family	369.18

2. U. T. San Antonio: Appointment of Advisory Committee for the Selection of a Chief Administrative Officer (President).--The membership of the Advisory Committee for the Selection of a Chief Administrative Officer (President) at The University of Texas at San Antonio is herewith reported for the record. This committee had been constituted pursuant to the Regents' Rules and Regulations, Part One, Chapter II, Section 12:

Advisory Committee for the Selection
of a Chief Administrative Officer
for
The University of Texas at San Antonio

System Administration Representatives

Executive Vice Chancellor James P. Duncan (Chairman)
Chancellor Hans Mark

Board of Regents

Regent Sam Barshop
Regent Tom Loeffler
Regent Mario E. Ramirez

Chief Administrative Officers

John P. Howe III, M.D., President, The University
of Texas Health Science Center at San Antonio
Dr. Diana S. Natalicio, President, The University
of Texas at El Paso
Dr. Robert H. Rutford, President, The University
of Texas at Dallas

Dean's Representative - U. T. San Antonio

Dr. Dwight F. Henderson, Dean, College of Social
and Behavioral Sciences

Faculty Representatives - U. T. San Antonio

Dr. Mark E. Allen, Associate Professor, Division
of English, Classics and Philosophy
Dr. Lynda de la Vina, Associate Professor,
Division of Economics and Finance
Dr. Daniel O. Hogenauer, Associate Professor,
Division of Engineering
Dr. Jerome P. Keating, Associate Professor,
Division of Mathematics, Computer Science
and Statistics
Dr. Jesse T. Zapata, Associate Professor, Division
of Education

Student Representatives

Mr. Alan R. Ashworth
Mr. Brooks E. Rose

Alumni Association Representative

Ms. Susan Sonney

San Antonio Community Representatives

Mr. Henry Cisneros
Mr. Tom Frost, Jr.
Ms. Cathy OBriotti Green

3. U. T. Health Science Center - San Antonio: Acceptance
of Membership to Development Board.--At the April 1989
U. T. Board of Regents' meeting, Mr. Joe C. McKinney,
San Antonio, Texas, was approved for membership to The
University of Texas Health Science Center at San Antonio
Development Board for a three-year term to expire
August 31, 1991. Mr. McKinney's acceptance of member-
ship is herewith reported for the record.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

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

1. U. T. Southwestern Medical Center - Dallas: Settlement of Medical Liability Litigation - Constance Walters, et al.--Regent Blanton moved that the Chancellor and the Office of General Counsel be authorized to settle on behalf of The University of Texas Southwestern Medical Center at Dallas the medical liability lawsuit filed by Constance Walters, et al, in accordance with the proposal presented in Executive Session.

Regent Ramirez seconded the motion which carried by unanimous vote.
2. U. T. Health Science Center - Houston: Settlement of Medical Liability Litigation - JoAnn Long-Edwards.--Upon motion of Regent Blanton, seconded by Regent Ramirez, the Board authorized the Chancellor and the Office of General Counsel to settle on behalf of The University of Texas Health Science Center at Houston the medical liability lawsuit brought by JoAnn Long-Edwards in accordance with the proposal presented in Executive Session.
3. U. T. System: Consideration of Duties and Assignments of Certain Officials.--Chairman Beecherl reported that the Board had discussed personnel matters related to the duties and assignments of certain officials within The University of Texas System and no formal action by the Board was appropriate at this time.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

Regent Ramirez, Vice-Chairman of the Board for Lease of University Lands, submitted the following report on behalf of that Board:

Report

The Board for Lease of University Lands met in Austin, Texas, on May 23, 1989, for its reorganization and regular meeting.

The Board for Lease is now composed of the following:

Land Commissioner Garry Mauro, Chairman
Mario E. Ramirez, M.D., Vice-Chairman
Mr. Sam Barshop, U. T. System Regent Member
Mr. Lowry Mays, Texas A&M Regent Member


Mr. Linward Shivers was appointed Secretary to the Board for Lease.

The only item for the Board to consider was the approval of two gas units in Crockett County, Texas.

The staff reported to the Board that there was very little demand for acreage to be placed for nominations for an oil and gas sale, and in light of this report, there probably will not be an oil and gas lease sale involving University lands during this calendar year.

SCHEDULED MEETING.--Chairman Beecherl announced that the next meeting of the U. T. Board of Regents is scheduled for August 10, 1989, in Austin, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 3:35 p.m.


Arthur H. Dilly
Executive Secretary

June 14, 1989