

MATERIAL SUPPORTING THE AGENDA

Volume XXXIIB

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on

February 14-15, 1985
April 11-12, 1985

The material is divided according to the standing committees and the meetings that were held and is color coded as follows:

White paper - for documentation of all items that were presented before the deadline date.

Blue paper - all items submitted to the Executive Session and distributed only to the Regents, Chancellor and Executive Vice Chancellors of the System.

Yellow paper - emergency items distributed at the meeting.

Material distributed at the meeting as additional documentation is not included in the bound volume, because sometimes there is an unusual amount and other times some people get copies and some do not get copies. If the Executive Secretary was furnished a copy, then that material goes into the appropriate subject file.



Material Supporting the Agenda
of the
Board of Regents
The University of Texas System

Meeting No.: 807

Date: February 14-15, 1985

Location: Austin, Texas

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall
201 West Seventh Street
Austin, Texas

Thursday, February 14, 1985

1:00 p.m. Meeting of the Board of Regents

See Pages B of R 1 - 5,
Items A - P

Friday, February 15, 1985

9:00 a.m. Meeting of the Board of Regents

See Page B of R - 6,
Items Q - U

Telephone Numbers

Board of Regents' Office	499-4402
Chancellor Mark	499-4201
Executive Vice Chancellor Duncan	499-4233
Executive Vice Chancellor Mullins	499-4221
Executive Vice Chancellor Patrick	499-4337

Hotels:

The Driskill Hotel (117 East 7th Street)	474-5911
Hyatt Regency (208 Barton Springs Road)	477-1234

Meeting of the Board

AGENDA FOR MEETING
OF
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Date and Time: Thursday, February 14, 1985, from 1:00 p.m.
 Until Recess
 Friday, February 15, 1985, from 9:00 a.m.
 Until Adjournment

Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

- A. CALL TO ORDER
- B. MEMORIAL RESOLUTION
- C. IF THE REORGANIZATION OF THE BOARD HAS NOT OCCURRED AT A PREVIOUS SPECIAL MEETING, THE BOARD WILL RECESS TO EXECUTIVE SESSION IN ACCORDANCE WITH VERNON'S TEXAS CIVIL STATUTES, ARTICLE 6252-17, SECTION 2(g)
 - U. T. Board of Regents: Matters Relating to the Organization of the U. T. Board of Regents in accordance with the Regents' Rules and Regulations, Part One, Chapter I, Sections 3, 4 and 5
- D. RECONVENE IN OPEN SESSION TO CONSIDER ANY ACTIONS RELATED TO ITEM C ABOVE
- E. APPROVAL OF MINUTES OF REGULAR MEETING HELD DECEMBER 13-14, 1984
- F. INTRODUCTION OF COMPONENT GUESTS
 - 1. U. T. Arlington - President Nedderman
 - 2. U. T. Austin - President Flawn
 - 3. U. T. Dallas - President Rutford
 - 4. U. T. El Paso - President Monroe
 - 5. U. T. Permian Basin - President Leach
 - 6. U. T. San Antonio - President Wagener
 - 7. U. T. Tyler - President Hamm
 - 8. U. T. Institute of Texan Cultures - San Antonio - Executive Director Maguire
 - 9. U. T. Medical Branch - Galveston - President Levin
 - 10. U. T. Health Science Center - Houston - President Bulger
 - 11. U. T. Cancer Center - President LeMaistre
 - 12. Others

G. SPECIAL ITEM

U. T. Board of Regents: (a) Resolution Authorizing Issuance and Sale of Board of Regents of The University of Texas System Permanent University Fund Constitutional Amendment Bonds, Series 1985, in the Amount of \$54,000,000, (b) Resolution Making Covenants as to the Investment of the Permanent University Fund in Connection with Permanent University Fund Bonds and Notes and Covenanting to Make Prompt Transfer of Income to The Texas A&M University System of its Part of the Income from the Permanent University Fund, (c) Designation of Paying Agent/Registrar, and (d) Award of Contract for Printing of Bonds.--

RECOMMENDATION

The Office of the Chancellor recommends the following: (a) adoption of the bond resolution authorizing the issuance and sale of Board of Regents of The University of Texas System Permanent University Fund Constitutional Amendment Bonds, Series 1985, in the amount of \$54,000,000, (b) adoption of resolution making covenants as to the investment of the Permanent University Fund in connection with Permanent University Fund bonds and notes and covenanting to make prompt transfer of income to The Texas A&M University System of its part of the income from the Permanent University Fund, (c) designation of a paying agent/registrar, and (d) award of contract for printing of the bonds.

Bids for the bonds, paying agent/registrar, and printing of the bonds will be available at the meeting.

BACKGROUND INFORMATION

Pursuant to authorization by the U. T. Board of Regents at its meeting on December 13-14, 1984, bids for Board of Regents of The University of Texas System Permanent University Fund Constitutional Amendment Bonds, Series 1985, in the amount of \$54,000,000 will be opened at the first floor conference room of Claudia Taylor Johnson Hall at 10:30 a.m., C.S.T., Wednesday, February 13, 1985. Bids for the bonds, the paying agent/registrar, and printing of the bonds will be considered by the U. T. Board of Regents at its meeting commencing at 1:00 p.m., C.S.T., Thursday, February 14, 1985, in the Regents' Meeting Room, 9th Floor, Ashbel Smith Hall.

The related Resolutions are set forth on Pages B of R 7 - 40.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT BONDS,
SERIES 1985
IN THE AMOUNT OF \$54,000,000

SALE OF BONDS.--As authorized, bids were called for and received until 10:30 A.M., C.S.T., on February 13, 1985, and then publicly opened and tabulated. A copy of the tabulation is attached.

The Office of the Chancellor recommends that the Board of Regents adopt the resolution authorizing the issuance of Permanent University Fund Constitutional Amendment Bonds, Series 1985, in the amount of \$54,000,000 and the sale to a syndicate headed by Morgan Guaranty Trust Company of New York and Associates at the price of par and accrued interest to the delivery date plus a premium of \$22,159.00 at rates of interest shown on the tabulation. The average effective interest cost on the bonds to the Board of Regents is 8.9400%.

DESIGNATION OF PAYING AGENT/REGISTRAR.--Attached is a tabulation of the bids received and publicly opened and tabulated at 10:00 A.M., C.S.T., on February 5, 1985, in accordance with specifications previously furnished.

The Office of the Chancellor recommends that the bid for Paying Agent/Registrar submitted by MBank Austin, N.A., Austin, Texas, be accepted. The bank will pay the Board of Regents a one time lump sum of \$250.00.

AWARD OF CONTRACT FOR PRINTING THE BONDS.--Attached is a tabulation of the bids received and publicly opened and tabulated at 10:00 A.M., C.S.T., on February 5, 1985, in accordance with specifications furnished to printing companies.

The Office of the Chancellor recommends that the bid of Hart Graphics, Inc., Austin, Texas, be accepted for printing of the bonds with lithographed borders, as set out in the specifications, for the sum of \$4,690.00.

BIDS FOR PAYING AGENT/REGISTRAR
 \$54,000,000
 BOARD OF REGENTS FOR THE UNIVERSITY OF TEXAS SYSTEM
 PERMANENT UNIVERSITY FUND CONSTITUTIONAL BONDS, SERIES 1985

Tabulation of Bids Received
 February 5, 1985 - 10:00 A.M., C.S.T.

BIDDER	BID
MBank Austin, N.A.	Will pay the Board of Regents a one time lump sum of \$250.00.
First City National Bank of Austin	Will charge the Board of Regents \$350.00 annually.
RepublicBank Dallas, National Association	Will charge the Board of Regents \$1,200.00 annually.
MBank Dallas, N.A.	Will charge the Board of Regents \$750.00 annually plus costs as shown on fee schedule.
InterFirst Bank Austin, N.A.	Will charge the Board of Regents \$3,000.00 annually plus out-of-pocket expense.
Texas Commerce Bank, National Association Houston	Will charge the Board of Regents \$500.00 annually in addition to an account acceptance fee of \$1,000.00 and out-of-pocket expenses.

BIDS FOR PRINTING
 \$54,000,000
 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
 PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT BONDS, SERIES 1985

Tabulation of Bids Received
 February 5, 1985, 10:00 A.M., C.S.T.

Bidder	Will Charge the Board of Regents as Follows for Printing 32,400 Bonds:	Number of Working Days
Hart Graphics, Inc. 7942 Great Northern Blvd Austin, TX 78758	\$4,690.00	10
American Bank Note Company 21 Green Street - P.O. Box P Malden, MA 02148	\$5,110.00	10
Jeffries Bank Note Co. 1616 McGowen Street Houston, TX 77004	\$5,540.00	20

BIDS FOR PRINTING
\$54,000,000
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT BONDS, SERIES 1985

Tabulation of Bids Received
February 5, 1985, 10:00 A.M., C.S.T.

Bidder	Will Charge the Board of Regents as Follows for Printing 32,400 Bonds:	Number of Working Days
Security-Columbian Division of United States Banknote Corporation 1800 S. DesPlaines Avenue Forest Park, IL 60130	\$7,090.00	10

H. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND
COMMITTEE REPORTS TO THE BOARD

The Standing Committees of the Board of Regents of The University of Texas System will meet as set forth below to consider recommendations on those matters on the agenda for each Committee listed in the Material Supporting the Agenda. At the conclusion of each Standing Committee meeting, the report of that committee will be formally presented to the Board for consideration and action.

Executive Committee
MSA Page Ex.C - 1

Finance and Audit Committee
MSA Page F&A - 1

Academic Affairs Committee
MSA Page AAC - 1

Health Affairs Committee
MSA Page HAC - 1

Buildings and Grounds Committee
MSA Page B&G - 1

Land and Investment Committee
MSA Page L&I - 1

I. RECONVENE

J. ITEM FOR THE RECORD

U. T. Austin: Acceptance of Membership to College of Fine Arts Foundation Advisory Council.--

At the October 11-12, 1984 U. T. Board of Regents' meeting, Mrs. Roy Butler of Austin, Texas, was approved for membership on the U. T. Austin College of Fine Arts Foundation Advisory Council for a term to expire on August 31, 1987. Mrs. Butler's acceptance of the membership is herewith reported for the record.

K. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

L. REPORT OF SPECIAL COMMITTEES, IF ANY

M. FOUNDATION MATTERS

The Robertson-Poth Foundation: Recommendation to Approve Oil and Gas Lease on Five Acres in Aransas County, Texas.--

RECOMMENDATION

It is recommended that the Chairman of the Board, the Chairman of the Medical Affairs Committee, and the Chairman of the Land and Investment Committee, as Trustees of the Robertson-Poth Foundation, meet at

the meeting of the U. T. Board of Regents on February 14, 1985, for action on the following agenda:

Acceptance of a proposal from Cities Service Oil and Gas Corporation, Houston, Texas, for a three-year oil and gas lease on five (5) acres, being Lot 23, Block 225, Burton and Danforth Subdivision, Aransas County, Texas, for a bonus of \$70 per acre, 1/4th royalty, and \$5 per acre annual delay rental. The previous lease expired in June 1981.

N. OTHER MATTERS

O. SCHEDULED MEETINGS AND EVENTS

Board of Regents' Meetings

April 11-12, 1985	U. T. Health Center - Tyler
June 13-14, 1985	U. T. Austin
August 8-9, 1985	Austin
October 10-11, 1985	U. T. Arlington
December 12-13, 1985	U. T. Permian Basin

Holidays

February 18, 1985 (George Washington's Birthday)
April 5, 1985 (Good Friday) (Afternoon)
May 27, 1985 (Memorial Day)
July 4, 1985 (Independence Day)

Other Events

March 29-30, 1985 U. T. Medical Branch - Galveston:
Homecoming

Commencement - 1985

May 10	U. T. Tyler
May 11	U. T. El Paso U. T. Permian Basin U. T. Nursing School - Galveston
May 12	U. T. San Antonio
May 18	U. T. Arlington U. T. Austin U. T. Dallas U. T. G.S.B.S. - Galveston U. T. Allied Health Sciences School - San Antonio
May 19	U. T. Dental School - San Antonio U. T. Nursing School - San Antonio
May 24	U. T. G.S.B.S. - San Antonio
May 25	U. T. Medical School - Galveston U. T. Medical School - San Antonio
June 1	U. T. Southwestern Medical School - Dallas and U. T. Southwestern G.S.B.S. - Dallas U. T. Medical School - Houston
June 7	U. T. Public Health School - Houston
June 8	U. T. G.S.B.S. - Houston U. T. Allied Health Sciences School - Houston
June 9	U. T. Dental Branch - Houston
June 15	U. T. Nursing School - Houston
August 17	U. T. Allied Health Sciences School - Galveston
August 18	U. T. Allied Health Sciences School - Dallas

P. RECESS TO EXECUTIVE SESSION

The Board will 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.

If time permits, the Board will recess on Thursday afternoon to convene in Executive Session and continue that Executive Session beginning at 9:00 a.m. on Friday until the completion of business --- See Page B of R - 6, Item Q.

If time will not permit the beginning of the Executive Session on Thursday, the Board will recess to begin its Executive Session at 9:00 a.m. on Friday and continue until the completion of business.

AGENDA FOR MEETING
OF
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Date: February 15, 1985

Time: 9:00 a.m.

Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

A.-P. (Pages B of R 1 - 5)

Q. RECONVENE IN EXECUTIVE SESSION

R. RECONVENE IN OPEN SESSION

S. CONSIDERATION OF ACTION ON ANY ITEMS DISCUSSED IN THE EXECUTIVE SESSION OF THE BOARD OF REGENTS PURSUANT TO V.T.C.S., ARTICLE 6252-17, SECTIONS 2(e), (f) and (g)

1. Pending and/or Contemplated Litigation - Section 2(e)

U. T. Arlington: Proposed Settlement of Potential Litigation Involving Claim of Pierce Contractors, Inc., Dallas, Texas

2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)

3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees

U. T. System: Consideration of Personnel Matters Related to the Assignment, Duties and Responsibilities of Officers of System Administration

T. OTHER BUSINESS

U. ADJOURNMENT

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF
\$54,000,000 BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS
SYSTEM PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT
BONDS, SERIES 1985, AND APPROVING AND AUTHORIZING INSTRU-
MENTS AND PROCEDURES RELATING THERETO

WHEREAS, the Amendment to Section 18, Article VII of the Texas Constitution, adopted by vote of the people of Texas on November 6, 1956, provided that the Board of Regents of The University of Texas System (the "Board") was authorized to issue negotiable bonds and notes for the purpose of constructing, equipping, or acquiring buildings or other permanent improvements for The University of Texas System, in a total amount not to exceed two-thirds (2/3) of twenty per cent (20%) of the value of the Permanent University Fund, exclusive of real estate, at the time of any issuance thereof; and

WHEREAS, the Board heretofore has authorized, issued, and delivered that issue of Board of Regents of The University of Texas System Permanent University Fund Refunding Bonds, Series 1958, dated July 1, 1958, pursuant to the provisions of Section 18, Article VII of the Texas Constitution; and

WHEREAS, such Refunding Bonds, Series 1958 (which no longer are outstanding) were payable from and secured by a first lien on and pledge of a certain defined "Interest of the University" in the income from the Permanent University Fund, in the manner and to the extent provided in the resolution adopted on July 23, 1958, authorizing the issuance of such Refunding Bonds, Series 1958 (the "Old Series Resolution"); and the Old Series Resolution reserved the right and power in the Board to issue, under certain conditions, additional parity bonds for the purposes and to the extent provided in Section 18, Article VII of the Texas Constitution, such additional parity bonds to be on a parity with the aforesaid Refunding Bonds, Series 1958, and equally and ratably secured by and payable from a first lien on and pledge of the aforesaid Interest of the University in the income from the Permanent University Fund, in the same manner and to the same extent as are such Refunding Bonds, Series 1958; and

WHEREAS, the Board heretofore has authorized, issued, sold, and delivered, as installments or issues of such additional parity bonds, its Permanent University Fund Bonds, Series 1959, Series 1960, Series 1961, Series 1962, Series 1963, Series 1964 (all of which now have been paid and retired), Series 1965 and Series 1966 (the "Old Series Bonds"); and

WHEREAS, the Board previously covenanted that no more of such additional parity bonds would be issued on a parity with the Old Series Bonds because of the excessively restrictive Permanent University Fund investment covenants made in connection with the aforesaid Old Series Bonds; and

WHEREAS, pursuant to a resolution adopted on June 16, 1967 (the "New Series Resolution"), the Board authorized, issued, sold, and delivered an installment or issue of negotiable bonds designated as the Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1967, dated July 1, 1967 (hereinafter sometimes called the "New Series 1967 Bonds"), in the principal amount of \$14,000,000, payable from and secured by a lien on and pledge of a certain "Interest of the University" in the income from the Permanent University Fund (as such terms are defined in the New Series Resolution), subject only and subordinate to the first lien on and pledge of

such Interest theretofore created in connection with the Old Series Bonds; and

WHEREAS, in the New Series Resolution, the Board set forth the terms and conditions under which additional parity bonds may be issued to be on a parity with the aforesaid New Series 1967 Bonds, and the Board has issued its Permanent University Fund Bonds, New Series 1968, New Series 1969, New Series 1970, New Series 1971, New Series 1972, New Series 1973, New Series 1974, New Series 1975, New Series 1976, New Series 1977, New Series 1978, New Series 1979, New Series 1980, New Series 1981, New Series 1983, New Series 1983-A, and New Series 1984, in accordance therewith (collectively the "New Series Bonds"); and

WHEREAS, an Amendment to Section 18 of Article VII of the Texas Constitution, adopted by vote of the people of Texas on November 6, 1984 (the "1984 Constitutional Amendment") authorizes the Board to issue bonds and notes not to exceed a total amount of 20 percent of the cost value of investments and other assets of the permanent university fund (exclusive of real estate) at the time of issuance thereof, and to pledge all or any part of its two-thirds interest in the available university fund to secure the payment of the principal and interest of those bonds and notes, for the purpose of acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under this section or prior law, at or for The University of Texas System administration and certain component institutions of the System; and

WHEREAS, the Board deems it necessary and advisable that no more additional parity New Series Bonds shall be issued as permitted by the New Series Resolution, because of changes resulting from the 1984 Constitutional Amendment, and because of restrictive Permanent University Fund investment covenants made in connection with the New Series Bonds; and

WHEREAS, so long as any Old Series Bonds and New Series Bonds remain outstanding, the Board is required to keep all investment covenants in full force and effect as to all such outstanding Old Series Bonds and New Series Bonds and to affirm and sustain the prior and superior liens on and pledges of the aforesaid Interest of the University in the income from the Permanent University Fund, as defined and provided in the Old Series Resolution and the New Series Resolution; and

WHEREAS, as permitted by 1984 Constitutional Amendment, the Board has determined to authorize, issue, sell, and deliver an issue of bonds to be known as Permanent University Fund Constitutional Amendment Bonds, payable from and secured by a lien on and pledge of the two-thirds "Interest of The University of Texas System" in the "Available University Fund," as such terms are hereinafter defined, subject only and subordinate to the prior and superior liens on and pledges of the interest of the University heretofore created to secure the outstanding Old Series Bonds and outstanding New Series Bonds; and

WHEREAS, the Board has determined to set forth the terms and conditions under which additional parity bonds and notes hereafter may be issued to be on a parity with the Permanent University Fund Constitutional Amendment Bonds authorized hereunder, and to change the Permanent University Fund investment covenants with respect to all Permanent University Fund Constitutional Amendment Bonds; Now, Therefore

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

Section 1. DEFINITIONS AND FINDINGS. (a) Throughout this Resolution the following terms and expressions as used herein shall have the meanings set forth below:

The term "Available University Fund" means all of the dividends, interest, and other income from the Permanent University Fund (less administrative expenses), including the net income attributable to the surface of Permanent University Fund land.

The terms "Board" and "Issuer" mean the Board of Regents of The University of Texas System.

The terms "Constitutional Amendment Additional Parity Bonds and Notes" and "Additional Parity Bonds and Notes" mean the additional parity bonds and the additional parity notes permitted to be issued pursuant to Section 12 of this Resolution.

The terms "Interest of The University of Texas System" and "Interest" in the Available University Fund mean, with respect to the Permanent University Fund Constitutional Amendment Bonds hereinafter authorized and the Constitutional Amendment Additional Parity Bonds and Notes, The University of Texas System's two-thirds interest in the Available University Fund.

The terms "Interest of the University" and "Interest" in the Permanent University Fund or in the income therefrom mean, with respect to the Old Series Outstanding Bonds and the New Series Outstanding Bonds, all of the income to such Fund from grazing leases on university lands, and all of the other income from such Fund, after making provision for the payment of The University of Texas System's proportion of the expenses of administering such Fund, excepting the one-third of the income arising and accruing to The Texas A&M University System from the 1,000,000 acres of land appropriated by the Constitution of 1876 and the land appropriated by the Act of 1883, as more particularly defined by Chapter 42, Acts of the Forty-second Legislature, Regular Session, 1931.

The term "New Series Outstanding Bonds" means the outstanding bonds of the following Series of bonds:

Board of Regents of The University of Texas
System Permanent University Fund Bonds, New Series 1967, New Series 1968, New Series 1969, New Series 1970, New Series 1971, New Series 1972, New Series 1973, New Series 1974, New Series 1975, New Series 1976, New Series 1977, New Series 1978, New Series 1979, New Series 1980, New Series 1981, New Series 1983, New Series 1983-A, and New Series 1984.

The term "Old Series Outstanding Bonds" means the outstanding bonds of the following Series of bonds:

Board of Regents of The University of Texas System Permanent University Fund Bonds, Series 1965, and Series 1966.

The terms "Permanent University Fund", "Permanent Fund", and "Fund" used interchangeably herein mean the Permanent University Fund as created, established,

implemented, and administered pursuant to Article VII, Sections 10, 11, 11a, 15, and 18 of the Texas Constitution, as amended, and further implemented by the provisions of Chapter 66, Texas Education Code.

The term "Permanent University Fund Bonds" means collectively all bonds or notes of the Board of Regents of The University of Texas System or the Board of Directors or the Board of Regents of The Texas A&M University System heretofore or hereafter issued and delivered pursuant to the provisions of Section 18, Article VII of the Texas Constitution, approved by vote of the people of Texas on August 23, 1947, or pursuant to the provisions of the amendment to Section 18, Article VII of the Texas Constitution, approved by vote of the people of Texas on November 6, 1956, or pursuant to the amendment to Section 18, Article VII of the Texas Constitution, approved by vote of the people of Texas on November 6, 1984, or pursuant to any future amendment to Section 18, Article VII of the Texas Constitution (with all of such bonds and notes being hereinafter collectively referred to as "Permanent University Fund Bonds").

The term "Resolution" as used herein and in the Bonds means this resolution authorizing the Bonds.

(b) The Board officially finds and determines that the cost value of investments and other assets of the Permanent University Fund (exclusive of real estate) is now in excess of \$ _____.

Section 2. AMOUNT, PURPOSE AND DESIGNATION OF THE BONDS.
The bond or bonds of the Issuer are hereby authorized to be issued and delivered in the aggregate principal amount of \$54,000,000 FOR THE PURPOSE OF ACQUIRING LAND EITHER WITH OR WITHOUT PERMANENT IMPROVEMENTS, CONSTRUCTING AND EQUIPPING BUILDINGS OR OTHER PERMANENT IMPROVEMENTS, MAJOR REPAIR AND REHABILITATION OF BUILDINGS AND OTHER PERMANENT IMPROVEMENTS, ACQUIRING CAPITAL EQUIPMENT AND LIBRARY BOOKS AND LIBRARY MATERIALS, AT OR FOR THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION AND ITS COMPONENT INSTITUTIONS, TO THE EXTENT AND IN THE MANNER PROVIDED BY LAW, IN ACCORDANCE WITH THE AMENDMENT TO SECTION 18, ARTICLE VII, OF THE TEXAS CONSTITUTION ADOPTED BY VOTE OF THE PEOPLE OF TEXAS ON NOVEMBER 6, 1984.

Each bond issued pursuant to this Resolution shall be designated: "BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT BOND, SERIES 1985", and initially there shall be issued, sold, and delivered hereunder a single fully registered bond, without interest coupons, payable in installments of principal (the "Initial Bond"), but the Initial Bond may be assigned and transferred and/or converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, having serial maturities, and in the denomination or denominations of \$5,000 or any integral multiple of \$5,000, all in the manner hereinafter provided. The term "Bonds" as used in this Resolution shall mean and include collectively the Initial Bond and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

Section 3. DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL BOND.

(a) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered

Bond, without interest coupons, dated February 1, 1985, in the denomination and aggregate principal amount of \$54,000,000, numbered R-1, payable in annual installments of principal to the initial registered owner thereof, to-wit:

or to the registered assignee or assignees of said Bond or any portion or portions thereof (in each case, the "registered owner"), with the annual installments of principal of the Initial Bond to be payable on the dates, respectively, and in the principal amounts, respectively, stated in the FORM OF INITIAL BOND set forth in this Resolution.

(b) The Initial Bond (i) may be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Initial Bond shall be payable, all as provided, and in the manner required or indicated, in the FORM OF INITIAL BOND set forth in this Resolution.

Section 4. INTEREST. The unpaid principal balance of the Initial Bond shall bear interest from the date of the Initial Bond to the respective scheduled due dates, or to the respective dates of prepayment or redemption, of the installments of principal of the Initial Bond, and said interest shall be payable, all in the manner provided and at the rates and on the dates stated in the FORM OF INITIAL BOND set forth in this Resolution.

Section 5. FORM OF INITIAL BOND. The form of the Initial Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on the Initial Bond, shall be substantially as follows:

FORM OF INITIAL BOND

NO. R-1

\$54,000,000

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND CONSTITUTIONAL AMENDMENT BOND
SERIES 1985

The BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Issuer"), being an agency and political subdivision of the State of Texas, hereby promises to pay to

or to the registered assignee or assignees of this Bond or any portion or portions hereof (in each case, the "registered owner") the aggregate principal amount of

\$54,000,000
(FIFTY-FOUR MILLION DOLLARS)

in installments of principal due and payable on JULY 1 in each of the years, and in the respective principal amounts, as set forth in the following schedule:

Principal Amount	Maturity	Principal Amount	Maturity
\$2,150,000	1986	\$2,700,000	1996
2,150,000	1987	2,700,000	1997
2,150,000	1988	3,000,000	1998
2,150,000	1989	3,000,000	1999
2,400,000	1990	3,000,000	2000
2,400,000	1991	3,000,000	2001
2,400,000	1992	3,250,000	2002
2,400,000	1993	3,250,000	2003
2,700,000	1994	3,250,000	2004
2,700,000	1995	3,250,000	2005

and to pay interest, from February 1, 1985, which is the date of this Bond, on the balance of each such installment of principal, respectively, from time to time remaining unpaid, at the rates as follows:

- _____ % per annum on the above installment due in 19__
- _____ % per annum on the above installment due in 19__
- _____ % per annum on the above installment due in 19__
- _____ % per annum on the above installment due in 19__
- _____ % per annum on the above installment due in 19__
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- _____ % per annum on the above installment due in 19__
- _____ % per annum on the above installment due in 19__
- _____ % per annum on the above installment due in 19__
- _____ % per annum on the above installment due in 19__

with said interest being payable on July 1, 1985, and semiannually on each January 1 and July 1 thereafter while this Bond or any portion hereof is outstanding and unpaid.

THE INSTALLMENTS OF PRINCIPAL OF AND THE INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The installments of principal and the interest on this Bond are payable to the registered owner hereof through the services of _____,

which is the "Paying Agent/Registrar" for this Bond. Payment of all principal of and interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and/or interest payment date by check or draft, dated

as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each principal and/or interest payment date, to the registered owner hereof at the address of the registered owner as it appeared on the 15th day of the month next preceding such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The Issuer covenants with the registered owner of this Bond that prior to each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund", as defined and described in the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND has been authorized FOR THE PURPOSE OF ACQUIRING LAND EITHER WITH OR WITHOUT PERMANENT IMPROVEMENTS, CONSTRUCTING AND EQUIPPING BUILDINGS OR OTHER PERMANENT IMPROVEMENTS, MAJOR REPAIR AND REHABILITATION OF BUILDINGS AND OTHER PERMANENT IMPROVEMENTS, ACQUIRING CAPITAL EQUIPMENT AND LIBRARY BOOKS AND LIBRARY MATERIALS, AT OR FOR THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION AND ITS COMPONENT INSTITUTIONS, TO THE EXTENT AND IN THE MANNER PROVIDED BY LAW, IN ACCORDANCE WITH THE AMENDMENT TO SECTION 18, ARTICLE VII OF THE TEXAS CONSTITUTION, ADOPTED BY VOTE OF THE PEOPLE OF TEXAS ON NOVEMBER 6, 1984.

ON JULY 1, 1994, or on any interest payment date thereafter, the unpaid installments of principal of this Bond may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the particular portion of this Bond to be prepaid or redeemed shall be selected and designated by the Issuer (provided that a portion of this Bond may be redeemed only in an integral multiple of \$5,000), at the prepayment or redemption price of the par or principal amount thereof and accrued interest to the date fixed for prepayment or redemption.

AT LEAST 30 days prior to the date fixed for any such prepayment or redemption a written notice of such prepayment or redemption shall be mailed by the Paying Agent/Registrar to the registered owner hereof. By the date fixed for any such prepayment or redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Bond or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so

prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such prepayments or redemptions of principal of this Bond or any portion hereof.

THIS BOND, to the extent of the unpaid or unredeemed principal balance hereof, or any unpaid and unredeemed portion hereof in any integral multiple of \$5,000, may be assigned by the initial registered owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the initial registered owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the initial registered owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds) or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Bond Resolution, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the initial registered owner hereof, or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this

Bond or portion hereof for which the substitute bond is being exchanged, and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. AS PROVIDED IN THE BOND RESOLUTION, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for transferring, converting and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

IN THE EVENT any Paying Agent/Registrar for this Bond is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owner of this Bond.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this Bond, together with other bonds, are equally and ratably secured by and payable from a lien on and pledge of the "Interest" of The University of Texas System in the "Available University Fund", subject only and subordinate to the prior and superior liens on and pledges of the "Interest of the University" in the income from the "Permanent University Fund" heretofore created and made to secure the "Old Series Outstanding Bonds" and the "New Series Outstanding Bonds," as defined and provided in the Bond Resolution.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue Constitutional Amendment Additional Parity Bonds and Notes which also may be secured by and made payable from a lien on and pledge of the aforesaid Interest of The University of Texas System in the Available University Fund, in the same manner and to the same extent as this Bond, and (ii) to amend the Bond Resolution with the approval of the owners of 51% in principal amount of all outstanding Bonds and Constitutional Amendment Additional Parity Bonds and Notes.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between the registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual signature of the Chairman of the Issuer and countersigned with the manual signature of the Executive Secretary of the Issuer, has caused the official seal of the Issuer to be duly impressed on this Bond, and has caused this Bond to be dated February 1, 1985.

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

Chairman, Board of Regents of
The University of Texas System

(BOARD
SEAL)

FORM OF REGISTRATION CERTIFICATE OF THE

COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

Section 6. ADDITIONAL CHARACTERISTICS OF THE BONDS.

(a) Registration and Transfer. The Issuer shall keep or cause to be kept at the principal corporate trust office of _____ (the "Paying Agent/Registrar") books or records of the registration and transfer of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit

their inspection by any other entity. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing (i) the assignment of the Bond, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and (ii) the right of such assignee or assignees to have the Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute Bond or Bonds shall be issued in conversion and exchange therefor in the manner herein provided. The Initial Bond, to the extent of the unpaid or unredeemed principal balance thereof, may be assigned and transferred by the initial registered owner thereof once only, and to one or more assignees designated in writing by the initial registered owner thereof. All Bonds issued and delivered in conversion of and exchange for the Initial Bond shall be in any denomination or denominations of any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated principal maturity date), shall be in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, and shall have the characteristics, and may be assigned, transferred, and converted as hereinafter provided. If the Initial Bond or any portion thereof is assigned and transferred or converted the Initial Bond must be surrendered to the Paying Agent/Registrar for cancellation, and each Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If only a portion of the Initial Bond is assigned and transferred, there shall be delivered to and registered in the name of the initial registered owner substitute Bonds in exchange for the unassigned balance of the Initial Bond in the same manner as if the initial registered owner were the assignee thereof. If any Bond or portion thereof other than the Initial Bond is assigned and transferred or converted each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is exchanged. A form of assignment shall be printed or endorsed on each Bond, excepting the Initial Bond, which shall be executed by the registered owner or its duly authorized attorney or representative to evidence an assignment thereof. Upon surrender of any Bonds or any portion or portions thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new fully registered substitute Bond or Bonds, having the characteristics herein described, payable to such assignee or assignees (which then will be the registered owner or owners of such new Bond or Bonds), or to the previous registered owner in case only a portion of a Bond is being assigned and transferred, all in conversion of and exchange for said assigned Bond or Bonds or any portion or portions thereof, in the same form and manner, and with the same effect, as provided in Section 6(d), below, for the conversion and exchange of Bonds by any registered owner of a Bond. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer and delivery of a substitute Bond or Bonds, but the one requesting such transfer shall pay any taxes or other

governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of any Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(b) Ownership of Bonds. The entity in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Bond shall be overdue, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(c) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, and to act as its agent to convert and exchange or replace Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Resolution.

(d) Conversion and Exchange or Replacement; Authentication. Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal balance or principal amount thereof, may, upon surrender of such Bond at the principal corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or assignees, as appropriate, be converted into and exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, in the denomination of \$5,000, or any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal balance or principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If the Initial Bond is assigned and transferred or converted each substitute Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If a portion of any Bond (other than the Initial Bond) shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in the

denomination or denominations of any integral multiple of \$5,000 at the request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof (other than the Initial Bond) is assigned and transferred or converted, each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange or replace Bonds as provided herein, and each fully registered bond delivered in conversion of and exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution, and may again be converted and exchanged or replaced. It is specifically provided that any Bond authenticated in conversion of and exchange for or replacement of another Bond on or prior to the first scheduled Record Date for the Initial Bond shall bear interest from the date of the Initial Bond, but each substitute Bond so authenticated after such first scheduled Record Date shall bear interest from the interest payment date next preceding the date on which such substitute Bond was so authenticated, unless such Bond is authenticated after any Record Date but on or before the next following interest payment date, in which case it shall bear interest from such next following interest payment date; provided, however, that if at the time of delivery of any substitute Bond the interest on the Bond for which it is being exchanged is due but has not been paid, then such Bond shall bear interest from the date to which such interest has been paid in full. THE INITIAL BOND issued and delivered pursuant to this Resolution is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for or replacement of any Bond or Bonds issued under this Resolution there shall be printed a certificate, in the form substantially as follows:

"PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

_____, TEXAS
Paying Agent/Registrar

Dated

Authorized Representative"

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the above Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for conversion and exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing,

execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Vernon's Ann. Tex. Civ. St. Art. 717k-6, and particularly Section 6 thereof, the duty of conversion and exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the converted and exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bond which originally was issued pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for transferring, converting and exchanging any Bond or any portion thereof, but the one requesting any such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(e) In General. All Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF SUBSTITUTE BOND set forth in this Resolution.

(f) Payment of Fees and Charges. The Issuer hereby covenants with the registered owners of the Bonds that it will (i) pay the fees and charges, if any, of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges, if any, of the Paying Agent/Registrar for services with respect to the transfer of registration of Bonds, and with respect to the conversion and exchange of Bonds solely to the extent above provided in this Resolution.

(g) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly

redemption prior to maturity, at the principal corporate trust office of TEXAS, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the City where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of an issue of Bonds initially dated February 1, 1985, authorized in the principal amount of \$54,000,000, FOR THE PURPOSE OF ACQUIRING LAND EITHER WITH OR WITHOUT PERMANENT IMPROVEMENTS, CONSTRUCTING AND EQUIPPING BUILDINGS OR OTHER PERMANENT IMPROVEMENTS, MAJOR REPAIR AND REHABILITATION OF BUILDINGS AND OTHER PERMANENT IMPROVEMENTS, ACQUIRING CAPITAL EQUIPMENT AND LIBRARY BOOKS AND LIBRARY MATERIALS, AT OR FOR THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION AND ITS COMPONENT INSTITUTIONS, TO THE EXTENT AND IN THE MANNER PROVIDED BY LAW, IN ACCORDANCE WITH THE AMENDMENT TO SECTION 18, ARTICLE VII, OF THE TEXAS CONSTITUTION ADOPTED BY VOTE OF THE PEOPLE OF TEXAS ON NOVEMBER 6, 1984.

ON JULY 1, 1994, or on any interest payment date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at the redemption price of the par or principal amount thereof and accrued interest to the date fixed for redemption.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be published once in a financial publication, journal, or report of general circulation among securities dealers in The City of New York, New York (including, but not limited to, The Bond Buyer and The Wall Street Journal), or in the State of Texas (including, but not limited to, The Texas Bond Reporter). Such notice also shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, not less than 30 days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000 may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other

Bonds. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this Bond, together with other bonds, are equally and ratably secured by and payable from a lien on and pledge of the "Interest" of The University of Texas System in the "Available University Fund", subject only and subordinate to the prior and superior liens on and pledges of the "Interest of the University" in the income from

the "Permanent University Fund," heretofore created and made to secure the "Old Series Outstanding Bonds" and the "New Series Outstanding Bonds", as defined and provided in the Bond Resolution.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue Constitutional Amendment Additional Parity Bonds and Notes which also may be secured by and made payable from a lien on and pledge of the aforesaid Interest of The University of Texas System in the Available University Fund, in the same manner and to the same extent as this Bond, and (ii) to amend the Bond Resolution with the approval of the owners of 51% in principal amount of all outstanding Bonds and Constitutional Amendment Additional Parity Bonds and Notes.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the facsimile signature of the Chairman of the Issuer and countersigned with the facsimile signature of the Executive Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

(facsimile signature)
Executive Secretary, Board of Regents of The University of Texas System

(facsimile signature)
Chairman, Board of Regents of The University of Texas System

(BOARD SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

_____, TEXAS
Paying Agent/Registrar

Dated

Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

(Assignee's Social Security or Taxpayer Identification Number) (print or typewrite Assignee's name and address, including zip code)

and hereby irrevocably constitutes and appoints

attorney to transfer the registration of this Bond on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

Registered Owner
NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Bond.

Section 8. SECURITY AND PLEDGE. Pursuant to the provisions of the Amendment to Section 18 of Article VII of the Texas Constitution, approved by vote of the people of Texas on November 6, 1984, the Bonds, and any Constitutional Amendment Additional Parity Bonds and Notes hereafter issued, and the interest thereon, shall be and are hereby equally and ratably secured by and payable from a lien on and pledge of the Interest of The University of Texas System in the Available University Fund, subject only and subordinate to the prior and superior liens on and pledges of the Interest of the University in the income from the Permanent University Fund, heretofore created and made securing the Old Series Outstanding Bonds and the New Series Outstanding Bonds.

Section 9. PAYMENT OF BONDS. (a) The Comptroller of Public Accounts of the State of Texas previously has established and shall maintain in the State Treasury a fund to be known as "Board of Regents of The University of Texas System Permanent University Fund Bonds Interest and Sinking Fund" (hereinafter called the "Interest and Sinking Fund"). In addition to the moneys required to be transferred to the credit of the Interest and Sinking Fund in connection with the Old Series Outstanding Bonds and the New Series Outstanding Bonds, the Comptroller of Public Accounts of the State of Texas shall, for the benefit of the Bonds, transfer to the Interest and Sinking Fund, out of The University of Texas System Available University Fund (the fund in the State Treasury to which is deposited the Interest of The University of Texas System in the Available University Fund), on or before June 20, 1985, and semiannually thereafter on or before December 20 and June 20 of each year while the Bonds, or interest thereon, are outstanding and unpaid, the amount of interest or principal and interest which will come due on the Bonds on the July 1 or January 1 next

following. It is hereby recognized that the amounts necessary for the payment of principal and interest on the Old Series Outstanding Bonds and the New Series Outstanding Bonds will have been transferred on or before May 1 and November 1 and May 15 and November 15, respectively, of each year from the aforesaid Available University Fund to the interest and sinking funds heretofore created for the benefit of the Old Series Outstanding Bonds and the New Series Outstanding Bonds.

(b) To the end that money will be available at the Paying Agent/Registrar in ample time to pay the principal of and interest on the Bonds as such principal and interest respectively come due, on or before June 25, 1985, and semiannually thereafter on or before December 25 and June 25 of each year while any of the Bonds, or interest thereon, are outstanding and unpaid, the Comptroller of The University of Texas System, or such officer as may hereafter be designated by the Issuer to perform the duties now vested in such officer, shall perform the following duties:

(1) Prepare and file with the Comptroller of Public Accounts of the State of Texas (hereinafter called the "Comptroller of Public Accounts") a voucher based on which the Comptroller of Public Accounts shall draw a warrant against the Interest and Sinking Fund in the amount of the interest or principal and interest (when both are scheduled to accrue and mature) which will become due on the July 1 or January 1 next following.

(2) In the event any Bonds or portions thereof shall have been called for prepayment or redemption on January 1 or July 1 next following of any year, and such Bonds or portions thereof are to be paid from funds subject to warrants drawn by the Comptroller of Public Accounts, prepare and file with the Comptroller of Public Accounts a voucher based on which the Comptroller of Public Accounts shall draw a warrant against funds of The University of Texas System legally available for such purpose in an amount sufficient to redeem the Bonds thus called.

(c) Whenever a voucher is so filed with the Comptroller of Public Accounts, he shall make the warrant based thereon payable to the order of the Paying Agent/Registrar, and shall deliver such warrant to such Paying Agent/Registrar on or before the June 30 or December 31 next following.

(d) When Constitutional Amendment Additional Parity Bonds or Notes are issued pursuant to the provisions of this Resolution, the Comptroller of The University of Texas System, the Comptroller of Public Accounts, and the Board shall follow substantially the same procedures to the extent applicable (to be set forth in each resolution authorizing each issue of Constitutional Amendment Additional Parity Bonds or Notes in connection with paying the principal of and interest on such Constitutional Amendment Additional Parity Bonds or Notes when due) as prescribed in sub-sections (b) and (c) of this Section 9; provided, however, that other and different banks or places of payment (paying agents) and/or Paying Agent/Registrars and dates of payment (to the extent permitted in Section 12) may be named in connection with each issue of Constitutional Amendment Additional Parity Bonds or Notes. In the event that any such Constitutional Amendment Additional Parity Bonds or Notes are made optional or redeemable prior to maturity, the resolution or resolutions authorizing the issuance of such Constitutional Amendment Additional Parity Bonds or Notes shall prescribe the appropriate procedures for redeeming same.

Section 10. DISPOSITION OF FUNDS. After provision has been made for the payment of the principal of and interest on the Old Series Outstanding Bonds, the New Series Outstanding Bonds, the Bonds, and any Constitutional Amendment Additional Parity Bonds and Notes, when issued, the balance of the Interest of The University of Texas System in the Available University Fund each year shall be made available to the Board in the manner provided by law and by regulations of the Board to be used by said Board as it may lawfully direct.

Section 11. COVENANTS. The Board covenants and agrees as follows:

(a) That while any Permanent University Fund Bonds are outstanding and unpaid, the Board of Regents of The University of Texas System will maintain and invest and keep invested the Permanent University Fund as required by law; and that while any such Permanent University Fund Bonds, and the interest thereon, are outstanding and unpaid, the Board of Regents of The University of Texas System will invest such Fund in eligible and legal securities which will yield a maximum rate of return consistent with the Board of Regents' long established policy of purchasing for said Fund only securities of investment quality; and further that at all times the Fund will be maintained and invested so as to yield annually an amount of money not less than 1½ times the principal and interest requirements of all of the aforesaid outstanding Permanent University Fund Bonds during the year in which such principal and interest requirements will be the greatest.

(b) That so much of the Permanent University Fund will be maintained and invested at all times in such amount of United States Government Bonds as will yield annually, at the effective rate or rates of interest borne by such United States Government Bonds, an amount of money not less than the principal and interest requirements of all outstanding Permanent University Fund Bonds which were issued prior to the year 1967, during the calendar year in which said principal and interest requirements of all such outstanding Permanent University Fund Bonds issued prior to 1967 will be greatest; and that neither the Board of Regents nor any officer of the Board of Regents or The University of Texas System shall be authorized to sell or withdraw any of said United States Government Bonds if by such sale or withdrawal the total amount of such United States Government Bonds remaining thereafter will yield annually an amount less than said principal and interest requirements of all such outstanding Permanent University Fund Bonds issued prior to 1967, during the calendar year in which said principal and interest requirements will be the greatest.

(c) That at all times the Permanent University Fund will be invested in an amount of direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which

(i) are at least equal in aggregate par or face value to the aggregate par or face value of all outstanding Permanent University Fund Bonds which were issued prior to the year 1985; and

(ii) will yield annually an amount of interest which will be at least equal to the maximum annual interest requirements of all outstanding Permanent University Fund Bonds which were issued prior to the year 1985,

and that at all times the Permanent University Fund will be invested in an amount of investment grade debt securities which

are at least equal in aggregate par or face value to the aggregate par or face value of all outstanding Permanent University Fund Bonds.

(d) That the Board will restrict expenditures for administering the Permanent University Fund (administrative expenses) to a minimum consistent with prudent business judgment, and as long as any Permanent University Fund Bonds issued prior to 1985 remain outstanding, but not thereafter, such expenditures chargeable before debt service requirements on Permanent University Fund Bonds shall be limited and shall never exceed in any year an amount equal to 1/5 of 1% of the book value of the Permanent University Fund.

(e) That the Board will duly and punctually pay or cause to be paid out of the income herein pledged for such purpose the principal of every Old Series Outstanding Bond, New Series Outstanding Bond, Bond, and any Constitutional Amendment Additional Parity Bond and Note, when issued, and the interest thereon, on the days and at the places and in the manner mentioned in such obligations, and in the coupons, if any, thereto appertaining, according to the true intent and meaning thereof and that it will faithfully do and perform and at all times fully observe all covenants, undertakings and provisions contained in this Resolution and in the aforesaid obligations.

(f) That, except for the Old Series Outstanding Bonds, the New Series Outstanding Bonds, the Bonds, and the Constitutional Amendment Additional Parity Bonds and Notes authorized to be issued pursuant to Section 12 hereof, and the interest thereon, the Board will not at any time create or allow to accrue or exist any lien or charge upon the Fund or the Interest of The University of Texas System in the Available University Fund, unless such lien or charge is made junior and subordinate in all respects to the liens, pledges, and covenants in connection with said Old Series Outstanding Bonds, New Series Outstanding Bonds, the Bonds, and any Constitutional Amendment Additional Parity Bonds and Notes, that there is not now outstanding any lien or charge upon the Fund or the Interest of The University of Texas System in the Available University Fund, except for the Old Series Outstanding Bonds, the New Series Outstanding Bonds, and the Bonds herein authorized, and the interest thereon; and that the lien created by this Resolution will not be impaired in any manner as a result of any action or non-action on the part of the Board or officers of The University of Texas System, and that the Board will, subject to the provisions hereof, continuously preserve the Fund and each and every part thereof.

(g) That proper books of records and accounts will be kept in which true, full, and correct entries will be made of all income, expenses, and transactions of and in relation to the Fund and each and every part thereof in accordance with accepted accounting practices. As soon after the close of each fiscal year (September 1 to August 31, inclusive) as may reasonably be done the Board will furnish to all bondholders and owners who may so request, full audits and reports by the State Auditor of Texas for the preceding fiscal year, showing the income to the Fund, the amount realized from investments of the Fund, total sums accruing to The University of Texas System as the Interest of The University of Texas System in the income from the Permanent University Fund and in the Available University Fund, the cost of administering the Fund, the amount paid for debt service on the Old Series Outstanding Bonds, the New Series Outstanding Bonds, the Bonds, and the Constitutional Amendment Additional Parity Bonds and Notes, when issued, and

the amount made available to the Board as available funds under Section 10 of this Resolution.

Section 12. ADDITIONAL PARITY BONDS AND NOTES. The Board reserves the right and shall have full power at any time and from time to time, to authorize, issue, and deliver Constitutional Amendment Additional Parity Bonds and/or Constitutional Amendment Additional Parity Notes, in as many separate installments or series as deemed advisable by the Board but only for the purposes and to the extent provided in the Amendment to Section 18, Article VII of the Texas Constitution, adopted by vote of the people of Texas on November 6, 1984, or in any Amendment hereafter made to said Section 18, Article VII, of the Texas Constitution, or for refunding purposes as provided by law. Such Constitutional Amendment Additional Parity Bonds and Notes, when issued, and the interest thereon, shall be equally and ratably secured by and payable from a lien on and pledge of the Interest of The University of Texas System in the Available University Fund, subject only and subordinate to the prior and superior liens on and pledges of such Interest heretofore created securing the Old Series Outstanding Bonds and the New Series Outstanding Bonds, in the same manner and to the same extent as are the Bonds issued pursuant to this Resolution, and the Bonds and the Constitutional Amendment Additional Parity Bonds and Notes, when issued, and the interest thereon, shall be on a parity and in all respects of equal dignity. It is further specifically covenanted that the Board will not issue or attempt to issue any bonds or notes on a parity with the Old Series Outstanding Bonds or the New Series Outstanding Bonds. It is further covenanted that no installment or series of Constitutional Amendment Additional Parity Bonds or Notes shall be issued and delivered unless the Executive Director, Investments and Trusts of The University of Texas System or some other officer of The University of Texas System designated by the Board executes:

(a) a certificate to the effect that for the fiscal year next preceding the date of said certificate the amount of the Interest of The University of Texas System in the Available University Fund was at least 1-1/2 times the principal and interest requirements of all outstanding Permanent University Fund Bonds theretofore delivered by the Board of Regents of The University of Texas System and of the installment or series of Constitutional Amendment Additional Parity Bonds or Notes then proposed to be issued, during the fiscal year in which such principal and interest requirements will be the greatest; and

(b) a certificate to the effect that the total principal amount of all Permanent University Fund Bonds issued by the Board of Regents of The University of Texas System that will be outstanding after the delivery of the installment or series of Constitutional Amendment Additional Parity Bonds or Notes then proposed to be issued will not exceed 20% of the cost value of investments and other assets of the Permanent University Fund (exclusive of real estate) at the time the proposed series or installment of Constitutional Amendment Additional Parity Bonds or Notes are issued.

All Constitutional Amendment Additional Parity Bonds and Notes hereafter issued shall be made to mature on January 1 and/or July 1 of each of the years in which they are scheduled to mature.

Section 13. INDIVIDUALS NOT LIABLE. All covenants, stipulations, obligations, and agreements of the Board contained in

this Resolution shall be deemed to be covenants, stipulations, obligations, and agreements of The University of Texas System and the Board to the full extent authorized or permitted by the Constitution and laws of the State of Texas. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or agent or employee of the Board in his individual capacity and neither the members of the Board nor any officer thereof shall be liable personally on the Bonds or Constitutional Amendment Additional Parity Bonds or Notes when issued, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 14. REMEDIES. Any owner or holder of any of the Old Series Outstanding Bonds, the New Series Outstanding Bonds, the Bonds, or Constitutional Amendment Additional Parity Bonds or Notes, when issued, in the event of default in connection any covenant contained herein, or default in the payment of said obligations, or of any interest due thereon, shall have the right to institute suit or suits against the Board or any other necessary or appropriate party for the purpose of enforcing payment from the moneys herein pledged or for enforcing any covenant herein contained.

Section 15. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Interest of The University of Texas System in the Available University Fund, and such principal and interest shall be payable solely from such money or Government Obligations.

(b) Any moneys so deposited with or made available to the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent/Registrar which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer.

(c) The term "Government Obligations" as used in this Section, shall mean direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, which may be United States Treasury obligations such

as its State and Local Government Series, which may be in book-entry form.

(d) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Resolution.

Section 16. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(e) Authority for Issuing Replacement Bonds. In accordance with Section 6 of Vernon's Ann. Tex. Civ. St. Art. 717k-6, this Section of this Resolution shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 6(d) of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 27. AMENDMENT OF RESOLUTION. (a) The owners of Bonds and Constitutional Amendment Additional Parity Bonds and Notes (hereinafter collectively called "Bonds and Additional Bonds") aggregating 51% in principal amount of the aggregate principal amount of then outstanding Bonds and Additional Bonds shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of Bonds or Additional Bonds which may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the outstanding Bonds and Additional Bonds, the amendment of the terms and conditions in said resolutions or in the Bonds or Additional Bonds so as to:

- (1) Make any change in the maturity of the outstanding Bonds or Additional Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding Bonds or Additional Bonds;
- (3) Reduce the amount of the principal payable on the outstanding Bonds or Additional Bonds;
- (4) Modify the terms of payment of principal or interest on the outstanding Bonds or Additional Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Bonds and Additional Bonds then outstanding;
- (6) Change the minimum percentage of the principal amount of Bonds and Additional Bonds necessary for consent to such amendment.

(b) If at any time the Issuer shall desire to amend a resolution under this Section, the Issuer shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Paying Agent/Registrar for the Bonds and Additional Bonds for inspection by all owners of Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to each owner of Bonds and Additional Bonds.

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice of the Issuer shall receive an instrument or instruments executed by the owners of at least 51% in aggregate principal amount of all Bonds and Additional Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Issuer may adopt the amendatory resolution in substantially the same form.

(d) Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, the resolution being amended shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Issuer and all the owners of then outstanding Bonds and Additional Bonds and all future

Additional Bonds shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such amendment.

(e) Any consent given by the owner of a Bond or Additional Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bond or Additional Bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar for such Bonds and Additional Bonds and the Issuer, but such revocation shall not be effective if the owners of 51% in aggregate principal amount of the then outstanding Bonds and Additional Bonds as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(f) For the purpose of this Section the ownership and other matters relating to all Bonds and Additional Bonds shall be determined from the registration books kept for such bonds by the Paying Agent/Registrar therefor.

Section 18. CUSTODY, APPROVAL, AND REGISTRATION OF INITIAL BOND; BOND COUNSEL'S OPINION, AND CUSIP NUMBERS. The Chairman of the Issuer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to the Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate printed and endorsed on the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Initial Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall be binding upon the Issuer or have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds.

Section 19. NO ARBITRAGE. The Issuer covenants to and with the registered owners of the Bonds that it will make no use of the proceeds of the Bonds at any time throughout the term of this issue of Bonds which, if such use had been reasonably expected on the date of delivery of the Bonds to and payment for the Bonds by the purchasers, would have caused the Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, or any regulations or rulings pertaining thereto; and by this covenant the Issuer is obligated to comply with the requirements of the aforesaid Section 103(c) and all applicable and pertinent Department of the Treasury regulations relating to arbitrage bonds. The Issuer further covenants that the proceeds of the Bonds will not otherwise be used directly or indirectly so as to cause all or any part of the Bonds to be or become arbitrage bonds within the meaning of the aforesaid Section 103(c), or any regulations or rulings pertaining thereto.

Section 20. SALE OF INITIAL BOND. The Initial Bond is hereby sold and shall be delivered to _____ for cash for the par value

thereof and accrued interest thereon to date of delivery, plus a premium of \$_____. It is hereby officially found, determined, and declared that the Initial Bond has been sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to an Official Notice of Sale and Bidding Instructions and an Official Statement dated _____, prepared and distributed in connection with the sale of the Initial Bond. Such Official Notice of Sale and Bidding Instructions and the Official Statement, and any addenda, supplement, or amendment thereto have been and are hereby approved by the Issuer, and their use in the reoffering of the Initial Bond or any portion thereof or any Bond issued in substitution and exchange therefor is hereby approved. It is further officially found, determined, and declared that the statements and representations contained in such Official Notice of Sale and Bidding Instructions and the Official Statement are true and correct in all material respects, to the best knowledge and belief of the Issuer.

Section 21. FURTHER PROCEDURES. The Chairman of the Issuer, the Executive Secretary of the Issuer, and all other officers, employees, and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Bond Resolution, the Bonds, the sale of the Bonds, and the Notice of Sale and Bidding Instructions and the Official Statement. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

RESOLUTION
MAKING COVENANTS AS TO THE INVESTMENT OF THE
PERMANENT UNIVERSITY FUND IN CONNECTION WITH
PERMANENT UNIVERSITY FUND BONDS AND NOTES AND
COVENANTING TO MAKE PROMPT TRANSFER OF INCOME TO
THE TEXAS A&M UNIVERSITY SYSTEM OF ITS PART OF
THE INCOME FROM THE PERMANENT UNIVERSITY FUND

THE STATE OF TEXAS §
THE UNIVERSITY OF TEXAS SYSTEM §

WHEREAS, on July 23, 1958, the Board of Regents of The University of Texas System adopted a resolution with the following caption:

"RESOLUTION
MAKING COVENANTS AS TO THE INVESTMENT OF THE
PERMANENT UNIVERSITY FUND IN CONNECTION WITH
PERMANENT UNIVERSITY FUND BONDS AND NOTES AND
COVENANTING TO MAKE PROMPT TRANSFER OF INCOME
TO THE AGRICULTURAL AND MECHANICAL COLLEGE OF
TEXAS OF ITS PART OF THE INCOME FROM THE
PERMANENT UNIVERSITY FUND AS APPORTIONED BY
CHAPTER 42, ACTS OF THE FORTY-SECOND LEGIS-
LATURE, REGULAR SESSION"; and

WHEREAS, on June 16, 1967, the Board of Regents of The University of Texas System adopted a resolution with the following caption:

"RESOLUTION
MAKING COVENANTS AS TO THE INVESTMENT OF THE
PERMANENT UNIVERSITY FUND IN CONNECTION WITH
PERMANENT UNIVERSITY FUND BONDS AND NOTES";
and

WHEREAS, Section 18, Article VII of the Texas Constitution, relating to Permanent University Fund bonds and notes, was amended by vote of the people of Texas on November 6, 1984; and

WHEREAS, because of such 1984 Constitutional Amendment and the bonds and notes authorized thereby, it is necessary and advisable that the above captioned resolution of 1958, as amended in 1967, be further amended; Now, Therefore,

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

That the resolution of 1958 as amended in 1967, as described in the preamble hereof, be and is hereby amended so that such resolution, as amended, will be and read in its entirety as follows:

"RESOLUTION
MAKING COVENANTS AS TO THE INVESTMENT OF THE
PERMANENT UNIVERSITY FUND IN CONNECTION WITH
PERMANENT UNIVERSITY FUND BONDS AND NOTES AND
COVENANTING TO MAKE PROMPT TRANSFER OF INCOME
TO THE TEXAS A&M UNIVERSITY SYSTEM OF ITS
PART OF THE INCOME FROM THE PERMANENT UNIVER-
SITY FUND.

"WHEREAS, under the Constitution of 1876 and the act of 1883 (Eighteenth Legislature) certain public lands were set apart for the creation of a Permanent University Fund

(hereinafter sometimes called the "Fund") and subsequent donations, grants and appropriations further have added to such Fund; and

"WHEREAS, the Board of Regents of The University of Texas System (hereinafter sometimes called the 'Board of Regents') is authorized by law to invest such Fund in certain bonds, pledges, obligations and securities prescribed by law, to provide funds for the maintenance of The University of Texas System, which within certain limits includes The Texas A&M University System (Section 10, Article VII, Constitution); and

"WHEREAS, by enactment of Chapter 42 of the Forty-Second Legislature of Texas, Regular Session (Vernon's Annotated Texas Statutes, Article 2592), the Board of Directors and the Board of Regents of The Texas A&M University System (hereinafter sometimes called the 'A&M Board') was authorized to expend one-third of the income received from the Permanent University Fund arising from the 1,000,000 acres of land appropriated by the Constitution of 1876 and the land appropriated by the Act of 1883, except income from grazing leases on The University of Texas System lands (less its proportion of expenses of administration and excluding any expenses of administration of grazing leases); and the Board of Regents was authorized to expend the balance of the income from the Permanent University Fund, including all the income from grazing leases on The University of Texas System lands (less its proportion of expenses of administration); and

"WHEREAS, the Board of Regents and the A&M Board, respectively, have been authorized to issue Permanent University Fund bonds and notes payable from the respective interests of each in the income from the Permanent University Fund, pursuant to the provisions of Section 18, Article VII of the Texas Constitution, approved by vote of the people of Texas on August 23, 1947, the amendment to Section 18, Article VII of the Texas Constitution approved by vote of the people of Texas on November 6, 1956, and the provisions of Chapter 255, page 546, acts of 1957, Fifty-fifth Legislature of Texas, Regular Session; and

"WHEREAS, pursuant to the foregoing provisions of law the Board of Regents and the A&M Board, respectively, prior to the year 1967, adopted resolutions authorizing the issuance of various Permanent University Fund bonds payable from and secured by a first lien on and pledge of the respective interests of each in the income from the Permanent University Fund, with said bonds being hereafter called the 'Old Series Bonds'; and

"WHEREAS, all of the Old Series Bonds issued by the A&M Board have been paid and retired; and

"WHEREAS, only the following Old Series Bonds issued by the Board of Regents remain outstanding:

Board of Regents of The University of Texas System
Permanent University Fund Bonds, Series 1965 and Series
1966; and

"WHEREAS, the Board of Regents and the A&M Board also were authorized by the provisions of law described above to issue other and additional Permanent University Fund bonds and notes from time to time, payable from and secured by a lien on and pledge of the respective interests of each in

the income from the Permanent University Fund, subject only and subordinate to the first lien on and pledge of said interests heretofore created in connection with the Old Series Bonds, with such additional Permanent University Fund Bonds having been designated and called the 'New Series Bonds'; and

"WHEREAS the following New Series Bonds issued by the Board of Regents and the A&M Board, respectively, remain outstanding:

Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1967, New Series 1968, New Series 1969, New Series 1970, New Series 1971, New Series 1972, New Series 1973, New Series 1974, New Series 1975, New Series 1976, New Series 1977, New Series 1978, New Series 1979, New Series 1980, New Series 1981, New Series 1983, New Series 1983-A, and New Series 1984, and

Board of Directors of The Texas A&M University System Permanent University Fund Bonds, New Series 1967, New Series 1968, New Series 1969, New Series 1970, New Series 1971, New Series 1972, New Series 1973, New Series 1974, and New Series 1975, and Board of Regents of The Texas A&M University System Permanent University Fund Bonds, New Series 1976, New Series 1977, New Series 1978, New Series 1979, New Series 1980, New Series 1981, New Series 1983, New Series 1983-A, and New Series 1984.

"WHEREAS, the Board of Regents and the A&M Board, respectively, intend (i) to authorize the issuance of other Permanent University Fund bonds and notes pursuant to Section 18, Article VII of the Texas Constitution, as amended by vote of the people of Texas on November 6, 1984 (the '1984 Constitutional Amendment') which are payable from a lien on and pledge of the respective interests of each in the Available University Fund (as provided in the 1984 Constitutional Amendment), subject only and subordinate to the liens on and pledges of said interests heretofore created in connection with the outstanding Old Series Bonds and the outstanding New Series Bonds, (ii) to reserve the right thereafter to issue additional Permanent University Fund bonds or notes pursuant to the 1984 Constitutional Amendment, and (iii) to covenant not to issue or attempt to issue any obligations to be on a parity with the Old Series Bonds or the New Series Bonds; and

"WHEREAS, for the payment and additional security of all bonds or notes of the Board of Regents of The University of Texas System or the Board of Directors or the Board of Regents of The Texas A&M University System heretofore or hereafter issued and delivered pursuant to the provisions of Section 18, Article VII of the Texas Constitution, approved by vote of the people of Texas on August 23, 1947, or pursuant to the provisions of the amendment to Section 18, Article VII of the Texas Constitution, approved by vote of the people of Texas on November 6, 1956, or pursuant to the amendment to Section 18, Article VII of the Texas Constitution, approved by vote of the people of Texas on November 6, 1984, or pursuant to any future amendment to Section 18, Article VII of the Texas Constitution (with all of said bonds and notes being hereinafter collectively referred to as 'Permanent University Fund Bonds'), it is necessary for the Board of Regents to make the covenants and agreements hereinafter set forth, in consideration of the purchase by

the purchasers of the Permanent University Fund Bonds heretofore or hereafter issued and delivered by the Board of Regents and the A&M Board, respectively; Now, therefore,

"BE IT RESOLVED AND ORDERED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM:

I.

That the Board of Regents of The University of Texas System covenants and agrees as follows:

(a) That while any Permanent University Fund Bonds are outstanding and unpaid, the Board of Regents of the University of Texas System will maintain and invest and keep invested the Permanent University Fund as required by law; and that while any such Permanent University Fund Bonds, and the interest thereon, are outstanding and unpaid, the Board of Regents of The University of Texas System will invest such Fund in eligible and legal securities which will yield a maximum rate of return consistent with the Board of Regents' long established policy of purchasing for said Fund only securities of investment quality; and further that at all times the Fund will be maintained and invested so as to yield annually an amount of money not less than $1\frac{1}{2}$ times the principal and interest requirements of all of the aforesaid outstanding Permanent University Fund Bonds during the year in which said principal and interest requirements will be the greatest.

(b) That so much of the Permanent University Fund will be maintained and invested at all times in such amount of United States Government Bonds as will yield annually, at the effective rate or rates of interest borne by such United States Government Bonds, an amount of money not less than the principal and interest requirements of all outstanding Permanent University Fund Bonds which were issued prior to the year 1967, during the calendar year in which said principal and interest requirements of all such outstanding Permanent University Fund Bonds issued prior to 1967 will be greatest; and that neither the Board of Regents nor any officer of the Board of Regents or The University of Texas System shall be authorized to sell or withdraw any of said United States Government Bonds if by such sale or withdrawal the total amount of such United States Government Bonds remaining thereafter will yield annually an amount less than said principal and interest requirements of all such outstanding Permanent University Fund Bonds issued prior to 1967, during the year in which said principal and interest requirements will be the greatest.

(c) That at all times the Permanent University Fund will be invested in an amount of direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which

(i) are at least equal in aggregate par or face value to the aggregate par or face value of all outstanding Permanent University Fund Bonds which were issued prior to the year 1985; and

(ii) will yield annually an amount of interest which will be at least equal to the maximum annual interest requirements of all outstanding Permanent University Fund Bonds which were issued prior to the year 1985,

and that at all times the Permanent University Fund will be invested in an amount of investment grade debt securities which are at least equal in aggregate par or face value to the aggregate par or face value of all outstanding Permanent University Fund Bonds.

(d) That the Board of Regents will restrict expenditures for administering the Permanent University Fund (administrative expenses) to a minimum consistent with prudent business judgment, and as long as any Permanent University Fund Bonds issued prior to 1985 remain outstanding, but not thereafter, such expenditures chargeable before debt service requirements on Permanent University Fund Bonds shall be limited to and shall never exceed in any year an amount equal to 1/5 of 1% of the book value of the Permanent University Fund.

II.

That while any Permanent University Fund Bonds issued by the Board of Directors or the Board of Regents of The Texas A&M University System are outstanding and unpaid, the Comptroller of The University of Texas System, or such officer as may hereafter be designated by the Board of Regents of the University of Texas System to perform the duties now vested in such officer, is hereby ordered to cause to be transferred to the Board of Regents of The Texas A&M University System the interest of the Texas A&M University System in the Available University Fund, as provided in the 1984 Constitutional Amendment, as same accrues; and pursuant to the written direction of the Comptroller of The University of Texas System shall cause the sums thus accruing to the Board of Regents of The Texas A&M University System to be credited by the Comptroller of Public Accounts of the State of Texas to the account now established in the State Treasury and known as 'The Texas A&M University System Available University Fund.'

III.

That this resolution acknowledges the legal obligation of the Board of Regents of The University of Texas System to perform all of the covenants set forth in this Resolution and to perform all duties imposed upon it by law in the management, administration, investment and distribution of the income accruing to the Permanent University Fund and the obligation to assure the continuing availability of such income for the payment of any and all Permanent University Fund Bonds.

IV.

That a certified copy of this resolution be prepared and transmitted to the Board of Regents of The Texas A&M University System."

1985

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Executive Committee

EXECUTIVE COMMITTEE

Date: February 14, 1985
Time: Following the 1:00 p.m. Session of the Board of Regents
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>Ex.C</u>
1. Permanent University Fund: Recommendation to Reduce Minimum Rental on Five Flexible Grazing Leases Effective July 1, 1984, Because of the Extreme Drought Conditions in West Texas (Exec. Com. Letter 85-11)	3
2. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the A. M. Aikin Regents Chair in Junior and Community College Education Leadership in the College of Education and Establish the A. M. Aikin Regents Chair in Education Leadership in the College of Education with Matching Funds Under The Regents' Endowed Teachers and Scholars Program (No Publicity) (Exec. Com. Letter 85-10)	3
3. U. T. Austin: Authorization to Accept Invitation for Football Team to Participate in Freedom Bowl in Anaheim, California, on December 26, 1984, and Approval of Preliminary Budget Covering Expenses (Exec. Com. Letter 85-8)	4
4. U. T. Austin - Parking Facility (Project No. 102-573): Recommended Award of Construction Contract to Maufrais Brothers, Inc., Austin, Texas, Subject to the Sale of Parking Facilities Revenue Bonds, and Approval of Plaque Inscription (Exec. Com. Letter 85-7)	5
5. U. T. El Paso - Physical Science Building - Laboratory Safety Modifications (Project No. 201-574): Recommended Award of Construction Contract to Funk & Company, Inc., El Paso, Texas (Exec. Com. Letter 85-8)	7
6. U. T. San Antonio: Additional Surface Parking Facilities - Recommended Award of Construction Contract to H. B. Zachry Company, San Antonio, Texas (Exec. Com. Letter 85-8)	8
7. U. T. Health Science Center - Dallas: Salary Increase Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 85-6)	9
8. U. T. Health Science Center - Dallas: Salary Increases Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 85-9)	10

9. U. T. Health Science Center - Dallas - Renovation of Locke Medical Building, Phase II (Project No. 303-476): Recommended Award of Construction Contract to Certified Service Corporation, Dallas, Texas (Exec. Com. Letter 85-7) 10
10. U. T. Medical Branch - Galveston: Salary Increase Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 85-6) 12
11. U. T. Medical Branch - Galveston: Proposed Acceptance of Gift from Mr. and Mrs. W. H. Bauer, LaWard, Texas (Exec. Com. Letter 85-8) 12
12. U. T. Medical Branch - Galveston - Hospital Central Supply Warehouse (Project No. 601-580): Recommendation to Reject Bid of Mott Construction Corporation, Houston, Texas, and to Award a Construction Contract to LEBCO CONSTRUCTORS, INC., Houston, Texas, and Approval of Plaque Inscription (Exec. Com. Letter 85-11) 13
13. U. T. Medical Branch - Galveston - New Parking Facilities (Project No. 601-581): Recommended Award of Construction Contract to Manhattan Construction Company, Houston, Texas, and Approval of Plaque Inscriptions (Exec. Com. Letter 85-7) 17

1. Permanent University Fund: Recommendation to Reduce Minimum Rental on Five Flexible Grazing Leases Effective July 1, 1984, Because of the Extreme Drought Conditions in West Texas (Exec. Com. Letter 85-11).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of the Office of the Chancellor that the minimum annual rental on the following flexible grazing leases on Permanent University Fund Lands be reduced to one-half effective July 1, 1984, and remain in effect until the University's lessees are able to restock their pastures. All seed stock retained by University lessees will be charged in accordance with the University's current flexible grazing lease schedule.

<u>Lessee</u>	<u>Lease No.</u>	<u>Current</u>	<u>Recommended</u>
Brooks, Joe	26	\$9,016.61	\$4,508.31
Puckett, John	36	820.91	410.46
McKenzie, Gregg	55	1,591.39	795.70
Mann, Kenneth	110	3,182.33	1,591.17
Coates, Steve W.	119	7,871.41	3,935.71

BACKGROUND INFORMATION

The extreme drought conditions in West Texas forced the five named University lessees, as well as seven additional University lessees, to sell most of their livestock prior to July 1, 1984, in order to protect the remaining vegetation and to assure reseeding. Elimination of all livestock except seed stock during drought conditions is in the best interests of the University lands and justifies reduction of the minimal rentals.

2. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the A. M. Aikin Regents Chair in Junior and Community College Education Leadership in the College of Education and Establish the A. M. Aikin Regents Chair in Education Leadership in the College of Education with Matching Funds Under The Regents' Endowed Teachers and Scholars Program (No Publicity) (Exec. Com. Letter 85-10).--

RECOMMENDATION

The Executive Committee concurs with the recommendation of President Flawn and the Office of the Chancellor to accept gifts in the amount of \$220,000 and pledges in the amount of \$280,000, payable prior to August 31, 1987, for a total of \$500,000 from friends and colleagues of the late State Senator A. M. Aikin, Jr., to establish the A. M. Aikin Regents Chair in Junior and Community College Education Leadership in the College of Education at U. T. Austin.

It is further recommended that the gifts and pledges, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to establish the A. M. Aikin

Regents Chair in Education Leadership in the College of Education. This chair should be reserved for the Dean of the College of Education with income used for salary supplementation and for the advancement of the College of Education.

BACKGROUND INFORMATION

Senator A. M. Aikin, Jr., deceased, served forty-six years in the Texas Senate. His primary concerns for the State of Texas were quality public education through elementary and secondary schools, community colleges, and state universities.

The leaders of this fund-raising effort have requested that no publicity be given to these chairs at this time pending a public announcement during the coming session of the Texas Legislature.

NO PUBLICITY

3. U. T. Austin: Authorization to Accept Invitation for Football Team to Participate in Freedom Bowl in Anaheim, California, on December 26, 1984, and Approval of Preliminary Budget Covering Expenses (Exec. Com. Letter 85-8).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Flawn and the Office of the Chancellor that the U. T. Board of Regents approve the acceptance by the Intercollegiate Athletics Council for Men of an invitation for U. T. Austin's football team to participate in the Freedom Bowl in Anaheim, California, on December 26, 1984, and approve a preliminary budget as set forth below:

Budget
1984 Freedom Bowl

INCOME:

Estimated Income from Freedom Bowl	\$ 500,000
Less: Amount Due SWC per Conference Policy	<u>(101,700)</u>
Amount Available for Bowl Expenses	\$ 398,300
Less: Game Tickets Provided to Squad, Staff, Administration and Others	<u>(16,740)</u>
Net Available for Bowl Expenses	<u>\$ 381,560</u>

EXPENDITURES:

Awards/Official Functions	\$ 36,430
Employee Benefits	5,806
Photography (Film/Video)	4,500
Printing and Postage	4,000
Salary Supplements	72,580
Supplies-Player (Training and Equipment)	34,800
Team "NCAA" Incidental Allowance	7,000
Travel Official Party (Transportation and Meals)	137,500
Travel Official Party (Lodging)	35,600
Contingency	<u>20,000</u>

Total--Athletics Department \$ 358,216

EXCESS INCOME OVER EXPENDITURES \$ 23,344

BACKGROUND INFORMATION

This recommendation has the support of Athletics Director DeLoss Dodds, the Intercollegiate Athletics Council for Men, and the U. T. Austin Administration, in accordance with the U. T. Austin Bowl Game Policy adopted by the U. T. Board of Regents on February 12, 1982. Actual expenses will be reported to the U. T. Board of Regents in the next appropriate institutional docket.

4. U. T. Austin - Parking Facility (Project No. 102-573): Recommended Award of Construction Contract to Maufrais Brothers, Inc., Austin, Texas, Subject to the Sale of Parking Facilities Revenue Bonds, and Approval of Plaque Inscription (Exec. Com. Letter 85-7).--

RECOMMENDATIONS

The Executive Committee concurs in the recommendations of President Flawn and the Office of the Chancellor that the U. T. Board of Regents:

- a. Award a construction contract for a Parking Facility at U. T. Austin to Maufrais Brothers, Inc., Austin, Texas, the lowest responsible bidder for Base Bid "A" (poured-in-place concrete), in the amount of \$4,195,000, subject to the sale of U. T. Austin Parking Facilities Revenue Bonds

Regent Milburn abstained from voting on this matter due to a possible conflict of interest.

- b. Approve the inscription set out below for a plaque to be placed on the building. The inscription follows the standard pattern approved by the U. T. Board of Regents on June 1, 1979.

PARKING FACILITY 1984

BOARD OF REGENTS

Jon P. Newton, Chairman
Robert B. Baldwin III, Vice-Chairman
Janey Slaughter Briscoe, Vice-Chairman
(Mrs. Dolph)
Jess Hay
Beryl Buckley Milburn
James L. Powell
Tom B. Rhodes
Howard N. Richards
Mario Yzaguirre

Hans Mark
Chancellor, The University
of Texas System
Peter T. Flawn
President, The University
of Texas at Austin
Stoeltje Associates, Inc.
Project Engineer
Maufrais Brothers, Inc.
Contractor

BACKGROUND INFORMATION

In accordance with authorization given by the U. T. Board of Regents on October 12, 1984, bids were received and opened on November 13, 1984, as shown below, for a Parking Facility at U. T. Austin.

Bids were requested on two types of structural systems. Base Bid "A" was for a poured-in-place concrete structure, and Base Bid "B" was for a pre-cast concrete structure. It is the considered opinion of the U. T. Austin Administration, the Office of Facilities Planning and Construction, and the Project Engineer that the poured-in-place concrete structure in Base Bid "A" is superior to the pre-cast concrete structure in Base Bid "B".

Among the advantages of poured-in-place concrete are a longer life expectancy, better appearance, less maintenance, more watertight floors, and a more rigid structure with less vibration.

A construction contract award to Maufrais Brothers, Inc. for Base Bid "A" in the amount of \$4,195,000 can be made within the authorized total project cost of \$4,700,000.

Funding for this project is subject to the sale of U. T. Austin Parking Facilities Revenue Bonds in the amount of \$3,000,000. \$1,700,000 has previously been appropriated from Unallocated Designated Funds and Unexpended Plant Fund Balances.

<u>Bidder</u>	<u>Base Bid "A" Poured-In- Place Concrete</u>	<u>Base Bid "B" Pre-Cast Concrete</u>
Maufrais Brothers, Inc. Austin, Texas	\$4,195,000	No Bid
Joe Badgett Construction Co., Inc., Austin, Texas	4,415,000	\$3,853,000
Dakota Constructors, Inc. Houston, Texas	4,590,000	4,290,000
J. A. Jones Construction Company, Dallas, Texas	4,597,700	4,397,700
Belco Construction Co., Inc., Temple, Texas	4,638,000	4,648,000
Northdale Construction Co., Inc., Houston, Texas	4,847,000	4,347,000
Rose & Sons, Inc. Abilene, Texas	4,982,400	No Bid
Kunz Construction Company, Inc., San Antonio, Texas	5,220,000	No Bid
Wilmac Constructors, Inc. Houston, Texas	No Bid	4,428,000

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

Construction Cost	\$4,195,000
Fees and Administrative Expenses	338,922
Parking Equipment and Security	100,000
Project Contingency	50,000
Survey, Soils Tests and Miscellaneous Expenses	<u>16,078</u>
	\$4,700,000

5. U. T. El Paso - Physical Science Building - Laboratory Safety Modifications (Project No. 201-574): Recommended Award of Construction Contract to Funk & Company, Inc., El Paso, Texas (Exec. Com. Letter 85-8).--

RECOMMENDATION

The Executive Committee concurs with the recommendation of President Monroe and the Office of the Chancellor that the U. T. Board of Regents award a construction contract to Funk & Company, Inc., El Paso, Texas, the lowest responsible bidder for the Laboratory Safety Modifications in the Physical Science Building at U. T. El Paso, as follows:

Base Bid	\$122,000
Alt. No. 1 (Additional Fume Hood Work)	64,000
Alt. No. 2 (Additional Laboratory Casework)	<u>75,488</u>
Recommended Contract Award	\$261,488

BACKGROUND INFORMATION

In accordance with authorization given by the U. T. Board of Regents on October 11, 1984, bids were received and opened on November 27, 1984, as shown below, for the Physical Science Building Laboratory Safety Modifications at U. T. El Paso:

<u>Bidder</u>	<u>Base Bid</u>	<u>Alt. No. 1</u>	<u>Alt. No. 2</u>
Funk & Company, Inc. El Paso, Texas	\$122,000	\$64,000	\$75,488
CMA, Inc. El Paso, Texas	135,363	72,891	74,747
Thermodyn Mechanical Contractors, Inc. El Paso, Texas	164,000	91,899	73,870

A contract award to the lowest responsible bidder, Funk & Company, Inc., in the amount of \$261,488 can be made within the authorized total project cost of \$565,571.

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

Construction Cost	\$261,488
Fees and Administrative Cost	33,989
Future Work (including Air Balancing)	90,000
Institutional Procurement	179,094
Miscellaneous Expenses	<u>1,000</u>
Total Project Cost	\$565,571

This project was funded by appropriations from acts of the 68th Legislature.

6. U. T. San Antonio: Additional Surface Parking Facilities - Recommended Award of Construction Contract to H. B. Zachry Company, San Antonio, Texas (Exec. Com. Letter 85-8).--

RECOMMENDATION

The Executive Committee concurs with the recommendation of President Wagener and the Office of the Chancellor that the U. T. Board of Regents award a construction contract for the Additional Surface Parking Facilities at U. T. San Antonio to the lowest responsible bidder, H. B. Zachry Company, San Antonio, Texas, in the amount of \$422,428.

BACKGROUND INFORMATION

In accordance with authorization given by the U. T. Board of Regents on June 14, 1984, bids were received and opened on November 29, 1984, as shown below, for the Additional Surface Parking Facilities at U. T. San Antonio. A contract award to H. B. Zachry Company in the amount of \$422,428 for the base bid can be made within the previously authorized and appropriated total project cost of \$520,000.

<u>Bidder</u>	<u>Base Bid</u>
H. B. Zachry Company San Antonio, Texas	\$422,428
Zumwalt Paving & Grading, Inc. Helotes, Texas	451,050
Olmos Equipment Company, Inc. San Antonio, Texas	499,809
Marshall Construction Company, Inc. San Antonio, Texas	522,320
DaCom, Inc. San Antonio, Texas	568,105
Toltec Construction Inc. Schertz, Texas	570,750

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

Construction Costs	\$422,428
Future Work	10,000
Fees and Administrative Expenses	26,400
Project Contingency	33,172
Miscellaneous Expenses	<u>28,000</u>
Total Project Cost	\$520,000

Previous appropriation of \$520,000 was made from Combined Fee Revenue Bonds, Series 1984, for total project funding. The project was approved by the Coordinating Board on July 20, 1984.

7. U. T. Health Science Center - Dallas: Salary Increase Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 85-6).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Sprague and the Office of the Chancellor that the U. T. Board of Regents approve the following salary increase at The University of Texas Health Science Center at Dallas:

Obstetrics and Gynecology

Increase the annual compensation rate of Associate Professor of Clinical Obstetrics and Gynecology Clare D. Edman (Nontenure) from \$90,000 to \$100,000 effective December 1, 1984.

Source of Funds:

State:	\$ 62,000	Obstetrics and Gynecology Faculty Salaries
Other:	9,000	Faculty Clinic
	<u>9,000</u>	Family Planning Operating Fund
	\$ 80,000	
Augmentation:	20,000	MSRDP
	<u>\$100,000</u>	Total Compensation

(RBC# 237)

BACKGROUND INFORMATION

This adjustment is in recognition of a significant increase in Dr. Edman's clinical activities at the newly opened Aston Ambulatory Care Center. His expanded clinical activities involve heading the reproductive endocrinology and infertility outpatient services. There has been much larger utilization of these services than was originally anticipated, and with this increase, Dr. Edman's clinical work load is much greater. Dr. Edman understands that continuation of the augmentation is dependent upon continuation of the clinical activity and on there being sufficient Medical Service, Research and Development Plan (MSRDP) funds to cover the increase.

8. U. T. Health Science Center - Dallas: Salary Increase Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 85-9).--

RECOMMENDATION

The Executive Committee concurs with the recommendation of President Sprague and the Office of the Chancellor that the U. T. Board of Regents approve the following salary increase at The University of Texas Health Science Center at Dallas:

Anesthesiology and Obstetrics and Gynecology

Increase the annual compensation rate of Associate Professor of Clinical Anesthesiology and Obstetrics and Gynecology Donald H. Wallace (Nontenure) from \$102,000 to \$112,000 effective December 1, 1984.

Source of Funds:

State:	\$ 45,000	Anesthesiology
Other:	10,000	Parkland Memorial Hospital
	30,000	MSRDP Grant
	<u>\$ 85,000</u>	Total Salary
Augmentation:	27,000	MSRDP
	<u>\$112,000</u>	Total Compensation

(RBC# 243)

BACKGROUND INFORMATION

With the opening of the Aston Ambulatory Care Center, the institution is experiencing a large increase in Obstetrics-Gynecology outpatient procedures that require anesthesiology. This necessitates a significant increase in the patient-care activities of Dr. Wallace, Chief of Obstetrics-Gynecology Anesthesia. It is appropriate that these extra clinical activities be reflected in Dr. Wallace's MSRDP funded compensation.

9. U. T. Health Science Center - Dallas - Renovation of Locke Medical Building, Phase II (Project No. 303-476): Recommended Award of Construction Contract to Certified Service Corporation, Dallas, Texas (Exec. Com. Letter 85-7).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Sprague and the Office of the Chancellor that the U. T. Board of Regents award a construction contract to Certified Service Corporation, Dallas, Texas, the lowest responsible bidder for the Renovation of the Locke Medical Building, Phase II, at the U. T. Health Science Center - Dallas in the amount of \$417,394.

BACKGROUND INFORMATION

At the August 9-10, 1984 meeting of the U. T. Board of Regents, approval was given for the preparation of final plans and the subsequent advertisement for bids to complete the Phase II Renovation of the Locke Medical Building at the U. T. Health Science Center - Dallas.

A total project cost of \$3,300,000 was approved and appropriated for the Phase II scope of work which includes mechanical and electrical equipment replacement and interior renovation.

In accordance with this authorization, bids were received and opened on November 20, 1984, for the first segment of the Phase II work consisting of mechanical and electrical equipment replacement for the building. A tabulation of bids is as follows:

<u>Bidder</u>	<u>Base Bid</u>
Certified Service Corporation Dallas, Texas	\$417,394
Berger Engineering Company Dallas, Texas	477,862
Burden Brothers, Inc. Dallas, Texas	498,400
Plan B Mechanical Contractors, Inc. Dallas, Texas	525,525
DRT Mechanical Corporation Dallas, Texas	545,000

A construction contract award to Certified Service Corporation, Dallas, Texas, for the Base Bid in the amount of \$417,394 can be made within a project cost of \$500,000 for this first segment of the Phase II work. After completion of this contract, bids will be taken on the remaining Phase II work to complete the interior renovation of the building within the remaining funds.

The recommended project cost for the first segment of Phase II is composed of the following cost elements:

Construction Cost	\$417,394
Fees and Administrative Expenses	46,344
Miscellaneous Expenses (Equipment Testing, Project Interface)	25,000
Project Contingency	<u>11,262</u>
Recommended Project Cost	\$500,000

Previous appropriations of \$3,300,000 were made from Unexpended Plant Funds for all Phase II work. An amount of \$2,800,000 now remains to accomplish the final segment of interior renovation.

This project was approved by the Coordinating Board on October 15, 1984.

10. U. T. Medical Branch - Galveston: Salary Increase Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 85-6).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Levin and the Office of the Chancellor that the U. T. Board of Regents approve the following salary increase at The University of Texas Medical Branch at Galveston:

Internal Medicine and Interferon Research Program

Increase the annual compensation rate of Instructor James T. H. Cao (Nontenure) from \$35,000 to \$40,000 effective November 1, 1984.

Source of Funds:

State:	\$18,475	Internal Medicine Faculty Salaries
	3,500	Interferon Research Program Faculty Salaries
Other:	<u>18,025</u>	MSRDP Grant
	<u>\$40,000</u>	Total Compensation

(RBC# 190)

BACKGROUND INFORMATION

Dr. Cao joined the faculty in 1982 as an Assistant Instructor and attained the rank of Instructor in 1984. He has proven to be a capable teacher of medical students and interns. He is an effective clinician and carries a heavy patient load for the department. Dr. Cao's salary is significantly below the median for his academic rank. He is an effective member of the faculty of the Department of Internal Medicine, and his work is vital to that department. Recently Dr. Cao received a generous offer to join a private practice group.

11. U. T. Medical Branch - Galveston: Proposed Acceptance of Gift from Mr. and Mrs. W. H. Bauer, LaWard, Texas (Exec. Com. Letter 85-8).--

RECOMMENDATION

The Executive Committee concurs in the recommendation of President Levin and the Office of the Chancellor that the U. T. Board of Regents approve the acceptance of an endowment in the amount of \$400,000 from Mr. and Mrs. W. H. Bauer, LaWard, Texas. This gift has been presented to the U. T. Medical Branch - Galveston as an unrestricted contribution. Designation of the funds for support of institutional programs will be made at a later date at the discretion of the U. T. Medical Branch - Galveston president. Mr. Bauer has indicated that an additional gift will be made next year.

BACKGROUND INFORMATION

The gift from Mr. and Mrs. W. H. Bauer consists of a \$400,000 Money Market Investment checking account in the name of the

U. T. Medical Branch - Galveston in the First National Bank in Port Lavaca, Texas. The account will be carried on the records of the U. T. Medical Branch - Galveston as an investment. This is an exception to the U. T. Board of Regents' policy in that endowment accounts are generally handled by the Office of Investments and Trusts. Mr. Bauer is a former member of the U. T. Board of Regents. Mrs. Bauer is a member of the U. T. Medical Branch - Galveston Development Board.

12. U. T. Medical Branch - Galveston - Hospital Central Supply Warehouse (Project No. 601-580): Recommendation to Reject Bid of Mott Construction Corporation, Houston, Texas, and to Award a Construction Contract to LEBCO CONSTRUCTORS, INC., Houston, Texas, and Approval of Plaque Inscription (Exec. Com. Letter 85-11).--

RECOMMENDATIONS

The Executive Committee concurs with the recommendations of President Levin and the Office of the Chancellor that the U. T. Board of Regents:

- a. Reject the bid of Mott Construction Corporation, Houston, Texas, as not being a responsible bid and award a construction contract to LEBCO CONSTRUCTORS, INC., Houston, Texas, the lowest responsible bidder for the Hospital Central Supply Warehouse at The University of Texas Medical Branch at Galveston, as follows:

Base Bid	\$1,074,530
Alt. No. 1 (Storage Room)	12,971
Alt. No. 2 (Building Extension)	142,736
Alt. No. 5 (Firehose Cabinets)	11,772
Alt. No. 8 (Site Utilities)	51,125
Alt. No. 9 (Site Clearing)	<u>12,441</u>
Recommended Contract Award	\$1,305,575

- b. Approve the inscription set out below for a plaque to be placed on the building. The inscription follows the standard pattern approved by the U. T. Board of Regents on June 1, 1979.

HOSPITAL CENTRAL SUPPLY WAREHOUSE
1985

BOARD OF REGENTS

Jon P. Newton, Chairman
 Robert B. Baldwin III, Vice-Chairman
 Janey Slaughter Briscoe, Vice-Chairman
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 Jess Hay
 Beryl Buckley Milburn
 James L. Powell
 Howard N. Richards
 Mario Yzaguirre

Hans Mark
 Chancellor, The University
 of Texas System
 William C. Levin, M.D.
 President, The University
 of Texas Medical Branch
 at Galveston

Hoover and Hamilton
 Project Architect
 LEBCO CONSTRUCTORS, INC.
 Contractor

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents on June 14, 1984, bids were received and opened on December 13, 1984, as shown on Pages Ex.C 15 - 16 for the Hospital Central Supply Warehouse at the U. T. Medical Branch - Galveston.

Following standard procedure, the Office of Facilities Planning and Construction requested contractors with the lowest bids to submit qualification and experience records for review. OFPC and the Project Architect, Hoover and Hamilton, Texas City, Texas, contacted six clients and architects associated with recent Mott Construction Corporation projects. Without exception, these contacts reported unsatisfactory work, poor supervision, and delays in construction completion by Mott Construction Corporation.

Mr. Ervin Mott, President of Mott Construction Corporation, was furnished a copy of these findings by OFPC and was given an opportunity to show cause for not rejecting his bid for reason of unsatisfactory past performance. Mr. Mott at first expressed intent to protest but later stated that he would not protest the University's proposed action but would clear up the record so that he could bid future University work.

It is therefore recommended by the Office of the Chancellor, President Levin, the Office of Facilities Planning and Construction, and the Project Architect that the U. T. Board of Regents reject the bid of Mott Construction Corporation as not being a responsible bid and award a contract to LEBCO CONSTRUCTORS, INC., Houston, Texas, the lowest responsible bidder for the Base Bid and Additive Alternates Nos. 1, 2, 5, 8, and 9 for a total contract award of \$1,305,575. This award can be made within the authorized total project cost of \$1,500,000.

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

Construction Cost	\$1,305,575
Fees and Administrative Expenses	112,823
Future Work (Air Balance)	8,000
Project Contingency	47,602
Miscellaneous Expenses	<u>26,000</u>
Total Project Cost	\$1,500,000

This project was approved by the Coordinating Board, Texas College and University System on July 19-20, 1984. Funding was previously appropriated from Unexpended Plant Funds.

HOSPITAL CENTRAL SUPPLY WAREHOUSE
 THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
 Bids Received December 13, 1984, at Galveston, Texas

<u>BIDDER</u>	<u>LEBCO CONSTRUCTORS, INC. Houston, Texas</u>	<u>Mott Construction Corporation Houston, Texas</u>	<u>Mission Construction, Inc. Houston, Texas</u>
<u>BASE BID</u>	\$1,074,530	\$1,075,000	\$1,126,000
Alt. #1 Storage Room No. 11	+ 12,971	+ 10,603	+ 10,300
Alt. #2 Building Extension to East	+ 142,736	+ 101,000	+ 142,000
Alt. #3 Basement Slab and Wall - Including Bldg. Extension	+ 68,332	+ 179,000	+ 119,000
Alt. #4 Fire Hose Cabinets - Base Building	+ 9,517	9,232	9,000
Alt. #5 Fire Hose Cabinets - Including Bldg. Extension	+ 11,772	+ 13,690	+ 10,500
Alt. #6 Sprinkler System - Base Building	+ 58,287	+ 47,561	+ 46,400
Alt. #7 Sprinkler System - Including Bldg. Extension	+ 66,719	+ 50,949	+ 49,800
Alt. #8 Site Utility Modifications	+ 51,125	+ 47,528	+ 42,000
Alt. #9 Site Clearing	+ 12,441	+ 8,644	+ 18,000
Alt. #10 Basement Slab and Wall - Base Building	+ 57,333	+ 37,348	+ 103,000
Alt. #11 Roofing Modification - Base Building	No Bid	+ 8,415	+ 25,000
Alt. #12 Roofing Modification - Including Bldg. Extension	No Bid	+ 10,148	+ 27,900
Alt. #13 Job Cast Wall Panels - Base Building	No Bid	- 70,000	No Change
Alt. #14 Job Cast Wall Panels - Including Bldg. Extension	No Bid	- 21,000	No Change
Total Base Bid plus Alternates 1, 2, 5, 8, 9	\$1,305,575	\$1,256,455	\$1,348,800

BIDDER

John Gray
Company, Inc.
Galveston, Texas

Westador Construction
Company, Inc.
Houston, Texas

Circle Double "C"
Ent., Inc.
Conroe, Texas

BASE BID

\$1,188,594

\$1,236,000

\$1,273,000

Alt. #1	Storage Room No. 11	+ 14,032	+ 49,000	+ 8,000
Alt. #2	Building Extension to East	+ 162,832	+ 153,000	+ 175,000
Alt. #3	Basement Slab and Wall - Including Bldg. Extension	+ 95,286	+ 180,000	+ 255,000
Alt. #4	Fire Hose Cabinets - Base Building	+ 10,811	+ 9,000	+ 16,000
Alt. #5	Fire Hose Cabinets - Including Bldg. Extension	+ 11,949	+ 10,000	+ 19,000
Alt. #6	Sprinkler System - Base Building	+ 48,263	+ 45,000	+ 55,000
Alt. #7	Sprinkler System - Including Bldg. Extension	+ 5,951	+ 40,000	+ 63,000
Alt. #8	Site Utility Modifications	+ 40,170	+ 40,000	+ 34,000
Alt. #9	Site Clearing	+ 29,843	+ 10,000	+ 20,000
Alt. #10	Basement Slab and Wall - Base Building	+ 94,873	+ 15,000	+ 235,000
Alt. #11	Roofing Modification - Base Building	+ 8,013	+ 8,000	+ 9,000
Alt. #12	Roofing Modification - Including Bldg. Extension	+ 10,959	+ 2,000	+ 12,000
Alt. #13	Job Cast Wall Panels - Base Building	- 10,000	- 35,000	- 20,000
Alt. #14	Job Cast Wall Panels - Including Bldg. Extension	- 40,000	- 48,000	- 25,000
	Total Base Bid plus Alternates 1, 2, 5, 8, 9	\$1,447,420	\$1,498,000	\$1,529,000

13. U. T. Medical Branch - Galveston - New Parking Facilities (Project No. 601-581): Recommended Award of Construction Contract to Manhattan Construction Company, Houston, Texas, and Approval of Plaque Inscriptions (Exec. Com. Letter 85-7).--

RECOMMENDATIONS

The Executive Committee concurs in the recommendations of President Levin and the Office of the Chancellor that the U. T. Board of Regents:

- a. Award a construction contract for New Parking Facilities at U. T. Medical Branch - Galveston to Manhattan Construction Company, Houston, Texas, as follows:

Base Bid	\$4,475,000
Alt. No. 2 - Extend Utilities to 10th Street Parking Garage	107,000
Alt. No. 3 - Two Computer Lines to 10th Street Parking Garage	5,300
Alt. No. 4 - Rubbish Chute at 10th Street Parking Garage	5,400
Alt. No. 5 - Utility Relocation 12th Street Parking Garage	38,700
Alt. No. 6 - Additional Parking Level 12th Street Parking Garage	685,000
Alt. No. 7 - Additional Electrical Outlets	<u>6,400</u>
Total Recommended Contract Award	\$5,322,800

- b. Approve the inscriptions set out below and on Page Ex.C 18 for a plaque to be placed on each building. The inscriptions follow the standard pattern approved by the U. T. Board of Regents on June 1, 1979.

PARKING GARAGE NO. 3
AND LIBRARY ANNEX
1984

BOARD OF REGENTS

Jon P. Newton, Chairman	Hans Mark
Robert B. Baldwin III, Vice-Chairman	Chancellor, The University
Janey Slaughter Briscoe, Vice-Chairman	of Texas System
(Mrs. Dolph)	William C. Levin, M.D.
Jess Hay	President, The University
Beryl Buckley Milburn	of Texas Medical Branch
James L. Powell	at Galveston
Tom B. Rhodes	
Howard N. Richards	Louis Lloyd Oliver and
Mario Yzaguirre	Tibor Beerman
	Project Architect
	Manhattan Construction Company
	Contractor

PARKING GARAGE NO. 4
1984

BOARD OF REGENTS

Jon P. Newton, Chairman	Hans Mark
Robert B. Baldwin III, Vice-Chairman	Chancellor, The University
Janey Slaughter Briscoe, Vice-Chairman (Mrs. Dolph)	of Texas System
Jess Hay	William C. Levin, M.D.
Beryl Buckley Milburn	President, The University
James L. Powell	of Texas Medical Branch
Tom B. Rhodes	at Galveston
Howard N. Richards	Louis Lloyd Oliver and
Mario Yzaguirre	Tibor Beerman
	Project Architect
	Manhattan Construction Company
	Contractor

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents on June 14, 1984, bids were received and opened on November 15, 1984, as shown on Pages Ex.C 19 - 20 for New Parking Facilities at the U. T. Medical Branch - Galveston.

A construction contract award to Manhattan Construction Company, Houston, Texas, for the Base Bid plus Additive Alternates 2, 3, 4, 5, 6, and 7 in the amount of \$5,322,800 can be made within the previously authorized total project cost of \$6,200,000.

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

Construction Cost	\$5,322,800
Fees and Administrative Expenses	468,000
Furniture and Equipment	300,000
Future Work (Air Balancing)	14,000
Project Contingency	77,200
Survey, Soils Tests and Miscellaneous Expenses	<u>18,000</u>
Total Project Cost	\$6,200,000

This project was previously funded with appropriations of \$2,400,000 from Various Auxiliary Fund Balances, \$1,200,000 from Unexpended Plant Fund Balances, \$1,000,000 from Parking Facility Auxiliary Enterprise Surplus, and \$1,600,000 from Library Repository - Medical Branch Unexpended Plant Funds. Funds advanced from the Various Auxiliary Fund Balances will be repaid on a pro rata basis based on excess income from parking fees.

NEW PARKING FACILITIES FOR
 THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
 Bids Received November 15, 1984 at
 The University of Texas Medical Branch at Galveston

<u>CONTRACTOR</u>	<u>Manhattan Construction Houston, Texas</u>	<u>Robert E. McKee, Inc. Houston, Texas</u>	<u>Gene D. Liggin, Inc. Houston, Texas</u>
BASE BID	\$4,475,000	\$4,744,000	\$4,700,000
Alt. No. 1 - Extend 4th Floor at 10th Street Parking Garage	500,000	444,000	486,000
Alt. No. 2 - Extend Utilities to 10th Street Parking Garage	107,000	110,000	154,000
Alt. No. 3 - Two Computer Lines to 10th Street Parking Garage	5,300	2,500	5,300
Alt. No. 4 - Rubbish Chute at 10th Street Parking Garage	5,400	3,700	4,000
Alt. No. 5 - Utility Relocation 12th Street Parking Garage	38,700	39,000	39,000
Alt. No. 6 - Additional Parking Level 12th Street Parking Garage	685,000	622,000	656,000
Alt. No. 7 - Additional Electrical Outlets	6,400	6,500	6,500
Alt. No. 8 - Piling Foundation 10th Street Parking Garage	256,000	200,000	250,000
Alt. No. 9 - Ceiling Under Finished 4th Level 10th Street Garage	61,000	70,000	43,000
Alt. No. 10 - Ceiling Under Alt. 1 Area - 10th Street Parking Garage	60,000	67,000	41,500
Alt. No. 11 - FCMS Controls	53,500	52,000	50,000

W. S. Bellows
Construction Corporation
Houston, Texas

Westador
Construction Company,
Inc., Houston, Texas

Spaw-Glass
Contractors
Houston, Texas

CONTRACTOR

<u>CONTRACTOR</u>	<u>W. S. Bellows Construction Corporation Houston, Texas</u>	<u>Westador Construction Company, Inc., Houston, Texas</u>	<u>Spaw-Glass Contractors Houston, Texas</u>
BASE BID	\$4,879,000	\$5,184,000	\$5,155,000
Alt. No. 1 - Extend 4th Floor at 10th Street Parking Garage	450,000	231,210	463,000
Alt. No. 2 - Extend Utilities to 10th Street Parking Garage	105,800	111,240	104,400
Alt. No. 3 - Two Computer Lines to 10th Street Parking Garage	5,200	5,400	5,250
Alt. No. 4 - Rubbish Chute at 10th Street Parking Garage	7,500	4,212	3,700
Alt. No. 5 - Utility Relocation 12th Street Parking Garage	10,500	40,392	39,800
Alt. No. 6 - Additional Parking Level 12th Street Parking Garage	612,700	339,310	571,000
Alt. No. 7 - Additional Electrical Outlets	6,300	6,500	8,350
Alt. No. 8 - Piling Foundation 10th Street Parking Garage	258,000	65,000	259,300
Alt. No. 9 - Ceiling Under Finished 4th Level 10th Street Garage	82,000	26,250	91,500
Alt. No. 10 - Ceiling Under Alt. 1 Area - 10th Street Parking Garage	79,000	58,500	86,700
Alt. No. 11 - FCMS Controls	50,400	54,000	49,800

Ex. C - 20

Finance and Audit Committee

FINANCE AND AUDIT COMMITTEE

Date: February 14, 1985

Time: Following the meeting of the Executive Committee

Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

PART I: AGENDA ITEMS FOR ACTION

Page
F&A

1. U. T. System: Docket No. 20 of the Office of the Chancellor

2

PART I: AGENDA ITEMS FOR ACTION

1. U. T. System: Docket No. 20 of the Office of the Chancellor.--

RECOMMENDATION

It is recommended that Docket No. 20 of the Office of the Chancellor be approved.

It is requested that the Committee confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to the officer or official executing same.

Academic Affairs Committee

ACADEMIC AFFAIRS COMMITTEE

Date: February 14, 1985
Time: Following the meeting of the Finance and Audit Committee
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>AAC</u>
<u>PART I: AGENDA ITEMS FOR ACTION</u>	
1. U. T. Austin: Request for Permission for Individuals to Serve on the Interstate Oil Compact Commission [Regents' <u>Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)]	3
2. U. T. Austin: Proposed Appointment to the Foley's/Sanger Harris Centennial Professorship in Retail Merchandising in the College of Business Administration and Graduate School of Business Effective September 1, 1985	4
3. U. T. Austin: Proposed Appointment to the Everett D. Collier Centennial Chair in Communication in the College of Communication Effective September 1, 1985	4
4. U. T. Austin: Proposed Appointment to the Mildred Caldwell and Baine Perkins Kerr Centennial Professorship in English History and Culture in the College of Liberal Arts Effective September 1, 1985	5
5. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Natural Sciences Effective September 1, 1985	5
6. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the School of Social Work Effective September 1, 1985	6
7. U. T. Austin: Recommendation to Rename the East Campus Lecture Hall in Sid Richardson Hall the Perry R. and Nancy Lee Bass Lecture Hall (Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings)	8
8. U. T. Austin: Recommendation to Name Six Rooms in the College of Engineering (Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings)	8
9. U. T. Austin: Recommendation to Name a Room in Waggener Hall, Department of Philosophy, College of Liberal Arts (Regents' <u>Rules and Regulations</u> , Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings)	9

	<u>Page</u> <u>AAC</u>
10. U. T. Austin: Recommendation to Rename The Senior Cabinet Through Amendment of Its Constitution	10
11. U. T. Austin: Marine Science Institute Advisory Council - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED)	10
12. U. T. Austin Recommendation to Approve Amendment to Patent License Agreement with Parker Kinetic Designs, Inc., Austin, Texas, Assignee of OIME, Inc., Odessa, Texas	11

PART I: AGENDA ITEMS FOR ACTION

1. U. T. Austin: Request for Permission for Individuals to Serve on the Interstate Oil Compact Commission [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Flawn that approval be given for the following U. T. Austin faculty members to serve on the Interstate Oil Compact Commission as requested by Governor Mark White:

- a. Dr. Ben H. Caudle, B. J. Lancaster Professor in Petroleum Engineering
- b. Dr. Myron H. Dorfman, Professor and Chairman, Department of Petroleum Engineering, and holder of the W. A. "Tex" Moncrief, Jr. Centennial Chair in Petroleum Engineering
- c. Dr. William L. Fisher, Professor and Chairman, Department of Geological Sciences; Director, Bureau of Economic Geology; and Morgan J. Davis Centennial Professor in Petroleum Geology
- d. Dr. Claude R. Hocott, Professor Emeritus, Department of Petroleum Engineering
- e. Mr. Max R. Sherman, Professor and Dean, Lyndon B. Johnson School of Public Affairs
- f. Mr. Ernest E. Smith, Professor, School of Law, and holder of The Rex G. Baker Centennial Chair in Natural Resources Law

It is further recommended that the U. T. Board of Regents find that: (1) the holding of these offices by these individuals is of benefit to the State of Texas; and (2) there is no conflict between the positions these individuals hold and their membership on the Interstate Oil Compact Commission.

BACKGROUND INFORMATION

The Interstate Oil Compact Commission was established by the U. S. Senate, and is composed of governors and their representatives from the thirty oil-and-gas-producing states. Governor Toney Anaya of New Mexico chairs the commission, and Governor Mark White appointed six faculty members from U. T. Austin to serve as representatives from Texas. The commission reviews oil and gas research, enhanced oil recovery, regulatory practices, legal matters and environmental affairs, and forwards recommendations to the U. S. Congress. The commission meets twice a year and the members serve without remuneration.

This recommendation is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes, and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

2. U. T. Austin: Proposed Appointment to the Foley's/Sanger Harris Centennial Professorship in Retail Merchandising in the College of Business Administration and Graduate School of Business Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that Dr. Roger A. Kerin, Professor of Marketing and Director of Research and Development in the Edwin L. Cox School of Business, Southern Methodist University, be appointed to the Foley's/Sanger Harris Centennial Professorship in Retail Merchandising in the College of Business Administration and Graduate School of Business at U. T. Austin effective September 1, 1985.

BACKGROUND INFORMATION

Dr. Kerin has been a faculty member at Southern Methodist University since 1973, and will join U. T. Austin's faculty on September 1, 1985. He is a nationally known scholar and teacher on strategic marketing and marketing research, and the co-author of two widely-used books on these subjects. He has also authored numerous articles in leading business journals and contributed to several international and national conference proceedings. At Southern Methodist University, Professor Kerin taught large undergraduate classes, as well as graduate seminars, and actively participated in university administrative committees and executive development programs.

The Foley's/Sanger Harris Centennial Professorship in Retail Merchandising in the College of Business Administration and Graduate School of Business was established by the U. T. Board of Regents on August 13, 1982.

3. U. T. Austin: Proposed Appointment to the Everett D. Collier Centennial Chair in Communication in the College of Communication Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to appoint Dr. John D. Leckenby, Professor of Advertising, University of Illinois at Urbana-Champaign, as the initial holder of the Everett D. Collier Centennial Chair in Communication in the College of Communication at U. T. Austin effective September 1, 1985.

BACKGROUND INFORMATION

Dr. Leckenby will join U. T. Austin's faculty as Professor in the Department of Advertising on September 1, 1985. He previously served the institution in the Fall 1984 Semester as the Times Mirror Centennial Visiting Professor in Advertising. During the Spring of 1985, he is serving as a Visiting Scholar at the Institute for Communication Research and the Graduate School of Business at Stanford University and as a Visiting Professor at the Leavy Graduate School of Business and Administration at The University of Santa Clara. Professor Leckenby is a nationally recognized scholar in the

field of advertising and has authored or co-authored over 45 articles and conference papers. He has written one book on advertising management and has two books in process on advertising communication and strategy. Dr. Leckenby has developed interactive computer programs used by U. S. universities to teach advertising management, and has been rated as an excellent teacher by both undergraduate and graduate students.

The Everett D. Collier Centennial Chair in Communication in the College of Communication was established by the U. T. Board of Regents on December 3, 1982.

4. U. T. Austin: Proposed Appointment to the Mildred Caldwell and Baine Perkins Kerr Centennial Professorship in English History and Culture in the College of Liberal Arts Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation that Dr. William R. Louis, Professor in the Department of History at U. T. Austin, be appointed to the Mildred Caldwell and Baine Perkins Kerr Centennial Professorship in English History and Culture in the College of Liberal Arts effective September 1, 1985.

BACKGROUND INFORMATION

Dr. Louis, a U. T. Austin faculty member since 1970, is internationally recognized as one of the leading historians of the British Empire. In addition to his faculty appointment, he serves as the Curator of Historical Collections in the Harry Ransom Humanities Research Center and was co-founder of the Faculty Seminar on British Studies. Author and co-author of numerous books, Professor Louis was awarded the Doctor of Letters degree from Oxford University in 1979, in recognition of published works on the history of the British Empire and Commonwealth. He is an active and effective teacher, and was the recipient of U. T. Austin's 1984 Graduate Teaching Award.

The Mildred Caldwell and Baine Perkins Kerr Centennial Professorship in English History and Culture in the College of Liberal Arts was established by the U. T. Board of Regents on February 12, 1982. The current holder, Dr. William Todd, is retiring effective August 31, 1985.

5. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the College of Natural Sciences Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to approve the initial appointments set out on Page AAC 6 to endowed academic positions in the College of Natural Sciences at U. T. Austin effective September 1, 1985. Appointees will vacate any currently held endowed academic position on the effective date of the new appointment.

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Allen J. Bard, Norman Hackerman Professor in Chemistry, U. T. Austin	Norman Hackerman-Welch Regents Chair in Chemistry, contingent upon establishment on February 14-15, 1985 (see Page L&I <u>14</u> , Item <u>13</u>)
Dr. Edward L. Powers, Professor, Department of Zoology, U. T. Austin	T. S. Painter Centennial Professorship in Genetics, established June 14-15, 1984

BACKGROUND INFORMATION

Dr. Bard, a U. T. Austin faculty member since 1958, is internationally recognized as the world's leading authority on electrochemistry, photoelectrochemistry, and solar energy conversion. He is the author or co-author of over 300 scientific papers in these fields of study, and has written two widely-used textbooks. In 1982, he was elected to the National Academy of Sciences and has received numerous international research awards, including two in 1984 -- the Bruno Breyer Memorial Medal from the Royal Australian Chemistry Institute and the Fisher Award in Analytical Chemistry from the American Chemical Society.

Dr. Powers has been a faculty member at U. T. Austin since 1965, and is internationally recognized for his scientific contributions in the field of radiation biology. In addition to his faculty appointment, he has directed the Laboratory of Radiation Biology since 1965, and the Center for Fast Kinetics Research since 1973. Professor Powers has authored or co-authored over 90 scholarly articles and internal government reports, and has lectured at over 40 international conferences and symposia. He currently serves in numerous scientific societies, including the Radiation Research Society.

6. U. T. Austin: Proposed Appointments to Endowed Academic Positions in the School of Social Work Effective September 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to approve the following appointments to endowed academic positions in the School of Social Work at U. T. Austin effective September 1, 1985:

<u>Name of Proposed Appointee</u>	<u>Endowed Academic Position</u>
Dr. Graciela Rodriguez, Professor, School of Psychology, Universidad Nacional Autonoma de Mexico	The Robert Lee Sutherland Chair in Mental Health and Social Policy, established October 24, 1980; for the 1985-86 academic year

Dr. Martha S. Williams,
Professor and Dean,
School of Social Work,
U. T. Austin

Centennial Professorship in
Leadership for Community,
Professional, and Corporate
Excellence, established
August 11, 1983; initial
appointment

Dr. Michael L. Lauderdale,
Professor, School of
Social Work, U. T. Austin

Clara Pope Willoughby
Centennial Professorship in
Criminal Justice; estab-
lished February 9-10, 1984;
initial appointment

BACKGROUND INFORMATION

Dr. Rodriguez has been a faculty member at the Universidad Nacional Autonoma de Mexico since 1972, and will serve as a Visiting Professor in the School of Social Work at U. T. Austin for the 1985-86 academic year. She is internationally recognized for her research in experimental psychology, including health psychology and the psychology of women. She is an authority on the role of women in Mexican society and has a special expertise in maternal and child health. Professor Rodriguez has received many honors, is active in professional associations, and has authored or co-authored several scholarly publications. She is an excellent teacher and has taught courses in experimental psychology, statistics, perception, nutrition, behavior therapy, and health psychology.

Dr. Williams is nationally recognized for her leadership within the social work community. She has been a faculty member at U. T. Austin since 1966, and Dean of the School of Social Work since 1981. She is the author or co-author of numerous scholarly articles and reports, and is frequently invited to present papers and lectures on such topics as management and human services program administration. She has recently served as chair of the Texas Governor's Commission for Women and as a member of the Governor's Blue Ribbon Commission on Criminal Justice. Within U. T. Austin, Dr. Williams has served on many university committees and has been recognized for her teaching effectiveness.

Dr. Lauderdale has been a faculty member at U. T. Austin since 1970, and has served as the Director of the Center for Social Work Research since 1981. He is nationally recognized for his scholarly research and writings on social deviance and social conflict, especially relating to criminal behavior, juvenile delinquency, and the prevention of violence. He is the author or co-author of five books and over thirty other scholarly publications, and currently serves as Consulting Editor of the Journal of Applied Behavioral Science. He was also recently appointed to a four-year term as Chair, Maternal and Child Health Research Review Committee, U. S. Department of Health and Human Services. In addition to being an effective teacher, Dr. Lauderdale has actively participated as a member of numerous School of Social Work and U. T. Austin committees.

7. U. T. Austin: Recommendation to Rename the East Campus Lecture Hall in Sid Richardson Hall the Perry R. and Nancy Lee Bass Lecture Hall (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to rename the East Campus Lecture Hall in Sid Richardson Hall at U. T. Austin the Perry R. and Nancy Lee Bass Lecture Hall 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.

BACKGROUND INFORMATION

The naming of the East Campus Lecture Hall in Sid Richardson Hall in honor of Perry R. and Nancy Lee Bass is to recognize their generous contributions, as individuals and through the Sid W. Richardson Foundation, to the Lyndon B. Johnson School of Public Affairs, various U. T. Austin colleges, including Architecture, Engineering, and Fine Arts, and the Marine Science Institute. Mr. Bass is President of the Sid W. Richardson Foundation and a member of the Lyndon Baines Johnson Foundation. He is also a member of the Marine Science Institute Advisory Council at U. T. Austin, and both Mr. and Mrs. Bass are members of the President's Associates and The Chancellor's Council.

8. U. T. Austin: Recommendation to Name Six Rooms in the College of Engineering (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to name the rooms listed below in the new Chemical and Petroleum Engineering Building, College of Engineering at U. T. Austin, 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:

- a. Room 1.122 - Robert N. Miller Drilling Fluids Laboratory
- b. Room 3.156 - Frederick Byron Plummer Tutorial Room
- c. Room 3.180 - George H. Fancher, Jr. Study Hall
- d. Room 4.136 - Tenneco Oil Advanced Petrophysics Laboratory
- e. Room 4.166 - Marathon Oil Company Enhanced Oil Recovery Laboratory
- f. Room 4.158 - Mobil Enhanced Oil Recovery Laboratory

BACKGROUND INFORMATION

At their meeting on December 11, 1981, the U. T. Board of Regents approved the naming of facilities other than buildings as part of a special private fund development campaign for the College of Engineering, in accordance with Part One, Chapter VII, Section 2, Subsection 2.44 of the Regents' Rules and Regulations.

The naming of Room 1.122 is to recognize gifts and pledges totaling \$25,000 from Mr. Robert N. Miller toward the College of Engineering's endowment program for the new Chemical and Petroleum Engineering Building.

The naming of Room 3.156 is to recognize a \$10,000 gift from Mrs. John E. Elliott in honor and memory of Dr. Frederick Byron Plummer, the first Chairman of the Department of Petroleum Engineering at U. T. Austin.

The naming of Room 3.180 is to recognize a \$10,000 gift from Mr. George H. Fancher, Jr. toward the College of Engineering's endowment program for the new Chemical and Petroleum Engineering Building.

The naming of Room 4.136 is to recognize gifts and pledges totaling \$50,000 from Tenneco Oil Company to support an advanced petrophysics laboratory in the new Chemical and Petroleum Engineering Building.

The naming of Room 4.166 is to recognize a gift and pledge totaling \$50,000 from Marathon Oil Foundation, Inc. to support a research laboratory in the new Chemical and Petroleum Engineering Building.

Acceptance of the above-mentioned gifts and pledges, and the establishment of permanent endowment accounts is provided on Page L&I 23, Item 28. The income from each endowment fund will be used to maintain and improve equipment and facilities and for activities necessary to support the educational and teaching functions associated with the designated rooms.

The naming of Room 4.158 is to recognize a non-endowment gift and pledge totaling \$50,000 from Mobil Foundation, Inc. to support an enhanced oil recovery laboratory in the new Chemical and Petroleum Engineering Building. These funds will be used to purchase, maintain and improve equipment and for activities necessary for the research and teaching functions associated with the designated laboratory. Acceptance of the funds will be reported via the institutional docket.

9. U. T. Austin: Recommendation to Name a Room in Waggener Hall, Department of Philosophy, College of Liberal Arts (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to name Room 312 in Waggener Hall at U. T. Austin the Albert P. Brogan Reading Room 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.

BACKGROUND INFORMATION

Room 312 in Waggener Hall is the Department of Philosophy's library and reading room, and the naming of this room in memory of Mr. Albert P. Brogan is to recognize his distinguished service as a scholar and administrator at U. T. Austin from 1914 until his retirement in 1963. During these 47 years, he served as a faculty member in the Department of Philosophy, as chairman of that department for several terms, and as Graduate Dean from 1936 until 1959. At his death in April 1983, he held the titles Professor Emeritus and Dean Emeritus. On February 9, 1984, the U. T. Board of Regents accepted a \$10,000 gift to establish the Albert P. Brogan Memorial Fund. Income from this fund supports the Department of Philosophy's library and reading room through the acquisition of reference books, scholarly texts, and journals to be used by the faculty and students of the department.

10. U. T. Austin: Recommendation to Rename The Senior Cabinet Through Amendment of Its Constitution.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to rename The Senior Cabinet at U. T. Austin The Cabinet of College Councils through amendment of its Constitution as set forth below:

- a. ARTICLE I: NAME

The name of this body shall be The [~~Senior~~] Cabinet of College Councils of The University of Texas at Austin, hereinafter referred to as The [~~Senior~~] Cabinet.

- b. Throughout the Constitution amend "The Senior Cabinet" to read "The Cabinet."

BACKGROUND INFORMATION

The Senior Cabinet proposes to change its name to The Cabinet of College Councils in order to more correctly describe the composition of the organization, which is comprised of representatives from the various Student Councils of the colleges and schools at U. T. Austin. Its Constitution was originally approved by the U. T. Board of Regents on July 17, 1973, and amended on June 1, 1979.

11. U. T. Austin: Marine Science Institute Advisory Council - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED).--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Flawn for approval of the nomination of Mr. Howard N. Richards, an Austin attorney, to the U. T. Austin Marine Science Institute Advisory Council for a three-year term ending in 1987.

BACKGROUND INFORMATION

This appointment will bring the Marine Science Institute Advisory Council to 30 members with five unfilled positions.

In accordance with usual procedures, no publicity will be given to this nomination until an acceptance is received and reported for the record at a subsequent meeting of the U. T. Board of Regents.

12. U. T. Austin: Recommendation to Approve Amendment to Patent License Agreement with Parker Kinetic Designs, Inc., Austin, Texas, Assignee of OIME, Inc., Odessa, Texas.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Flawn, U. T. Austin, that the U. T. Board of Regents approve an amendment to the existing patent license agreement originally entered into with OIME, Inc., Odessa, Texas ("licensee"), but now assigned to Parker Kinetic Designs, Inc., Austin, Texas. The proposed amendment is set forth on Pages AAC 12 - 15 and provides for the following:

- a. That a new patent application entitled Coaxial Cryogenic Inductor (UTSB:119) be added to Attachment A as the fifth patent application to which the license applies.
- b. That the licensee pay any patent prosecution and maintenance expenses for any patent application added by amendment to Attachment A to the extent such expenses occurred prior to the effective date of the amendment. Existing provisions of the license agreement cover such patent expenses incurred thereafter.

BACKGROUND INFORMATION

On April 15, 1983, the U. T. Board of Regents approved a patent license agreement between the U. T. System and OIME, Inc., covering a homopolar generator developed by the Center for Electromechanics at U. T. Austin. Homopolar generators are devices that produce the extremely high current levels needed for fusion research and certain military applications. The homopolar technology at that time was covered by four pending U. S. patent applications, all of which were licensed to OIME. Subsequently, another application related to homopolar generators was developed and is the subject of this recommendation.

OIME's former president, Mr. A. E. Prince, Jr., is now the President of Parker Kinetic Designs, Inc. which is the successor of OIME's homopolar generator business. Pursuant to a formal Assignment of License effective November 1, 1984, Parker Kinetic Designs, Inc. is now the licensed party to this patent license agreement. Both the administration of U. T. Austin and the Office of General Counsel have reviewed this request for amendment and have recommended its approval. The Office of General Counsel prepared the subject amendment and it has been accepted by Parker Kinetic Designs, Inc.

AMENDMENT TO PATENT LICENSE AGREEMENT

THIS AGREEMENT is made by and between THE UNIVERSITY OF TEXAS SYSTEM, an agency of the State of Texas, 201 West 7th Street, Austin, Texas 78701, (hereinafter referred to as "UNIVERSITY") and PARKER KINETIC DESIGNS, Inc., a Texas corporation, whose address is Suite 500 West, 1106 Clayton Lane, Austin, Texas 78723 (hereinafter referred to as "LICENSEE")

W I T N E S S E T H :

WHEREAS, by a Patent License Agreement effective February 1, 1983, and an Amendment to that Patent License Agreement effective July 1, 1983, UNIVERSITY granted LICENSEE certain rights to practice inventions claimed in U.S. Patent Applications bearing Serial Numbers 381,925, 381,926, 381,927, and 381,928 relating to homopolar generators;

WHEREAS, LICENSEE now desires to have similar rights to practice an additional invention claimed in another U. S. Patent Application filed by UNIVERSITY; and

WHEREAS, UNIVERSITY desires to grant these additional rights to LICENSEE;

NOW, THEREFORE, in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, the parties agree as follows:

1. The effective date of this Amendment shall be July 11, 1984.

2. Attachment A of said Patent License Agreement is amended to include:

<u>File No.</u>	<u>Ser. No.</u>	<u>Title</u>	<u>Inventor(s)</u>
UTSB 119	Not Yet Assigned	Coaxial Cryogenic Inductor	William Weldon John Gully Sid Pratap Mike Spann Richard Marshall

and will be in the format as attached hereto.

3. Paragraph 5.8 of said Patent License Agreement is amended to add the following sentences:

In addition to the sum of \$6,530.50 that LICENSEE paid to UNIVERSITY under the provisions of Paragraph 5.1, Licensee shall pay to UNIVERSITY such additional funds necessary to cover patent prosecution and maintenance expenses, for any patent application added to Attachment A by Amendment, incurred prior to the effective date of said Amendment. OIME shall pay such funds to UNIVERSITY within thirty (30) days of receipt of billings from UNIVERSITY.

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

ATTEST:


PARKER KINETIC DESIGNS, INC.

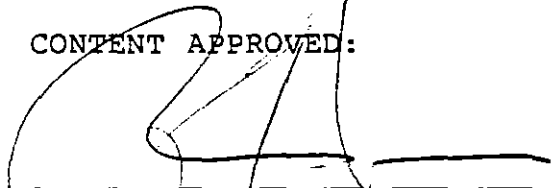

Secretary

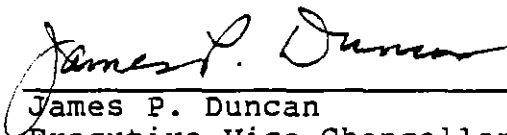

A. E. Prince, Jr.
President
Parker Kinetic Designs, Inc.

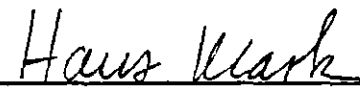
FORM APPROVED:

CONTENT APPROVED:


General Counsel
The University of Texas
System


Peter T. Flawn
President, The University of
Texas at Austin


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


Hans Mark
Chancellor
The University of Texas System

ATTEST:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

Executive Secretary

Chairman

ATTACHMENT A
PATENT APPLICATIONS

<u>File No.</u>	<u>Ser. No.</u>	<u>Title</u>	<u>Inventor(s)</u>
UTSB048	381,926	Brush Mechanism for Homopolar Generator	William Weldon John Gully William A. Walls
UTSB049	381,925	Brush Actuator for Homopolar Generator	William Weldon John Gully Kurth Bousman
UTSB050	381,928	Rotor Assembly for Homopolar Generator	William Weldon John Gully Mark Pichot
UTSB051	381,927	Homopolar Generator Power Supply	William Weldon John Gully
UTSB119	Not Yet Assigned	Coaxial Cryogenic Inductor	William Weldon John Gully Sid Pratap Mike Spann Richard Marshall

Health Affairs Committee

HEALTH AFFAIRS COMMITTEE

Date: February 14, 1985
Time: Following the meeting of the Academic Affairs Committee
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>HAC</u>
<u>PART I: AGENDA ITEMS FOR ACTION</u>	
1. U. T. Health Science Center - Dallas: Request for Permission for Individual to Become Chairman of the Statewide Health Coordinating Council [<u>Regents' Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)]	2
2. U. T. Health Science Center - Dallas: Proposed Affiliation Agreement with Howard Hughes Medical Institute, Miami, Florida	2
3. U. T. Health Science Center - Dallas: Recommendation to Approve License Agreement with Mission Pharmacal Company, San Antonio, Texas, Relating to New Uses for Calcium Citrate	17
4. U. T. Health Science Center - Dallas: Recommendation to Approve License Agreement with Mission Pharmacal Company, San Antonio, Texas, Relating to New Uses for Thiola	26
5. U. T. Medical Branch - Galveston: Recommendation to Approve Patent License Agreement with Triton Biosciences Inc., Alameda, California, Relating to Proliferation Dependent Cytotoxic Peptides ("Peptides")	35
6. U. T. Medical Branch - Galveston: School of Allied Health Sciences Advisory Council - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED)	49
7. U. T. Cancer Center: Request for Permission for Individual to Become a Member of the National Cancer Advisory Board [<u>Regents' Rules and Regulations</u> , Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)]	49
8. U. T. Cancer Center: Proposed Appointment to the Alando J. Ballantyne Professorship of Head and Neck Surgery Effective March 1, 1985	50
9. U. T. Cancer Center: Proposed Appointment to the Ann Rife Cox Chair in Gynecology Effective March 1, 1985, for a Term of Five Years	50

PART I: AGENDA ITEMS FOR ACTION

1. U. T. Health Science Center - Dallas: Request for Permission for Individual to Become Chairman of the Statewide Health Coordinating Council [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation that approval be given for Marion R. Zetzman, Dr. P.H., Professor of Community Medicine and Special Assistant to the President, U. T. Health Science Center - Dallas, to become Chairman of the Statewide Health Coordinating Council for a term to expire at the pleasure of the Governor.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this position by Dr. Zetzman is of benefit to the State of Texas; and (2) there is no conflict between the position this individual holds and chairmanship of the Statewide Health Coordinating Council.

BACKGROUND INFORMATION

Dr. Zetzman has been appointed by Governor Mark White to serve as Chairman of the Statewide Health Coordinating Council for a term to expire at the pleasure of the Governor. Dr. Zetzman will receive occasional travel expenses.

This recommendation is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes, and Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) of the Regents' Rules and Regulations.

2. U. T. Health Science Center - Dallas: Proposed Affiliation Agreement with Howard Hughes Medical Institute, Miami, Florida.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation that approval be given to the non-standard affiliation agreement set out on Pages HAC 4 - 16 by and between the U. T. Board of Regents, for and on behalf of The University of Texas Health Science Center at Dallas, and the Howard Hughes Medical Institute, Miami, Florida. This agreement will establish a branch of the Howard Hughes Medical Institute on the campus of the U. T. Health Science Center - Dallas.

BACKGROUND INFORMATION

The affiliation agreement provides that the U. T. Health Science Center - Dallas and the Howard Hughes Medical Institute will share facilities and equipment. It further provides that qualified Institute personnel will be given

clinical faculty appointments at the University and may be assigned patient care, research and teaching duties up to twenty-five percent (25%) of their time at no cost to the University. The University will share equally with the Institute in net earnings (after expenses and inventor distributions) from the licensing under certain intellectual property rights generated from research conducted by the Institute.

A proposed lease agreement between the U. T. Board of Regents on behalf of the U. T. Health Science Center - Dallas and the Howard Hughes Medical Institute is outlined in Item 3, Page B&G 4.

AFFILIATION AGREEMENT

This Affiliation Agreement is made as of the 1st day of January, 1985, by and between the Howard Hughes Medical Institute ("Institute"), and The University of Texas System for and on behalf of The University of Texas Health Science Center at Dallas ("University").

WHEREAS, the Institute is a not-for-profit Delaware corporation, actively and directly engaged in medical research in association with hospitals, through professional scientists ("Investigators") employed by the Institute, working under the supervision and guidance of the Institute's Director of Research, and provided with appropriate Institute laboratory facilities and equipment; and

WHEREAS, the University is an agency existing under the laws of the State of Texas, and its Southwestern Medical School utilizes hospitals located within or associated with The University of Texas Health Science Center at Dallas, Texas ("Medical Center") as affiliated teaching hospitals, which hospitals include Parkland Memorial Hospital and Children's Hospital; and

WHEREAS, Parkland Memorial Hospital and Children's Hospital ("Hospitals") maintain hospital, clinical and associated research facilities located within the Medical

Center, and are primary teaching hospitals for the University's Southwestern Medical School; and

WHEREAS, the Institute has acquired laboratory space and equipment at the Medical Center for the purpose of conducting medical research in conjunction with the Hospitals, pursuant to that certain Lease Agreement dated as of January 1, 1985 ("Lease Agreement");

NOW, THEREFORE, to establish a framework of affiliation, in recognition of University's association with the Hospitals, and of close cooperation between the Institute and the Hospitals in the active conduct of medical research, the parties mutually agree as follows:

I. Institute Research Program

A. The Institute's research program at its laboratories located at the Medical Center ("Dallas Laboratories") shall be developed, supervised, and evaluated by the Institute in accordance with its overall objectives and standards for medical research, as established pursuant to procedures promulgated from time to time by the Institute. Appropriate officials of the University shall periodically be informed regarding the Institute's research program and objectives at the Dallas Laboratories. Research conducted by the Institute in the Dallas Laboratories shall comply with the applicable rules and regulations of the Medical Center for research, as well as with all applicable federal,

state and local laws and regulations. Rights and obligations respecting inventions, discoveries and other intellectual property, made at the Dallas Laboratories, shall be determined in accordance with the Patent and Intellectual Property Agreement attached as Exhibit A, and as the same may be amended from time to time by agreement of the parties thereto. Exhibit A shall be deemed a part of this Agreement for all purposes.

B. The Institute shall be solely responsible for the costs of operating its Dallas Laboratories, including all salaries, stipends, fringe benefits and other payments to its Investigators and other employees of the Institute at these laboratories.

C. The Institute shall furnish to the University each year a copy of the annual report of the Director of Research of the Institute, and shall make available reprints of scientific articles written by the Institute Investigators located at the Dallas Laboratories.

D. Continuing opportunities shall be afforded for the exchange of scientific information among and between Institute, Hospital and University personnel.

II. Institute Research Personnel

A. Research personnel of the Institute assigned to its Dallas Laboratories shall be selected, employed, and supervised by the Institute in accordance with Institute

procedures. The Institute shall be solely responsible for any and all personnel matters concerning Institute personnel, including, but not limited to, compliance with all applicable federal, state and local statutes and regulations concerning nondiscrimination in employment on the basis of race, age, sex, handicap, or ethnic or national origin. Institute personnel shall conform to all applicable Medical Center, Hospital and University regulations concerning the conduct of persons while on Medical Center, Hospital, and University property.

B. All Institute Investigators assigned to the Dallas Laboratories shall meet the qualifications for appointment to an appropriate faculty position in the University in accordance with University policies and procedures. Each Investigator shall also be permitted to qualify for Hospital staff membership, with all accompanying rights, privileges, and responsibilities.

C. In accordance with guidelines established by the Institute in the furtherance of its medical research objectives, the Institute agrees to permit each Institute Investigator with a University faculty appointment to participate in teaching, patient care and other nonadministrative programs and activities of the University, at no expense to the University; but such activities may not exceed twenty-five percent (25%) of the Investigator's effort. Any Investigator participating in such activities

shall comply with University, Medical Center, and Hospital policies and procedures.

D. The University shall cause the Investigators to be added to and covered by The University of Texas System Professional Medical Malpractice Plan, at no cost to the Institute, to the extent necessary to cover the patient care activities of Investigators permitted by Paragraph II-C.

E. In recognition of the desirability of maintaining comparable personnel practices, the Institute and the University agree to coordinate and exchange wage and benefit data. Notwithstanding the foregoing, the parties acknowledge and agree that the Institute shall have full and independent authority and responsibility for hiring, supervising, compensating, terminating and taking other personnel actions concerning Institute personnel.

F. The Institute's Investigators and staff shall have the same access to research equipment, libraries and other facilities of the University and the Medical Center which other members of the University faculty and staff at the Medical Center have. The University shall be given reasonable access to Institute facilities at the Dallas Laboratories in accordance with the Lease Agreement.

III. Term

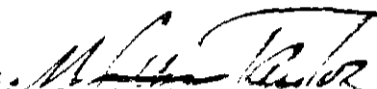
This Agreement shall continue in effect until terminated (i) on any date specified by written agreement executed by

both parties hereto, or (ii) by either party upon a minimum of one year's prior written notice to the other; provided, however, that the effective date of any termination by the University shall not precede the termination or expiration of the Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized agents, in counterparts, as of the day and year first above written.

Approved as to form:

THE UNIVERSITY OF TEXAS SYSTEM

By: 
Office of General Counsel
The University of Texas
System

By: _____
President
The University of Texas
Health Science Center at Dallas

By: _____
Office of the Chancellor
The University of Texas System

By: _____
Chairman
The University of Texas System
Board of Regents

HOWARD HUGHES MEDICAL INSTITUTE

By: _____
Donald S. Fredrickson, M.D.
President

ATTACHMENT A

PATENT AND INTELLECTUAL PROPERTY AGREEMENT

This Patent and Intellectual Property Agreement is made as of the 1st day of January, 1985, by and between the Howard Hughes Medical Institute (the "Institute") and The University of Texas System, for and on behalf of The University of Texas Health Science Center at Dallas (herein collectively the "University").

WHEREAS, the Institute and the University have entered into an Affiliation Agreement having an effective date of January 1, 1985, for cooperation in the active conduct of medical research in conjunction with the University's affiliated hospitals and in furtherance of their respective corporate and statutory purposes; and

WHEREAS, the Institute's Board of Trustees, in implementation of the Institute's primary purpose of promoting human knowledge within the field of the basic sciences and the effective application thereof for the benefit of mankind, has adopted a "Statement of Policy on Patents, Inventions, Discoveries and Intellectual Properties" (the "Institute Patent Policy"); and

WHEREAS, the purpose of the Institute Patent Policy is to promote disclosure of the results of Institute research,

to define and protect the rights of inventors and discoveries, to provide for an equitable distribution of the rewards and responsibilities attendant upon inventions and discoveries, and to provide that income to the Institute from such inventions and discoveries be used for the purpose of promoting Institute research; and

WHEREAS, the parties hereto desire to enter into this Patent and Intellectual Property Agreement (the "Agreement") as an attachment to and part of the Affiliation Agreement entered into by the parties, said Patent and Intellectual Property Agreement evidencing the rights and obligations respecting inventions, discoveries and other intellectual properties made at the laboratories of the Institute located at the Medical Center;

NOW, THEREFORE, the parties hereto agree as follows:

I. Scope of Agreement

This Agreement applies to all discoveries, inventions, and intellectual properties developed as a direct or indirect result of the duties or research activity of Institute personnel from a program of research financed by Institute funds, or by funds under the control of the Institute, made at the laboratories of the Institute located at the Medical Center. Pursuant to the Institute's Patent Policy, any such discovery or invention, and any patent rights pertaining thereto, are required to be formally

assigned by the Institute personnel to the Institute. In addition, under the Institute's Patent Policy all nonpatentable technology relating to such discovery or invention (except for copyrightable material covered by paragraph 8 of the Institute's Patent Policy), including computer software and technical manuals, as well as the intellectual property rights therein, shall be the property of and be furnished to the Institute.

II. Assignment of Rights to University -- Conditions

A. The Institute hereby agrees to assign to the University its intellectual property rights in the discoveries and inventions of Institute personnel made at the Medical Center, and further agrees that the University's policies and procedures respecting management of inventions and other intellectual properties, and division of royalties, shall apply with respect to such discoveries and inventions, subject, however, to the following conditions:

(1) The Institute shall have a royalty-free, non-exclusive, irrevocable license with respect to intellectual property rights arising from any such discoveries or inventions.

(2) The Institute shall have the right to require periodic reporting on the utilization or efforts at obtaining utilization of any such discovery or invention.

(3) The University shall share costs of obtaining and maintaining intellectual property rights, such as patent and patent procurement costs, with the Institute. The Institute's share of such costs and any royalties resulting from licenses of intellectual property rights shall be equal to that of the University. For purposes of this Agreement, net royalties are gross royalties and fees, less the costs of patenting, protecting and preserving patent rights, maintaining patents, the licensing of patents and related intellectual property rights, and such other costs, taxes or reimbursements as may be necessary or required by law. From the net royalties derived from licensing inventions and discoveries subject to this Agreement otherwise distributable to the Institute and the University there shall be distributed to the inventor the following amounts: seventy-five percent (75%) of the first \$5,000 of net royalties; fifty percent (50%) of the net royalties in excess of \$5,000 but not more than \$10,000; and twenty-five percent (25%) of any net royalties in excess of \$10,000. Where there are two or more inventors, each inventor shall share equally in the inventor's share of royalties, unless all inventors previously have agreed in writing to a different distribution. Distributions of the inventor's share

shall be made at least annually from the amount received during the calendar year. In appropriate cases, the Institute and the University may mutually agree to distribute to the inventor a larger portion of the net royalties than provided by the foregoing schedule. The foregoing schedule shall also apply to licensing of all other intellectual property rights covered in Section I.

(4) The Institute shall have the continuing right to require the University to license others where, in the judgment of the Institute, effective steps to achieve practical application of subject inventions have not been taken within a reasonable time, or where such licensing is necessary to meet the needs of public health or safety.

(5) The University may license or sublicense any invention or other intellectual property generated hereunder to third parties, but any such license or sublicense shall not relieve the University from its obligations to the Institute under this Agreement.

(6) If the University declines, or fails within a reasonable period of time, to attempt to obtain patent protection with respect to any discovery or invention otherwise covered by this Agreement, the Institute shall have the right to attempt to obtain patent protection with respect to such discovery or

invention, and if an issued patent is obtained, all rights and obligations with respect to such discovery or invention shall be determined in accordance with the Institute's Patent Policy, without regard to the terms of this Agreement.

B. The procedures and policies of the University respecting publication and disclosure of information relating to inventions and discoveries shall be followed by all Institute scientists and other personnel respecting all discoveries, inventions and intellectual properties made or developed at the laboratories of the Institute located at the Medical Center.

III. Term of Agreement

The term of this Agreement shall be coterminous with that of the Affiliation Agreement to which this Agreement is an attachment, provided, however, that the obligations under Article II. of this Patent and Intellectual Property Agreement shall continue to be applicable with respect to all assignments by the Institute of intellectual property rights in discoveries and inventions made prior to termination of the Affiliation Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized

agents, in counterparts, as of the day and year first
above written.

THE UNIVERSITY OF TEXAS SYSTEM

By: _____
[Name]
[Title]

HOWARD HUGHES MEDICAL INSTITUTE

By: _____
Donald S. Fredrickson, M.D.
President

3. U. T. Health Science Center - Dallas: Recommendation to Approve License Agreement with Mission Pharmacal Company, San Antonio, Texas, Relating to New Uses for Calcium Citrate.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Sprague, U. T. Health Science Center - Dallas, that Mission Pharmacal Company, San Antonio, Texas, be granted an exclusive license to use and sell calcium citrate as is set forth in the agreement on Pages HAC 18 - 25 .

BACKGROUND INFORMATION

The technology licensed is the subject of a new drug application (NDA) before the United States Food and Drug Administration by Charles Y.C. Pak, M.D. Currently a patent application is being prepared on the concept which is still confidential. Essentially, it relates to the discovery that calcium citrate is uniquely suited for use as a calcium supplement for conditions such as osteoporosis.

Mission Pharmacal is already the licensee of another very significant invention by Dr. Pak dealing with the use of potassium citrate to treat patients afflicted with calcium stones. Experience with Mission has been very satisfactory and it is regarded as an ideal licensee to develop aggressively the new calcium citrate technology.

The license fee is ^{nine}~~three~~ percent of the net selling price.

(PAC 154)
2-13-74

AGREEMENT

1. PARTIES:

1.1 The University of Texas Health Science Center at Dallas, referred to hereinafter as "UNIVERSITY", having an office at 5323 Harry Hines Boulevard, Dallas, Texas 75235, is a component institution of The University of Texas System.

1.2 Mission Pharmacal Company, referred to hereinafter as "MISSION:", is a Texas corporation, having offices at 1325 East Durango Street, San Antonio, Texas 78296.

2. CONSIDERATION:

2.1 This Agreement is entered into between the aforementioned parties for and in consideration of the undertakings herein expressed, the sufficiency and adequacy of which are hereby acknowledged.

3. SUBJECT MATTER OF AGREEMENT:

3.1 The present Agreement relates to technology for calcium citrate. As used herein, "TECHNOLOGY" shall refer to technology based in its concepts upon subject matter which forms the UNIVERSITY'S part of the Investigational New Drug ("IND") Number 24,259 for calcium citrate for which Charles Y.C. Pak, M.D., hereinafter referred to as "PAK", is the principal investigator and UNIVERSITY is the sponsor. When a New Drug Application ("NDA") for calcium citrate is accepted by the United States Food and Drug Administration ("FDA") of which Pak is the principal investigator and UNIVERSITY is the sole or joint applicant, the UNIVERSITY'S part of the NDA will also be part of TECHNOLOGY. TECHNOLOGY shall also include any concept of data of Pak which may bear upon over-the-counter drug status of calcium citrate.

4. WARRANTY:

4.1 UNIVERSITY represents and warrants that it is the sole owner of the entire right, title, and interest to the TECHNOLOGY described in paragraph 3.1. UNIVERSITY and PAK do not warrant that making, using or selling the subject matter described in paragraph 3.1 will not infringe patents owned by others.

5. GRANT AND EXCHANGE OF INFORMATION:

5.1 UNIVERSITY hereby grants to MISSION the exclusive right to use TECHNOLOGY referred to in paragraph 3.1 to distribute and sell calcium citrate.

5.2 Within ten (10) days after final execution of this Agreement, UNIVERSITY will furnish to MISSION all TECHNOLOGY described in paragraph 3.1. which is now available. When additional TECHNOLOGY is available, UNIVERSITY and PAK will furnish it to MISSION.

5.3 In respect to TECHNOLOGY disclosed by UNIVERSITY to MISSION under paragraph 5, MISSION agrees to keep such information confidential during the term of this Agreement, and for three (3) years thereafter. MISSION agrees to have each of its employees who come or may come into contact with TECHNOLOGY sign a statement agreeing to keep TECHNOLOGY confidential for the term of this Agreement and for three (3) years thereafter.

5.4 The TECHNOLOGY to be furnished to MISSION under this Agreement is for the use of MISSION in commercializing calcium citrate. UNIVERSITY and PAK make no representations, extend no warranties of any kind, either expressed or implied, and assume no responsibilities whatever with respect to the use, sale, or other disposition by MISSION or any other person of the products employing TECHNOLOGY furnished under this Agreement. MISSION

agrees to hold UNIVERSITY and PAK harmless against all liabilities, demands, damages, expenses or losses arising out of the use by MISSION or by third parties acquiring through MISSION, of any TECHNOLOGY furnished under this Agreement, and, if requested, to defend UNIVERSITY and PAK against any and all claims arising out of such use.

5.5 MISSION agrees to supply UNIVERSITY and Pak with sufficient quantity of calcium citrate for use in studies necessary for FDA and marketing.

6. PAYMENTS:

6.1 MISSION will pay UNIVERSITY an amount in United States dollars equal to nine percent (9%) of the Net Selling Price as defined herein for any product made, used, or sold by MISSION, the making, using, or selling of which requires the use of TECHNOLOGY disclosed by UNIVERSITY in accordance with paragraph 5, after the effective date of this Agreement and prior to the termination of this Agreement. MISSION will pay PAK an amount in United States dollars equal to three percent (3%) of the Net Selling Price as defined herein for any product made, used, or sold by MISSION the making, using, or selling of which requires the use of TECHNOLOGY disclosed by UNIVERSITY in accordance with paragraph 5, after the effective date of this Agreement and prior to the termination of this Agreement.

6.2 "Net Selling Price" as used herein shall mean MISSION'S invoice price for any product less quantity and cash discounts thereon actually allowed and less sales, use, or other similar taxes and any transportation or delivery charges borne by MISSION. No royalties shall be due on any

products which are not accepted by the customer and when royalties shall have been paid on such products, they shall be credit against future royalties to be paid hereunder.

6.3 For the purposes of computing and paying the royalties referred to in paragraph 6.1 of this Agreement, the years shall be divided into quarters beginning May 1, August 1, November 1, and February 1 of each year. Within (30) days after the end of each quarter, reports shall be made by MISSION to UNIVERSITY setting forth the number of products which have been sold during the preceding quarter, and also showing the Net Selling Price of such products. MISSION'S remittance for the full amount of royalties due for such quarter shall accompany such reports. MISSION agrees to make and keep full and accurate books and records showing the sales of products sold under the grant of TECHNOLOGY herein in sufficient detail to enable royalties payable hereunder to be determined, and further agrees that UNIVERSITY shall be permitted to inspect such books and records from time to time during reasonable business hours, as to any data, material to the computation of royalties hereunder, and to make copies thereof to the extent necessary to verify the royalty reports and payments provided by this Agreement. Such books and records for any royalty report may be destroyed by MISSION after three (3) years from the date of the report.

7. CONSULTATION AND ADVICE:

7.1 UNIVERSITY shall, upon the request of MISSION, ask PAK to act as consultant and adviser to MISSION on matters pertaining to the TECHNOLOGY disclosed to MISSION under this Agreement. PAK will make himself available

for such purpose for a total of not more than fifty-two (52) hours during any year following the date of the execution of this Agreement. For such consulting services, MISSION will not be required to furnish additional compensation to PAK or UNIVERSITY other than what has been agreed upon as royalties in this Agreement. However, MISSION will reimburse PAK for reasonable expenses incurred by him for transportation, lodging, meals, etc. in discharging his obligations under this Agreement, if travel is requested in writing by MISSION and agreed to by UNIVERSITY to be necessary to carry out the purposes of this Agreement.

8. REASONABLE EFFORTS:

8.1 MISSION agrees to use reasonable efforts to introduce TECHNOLOGY into the commercial market as soon as practicable, consistent with sound and reasonable business practices and judgment. Should MISSION not be marketing a product using TECHNOLOGY on the first anniversary of the final approval of the FDA, UNIVERSITY may terminate the Agreement upon sixty (60) days written notice. UNIVERSITY shall then be free to pursue marketing through another firm.

9. TERMINATION:

9.1 If one party shall at any time commit a breach of any covenant, warranty, or agreement herein contained, and shall fail to remedy any such breach within sixty (60) days after written notice thereof by the other party, such other party may at its option, and in addition to any other remedies that it may be entitled to, terminate this Agreement by notice in writing to such effect. Termination shall not affect UNIVERSITY'S right to collect payments accruing prior to termination.

9.2 In the event of termination of this Agreement, MISSION shall have the right to sell thereafter (1) completed products then on hand, (2) products then in the process of manufacture, and (3) products with respect to which manufacture has been firmly committed at the time of termination by reason of the existence of a written contract for the sale of the products. All such sales shall be subject to reporting and royalty payments exactly as if termination had not occurred.

9.3 Upon termination MISSION shall be obligated to return to UNIVERSITY the original and all copies of TECHNOLOGY sent to MISSION under this Agreement, and to continue to honor this commitment not to disclose such TECHNOLOGY to third parties.

9.4 In the event that MISSION should at any time become bankrupt or be placed in receivership, UNIVERSITY may elect to terminate this Agreement and revoke all rights granted herein, by serving written notice to that effect on MISSION at any time after such bankruptcy or receivership.

10. EXPIRATION:

10.1 Unless sooner terminated as provided herein, this Agreement shall continue for as long as MISSION continues to make, use or sell a product using TECHNOLOGY. MISSION shall give UNIVERSITY ninety (90) days written notice of its intent to terminate this Agreement and the making, using or selling of a product using TECHNOLOGY. Should UNIVERSITY discover that MISSION is not making, using or selling a product using TECHNOLOGY but MISSION has failed to give such notice, UNIVERSITY may terminate this Agreement by giving ninety (90) days written notice.

11. ASSIGNMENT

11.1 This Agreement shall be transferable by MISSION in a transfer of all of the assets of the business to which TECHNOLOGY pertains, but shall not otherwise be transferable without prior written consent of UNIVERSITY which shall not be unreasonably withheld.

11.2 This Agreement shall be binding and inure to the benefit of the successors and assigns of UNIVERSITY.

12. LAW APPLICABLE:

12.1 This Agreement shall be construed under the laws of the United States and of the State of Texas.

13. MISCELLANEOUS:

13.1 Notice under this Agreement may be given to MISSION by notifying Mr. Neill Walsdorf, President, Mission Pharmacal Company at Post Office Box 1676, San Antonio, Texas 78796. Notice may be given to UNIVERSITY in accordance with this Agreement by giving notice to Dr. Charles C. Sprague, President, The University of Texas Health Science Center at Dallas, 5323 Harry Hines Boulevard, Dallas, Texas 75235. A copy of Notice to UNIVERSITY should be sent to Charles Y.C. Pak, M.D., Department of Internal Medicine, The University of Texas Health Science Center at Dallas, Southwestern Medical School, 5323 Harry Hines Boulevard, Dallas, Texas 75235.

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

ATTEST:

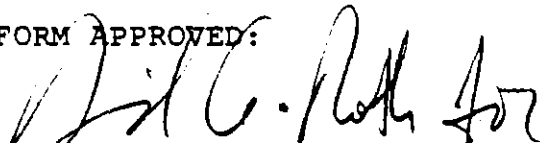
MISSION PHARMACAL

Secretary

President

FORM APPROVED:

CONTENT APPROVED:



General Counsel, The University
of Texas System

President, The University of
Texas Health Science Center
at Dallas

Executive Vice Chancellor for
Health Affairs, The University
of Texas System

Chancellor, The University of
Texas System

ATTEST:

THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

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

Chairman, Board of Regents of
The University of Texas System

4. U. T. Health Science Center - Dallas: Recommendation to Approve License Agreement with Mission Pharmacal Company, San Antonio, Texas, Relating to New Uses for Thiola.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Sprague, U. T. Health Science Center - Dallas, that Mission Pharmacal Company, San Antonio, Texas, be granted an exclusive license to use and sell thiola for certain purposes as is set forth in the agreement on Pages HAC 27 - 34.

BACKGROUND INFORMATION

The technology licensed is the subject of a new drug application (NDA) before the United States Food and Drug Administration by Charles Y.C. Pak, M.D. No patent application will be prepared on the concept. Essentially, it relates to the discovery that thiola is uniquely suited for use as treatment for excess cysteine in the body. Thiola has the capability of binding to cysteine to make it more soluble thus preventing undesirable crystal formation.

Mission Pharmacal is the licensee of another very significant invention by Dr. Pak dealing with the use of potassium citrate to treat patients afflicted with calcium stones. Experience with Mission has been very satisfactory and it is viewed as an ideal licensee to develop aggressively the new thiola technology.

The license fee is ^{nine}~~three~~ percent of the net selling price. (per CAM 9/12/85)

AGREEMENT

1. PARTIES:

1.1 The University of Texas Health Science Center at Dallas, referred to hereinafter as "UNIVERSITY", having an office at 5323 Harry Hines Boulevard, Dallas, Texas 75235, is a component institution of The University of Texas System.

1.2 Mission Pharmacal Company, referred to hereinafter as "MISSION:", is a Texas corporation, having offices at 1325 East Durango Street, San Antonio, Texas 78296.

2. CONSIDERATION:

2.1 This Agreement is entered into between the aforementioned parties for and in consideration of the undertakings herein expressed, the sufficiency and adequacy of which are hereby acknowledged.

3. SUBJECT MATTER OF AGREEMENT:

3.1 The present Agreement relates to technology for thiola. As used herein, "TECHNOLOGY" shall refer to technology based in its concepts upon subject matter which forms the UNIVERSITY'S part of the Investigational New Drug ("IND") Number 13,807 for thiola for which Charles Y.C. Pak, M.D., hereinafter referred to as "PAK", is the principal investigator and UNIVERSITY is the sponsor. When a New Drug Application ("NDA") for thiola is accepted by the United States Food and Drug Administration ("FDA") of which Pak is the principal investigator and UNIVERSITY is the sole or joint applicant, the UNIVERSITY'S part of the NDA will also be part of TECHNOLOGY.

4. WARRANTY:

4.1 UNIVERSITY represents and warrants that it is the sole owner of the entire right, title, and interest to the TECHNOLOGY described in paragraph 3.1. UNIVERSITY and PAK do not warrant that making, using or selling the subject matter described in paragraph 3.1 will not infringe patents owned by others.

5. GRANT AND EXCHANGE OF INFORMATION:

5.1 UNIVERSITY hereby grants to MISSION the exclusive right to use TECHNOLOGY referred to in paragraph 3.1 to distribute and sell thiola.

5.2 Within ten (10) days after final execution of this Agreement, UNIVERSITY will furnish to MISSION all TECHNOLOGY described in paragraph 3.1. which is now available. When additional TECHNOLOGY is available, UNIVERSITY and PAK will furnish it to MISSION.

5.3 In respect to TECHNOLOGY disclosed by UNIVERSITY to MISSION under paragraph 5, MISSION agrees to keep such information confidential during the term of this Agreement, and for three (3) years thereafter. MISSION agrees to have each of its employees who come or may come into contact with TECHNOLOGY sign a statement agreeing to keep TECHNOLOGY confidential for the term of this Agreement and for three (3) years thereafter.

5.4 The TECHNOLOGY to be furnished to MISSION under this Agreement is for the use of MISSION in commercializing thiola. UNIVERSITY and PAK make no representations, extend no warranties of any kind, either expressed or implied, and assume no responsibilities whatever with respect to the use, sale, or other disposition by MISSION or any other person of the products employing TECHNOLOGY furnished under this Agreement. MISSION

agrees to hold UNIVERSITY and PAK harmless against all liabilities, demands, damages, expenses or losses arising out of the use by MISSION or by third parties acquiring through MISSION, of any TECHNOLOGY furnished under this Agreement, and, if requested, to defend UNIVERSITY and PAK against any and all claims arising out of such use.

6. PAYMENTS:

6.1 MISSION will pay UNIVERSITY an amount in United States dollars equal to nine percent (9%) of the Net Selling Price as defined herein for any product made, used, or sold by MISSION, the making, using, or selling of which requires the use of TECHNOLOGY disclosed by UNIVERSITY in accordance with paragraph 5, after the effective date of this Agreement and prior to the termination of this Agreement. MISSION will pay PAK an amount in United States dollars equal to three percent (3%) of the Net Selling Price as defined herein for any product made, used, or sold by MISSION the making, using, or selling of which requires the use of TECHNOLOGY disclosed by UNIVERSITY in accordance with paragraph 5, after the effective date of this Agreement and prior to the termination of this Agreement.

6.2 "Net Selling Price" as used herein shall mean MISSION'S invoice price for any product less quantity and cash discounts thereon actually allowed and less sales, use, or other similar taxes and any transportation or delivery charges borne by MISSION. No royalties shall be due on any products which are not accepted by the customer and when royalties shall have been paid on such products, they shall be credited against future royalties to be paid hereunder.

6.3 For the purposes of computing and paying the royalties referred to

products which are not accepted by the customer and when royalties shall have been paid on such products, they shall be credit against future royalties to be paid hereunder.

6.3 For the purposes of computing and paying the royalties referred to in paragraph 6.1 of this Agreement, the years shall be divided into quarters beginning May 1, August 1, November 1, and February 1 of each year. Within (30) days after the end of each quarter, reports shall be made by MISSION to UNIVERSITY setting forth the number of products which have been sold during the preceding quarter, and also showing the Net Selling Price of such products. MISSION'S remittance for the full amount of royalties due for such quarter shall accompany such reports. MISSION agrees to make and keep full and accurate books and records showing the sales of products sold under the grant of TECHNOLOGY herein in sufficient detail to enable royalties payable hereunder to be determined, and further agrees that UNIVERSITY shall be permitted to inspect such books and records from time to time during reasonable business hours, as to any data, material to the computation of royalties hereunder, and to make copies thereof to the extent necessary to verify the royalty reports and payments provided by this Agreement. Such books and records for any royalty report may be destroyed by MISSION after three (3) years from the date of the report.

7. CONSULTATION AND ADVICE:

7.1 UNIVERSITY shall, upon the request of MISSION, ask PAK to act as consultant and adviser to MISSION on matters pertaining to the TECHNOLOGY disclosed to MISSION under this Agreement. PAK will make himself available

in discharging his obligations under this Agreement, if travel is requested in writing by MISSION and agreed to by UNIVERSITY to be necessary to carry out the purposes of this Agreement.

8. REASONABLE EFFORTS:

8.1 MISSION agrees to use reasonable efforts to introduce TECHNOLOGY into the commercial market as soon as practicable, consistent with sound and reasonable business practices and judgment. Should MISSION not be marketing a product using TECHNOLOGY on the first anniversary of the final approval of the FDA, UNIVERSITY may terminate the Agreement upon sixty (60) days written notice. UNIVERSITY shall then be free to pursue marketing through another firm.

9. TERMINATION:

9.1 If one party shall at any time commit a breach of any covenant, warranty, or agreement herein contained, and shall fail to remedy any such breach within sixty (60) days after written notice thereof by the other party, such other party may at its option, and in addition to any other remedies that it may be entitled to, terminate this Agreement by notice in writing to such effect. Termination shall not affect UNIVERSITY'S right to collect payments accruing prior to termination.

9.2 In the event of termination of this Agreement, MISSION shall have the right to sell thereafter (1) completed products then on hand, (2) products then in the process of manufacture, and (3) products with respect to which manufacture has been firmly committed at the time of termination by reason of the existence of a written contract for the sale of the products.

All such sales shall be subject to reporting and royalty payments exactly as if termination had not occurred.

9.3 Upon termination MISSION shall be obligated to return to UNIVERSITY the original and all copies of TECHNOLOGY sent to MISSION under this Agreement, and to continue to honor this commitment not to disclose such TECHNOLOGY to third parties.

9.4 In the event that MISSION should at any time become bankrupt or be placed in receivership, UNIVERSITY may elect to terminate this Agreement and revoke all rights granted herein, by serving written notice to that effect on MISSION at any time after such bankruptcy or receivership.

10. EXPIRATION:

10.1 Unless sooner terminated as provided herein, this Agreement shall continue for as long as MISSION continues to make, use or sell a product using TECHNOLOGY. MISSION shall give UNIVERSITY ninety (90) days written notice of its intent to terminate this Agreement and the making, using or selling of a product using TECHNOLOGY. Should UNIVERSITY discover that MISSION is not making, using or selling a product using TECHNOLOGY but MISSION has failed to give such notice, UNIVERSITY may terminate this Agreement by giving ninety (90) days written notice.

11. ASSIGNMENT

11.1 This Agreement shall be transferable by MISSION in a transfer of all of the assets of the business to which TECHNOLOGY pertains, but shall not otherwise be transferable without prior written consent of UNIVERSITY which shall not be unreasonably withheld.

11:2 This Agreement shall be binding and inure to the benefit of the successors and assigns of UNIVERSITY.

12. LAW APPLICABLE:

12.1 This Agreement shall be construed under the laws of the United States and of the State of Texas.


13. MISCELLANEOUS:

13.1 Notice under this Agreement may be given to MISSION by notifying Mr. Neill Walsdorf, President, Mission Pharmacal Company at Post Office Box 1676, San Antonio, Texas 78796. Notice may be given to UNIVERSITY in accordance with this Agreement by giving notice to Dr. Charles C. Sprague, President, The University of Texas Health Science Center at Dallas, 5323 Harry Hines Boulevard, Dallas, Texas 75235. A copy of Notice to UNIVERSITY should be sent to Charles Y.C. Pak, M.D., Department of Internal Medicine, The University of Texas Health Science Center at Dallas, Southwestern Medical School, 5323 Harry Hines Boulevard, Dallas, Texas 75235.

14. EXECUTION AND EFFECTIVE DATE:

14.1 This Agreement is executed in multiple originals upon the date set forth beside the execution signatures, and shall be effective when signed by both parties.

THE UNIVERSITY OF TEXAS HEALTH
SCIENCE CENTER AT DALLAS

BY 
Dr. Charles C. Sprague

Date 9-28-84

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


ATTEST:

MISSION PHARMACAL

Secretary

President

FORM APPROVED:



General Counsel, The University
of Texas System

CONTENT APPROVED:

President, The University of
Texas Health Science Center
at Dallas

Executive Vice Chancellor for
Health Affairs, The University
of Texas System

Chancellor, The University of
Texas System

ATTEST:

THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

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

Chairman, Board of Regents of
The University of Texas System

5. U. T. Medical Branch - Galveston: Recommendation to Approve Patent License Agreement with Triton Biosciences Inc., Alameda, California, Relating to Proliferation Dependent Cytotoxic Peptides ("Peptides").--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Levin, U. T. Medical Branch - Galveston, that Triton Biosciences Inc., of Alameda, California, a subsidiary of Shell Oil Company, be granted a license under the Proliferation Dependent Cytotoxic Peptides ("Peptides") technology, which will include related patent rights. The agreement provides an exclusive license to make, use, and sell these Peptides and is set forth on Pages HAC 36 - 48.

BACKGROUND INFORMATION

Further development of Peptides is being carried out under a separate sponsored research agreement with Triton. The key scientific aspect resides primarily in the discovery that certain Peptides isolated from human tissues produce anticellular activity against rapidly dividing cells, such as cancer cells.

The license obligates Triton to pay royalties on gross sales of Peptides covered by U. T. System issued patents of four percent for diagnostic applications and three percent for therapeutic or other biological applications. The same royalty formula applies to gross sales of unpatented Peptides except that the royalty is three percent and two percent respectively. This agreement is the result of a lengthy negotiation and will be a precedent for subsequent biotechnology agreements with Triton.

PATENT LICENSE AGREEMENT

PROLIFERATION DEPENDENT CYTOTOXIC PEPTIDES

THIS AGREEMENT is made by and between SYSTEM, the Board of Regents, THE UNIVERSITY OF TEXAS SYSTEM, a higher education institution of the State of Texas, whose address is 201 West 7th Street, Austin, Texas 78701 (hereinafter referred to as "UNIVERSITY") and TRITON BIOSCIENCES INC., a Delaware corporation, having its office and place of business at 1501 Harbor Bay Parkway, Alameda, California 94501 (hereinafter referred to as "LICENSEE").

W I T N E S S E T H:

WHEREAS UNIVERSITY owns certain PATENT RIGHTS related to the LICENSED SUBJECT MATTER Listed in Attachment A;

WHEREAS UNIVERSITY also owns TECHNOLOGY and TANGIBLE TECHNICAL MATERIALS related to the LICENSED SUBJECT MATTER;

WHEREAS UNIVERSITY wishes to have the technical information covered by the PATENT RIGHTS and/or included in the TECHNOLOGY and TANGIBLE TECHNICAL MATERIALS developed and used for the benefit of the inventor, UNIVERSITY, and the public as outlined in the Patent Policy promulgated by the aforementioned Board of Regents;

WHEREAS LICENSEE wishes to obtain a license under such PATENT RIGHTS and TECHNOLOGY and TANGIBLE TECHNICAL MATERIALS to practice such inventions;

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

I. EFFECTIVE DATE

This Agreement shall be effective as of _____.

II. DEFINITIONS

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

2.1 LICENSED SUBJECT MATTER shall mean proliferation dependent cytotoxic peptides, including compositions and biologic materials derived therefrom, processes for their production and/or purification and the use of such compositions in the biomedical field to the extent derived from the research performed pursuant to the Research Agreement between the same parties dated July 15, 1984 entitled "PROLIFERATION DEPENDENT CYTOTOXIC PEPTIDE" under which at paragraph 11, LICENSEE is entitled to a first right of refusal which it is herein exercising.

2.2 PATENT RIGHTS shall mean those United States and foreign patents and patent applications or prospective patent applications, including any division, continuation, continuation-in-part or reissue thereof, or substitute therefore, and the letters patent that may be issued thereon related to the LICENSED SUBJECT MATTER and which are listed in Attachment A.

2.3 TECHNOLOGY shall mean any invention, discovery, know-how, process, procedure, method, protocol, formula, technique, software, design, drawing, data, or other valuable technical information relating to the LICENSED SUBJECT MATTER.

2.4 TANGIBLE TECHNICAL MATERIALS shall mean the proliferation dependent cytotoxic peptides, compositions containing said peptides and biologic materials produced using said peptides including antibodies, hybridomas and antisera.

2.5 LICENSED PATENT PRODUCT(S) OR PROCESS shall mean any product(s) or process in the LICENSED SUBJECT MATTER covered by one or more patent claims of the PATENT RIGHTS or produced by a method covered by one or more patent claims of such PATENT RIGHTS.

2.6 LICENSED NON-PATENT PRODUCT(S) OR PROCESS(S) shall mean any product(s) or processed in the LICENSED SUBJECT MATTER which are obtained from, or utilize, any TECHNOLOGY and/or TANGIBLE MATERIALS (but which are not covered by Patent Rights) including products and processes for making them which LICENSEE derives from the LICENSED SUBJECT MATTER, TECHNOLOGY and/or TANGIBLE TECHNICAL MATERIALS during the term of this Agreement.

2.7 SALE(S) (or SOLD) shall mean any use or disposition of a LICENSED PATENT PRODUCT or PROCESS or a LICENSED NON-PATENT PRODUCT OR PROCESS for value to a party other than LICENSEE (except for processes) or a sublicensee hereunder.

2.8 GROSS SALES shall mean LICENSEE'S billings (not less than cost) on SALES of LICENSED PATENT PRODUCTS or LICENSED NON-PATENT PRODUCTS less any customary discounts allowed and actually taken, sales and/or use tax, import or export duties or their equivalent, outbound transportation prepaid or allowed, insurance, installation charges or charges for extended warranty or service contracts, amounts allowed or credited due to returns (not exceeding the original billing) and the imputed interest factor under any lease. GROSS SALES shall not be reduced due to commissions, taxes other than sales and/or use taxes, or import or export duties.

III. WARRANTY

UNIVERSITY represents and warrants that it is the owner of the entire right, title, and interest in and to PATENT RIGHTS, TANGIBLE TECHNICAL MATERIALS and TECHNOLOGY, and that it has the sole right to grant licenses under such PATENT RIGHTS, TANGIBLE TECHNICAL MATERIALS and TECHNOLOGY and that it has not granted licenses thereunder to any other person.

IV. GRANT

UNIVERSITY hereby grants to LICENSEE a license option on UNIVERSITY'S PATENT RIGHTS, as defined in paragraph 2.2 herein. This license upon exercise of the royalty-bearing option shall be exclusive and worldwide and have a term or terms coextensive with the pendency before the U.S. Patent and Trademark Office of the patent applications within UNIVERSITY'S PATENT RIGHTS. When said patent applications are issued by the U.S. Patent and Trademark Office as patents, this option shall be automatically exercised, provided the Licensee has not notified UNIVERSITY to the contrary prior to issuance, and shall become the license granted in paragraph 4.2.

4.2 UNIVERSITY hereby grants to LICENSEE a worldwide, exclusive license under its PATENT RIGHTS, TANGIBLE TECHNICAL MATERIALS and TECHNOLOGY to make, have made for it, use, and sell LICENSED SUBJECT MATTER including LICENSED PATENT PRODUCTS and/or LICENSED NON-PATENT PRODUCTS during the Term of this Agreement.

4.3 LICENSEE shall have the right to grant sublicenses consistent with this Agreement, provided that LICENSEE shall be responsible for the operations of its sublicensee relevant to this Agreement as if such operations were carried out by LICENSEE, including the payment of royalties whether or not paid to LICENSEE by the sublicensee.

4.4 The parties recognize that LICENSEE may encounter patents held by third parties which dominate activities covered by both UNIVERSITY'S and LICENSEE'S PATENT RIGHTS and that a cross-license between LICENSEE and such a third party may be necessary in order to enable LICENSEE to make or market LICENSED PATENT PRODUCTS or LICENSED NON-PATENT PRODUCTS. In that event, LICENSEE has the right to enter into cross-licensing agreements with third parties and to grant cross-licenses under any and all of the PATENT RIGHTS, provided:

(a) UNIVERSITY is consulted beforehand and is reasonably satisfied that the third party does in fact hold a patent that limits LICENSEE'S competitiveness in making or marketing LICENSED PATENT PRODUCTS or LICENSED NON-PATENT PRODUCTS;

(b) The rights received by LICENSEE under such a cross-licensing agreement cover only LICENSED PATENT PRODUCTS or LICENSED NON-PATENT PRODUCTS and are not directed to other products;

(c) UNIVERSITY incurs no financial or legal liabilities under the cross-license;

(d) Any money or the value of any equipment received by LICENSEE in exchange for such cross-license is treated as GROSS SALES for LICENSED PATENT PRODUCTS or LICENSED NON-PATENT PRODUCTS.

4.5 UNIVERSITY specifically retains the right to:

(a) Publish the general scientific findings from research related to PATENT RIGHTS, TANGIBLE TECHNICAL MATERIALS and TECHNOLOGY; and

(b) use PATENT RIGHTS, TANGIBLE TECHNICAL MATERIALS and TECHNOLOGY for research, teaching, and other UNIVERSITY purposes.

4.6 In the event that LICENSEE has not initiated Phase I clinical trials to obtain approvals from the cognizant United States Government agency for commercialization of a LICENSED PATENT PRODUCT or LICENSED NON-PATENT PRODUCT within five (5) years of the date of this Agreement, UNIVERSITY shall have the right to terminate this Agreement by giving LICENSEE thirty (30) days' written notice.

4.7 If LICENSEE has not started Phase II clinical trials to obtain approvals from the cognizant United States Government agency for commercialization of a LICENSED PATENT PRODUCT or LICENSED NON-PATENT PRODUCT within seven and one-half (7½) years of the date of this Agreement, UNIVERSITY shall have the right to terminate this Agreement by giving LICENSEE thirty (30) days' written notice.

4.8 After ten (10) years from the date of this Agreement, UNIVERSITY shall have the right, upon thirty (30) days' written notice, to terminate this Agreement in any country in which LICENSEE has failed to commercialize or continue to commercialize a LICENSED PATENT PRODUCT.

4.9 Except as is necessary in LICENSEE'S discretion for the development and/or commercialization of LICENSED PATENT PRODUCTS or LICENSED NON-PATENT PRODUCTS, LICENSEE shall not disclose information on format of any TANGIBLE TECHNICAL MATERIALS nor convey them or disclose TECHNOLOGY to third parties without the express written consent of UNIVERSITY during the term of this Agreement and for a period of three (3) years thereafter, except to the extent that such TANGIBLE TECHNICAL MATERIALS or TECHNOLOGY;

(a) is part of the public domain at the time of its disclosure to LICENSEE or later becomes part of the public domain through no fault of LICENSEE;

(b) was in the possession of LICENSEE prior to receipt from UNIVERSITY; or

(c) is received from a third party having no obligations of confidentiality to UNIVERSITY. This provision shall survive termination of this Agreement.

V. COMPENSATION AND REPORTS

5.1 LICENSEE shall pay UNIVERSITY'S costs which are incurred in the drafting, filing, prosecuting, issuing, and maintaining of any United States patent application or patent included in PATENT RIGHTS. LICENSEE shall pay such costs within thirty (30) days of receipt of an invoice from the UNIVERSITY itemizing costs and expenses which the UNIVERSITY has paid in connection with any of the aforesaid activities to secure patent protection for the PATENT RIGHTS.

5.2 LICENSEE shall pay UNIVERSITY an earned royalty based on a percentage of the GROSS SALES of LICENSED PATENT PRODUCTS in excess of twenty five thousand dollars (\$25,000) in any given calendar year (the first \$25,000 of GROSS SALES being free of royalty payment). Such royalties shall accrue to the UNIVERSITY according to the following schedule when LICENSED PRODUCTS are sold:

(a) Four percent (4%) of the GROSS SALES of LICENSED PATENT PRODUCTS which are used in diagnostic applications.

(b) Three percent (3%) of the GROSS SALES of LICENSED PATENT PRODUCTS which are used in therapeutic or other biological applications.

Earned royalties under this paragraph shall accrue in each country for the duration of UNIVERSITY'S PATENT RIGHTS in that country and shall be net of all taxes on said royalty.

5.3 LICENSEE shall pay UNIVERSITY an earned royalty based on a percentage of the GROSS SALES of LICENSED NON-PATENT PRODUCTS in excess of twenty five thousand dollars (\$25,000) in any given calendar year (the first \$25,000 of GROSS SALES being free of royalty payment). Such royalties shall accrue to the UNIVERSITY according to the following schedule when LICENSED NON-PATENT PRODUCTS are sold:

(a) Three percent (3%) of the GROSS SALES of LICENSED NON-PATENT PRODUCTS which are used in diagnostic applications.

(b) Two percent (2%) of the GROSS SALES of LICENSED NON-PATENT PRODUCTS which are used in therapeutic or other biological applications.

Subject to paragraph 5.12 herein, earned royalties under this paragraph shall accrue in each country only for the period that the LICENSEE is the exclusive commercial source in that country of the LICENSED NON-PATENT PRODUCT(S) up to a maximum period of eight (8) years after the date of first commercial sale in that country of a LICENSED NON-PATENT PRODUCT. The term "exclusive commercial source" as used above shall mean that the LICENSEE is the sole commercial source of the LICENSED NON-PATENT PRODUCT in that country and that there is no commercial product available in that country that is substantially equivalent in market acceptance.

5.4 If more than one of the aforesaid royalty rates should be applicable to any transaction, only a single royalty shall be due and that royalty shall be computed at the highest applicable royalty rate.

5.5 LICENSED PATENT PRODUCTS and LICENSED NON-PATENT PRODUCTS covered by this Agreement shall be considered sold when invoiced, or if not invoiced, when delivered to a third party.

5.6 During the Term of this Agreement and for one (1) year thereafter, LICENSEE shall keep complete and accurate records of its and its sublicensee's SALES of LICENSED PATENT PRODUCTS and LICENSED NON-PATENT PRODUCTS under the license granted in this Agreement in sufficient detail to enable the royalties payable under Paragraphs 5.2 and 5.3 to be determined. Upon thirty (30) days written notice, LICENSEE shall permit UNIVERSITY, or its representatives, at UNIVERSITY'S expense, to periodically examine its books, ledgers, and records covering SALES of LICENSED PATENT PRODUCTS and LICENSED NON-PATENT PRODUCTS during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. UNIVERSITY shall maintain all information received during such examination in confidence.

5.7 Within thirty (30) days after March 31, June 30, September 30, and December 31, LICENSEE shall deliver to UNIVERSITY a true and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during preceding three (3) calendar months under this License Agreement as are pertinent to an accounting for royalty payments hereunder. Such report shall include at least (a) the quantities of LICENSED PATENT PRODUCTS and LICENSED NON-PATENT PRODUCTS that it has SOLD, (b) the billings thereon that comprise GROSS SALES, (c) the calculation of royalties thereon, and d) the total royalties so computed and due UNIVERSITY. Simultaneously with the delivery of each such report, LICENSEE shall pay to UNIVERSITY the amount, if any, due for the period of such report. If no payments are due, it shall be so reported.

5.8 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for assessments, fees, or charges of any kind.

5.9 In the event that LICENSEE enters into a joint venture with another entity and utilizes TECHNOLOGY in combination with the technology of such entity, then GROSS SALES for purposes of calculating royalties shall be deemed to be LICENSEE'S income from such joint venture.

5.10 A single royalty will be paid on sales of LICENSED PATENT PRODUCTS no matter how many items in UNIVERSITY'S PATENT RIGHTS cover such LICENSED PATENT PRODUCTS.

5.11 No royalty shall be paid on a LICENSED PATENT PRODUCT after UNIVERSITY'S PATENT RIGHTS covering said LICENSED PRODUCT have expired.

5.12 If the LICENSEE believes that it is not or no longer is the exclusive commercial source of LICENSED NON-PATENT PRODUCTS in any designated country, then it shall so notify the UNIVERSITY and provide reasonable evidence thereto. Upon receipt of said notice and evidence UNIVERSITY shall notify the LICENSEE in writing of its acceptance or rejection of the evidence as to the existence of another commercial source within forty-five (45) days. If accepted by UNIVERSITY, the LICENSEE shall, as of the date of their acceptance, no longer have no obligation to pay royalties in that country under paragraph 6.2 herein. If rejected by UNIVERSITY, the LICENSEE may request arbitration in the manner set forth in Article X herein.

VI. FOREIGN FILING OF PATENT APPLICATIONS

6.1 If patent applications have not been filed outside the United States and the convention year has not expired for any patent application included within UNIVERSITY'S PATENT RIGHTS on the Effective Date of this Agreement, LICENSEE shall designate those foreign countries in which LICENSEE desires foreign patent protection and the UNIVERSITY shall thereafter timely file foreign patent applications in the name of the UNIVERSITY on any such invention in all the foreign countries elected. The cost and expenses current and accrued relating to obtaining, issuing, and maintaining of patents in all the foreign countries elected as provided above shall be paid by LICENSEE. On a country-by-country basis, LICENSEE shall receive a credit for such costs and expenses against royalties due for the exclusive license herein granted in a given country elected as specified above; provided, however, that in a given country the amount of any such credit for any such credit for any royalty period shall not exceed fifty percent (50%) of total royalties due the UNIVERSITY in a given country for the same royalty period.

6.2 UNIVERSITY shall be free to file in any foreign country not elected by LICENSEE under paragraph 6.1 and the PATENT RIGHTS associated with such filing shall be disposed of in accordance with UNIVERSITY policy.

VII. TERM AND TERMINATION

7.1 The term of this Agreement shall extend from the Effective Date set forth in Article I to the full end of the term or terms for which PATENT RIGHTS or extensions thereof are granted (determined on a country-by-country basis) unless patents do not issue on any UNIVERSITY patent application covered by PATENT RIGHTS, in which case this Agreement shall extend for a period of ten (10) years from this Date set forth in Article I or until LICENSEE ceases to pay royalty on any LICENSED NON-PATENT PRODUCT in accordance with paragraph 5.3, whichever event occurs later.

7.2 This Agreement will earlier terminate upon thirty (30) days written notice if LICENSEE shall breach or default on any material obligation under this License Agreement; provided, however, LICENSEE may avoid such termination if before the end of such period LICENSEE notifies UNIVERSITY that such breach has been cured or is in the process of being cured and states the manner of such cure.

7.3 If PATENTS are defined in Attachment A to include patent applications, then UNIVERSITY will keep LICENSEE informed as to the progress of such application and will provide LICENSEE with copies of any finally issued claims in such applications. LICENSEE shall be given reasonable opportunity to input as to the type and scope of useful claims and nature of supporting disclosure. Further, the UNIVERSITY will not finally abandon any patent application with UNIVERSITY'S PATENT RIGHTS without taking into account LICENSEE'S views.

7.4 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either party of any obligation matured prior to the effective date of such termination, and LICENSEE may, after the effective date of such termination, sell all LICENSED PATENT PRODUCTS and LICENSED NON-PATENT PRODUCTS and parts therefor that it may have on hand at the date of termination, provided that it pays earned royalty thereon as provided in this Agreement.

VIII. INFRINGEMENT

8.1 UNIVERSITY shall notify LICENSEE, and LICENSEE shall notify UNIVERSITY of any infringement of a PATENT in the Licensed SUBJECT MATTER which may come to the attention of UNIVERSITY or LICENSEE. LICENSEE shall have the exclusive right to sue the infringing party, and UNIVERSITY shall join any suit as a party if required. All costs and expenses, including attorneys' fees, or any lawsuit instituted by LICENSEE shall be borne by LICENSEE. The amount of recovery paid to LICENSEE shall belong to and be the sole property of LICENSEE.

8.2 If LICENSEE fails to bring suit to prevent any infringement or any allegedly infringing use of which it has knowledge within six (6) months after such knowledge, UNIVERSITY shall have the right after notice to LICENSEE of its intention to do so, to bring suit against the accused infringer in the name of UNIVERSITY, and LICENSEE shall join any such suit as a named party if required. Any such suit brought by UNIVERSITY shall be financed solely by UNIVERSITY, and any recovery therefrom shall belong to and be the sole property of UNIVERSITY.

8.3 In any suit or dispute involving any infringer, the parties shall cooperate fully, and upon the request of the party bringing suit, the other party shall make available to the party bringing suit all relevant records, papers, information, samples, specimens, and the like which may be relevant and in its possession. In the event a court of competent jurisdiction determines that one or more claims of PATENT(S) within UNIVERSITY'S PATENT RIGHTS covering the LICENSED PRODUCT(S) are invalid or unenforceable, no further royalty payments on said PATENT RIGHTS shall be due or owing hereunder if such determination encompasses the entire content of PATENT RIGHTS. In the event the making, using or selling of the LICENSED PATENT PRODUCT(S) or LICENSED NON-PATENT PRODUCT(S) is determined, by a court of competent jurisdiction, to infringe one or more claims of a valid, subsisting patent owned by a third party, no royalty payments shall be due UNIVERSITY from the time such determination is made. In the event that either party is able to negotiate a license based on a bona fide belief in the strength and enforceability of said patent from such good faith third party, those royalty payments will be resumed to the extent that such payment exceeds any royalty payments made by LICENSEE to such third party.

IX. ASSIGNMENT

This Agreement may not be assigned by LICENSEE without the prior written consent of UNIVERSITY, which consent shall not be unreasonably withheld; provided that LICENSEE may assign this Agreement to any purchaser or transferee of all or substantially all of LICENSEE'S business relating to proliferation dependent cytotoxic peptides upon prior written notice to UNIVERSITY.

X. ARBITRATION

At the request of either party, any controversy or claim arising out of or relating to this Agreement shall be settled by arbitration in Houston, Texas, in accordance with the then current Licensing Agreement Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) shall be binding on the parties and may be entered by either party in the court or forum, state or federal, having jurisdiction.

XI. PATENT MARKING

LICENSEE agrees to mark permanently and legibly all LICENSED PRODUCTS manufactured or sold by it under this Agreement with the number of each issued PATENT applicable thereto.

XII. INDEMNIFICATION

LICENSEE shall indemnify UNIVERSITY and SYSTEM from and against any claims, demands, or causes of action on account of any injury or death of persons or damage to property caused by, or arising out of, or resulting from, exercise or practice of the license granted hereunder; provided, however, that such obligation to indemnify UNIVERSITY and SYSTEM shall not extend to any claim, demand, or cause of action arising in favor of any person or entity, growing out of, incident to, or resulting directly or indirectly from negligence (whether sole, joint, or otherwise), of UNIVERSITY and SYSTEM or its officers, agents, representatives, or employees.

XIII. USE OF UNIVERSITY NAME

LICENSEE shall not use the name of the University of Texas System or any component institution in a commercial context without the express written consent of UNIVERSITY.

XIV. GENERAL

14.1 This Agreement, the Research Agreement of July 15, and the Confidential Disclosure Agreement of March 20, 1984 constitute the entire and only agreements between the parties relating to LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreement, and understandings are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

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

BOARD OF REGENTS
The University of Texas System
201 West 7th Street
Austin, Texas 78701

ATTN: System Intellectual Property
Office

or in the case of LICENSEE TO:

TRITON BIOSCIENCES INC.
1501 Harbor Bay Parkway
Alameda, California 94501

ATTN: John Cole

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

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

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

ATTEST:

TRITON BIOSCIENCES, INC.

Secretary

John F. Cole
President Res. Director.
January 3, 1985.

FORM APPROVED:

D. G. Roth Jr
General Counsel
University of Texas System

CONTENT APPROVED:

William C. Quinn
President
University of Texas Medical Branch
at Galveston

Executive Vice Chancellor
for Health Affairs, The University
of Texas System

Chancellor, The University
of Texas System

ATTEST:

THE BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM

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

Chairman, The Board of Regents, The
University of Texas System

ATTACHMENT A

UNIVERSITY PATENTS AND PATENT APPLICATIONS

<u>Country</u>	<u>Patent Number or Patent Application Serial No.</u>	<u>Date issued or filed</u>	<u>Inventor(s)</u>	<u>Title</u>
U.S.	SN 584,517	2/28/84	J. Edwin Blalock, Erie M. Smith and L. David Dion	An anticellular Peptide having Pituitary or Splenic origin.

100/c

6. U. T. Medical Branch - Galveston: School of Allied Health Sciences Advisory Council - Proposed Nominee Thereto (NO PUBLICITY UNTIL ACCEPTANCE IS RECEIVED).--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation of President Levin for approval of the nomination of Mrs. James L. Ware, Public Relations Consultant, Houston, Texas, to the School of Allied Health Sciences Advisory Council at the U. T. Medical Branch - Galveston to an unexpired term ending in 1987.

BACKGROUND INFORMATION

The nomination of Mrs. James L. Ware is to fill the unexpired term of Dr. Charles R. Brown. Dr. Brown resigned in September 1984, after taking a position at the University of Oklahoma in Oklahoma City, Oklahoma.

In accordance with usual procedures, no publicity will be given to this nomination until an acceptance is received and reported for the record at a subsequent meeting of the U. T. Board of Regents.

7. U. T. Cancer Center: Request for Permission for Individual to Become a Member of the National Cancer Advisory Board [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--

RECOMMENDATION

The Office of the Chancellor concurs with President LeMaistre's recommendation that approval be given for Dr. Louise C. Strong, Associate Geneticist and Associate Professor of Genetics, U. T. Cancer Center, to become a member of the National Cancer Advisory Board.

It is further recommended that the U. T. Board of Regents find that: (1) the holding of this position by Dr. Strong is of benefit to the State of Texas; and (2) there is no conflict between the position this individual holds and membership on the National Cancer Advisory Board.

BACKGROUND INFORMATION

Dr. Louise C. Strong, holder of the Sue and Radcliffe Killam Professorship, has been appointed by the President of the United States to serve as a member of the National Cancer Advisory Board. Dr. Strong's appointment expires March 9, 1990, and she will receive no remuneration other than a daily honorarium and travel expenses.

This recommendation 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.

8. U. T. Cancer Center: Proposed Appointment to the Alando J. Ballantyne Professorship of Head and Neck Surgery Effective March 1, 1985.--

RECOMMENDATION

The Office of the Chancellor concurs with the recommendation by President LeMaistre, U. T. Cancer Center, to appoint David L. Larson, M.D., as the first holder of the Alando J. Ballantyne Professorship of Head and Neck Surgery effective March 1, 1985.

BACKGROUND INFORMATION

Dr. Larson joined the faculty of the U. T. M.D. Anderson Hospital - Houston in 1978, after he received his medical degree from Louisiana State University, New Orleans, Louisiana. He completed a four-year residency in general surgery and otolaryngology at Baylor College of Medicine, Houston, Texas, followed by a plastic surgery residency at Indiana State University School of Medicine, Indianapolis, Indiana. He is certified by the American Board of Otolaryngology and by the American Board of Plastic Surgery. Dr. Larson's work on surgical reconstruction in the treatment of patients with cancer of the head and neck has become a model for this area of treatment and rehabilitation. He is heavily sought after for contributions to surgical oncology texts and is in demand as a teacher and advisor for institutions developing reconstructive surgical oncology programs. Dr. Larson is an appropriate recipient of this professorship which honors an outstanding head and neck surgeon, Dr. Alando J. Ballantyne.

The Alando J. Ballantyne Professorship of Head and Neck Surgery was established by the U. T. Board of Regents on April 14-15, 1983.

9. U. T. Cancer Center: Proposed Appointment to the Ann Rife Cox Chair in Gynecology Effective March 1, 1985, for a Term of Five Years.--

RECOMMENDATION

The Office of the Chancellor concurs with President LeMaistre's request that Creighton L. Edwards, M.D., be appointed as the initial holder of the Ann Rife Cox Chair in Gynecology, U. T. Cancer Center, effective March 1, 1985, for a term of five years. The Chair was established at the December 13-14, 1984 meeting of the U. T. Board of Regents. This appointment fulfills one of the terms of the endowment which stipulates that an appointment to the Chair be made within six months from the date it is established.

BACKGROUND INFORMATION

Dr. Edwards is a superb clinician, an outstanding educator, and an innovative researcher whose work and influence has profoundly improved management of gynecologic cancer. His leadership and preeminence is evidenced by many contributions to leading texts and reference books in his field, and he is in

demand as a consultant by physicians throughout Texas and the nation. He is respected by his colleagues and patients for his skill and deep compassion.

Dr. Edwards received his M.D. degree from the U. T. Southwestern Medical School - Dallas in 1960. After completion of internship and residency at Baylor University Medical Center, Dallas, Texas, and fellowship training in gynecologic oncology at U. T. M.D. Anderson Hospital - Houston, Dr. Edwards pursued a career within the U. T. System.

Buildings and Grounds Committee

BUILDINGS AND GROUNDS COMMITTEE

Date: February 14, 1985
Time: Following the meeting of the Health Affairs Committee
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>B&G</u>
<u>PART I: AGENDA ITEMS FOR ACTION</u>	
1. U. T. Austin - Chemical and Petroleum Engineering Building (Project No. 102-452) and Center for Electromechanics/Center for Energy Studies (Project No. 102-524): Request for Appropriations for Departmental Equipment	2
2. U. T. Austin - Power Plant Expansion (Project No. 102-554): Request for Approval of Final Plans for Phase III - Plant Construction and Installation of Equipment; Authorization to Advertise for Bids and for Executive Committee to Award Contract; and Additional Appropriation Therefor	3
3. U. T. Health Science Center - Dallas: Recommendation to Approve Lease Agreement with Howard Hughes Medical Institute, Miami, Florida	4
4. U. T. Health Center - Tyler - Biomedical Research Building (Project No. 801-583): Presentation of Preliminary Plans and Request for Authorization to Prepare Final Plans	43

PART I: AGENDA ITEMS FOR ACTION

1. U. T. Austin - Chemical and Petroleum Engineering Building (Project No. 102-452) and Center for Electromechanics/Center for Energy Studies (Project No. 102-524): Request for Appropriations for Departmental Equipment.--

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of President Flawn that the U. T. Board of Regents:

- a. Appropriate \$5,000,000 from Permanent University Fund Bond proceeds for departmental equipment for the Chemical and Petroleum Engineering Building on the main campus of U. T. Austin
- b. Appropriate \$9,500,000 from Permanent University Fund Bond proceeds for departmental equipment for the Center for Electromechanics/Center for Energy Studies at the U. T. Austin Balcones Research Center. This appropriation includes \$5,500,000 to replace operating funds which were authorized for prepurchase of equipment by the U. T. Board of Regents on October 11, 1984.

This item requires the concurrence of the Finance and Audit Committee.

BACKGROUND INFORMATION

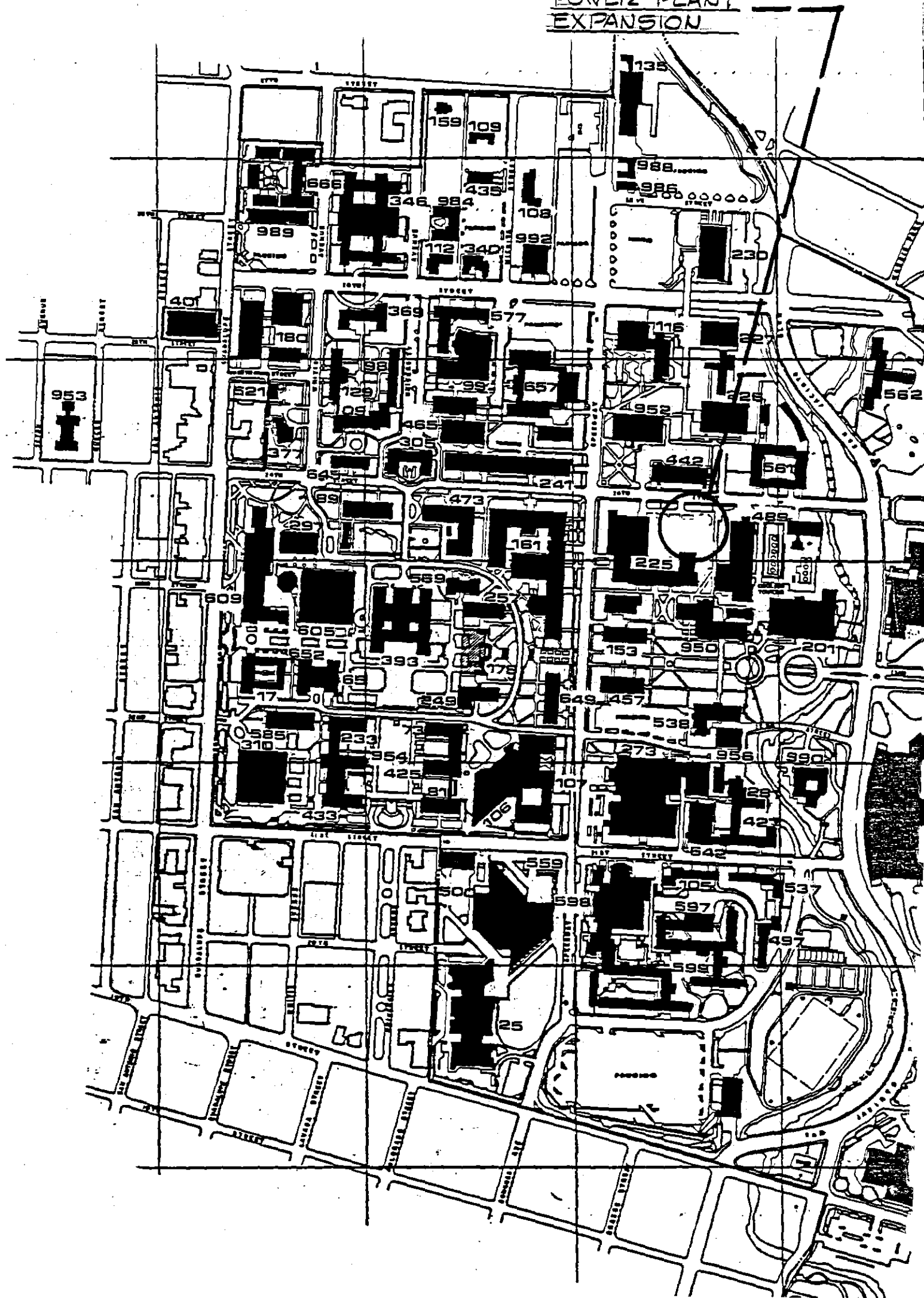
At the time the Chemical and Petroleum Engineering Building at U. T. Austin was authorized for bids at the October 8, 1982 meeting of the U. T. Board of Regents, the total project cost was estimated to be \$29,300,000 exclusive of departmental equipment. Following receipt of bids, President Flawn recommended that the U. T. Board of Regents approve a total project cost of \$23,215,513 exclusive of departmental equipment. This item was circulated via Executive Committee Letter No. 83-24 and subsequently ratified at the June 16, 1983 Board meeting. President Flawn indicated that deferral of equipment funding for approximately one year would permit bidding other projects under the favorable conditions which existed at that time. With the building scheduled for construction completion in November 1985, these equipment needs must now be addressed. A total departmental equipment allocation of \$5,000,000 is recommended for the project, providing \$2,500,000 each for equipment purchase for the Departments of Chemical Engineering and Petroleum Engineering.

At their October 11, 1984 meeting, the U. T. Board of Regents authorized allocation of \$5,500,000 in operating funds for the advance purchase of equipment for the Center for Electromechanics/Center for Energy Studies at U. T. Austin. This authorization provided for future reimbursement of the \$5,500,000 from Permanent University Fund Bond proceeds or the Available University Fund. This \$5,500,000 is part of the \$9,500,000 total appropriation for departmental equipment for the Center for Electromechanics/Center for Energy Studies.

U. T. AUSTIN

MAIN CAMPUS WEST SIDE
(BUILDING INDEX ON BACK)

POWER PLANT
EXPANSION



2. U. T. Austin - Power Plant Expansion (Project No. 102-554): Request for Approval of Final Plans for Phase III - Plant Construction and Installation of Equipment; Authorization to Advertise for Bids and for Executive Committee to Award Contract; and Additional Appropriation Therefor.--

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of President Flawn that the U. T. Board of Regents:

- a. Approve the final plans and specifications for the Power Plant Expansion Phase III - Plant Construction and Installation of Equipment at U. T. Austin at an estimated project cost of \$10,972,565
- b. Authorize the Office of Facilities Planning and Construction to advertise for bids following completion of final review
- c. Authorize the Executive Committee to award a construction contract within the authorized project cost
- d. Appropriate \$9,858,905 from the Building Revenue Bonds, Series 1983, issued to fund the Power Plant Expansion at U. T. Austin, to complete total project funding. Previous appropriations have been \$18,614,000 from the same source and \$255,000 from Pooled Interest on Bond Proceeds and Other Construction Funds.

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents on June 16, 1983, final plans and specifications for the Power Plant Expansion Phase III - Plant Construction and Installation of Equipment have been completed by the Project Engineer, Power Systems Engineering, Inc., Houston, Texas.

Phase I of the Power Plant Expansion provided for early purchase of major equipment. This equipment has been contracted for and will be delivered at the appropriate time for installation. The project cost of Phase I was \$15,800,000.

Phase II of the project includes upgrading Harris Substation and construction of a new electrical duct bank between the substation and the Power Plant at a project cost of \$1,955,340. This work is under construction and is scheduled for completion in April 1985.

The remaining Phase III includes construction of facilities to house the Power Plant Expansion and the installation of pre-purchased equipment at an estimated project cost of \$10,972,565.

The estimated total project cost for all three phases of the Power Plant Expansion is \$28,727,905 and is funded from the sale of Building Revenue Bonds.

3. U. T. Health Science Center - Dallas: Recommendation to Approve Lease Agreement with Howard Hughes Medical Institute, Miami, Florida.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to approve a lease agreement as set out on Pages B&G 5 - 42 by and between the U. T. Board of Regents, for and on behalf of The University of Texas Health Science Center at Dallas, and the Howard Hughes Medical Institute, Miami, Florida.

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

The lease agreement with Howard Hughes Medical Institute will result in the location of research facilities of the Institute on two floors of the new Cecil and Ida Green Biomedical Research Building, U. T. Health Science Center - Dallas. The Institute will pay rentals equal to the cost of adding a floor to the building and refitting another floor for Institute use. Estimated total cost is \$3,039,700, but the Institute is bound to pay costs up to \$3,500,000. Upon execution by the U. T. Board of Regents and the Board of Trustees of the Institute, the Institute will make an initial payment of \$3,000,000. In addition, the Institute will pay all operational utility costs and a pro rata share of ordinary maintenance and support service costs.

At the December 13-14, 1984 meeting of the U. T. Board of Regents, approval was given to complete the seventh floor and modification of the fourth floor of the Cecil and Ida Green Biomedical Research Building. This authorization allows the Howard Hughes Medical Institute to occupy two floors of that building.

A proposed affiliation agreement between the U. T. Board of Regents on behalf of the U. T. Health Science Center - Dallas and the Howard Hughes Medical Institute is outlined in Item 2, Page HAC 2.

LEASE AGREEMENT

This LEASE AGREEMENT, made as of the 1st day of January, 1985, by and between the HOWARD HUGHES MEDICAL INSTITUTE ("Institute") and THE UNIVERSITY OF TEXAS SYSTEM for and on behalf of THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT DALLAS ("University"), is made with reference to the following matters:

WHEREAS, the Institute is a not-for-profit corporation existing under the laws of the State of Delaware, directly engaged in the active conduct of medical research in conjunction with hospitals; and

WHEREAS, the University is an agency existing under the constitution and laws of the State of Texas, maintaining facilities at the University of Texas Health Science Center at Dallas, Texas, which Center includes the University's Southwestern Medical School and the following teaching hospitals affiliated with it: Parkland Memorial Hospital, Children's Hospital and Veterans Memorial Hospital-South Dallas ("Medical Center");

WHEREAS, the Institute and University propose to cooperate closely in the active conduct of medical research in conjunction with the aforementioned hospitals at the Medical Center in furtherance of their respective corporate purposes;

WHEREAS, the University is presently constructing, and improving a new medical research building known as the Cecil and Ida Green Biomedical Research Building ("Building"), owned by it at the Medical Center; and

WHEREAS, in conjunction with the commencement of their cooperative efforts it is desired that the University make available to the Institute, on the basis hereinafter provided, certain space in the Building for the conduct of the Institute's medical research programs at the Medical Center in conjunction with the aforementioned hospitals.

NOW, THEREFORE, the parties mutually agree and provide as follows:

ARTICLE I

EXTENT OF LEASEHOLD

The University hereby demises and leases to the Institute, and the Institute hereby leases from the University, upon the terms and conditions set forth in this Lease Agreement, the entirety of the Fourth and Fifth Floors of the Building, aggregating approximately 51,200 gross square feet of space, and which are more fully described in Exhibit "1" attached hereto and incorporated herein ("Premises").

ARTICLE II

TERM OF AGREEMENT AND LEASEHOLD

The term of this Lease Agreement shall commence as of the date first above written and extend throughout the leasehold term, as hereinafter provided, including any extension thereof. The leasehold term shall commence on the date of completion by the University of the Building and all initial alteration, improvement and other construction of the Premises as may be required pursuant to Paragraph V-B, and issuance of a certificate of occupancy by all governmental agencies having cognizance of the Buildings and the Premises (or upon the occupancy of the Premises by the Institute, should this occur before completion or issuance of a certificate of occupancy), and shall continue for a period of forty (40) years from the later of said dates, unless extended or earlier terminated in accordance with the provisions of this Lease Agreement (hereinafter "Leasehold Term").

ARTICLE III

OPTION TO EXTEND TERM

Except as provided herein, the Institute shall have the right and option to extend the term of this Lease Agreement for one (1) or two (2) additional periods of five (5) years each by election in the manner hereinafter pre-

scribed. The Institute may exercise its right with respect to either or both of said additional periods by giving notice thereof in writing at least six (6) months prior to the then scheduled term end (including any renewal or extension theretofore made). The amount of rent applicable during any additional or extended term and the terms of payment of such amount shall be a fair market value rental for comparable space and circumstances determined by negotiation between the parties. In the event that the parties are unable to agree upon such amount and terms within a period of ninety (90) days following the notice referred to above, then the Institute shall elect by giving written notice either (a) to continue occupancy on the same terms and conditions of this Lease Agreement except as to (i) term (5 or 10 years) and (ii) Lease Payment (5/40ths or 10/40ths of the amount for the initial forty (40) year term) or (b) to rescind its notice to extend. The Institute may not exercise its right and option to extend the term of this Lease Agreement at any time when all of the following circumstances should obtain: (i) the Institute shall be in default of performance of any covenant contained in this Lease Agreement; (ii) the University shall have given specific written notice to the Institute of such default, as provided in Article XVIII; and (iii) the Institute shall

have failed to cure the default (or to comply substantially with any such alternative proposal) within the reasonable period specified in said notice; however, in the event that a timely notice of exercise shall have been given by the Institute at a time when all of the circumstances enumerated in the immediately preceding sentence shall be applicable, and any of such circumstances ceases to apply thereafter during the existing term, such exercise shall nevertheless be effective.

ARTICLE IV

RENTAL

A. The Institute shall pay a rent to the University for the use of the Premises. Rent for the initial Leasehold Term (excluding only such additional period or periods said term may be extended pursuant to Article III of this Lease Agreement) shall be determined and paid in accordance with the provisions of Paragraph IV-B. Rent for any additional period shall be as provided in accordance with the provisions of Article III.

B. Rent for the initial Leasehold Term shall be paid in the amounts, in accord with the schedules and subject to the adjustments as follows:

1. Three Million Dollars (\$3,000,000) upon execution and delivery of this Lease Agreement.

2. All payments made pursuant to Subparagraphs IV-B-1 or IV-B-3 (together with all income received or credited thereon) shall be placed and held by the University pursuant to its usual procedures regarding deposit of its own cash balances, but treated for accounting purposes as a separate account thereof ("HHMI Account") and, until otherwise required in accordance with this Lease Agreement, shall be invested and reinvested by the University in Qualified Investments as defined hereinafter. The term Qualified Investments shall mean (i) obligations issued or unconditionally guaranteed by the government of the United States of America, (ii) certificates of deposit, banker's acceptances or interest-bearing deposit accounts of any domestic bank or trust company which has a combined capital surplus at the time of the investment of at least \$100,000,000 and (iii) any other investment which the parties may mutually agree upon in writing. The University shall cause the Institute to be provided with periodic statements (no less than quarterly) of the HHMI Account reflecting current status and description of all transactions during the period. All investment income and gain on principal shall be credited to

the HHMI Account. The following items may be charged to and paid from the HHMI Account:

(a) All ordinary, reasonable and necessary costs or losses relative to the making of Qualified Investments (but neither the University nor any agent shall charge to or be entitled to receive from HHMI Account any investment advisory, management or similar fee relative to the Qualified Investments unless the Institute shall expressly agree thereto in advance and in writing);

(b) Appropriate charges on account of construction, improvement and other related costs with respect to construction of the Premises, including without limitation architectural design and drawings, licenses, plans, specifications, contractor and construction expenses, engineering, architects' and other professional fees, and all expenses contemplated by Paragraph V-B, but only to the extent that the said costs shall relate exclusively to the costs of either (i) change orders relative to the Fourth floor space (currently estimated at \$339,000), or (ii) finishing approximately 24,856 gross square feet of space on the Seventh floor of the Building to the same specifications as the Fourth floor space, or (iii) adding extra

elevator and extra air handlers, or (iv) modifying mechanical penthouse (items (ii), (iii), and (iv) currently estimated at \$2,700,700 in the aggregate), or (iii) such other costs and expenses as the parties shall agree in writing. The Institute shall have the right to review, and to approve in advance of commitment for payment (as to items not heretofore committed or paid already) all major elements but shall not unreasonably withhold or delay giving its approval unless the aggregate of all actual and then estimated costs chargeable to the HHMI Account would exceed the present estimate of \$3,039,700;

(c) All charges on account of the Institute's fair share of expenses for utilities or services pursuant to Article VII; and

(d) Any other charges or payments as the parties may agree upon in writing.

3. An additional amount or amounts to be determined and paid in accordance with Subparagraph IV-B-2 and this Subparagraph IV-B-3 which, in light of the aggregate of all other amounts paid by or credited to the account of the Institute pursuant to this Paragraph IV-B, will equal the remaining unfunded portion of the Institute's equitable prorata share of the cost of constructing and

improving the Premises as contemplated hereby (presently estimated to be \$3,039,700, determined as provided in Subparagraph IV-B-2). In the event and to the extent that (i) the total cost of developing, constructing and improving the Premises paid or incurred by the University as contemplated by this Lease Agreement and chargeable to the HHMI Account shall exceed (ii) the aggregate of all sums theretofore paid by the Institute or credited to the HHMI Account pursuant to this Paragraph IV-B, and (iii) the aggregate of all actual and then estimated costs chargeable to the HHMI Account for construction of and improvement to the Premises does not exceed \$3,039,700 (or such higher amount as has been approved and authorized in writing by the Institute), then the Institute shall make such additional payment to the University as may be necessary to cover the shortfall within thirty (30) days of notice from the University substantiating the need therefor; provided, however, that the aggregate of all amounts required to be paid by the Institute pursuant to this Paragraph IV-B (without regard to any net income or gain credited to the Institute on account of Subparagraph IV-B-2) shall not exceed \$3,500,000 without execution by the parties of a formal written amendment to this Lease Agreement.

4. The aggregate of all amounts paid or required to be paid as rent pursuant to the foregoing provisions of this Paragraph IV-B (excluding all amounts which have been or may be disbursed from the HHMI Account pursuant to Subparagraph IV-B-2(c)) shall be referred to as the Lease Payment. Except as specifically provided in Paragraph XII-B, the Lease Payment shall be non-refundable.

C. In addition to the foregoing, the Institute shall pay to the University such amounts as may be determined in accordance with Article VII.

ARTICLE V

ALTERATIONS AND IMPROVEMENTS

A. All initial or subsequent construction, alteration and improvement of the Premises shall be made pursuant to such terms and conditions as are provided hereinbelow or as may otherwise be agreed upon from time to time in writing by the parties.

B. The University shall construct the Premises and make all initial alterations and improvements to the Premises for the Institute pursuant to construction drawings, specifications and contracts, prepared by an architect and approved by the parties. The University shall bear the cost of all such construction, initial alterations and improvements of said Premises.

C. After commencement of the Leasehold Term and completion of all initial construction, alteration and improvement, the Institute shall have the right to make additional alterations and improvements, and to install fixtures, at the Premises, provided that it shall first obtain the written consent of the University, which consent shall not be unreasonably delayed or withheld. The Institute shall bear the cost of all such additional alterations and improvements of and installation of fixtures at, said Premises. Any additional alteration, improvement or installation of fixtures made pursuant hereto shall be deemed to have a useful life of ten (10) years for purposes of this Lease Agreement, and the "residual value" of said improvements (as that term is referred to in Article XII) shall be determined by depreciating the costs thereof, on a straight-line basis, over a ten (10) year period.

D. It is understood and agreed that in making any construction, alteration or improvement pursuant to this Lease Agreement, the University and the Institute (and their respective agents, employees, contractors and subcontractors) shall each be acting as principal, and not as an agent of or for the other. To the fullest extent permitted by law, each shall indemnify, defend and hold the other harmless from and against any and all claims arising out of

any construction, alteration or improvement made hereunder as a result of acts or omissions of said party, its agents, employees, contractors and subcontractors.

ARTICLE VI

REMOVABLE PROPERTY AND EQUIPMENT

A. At all times during the term of this Lease Agreement, and during the ninety (90) days next following termination, the Institute shall have the right to remove any or all improvements, fixtures and equipment of every kind and nature whatsoever which the Institute theretofore has caused to be placed or installed upon the Premises. It is expressly understood and agreed that any and all machinery, tools, devices (including environmentally controlled rooms or modules), appliances, furniture, furnishings, equipment and supplies of every kind and nature theretofore so caused to be placed or installed by the Institute in or at the Premises shall, as between the University and the Institute, be deemed to be and remain the property of the Institute, notwithstanding that the same are or may be attached, affixed or annexed to the floors, walls, ceilings or any other parts of the Premises. The Institute shall repair, at its own expense, all damage to the Premises as may result from any such removal.

B. In the event that, upon termination of this Lease Agreement, the Institute shall desire to sell any or all of the property referred to hereinabove, the Institute shall extend to the University the privilege of the first right of purchase of said property by giving notice in writing to the University which the University may accept by giving written notice thereof to the Institute within thirty (30) days from the date of the Institute's notice. In such event, the purchase price shall be the then current appraised market value of said property, to be determined by mutual agreement or by an independent appraiser mutually acceptable to the University and the Institute, whose fees and expenses will be shared equally. The aforementioned privilege is personal to the University and may not be assigned without the Institute's consent. In addition, at termination of this Lease Agreement the University may require removal, at Institute expense, of any trade fixtures which have not been purchased from the Institute and no longer serve the purposes of the University. Unless the parties shall have agreed otherwise, all property left upon the Premises by the Institute beyond ninety (90) days following termination of this Lease Agreement shall become the exclusive property of the University.

ARTICLE VII

UTILITIES AND SERVICES

A. The University shall provide heat, air conditioning, electricity, light, power, water, janitorial, elevator and security services and, subject to Article VIII hereof, maintenance services with respect to the Premises.

B. The parties recognize that use of the Premises by the Institute for its active conduct of medical research will require the maintenance of an environment compatible with the highest of professional standards found at the Medical Center, and the Institute will require general support services beyond those basic utilities and services provided for elsewhere in this Lease Agreement. During the term of this Lease Agreement, the University shall provide such services, which include without limitation human subjects review, radiation, biohazard and carcinogen safety, as the Institute shall request and undertake to pay the equitable prorata share of the University's actual cost therefor as agreed by the parties.

C. The Institute shall reimburse the University for its pro rata share of the University's actual costs for providing all services, based upon (a) the ratio of gross square footage in the Premises and the Building in the case of air conditioning, heat, electricity, light, power, water,

janitorial, elevator, security and maintenance services, and (b) the standard charges made to other departments of the University with respect to the support and equipment services referred to in Paragraph VII-B hereof. The University will provide statements of such actual costs or its best estimates therefor where such actual costs are not finally determinable (indicating the Institute's pro rata share) to the Institute on a monthly basis or at such other intervals as convenient to the University but not more frequently than monthly, and the Institute will reimburse the University in full pursuant to such statement within thirty (30) days of the receipt thereof (to the extent that the HHMI Account is without sufficient funds to satisfy said statement). In the event that estimated costs are used, the University shall provide the Institute with an actual cost statement as soon as practicable, and in no event later than ninety (90) days following the close of its accounting year, which statement shall also reflect any charge or credit to be accounted for between the parties on account of any discrepancy between estimated and actual costs.

ARTICLE VIII

MAINTENANCE

The University shall be responsible for the proper maintenance and repair of the basic structure of the Building in which the Premises is located, including stairwells and common areas, exterior walls, windows, roof, exterior brick, stone and metal work, foundations, water storage tanks, all components of central heating, ventilation and air conditioning systems, hot and cold water lines and systems, gas and electrical systems, outside lighting, sewage waste lines and systems, fire alarm systems, elevators, floors and all other components of the Premises which are not specifically agreed by the parties to be the responsibility of the Institute. The Institute shall reimburse the University for the University's costs and expenses in connection with any and all damages arising from any willful or negligent acts or omissions of the Institute or its personnel which adversely affect the maintenance of the Premises.

ARTICLE IX

USE OF PREMISES

The Institute shall enjoy exclusive use and quiet possession of the Premises as a research laboratory and

office facility for the purpose of active conduct of medical research. The Institute shall not use or occupy, or permit the Premises to be used or occupied, in any unlawful manner or for any illegal purpose, and shall take all reasonable precautions as may be necessary to eliminate any nuisance or hazard created by the operation of activities within the Premises.

ARTICLE X

ACCESS TO PREMISES

The Institute shall permit the University's duly authorized agents to enter upon the Premises at any reasonable time and with reasonable notice for any purpose necessary to the performance of the University's obligations hereunder and for the purpose of inspecting and making repairs at the Premises. The Institute's employees, agents, contractors, licensees and invitees shall have right of ingress and egress to and from the Premises during all hours when the Building is open, and at any other time by special arrangement with the University's Dean of the Southwestern Medical School.

ARTICLE XI

DESTRUCTION OR TAKING OF PREMISES

A. If the Premises are wholly or partially destroyed by fire, explosion or other casualty or are wholly or partially taken by any governmental authority, and the University does not within one hundred eighty (180) days thereafter restore the Premises to the condition existing prior to such fire, explosion, other casualty or taking (or provide alternative space or make other arrangements acceptable to the Institute), then the Institute may terminate this Lease Agreement by written notice to the University; provided, however, that the University shall have an additional one hundred eighty (180) days to complete restoration and the Institute may not exercise its termination rights so long as the University commences restoration promptly within the initial one hundred eighty (180) day period referred to hereinabove and proceeds with due diligence towards completion.

B. Rent accruing pursuant to this Lease Agreement (and payment for expenses pursuant to Article VII which are not based on actual usage by the Institute) shall abate for the period from the occurrence of the damage or taking to the completion of restoration or the provision of alternative space ("Abatement Period"), by the same percentage

that the area of the part of the Premises the use of which is denied to the Institute is to the total area of the Premises; and the initial or extended Leasehold Term shall be extended for a period of days equal to the number of days of the Abatement Period. In no event shall the Institute be required to make any additional payment under this Lease Agreement by reason of any construction, alteration, repair or restoration by the University pursuant to this Article XI.

ARTICLE XII

SURRENDER OF PREMISES

A. Upon expiration of the Leasehold Term, or any earlier termination of this Lease Agreement, the Institute shall surrender the Premises in the same condition as received (or as the same may have been altered or improved pursuant to this Lease Agreement) except for (a) reasonable wear and tear, (b) removal of property and equipment pursuant to Article VI, and (c) damage by fire, civil disorder, the elements, acts of God, or by any other circumstances over which the Institute has no control.

B. Within ninety (90) days following any surrender of the Premises by the Institute upon any termination permitted by this Lease Agreement, the University shall

refund and pay to the Institute (i) that portion of the Lease Payment corresponding to the amount thereof that would be deemed unearned on the date of such termination if the Lease Payment were accrued and credited in equal monthly installments on the first day of each month throughout the first twenty-five (25) years of the Leasehold Term (excluding any month which includes an Abatement Period); (ii) an amount equal to the "residual value", as of the date of such surrender, of those alterations and improvements made pursuant to Paragraph V-C of this Lease Agreement, and (iii) any remaining balance in the HHMI Account. In the event of a termination by the Institute pursuant to Article XIX, the Institute shall not be entitled to any refund on account of the Lease Payment (clause "(i)" above).

C. Notwithstanding any other provision of this Article XII, the University shall not be required to maintain any funded reserve or otherwise secure the payment of any potential liability under this Lease Agreement. In the event and to the extent of a termination of this Lease Agreement by the Institute under circumstances that the University would be required to refund and pay to the Institute an amount on account of the Lease Payment (Subparagraph XII-B(i)), then in lieu of the lump sum payment provided in Paragraph XII-B the University may

elect, by giving written notice to the Institute within sixty (60) days following the Institute's surrender of the Premises, to pay such amount in periodic installments commencing on the date for payment specified in Paragraph XII-B and extending over some period of time not to exceed the lesser of (a) twenty-five (25) years or (b) the remainder of the original Leasehold Term (determined as if there had been no termination), together with interest (payable quarterly) on the unpaid balance at a fair and appropriate rate to be agreed upon by the parties (or failing agreement, at a rate equal to the applicable discount rate then charged to member banks of the Federal Reserve System (determined as of the first business date of each payment period), plus two (2) percentage points).

D. Within ninety (90) days following the conclusion of the first year of the Leasehold Term, and annually thereafter during the term of this Lease Agreement, the University shall render to the Institute a memorandum showing (a) the portion of the Lease Payment which would be refundable to the Institute pursuant to Paragraph XII-B were the Premises to be surrendered on the date of such statement, (b) the "residual value", as of the date of such memorandum, of any improvements made under Paragraph V-C of this Lease Agreement, and (c) the balance, if any, in the HHMI Account.

ARTICLE XIII

TAXES

The Institute and the University, as non-profit and charitable institutions, are generally exempt from payment of ad valorem or other taxes based upon ownership, rental or occupancy of real property. In the event that any governmental entity should assert or contend that this Lease Agreement may create a possessory interest subject to property taxation and that the Institute may be subject to the payment of such taxes, the Institute agrees to pay prior to delinquency any taxes that may be lawfully levied; provided, however, that the Institute may contest any assessment of such taxes and, in such event, the University shall furnish all necessary cooperation and data appropriate to prosecute such contest by the Institute.

ARTICLE XIV

LIENS

Each party shall keep the Premises and the property in which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by or at the instance of said party.

ARTICLE XV
INDEMNIFICATION BY THE INSTITUTE
AND THE UNIVERSITY

A. Except as otherwise provided in this Lease Agreement, the Institute shall indemnify and hold harmless the University, its officers, employees and agents, from any and all liability, loss, cost or obligation, including without limitation reasonable attorneys' fees and expenses, on account of, or arising out of any injury or death to persons, or damage to property from whatever cause, while in or on the Premises, or in any way connected with occupancy by the Institute of the Premises or with the improvements or personal property thereon or therein, including any liability for injury or death to persons or property of the Institute, its officers, employees and agents, but excluding any injury, death or damage caused by the willful or negligent acts or omissions of the University, its officers, employees or agents.

B. To the fullest extent permitted by law, the University shall indemnify and hold harmless the Institute, its officers, employees and agents, from any and all liability, loss, cost or obligation, including without limitation reasonable attorneys' fees and expenses, on account of, or arising out of any injury, death or property

damage caused by the willful or negligent acts or omissions of the University, its officers, employees or agents.

ARTICLE XVI

INSURANCE

The Institute shall maintain comprehensive general liability insurance or self-insurance to cover the acts and omissions of its officers, employees and agents during the term of this Lease Agreement, said coverage for bodily injury and property damage shall at all times be at least One Million Dollars (\$1,000,000) combined single limit per person per occurrence. The University shall be self-insured as to bodily injury and property damage at such coverage levels and subject to such conditions as provided for by the laws of the State of Texas. Upon request each party shall furnish the other with a copy of policies or other evidence of insurance coverage, and shall give at least thirty (30) days' written notice before any such insurance is cancelled or changed with respect to parties, coverage or limits of liability, except as such coverages may be altered by the laws of the State of Texas.

ARTICLE XVII

USE OF OTHER FACILITIES AND EQUIPMENT

The University acknowledges that in connection with cooperation among the University, its affiliated hospitals and the Institute in the active conduct of medical research, the Institute shall be permitted reasonable access to and use of various laboratory and other facilities and equipment not leased or owned by the Institute. During the Leasehold Term, the University shall (a) make available to the Institute the use of such facilities and equipment, without charge other than as may be provided in Articles IV and VII of this Lease Agreement, and (b) be given reasonable access to the Premises and Institute laboratory facilities and equipment thereat, all in accordance with applicable policy and procedures of the University or the Institute, as the case may be.

ARTICLE XVIII

DEFAULT REMEDY

In the event of any default in performance of any covenant contained in this Lease Agreement, the aggrieved party shall notify the defaulting party regarding the particulars of such default in writing, which writing shall designate a reasonable period of time (but at least thirty

(30) days) for the cure of such default (or if the aggrieved party so chooses, for the accomplishment of an alternative proposal described therein which shall be acceptable to said party as grounds for waiver of default). If the defaulting party shall have failed to cure the default (or to comply substantially with any such alternative proposal) identified in such notice within such reasonable period following said notice, and such failure shall affect adversely the reasonable expectation of the aggrieved party as to a material right, benefit or protection under this Lease Agreement, then such aggrieved party may, in addition to and not in lieu of any other remedy otherwise available in the Premises, terminate the Leasehold Term and this Lease Agreement by giving written notice thereof to the other party during the unresolved pendency of such default, in which case such termination shall occur on the date stated in said notice.

ARTICLE XIX

ELECTION TO TERMINATE

The University and the Institute may each elect to terminate the Leasehold Term and this Lease Agreement to be effective as of June 30 of any calendar year after 1995 by giving to the other party written notice thereof at least one (1) year prior to the effective date of such termination.

ARTICLE XX

AFFILIATION AGREEMENT

The parties hereto contemplate the formulation and execution of an Affiliation Agreement between them providing a framework for their cooperation in academic and research activities and regarding aspects of the Institute's personnel and research activities at the Premises. Notwithstanding any contrary provision of this Lease Agreement, the Leasehold Term shall not commence unless and until the parties shall have executed such an Affiliation Agreement; if the parties shall not have executed such an Affiliation Agreement prior to March 31, 1985, or if such an Affiliation Agreement be executed and thereafter at any time be voided or otherwise terminated in accordance with its terms without a new Affiliation Agreement having been executed or for a material and irremediable breach, then either party may terminate this Lease Agreement upon giving ninety (90) days written notice thereof; in such case, this Lease Agreement shall terminate at the end of such ninety (90) day period (or such earlier or later date as the parties may agree) unless such Affiliation Agreement shall have been executed before the effective date of such termination.

ARTICLE XXI

MISCELLANEOUS

A. Amendments or Modifications. This instrument embodies all of the agreements between the parties hereto regarding the subject matter hereof, and no oral agreements or correspondence shall be held to vary the provisions hereof. Any subsequent changes and modifications shall become effective only by a written instrument duly executed by the University and the Institute.

B. Attorneys' Fees. In the event the University or the Institute brings suit against the other in a court of competent jurisdiction to enforce the rights under this Lease Agreement, the prevailing party shall recover from the other reasonable attorneys' fees to be fixed by the court to the fullest extent permitted by law.

C. Time of the Essence. Time limits in this Lease Agreement are strictly observed.

D. Assignment and Subletting. Neither party shall assign this Lease Agreement or sublet the premises, in whole or in part, without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed provided that the purposes of such occupancy shall be consistent with the character and nature of the activities of the Institute and the University. In lieu of giving

any such approval, the University shall have the right, exercisable within thirty (30) days following its receipt of a writing setting forth the particulars of such proposed arrangement, to commit the University and acquire for its own use and benefit, the same space upon the same terms and conditions as so specified. Such right shall be exercised, if at all, by delivery to the Institute of a written notice thereof on or before said thirtieth day.

E. Successors and Assigns. Subject to the provisions hereof regarding assignment and subletting, this Lease Agreement shall bind and benefit the legal representatives, successors and assigns of the original parties.

F. Non-Waiver of Breach. The failure of either party to insist upon strict performance of any of the terms of this Lease Agreement in any one or more instances shall not be construed to be a waiver or relinquishment of any such rights or provisions, but the same shall remain in full force and effect.

G. Law Applicable. The laws of the State of Texas shall govern this Lease Agreement.

H. Rules. The Institute agrees to comply with (a) all applicable laws and regulations of each government and governmental agency having jurisdiction over it and its activities at the Premises, and (b) all rules, regulations,

research policies and practices promulgated from time to time by the University and generally applicable to a party in the position of the Institute with respect to operations on the Premises, excepting any University rule, regulation, policy or practice which conflicts or is inconsistent with any provision of this Lease Agreement or of applicable law.

I. Notices. All notices under this Lease Agreement shall be effective only if made in writing and delivered by personal service or certified mail, as follows:

To the University: President
 University of Texas Health Science
 Center at Dallas
 5323 Harry Hines Boulevard
 Dallas, Texas 75235.

To the Institute: Administrator
 Howard Hughes Medical Institute
 Post Office Box 330837
 Coconut Grove, Florida 33133.

By notice given as hereinabove provided, the Institute and the University may each change the address to which notice hereunder shall thereafter be sent, add persons who shall be given a copy of any notice, or delete persons who shall be given such a copy.

J. Additional Documents. Upon reasonable request therefor by the other party, each party shall execute, acknowledge and deliver all additional instruments and documents which may be necessary or desirable to

effectuate more fully the consummation or memorialization of this Lease Agreement (including any amendments thereto), or which may effectuate or confirm operation of this Lease Agreement, or the status of the Premises, the Building or the parties. Such instruments or documents may include, without limitation: (1) memorandum of lease for recordation; (2) confirmation of completion of construction, alterations or improvements, costs attendant thereto, or amortization of such costs; (3) confirmation of commencement or termination of the Leasehold Term or surrender of Premises; and (4) estoppel certificates.

K. Execution. This Lease Agreement shall be executed in two (2) counterparts, each of which, when executed, shall be an original.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be signed by their respective

officers thereunto duly authorized as of the day and year
first above written.

Approved as to content: THE UNIVERSITY OF TEXAS SYSTEM

By _____ By _____

Approved as to form:

By _____
Office of General Counsel,
The University of Texas System

HOWARD HUGHES MEDICAL INSTITUTE

By _____
Kenneth E. Wright
Administrator

STATE OF TEXAS)
)
COUNTY OF _____) ss.

THIS IS TO CERTIFY that on this ____ day of _____, 1985, before me personally appeared _____ to me known to be the _____ of The University of Texas System and acknowledged the said instrument to be the free and voluntary act and deed of said The University of Texas System, as duly approved by The Board of Regents of The University of Texas System, for the uses and purposes therein mentioned, and on oath stated he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public

STATE OF FLORIDA)
)
COUNTY OF DADE) ss.

THIS IS TO CERTIFY that on this _____ day of _____, 1985, before me personally appeared Kenneth E. Wright, to me known as the Administrator of Howard Hughes Medical Institute and acknowledged the said instrument to be the free and voluntary act and deed of said Howard Hughes Medical Institute, as duly approved by the Trustees of said Howard Hughes Medical Institute, for the uses and purposes therein mentioned, and on oath stated he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public in and for the
State of Florida, residing at

HOWARD HUGHES MEDICAL INSTITUTE
THE UNIVERSITY OF TEXAS, DALLAS, TEXAS

Exhibit "1" to Lease Agreement

Dated as of January 1, 1985

The Building is located at:
See site map annexed (1-A).

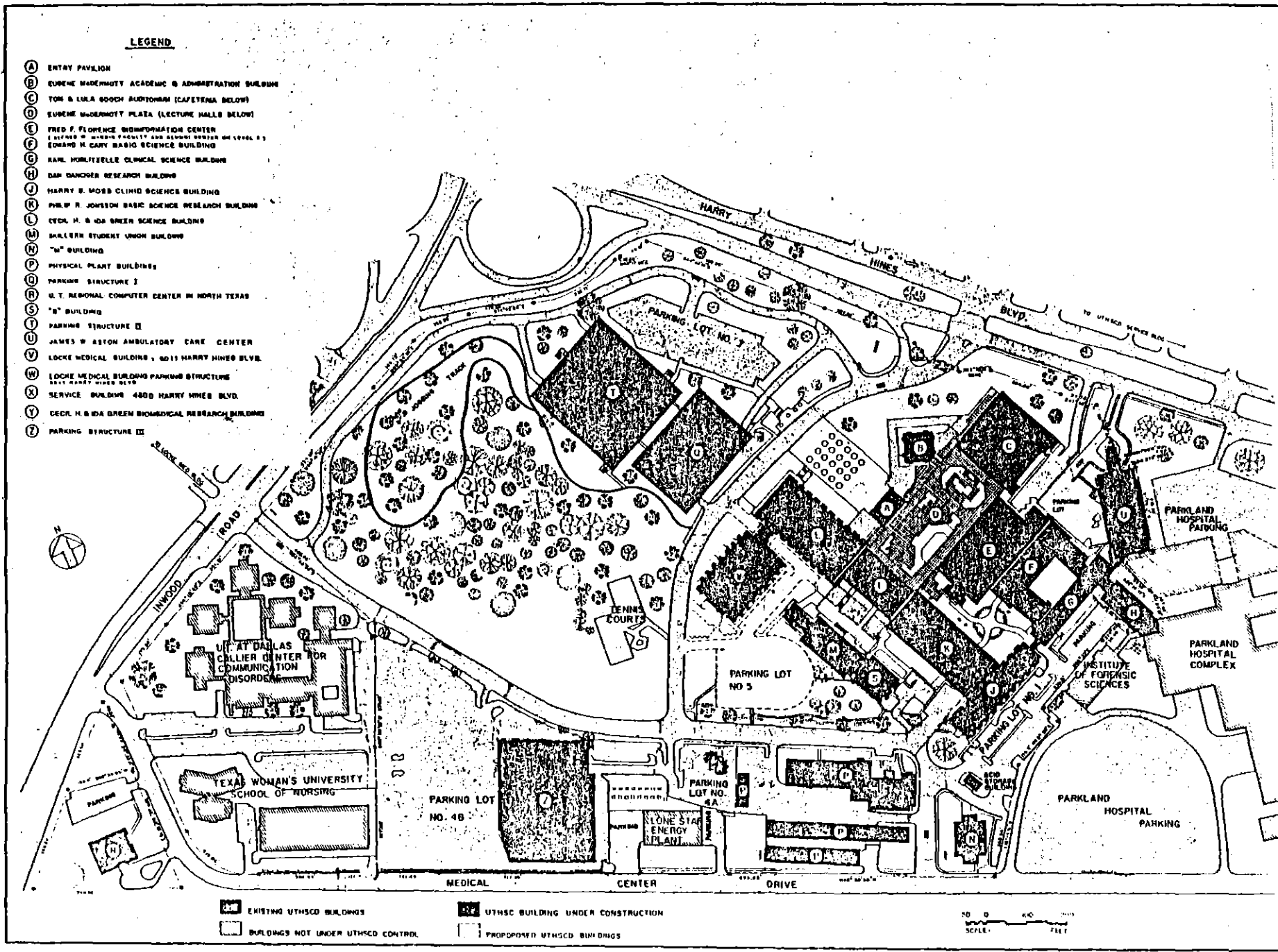
The Premises are as depicted on the floor plans
annexed hereto as 1-B and 1-C.

EXHIBIT "1"

SET/HMJ15


LEGEND

- (A) ENTRY PAVILION
- (B) EUGENE MADERMOTT ACADEMIC & ADMINISTRATION BUILDING
- (C) TOM & LULA BOOTH AUDITORIUM (CAFETERIA BELOW)
- (D) EUGENE MADERMOTT PLAZA (LECTURE HALLS BELOW)
- (E) FRED F. FLORENCE INFORMATION CENTER
- (F) EDWARD H. BROWN FACILITY AND SEMINAR CENTER ON LEVEL 4
- (G) EDWARD H. CARY BASIC SCIENCE BUILDING
- (H) RALPH WOLFFSTELLE CLINICAL SCIENCE BUILDING
- (I) DAN DANCOER RESEARCH BUILDING
- (J) HARRY E. MOSS CLIND SCIENCE BUILDING
- (K) PHILIP R. JOHNSON BASIC SCIENCE RESEARCH BUILDING
- (L) CYCLO H. & IDA SMIZER SCIENCE BUILDING
- (M) SHALERTN STUDENT UNION BUILDING
- (N) "N" BUILDING
- (O) PHYSICAL PLANT BUILDINGS
- (P) PARKING STRUCTURE I
- (Q) U. T. REMONAL COMPUTER CENTER IN NORTH TEXAS
- (R) "R" BUILDING
- (S) PARKING STRUCTURE II
- (T) JAMES W. ASTON AMBULATORY CARE CENTER
- (U) LOCKE MEDICAL BUILDING, 4011 HARRY HINES BLVD.
- (V) LOCKE MEDICAL BUILDING PARKING STRUCTURE 1011 HARRY HINES BLVD.
- (W) SERVICE BUILDING, 4800 HARRY HINES BLVD.
- (X) DOCT. H. & IDA GREEN BIOMEDICAL RESEARCH BUILDING
- (Y) PARKING STRUCTURE III



EXISTING UTHSC BUILDINGS
 UTHSC BUILDING UNDER CONSTRUCTION
 BUILDINGS NOT UNDER UTHSC CONTROL
 PROPOSED UTHSC BUILDINGS

0 200 400 800
 FEET
 SCALE: 1" = 400'

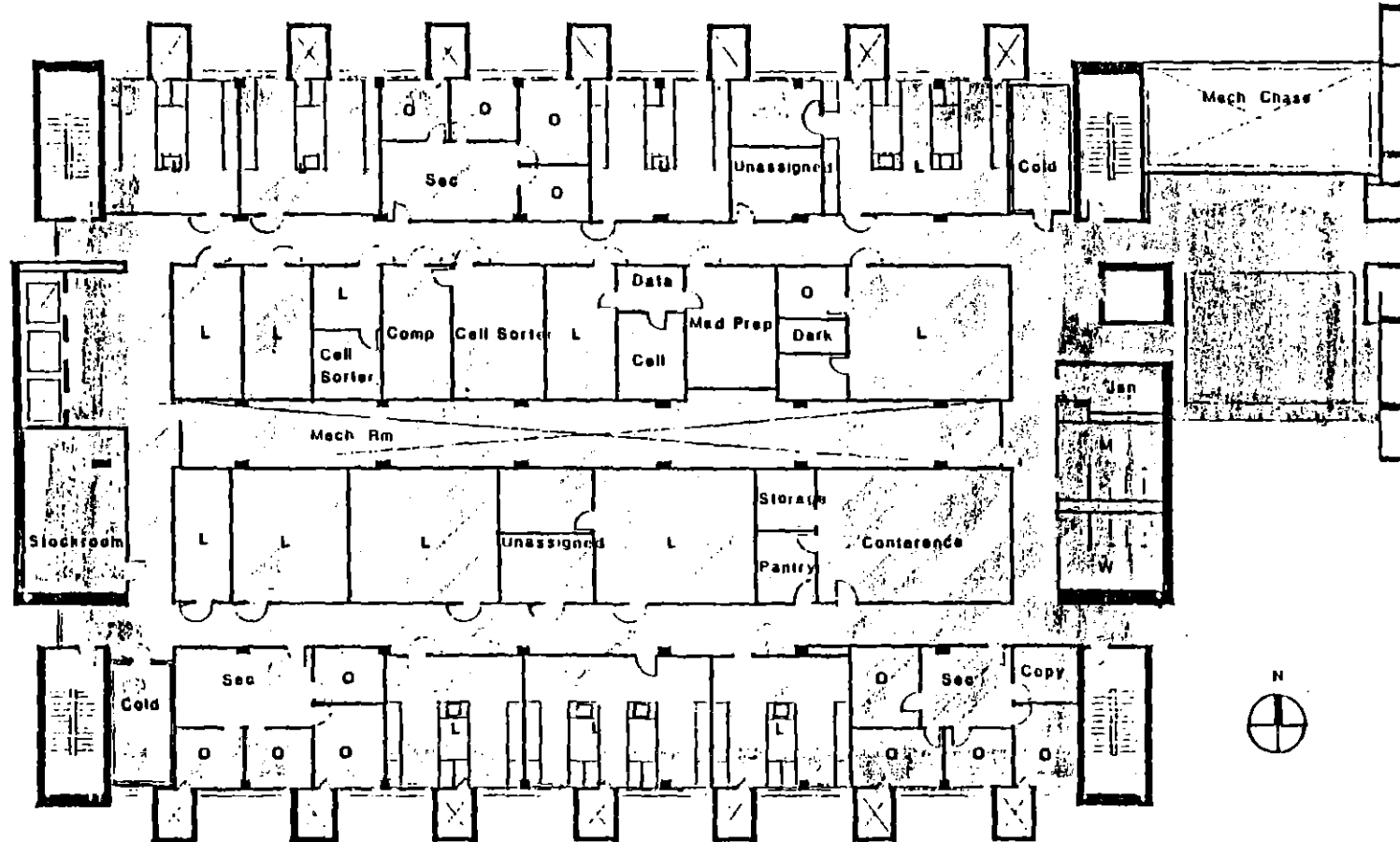


**THE UNIVERSITY OF TEXAS
HEALTH SCIENCE CENTER AT DALLAS
DEPARTMENT OF PHYSICAL PLANT**

DESIGNED BY	REVIEWED AND ISSUED	DATE	SITE PLAN THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT DALLAS DEPARTMENT OF PHYSICAL PLANT
CREATED BY	DESCRIPTION	DATE	
DRAWING NO. 10-10-17 DATE 10-1-78			
SHEET NO. 1			

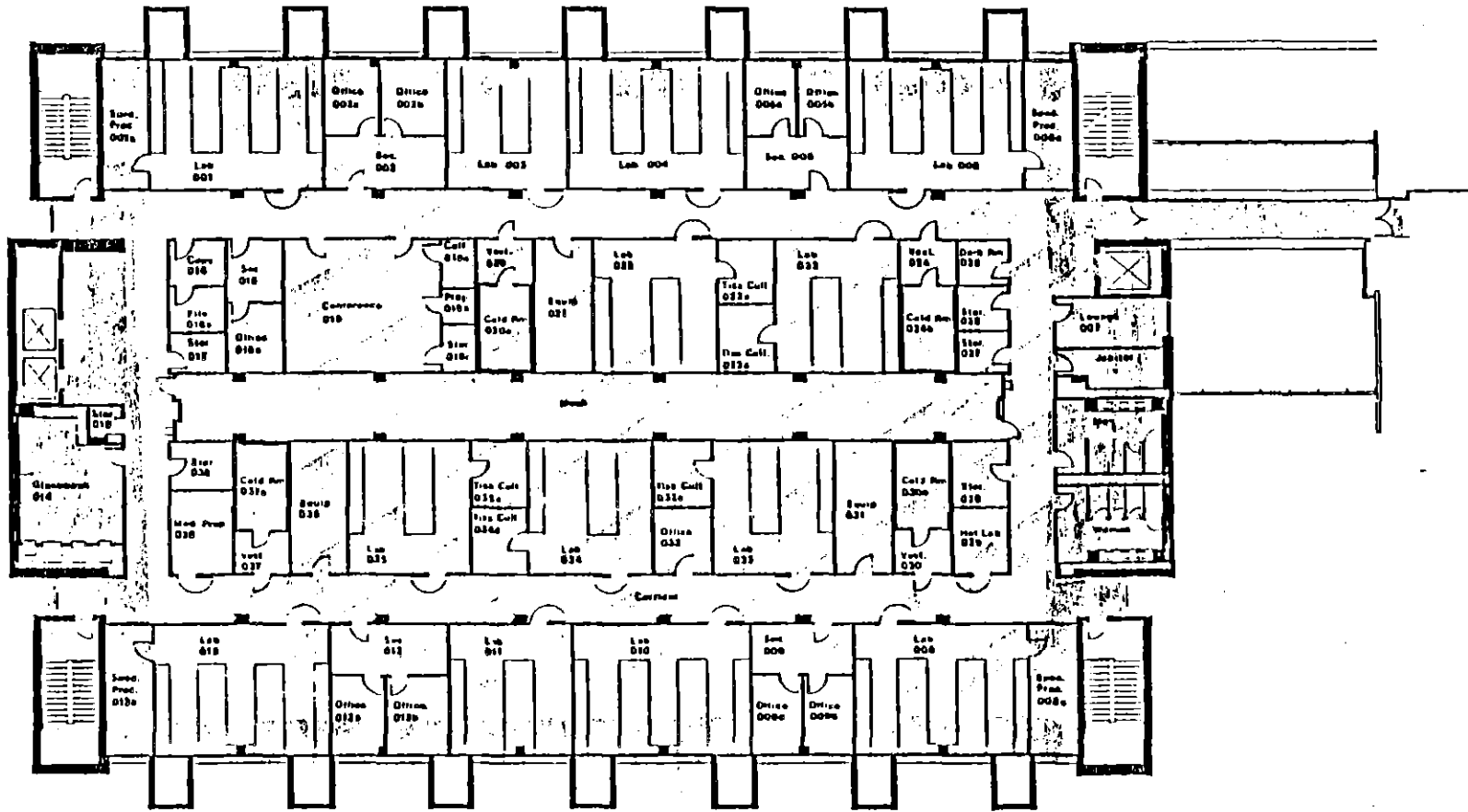
I-A

B&G - 40



4th Floor Plan

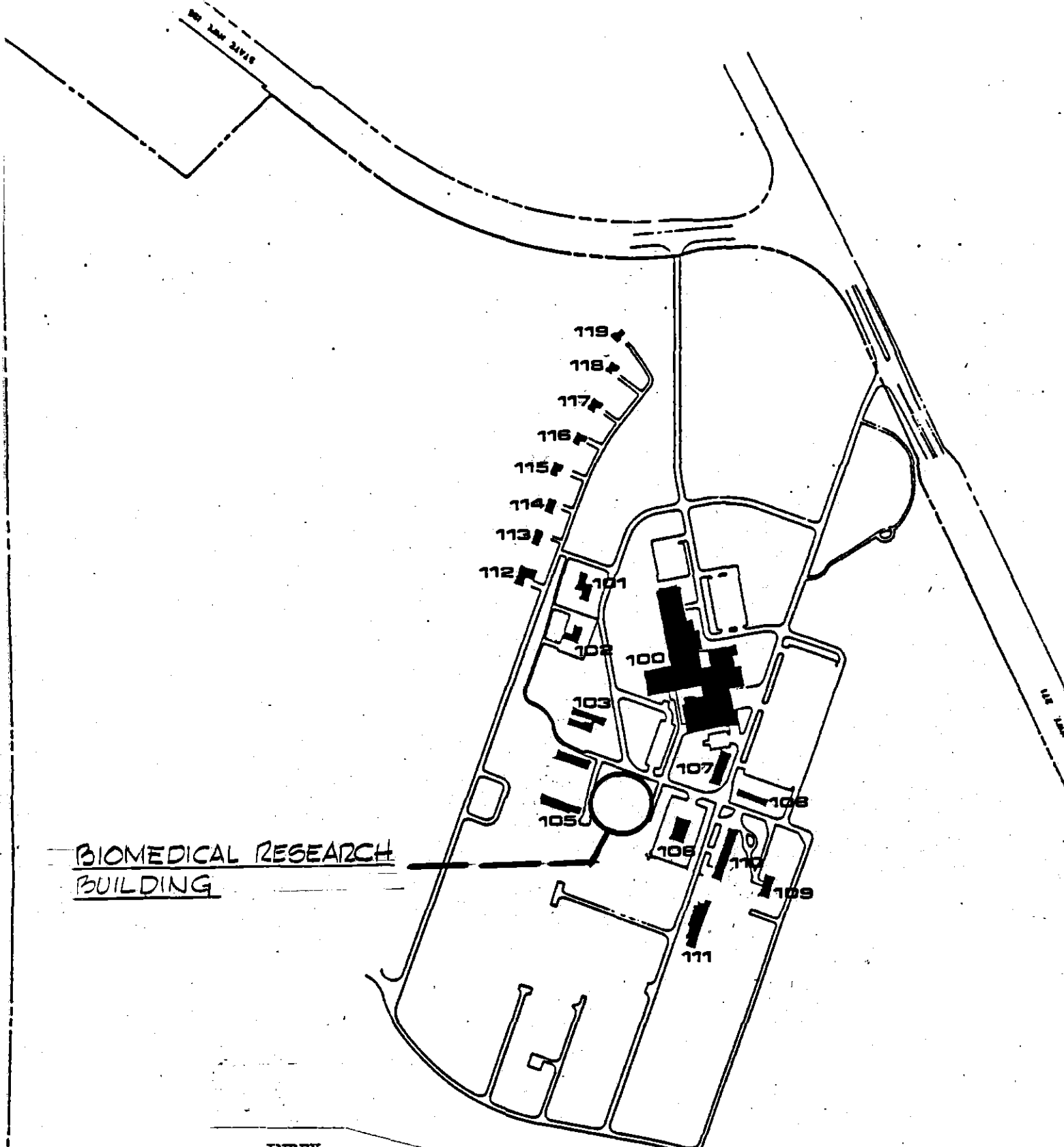
Dallas, Texas



5th Floor Plan

Dallas, Texas

U. T. HEALTH CENTER AT TYLER



BIOMEDICAL RESEARCH
BUILDING

INDEX

- 100 Main Building
- 101 Dept. of Experimental Pathology/Environmental Science
- 102 Tyler Asbestos Worker and Texas Chest Foundation Bldg.
- 103 Depts. of Occupational Therapy, Clinical Studies and Medical Computing Building
- 104 Classroom, Lab & Animal Resource Fac.
- 105 Storage Building
- 106 Motor Pool and Storage Shed
- 107 Supply Warehouse
- 108 Warehouse
- 109 Boiler House
- 110 General Shop & Maintenance Bldg.
- 111 Laundry Building
- 112 Duplex
- 113 Employee Residence
- 114 Employee Residence
- 115 Employee Residence
- 116 Employee Residence
- 117 Employee Residence
- 118 Student Housing
- 119 Employee Residence

4. U. T. Health Center - Tyler - Biomedical Research Building (Project No. 801-583): Presentation of Preliminary Plans and Request for Authorization to Prepare Final Plans.--

RECOMMENDATIONS

The Office of the Chancellor concurs with the recommendations of Director Hurst that the U. T. Board of Regents:

- a. Approve the preliminary plans and specifications for the Biomedical Research Building at the U. T. Health Center - Tyler at an estimated total project cost of \$8,990,275
- b. Authorize the Project Architect to prepare final plans and specifications to be presented to the U. T. Board of Regents for consideration at a future meeting

BACKGROUND INFORMATION

In accordance with authorization of the U. T. Board of Regents on June 14, 1984, preliminary plans and specifications for the Biomedical Research Building at the U. T. Health Center - Tyler have been prepared by the Project Architect, Simons-Clark Associates, Tyler, Texas.

This new facility will provide research laboratories with adjoining offices and common areas for equipment, support facilities, administrative offices, and meeting rooms. The total floor area covered by this project is approximately 70,000 gross square feet with an estimated construction cost of \$7,560,000 resulting in an average unit cost of \$108.00 per square foot.

This project was approved by the Coordinating Board, Texas College and University System on July 19, 1984.

Funds in the amount of the estimated total project cost of \$8,990,275 have been previously appropriated from Unexpended Plant Funds.

Land and Investment Committee

LAND AND INVESTMENT COMMITTEE

Date: February 14, 1985
Time: Following the meeting of the Buildings and
Grounds Committee
Place: Regents' Meeting Room, Ninth Floor, Ashbel Smith Hall

	<u>Page</u> <u>L&I</u>
<u>PART I: AGENDA ITEMS FOR ACTION</u>	
<u>I. Permanent University Fund</u>	
<u>Investment Matters</u>	
Report on Clearance of Monies to Permanent University Fund for November and December 1984, and Report on Oil and Gas Devel- opment as of December 31, 1984	7
<u>II. Trust and Special Funds</u>	
<u>Gifts, Bequests and Estates</u>	
U. T. ARLINGTON	
1. Recommendation to Accept Transfer of Funds to Establish the H. A. D. Dunsworth Scholarship	8
U. T. AUSTIN	
2. Recommendation to Accept Gift and Pledge to Establish the R. H. Bing Fellowship in Mathematics in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program (No Publicity)	8
3. David Bruton, Jr. Charitable Trust - Recommendation to Accept Gift and Pledge to Establish the David Bruton, Jr. Regents Professorship in Liberal Arts in the College of Liberal Arts and Establish the David Bruton, Jr. Regents Professorship in Fine Arts in the College of Fine Arts with Matching Funds Under The Regents' Endowed Teachers and Scholars Program	9
4. C. L. and Henriette F. Cline Centen- nial Fellowship in the Humanities in the College of Liberal Arts - Recommendation to Redesignate as the C. L. and Henriette F. Cline Centennial Visiting Professorship in the Humanities	9

5. The First Cockrell Family Centennial Fellowship in Engineering in the College of Engineering - Recommendation to Redesignate as the Charlotte Maer Patton Centennial Fellowship in Engineering 10
6. Recommendation to Accept Gifts and Pledges to Establish the Faculty Fellowship in Classical Archaeology in the College of Liberal Arts and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program 10
7. Foley's/Sanger Harris Centennial Professorship in Retail Merchandising in the College of Business Administration and the Graduate School of Business - Recommendation to Redesignate Use of Previously Approved Matching Funds Under The Centennial Teachers and Scholars Program and Dissolve the Foley's Centennial Fellowship in Retail Merchandising and the Sanger Harris Centennial Fellowship in Retail Merchandising 11
8. Recommendation to Accept Gifts and Pledges to Establish the Harwell Hamilton Harris Teaching Fellowship in Architecture in the School of Architecture and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program 11
9. John A. and Katherine G. Jackson Centennial Teaching Fellowship in Geological Sciences in the College of Natural Sciences - Recommendation to Accept Gift and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program 12
10. Recommendation to Accept Gift to Establish The Lorene Morrow Kelley Lectureship in the College of Natural Sciences and Establish The Lorene Morrow Kelley Lectureship in Molecular Biology in the College of Natural Sciences with Matching Funds Under The Regents' Endowed Teachers and Scholars Program (No Publicity) 12
11. Recommendation to Accept a Bequest from the Estate of Mrs. Susan Taylor McDaniel to Establish the Susan Taylor McDaniel Regents Professorship in Creative Writing in the College of Liberal Arts and Establish a Second Susan Taylor McDaniel Regents Professorship in Creative Writing in the College of Liberal Arts with Matching Funds Under The Regents' Endowed Teachers and Scholars Program 13

12. Recommendation to Accept Gifts to Establish The George and Diana Sharpe Perinatal Lectureship in the School of Nursing and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program 13
13. Recommendation to Establish Twelve Endowed Chairs in the College of Engineering and Sixteen Endowed Chairs in the College of Natural Sciences with Previously Accepted Gifts and Pledges and Matching Funds Under The Regents' Endowed Teachers and Scholars Program 14
14. Jack S. Josey Chair in Science in the College of Natural Sciences - Recommendation to Redesignate as the Jack S. Josey-Welch Foundation Chair in Science 16
15. Recommendation to Redesignate the Liddell, Sapp, Zivley, Brown & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law as the Liddell, Sapp, Zivley & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law and the Vinson, Elkins, Weems, and Searls Professorship in Law as the Vinson & Elkins Professorship in Law Both in the School of Law 17
16. Joe C. Thompson Centennial Professorship in Marketing in the College of Business Administration and the Graduate School of Business - Recommendation to Redesignate as the Joe C. Thompson Centennial Professorship in Retail Management 17
17. Recommendation to Accept Gift to Establish the Art Appreciation Endowed Scholarship in Museum Education in the College of Fine Arts 18
18. Recommendation to Accept Gift and Pledge to Establish the George W. Bean Endowed Scholarship in Engineering in the College of Engineering 18
19. Recommendation to Accept Gifts and Pledges to Establish the C. W. Besserer Memorial Endowed Presidential Scholarship for Mechanical Engineers in the College of Engineering 19
20. Recommendation to Accept Gift to Establish the CBA Century Club Unrestricted Endowment Fund in the College of Business Administration and the Graduate School of Business 19
21. Recommendation to Accept Gift and Pledge to Establish the Florence Durrett Endowed Presidential Scholarship in the College of Liberal Arts 20

	<u>Page</u> <u>L&I</u>
22. Recommendation to Accept Gifts and Pledges to Establish The 1984-85 Graduate Business Students' Endowed Presidential Scholarship in the Graduate School of Business	20
23. Recommendation to Accept Gift to Establish the John W. Hultz Memorial Scholarship in the College of Business Administration and the Graduate School of Business	20
24. Recommendation to Accept Transfer of Funds to Establish the F. Earl Ingerson Graduate Research Assistance Fund in Geochemistry in the College of Natural Sciences	21
25. Recommendation to Accept Transfer of Funds to Establish the Barbara Jordan Fund in the Lyndon B. Johnson School of Public Affairs	21
26. Recommendation to Accept Gift to Establish (a) the Marian Royal Kazen Endowed Presidential Scholarship in Art in the College of Fine Arts, (b) Two Darrell Royal Endowed Presidential Scholarships in Women's Athletics, (c) the Darrell Royal Endowed Presidential Scholarship in Men's Athletics, and (d) Four Unrestricted Darrell Royal Endowed Presidential Scholarships	22
27. Recommendation to Accept Gift to Establish the Sylvia Shapiro Scholarship in the School of Social Work	22
28. Recommendation to Accept Gifts and Pledges to Establish Five Endowment Funds in the College of Engineering	23
U. T. EL PASO	
29. Recommendation to Accept Gift to Establish the Carl A. Beers Memorial Presidential Scholarship Fund	24
30. Recommendation to Accept Transfer of Funds to Establish the Library Excellence Endowment Fund	24
31. Recommendation to Accept Gift of Securities and Pledge to Endow The Frank and Polly Ann Morrow Outstanding International Student Award	25
U. T. SAN ANTONIO	
32. Recommendation to Accept Gift to Establish the Alamo City Building Owners and Managers Association, Inc./Charlotte Rainford Memorial Scholarship	25

33. Recommendation to Accept Gifts and Pledge to Establish the Elmo James Burke, Jr. Chair in Management of Building/Development in the College of Business and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 26
34. Recommendation to Accept Gift to Establish The Governor's Club Scholarship Endowment in the College of Business 26
- U. T. TYLER
35. Recommendation to Accept Gift to Establish the Richard T. Cowan Presidential Endowed Scholarship 27
36. Recommendation to Accept Gift to Establish the Betty Jo and Dub Riter Presidential Endowed Scholarship 27
37. Recommendation to Accept Gift to Establish the Bob and Lou Rogers Endowed Academic Scholarship 27
38. Recommendation to Accept Gift of Securities and Pledges to Establish the Mary John and Ralph Spence Distinguished Professorship Endowment Fund 28
- U. T. HEALTH SCIENCE CENTER - DALLAS
39. (U. T. Southwestern Medical School - Dallas): Fouad A. Bashour Chair in Cardiovascular Physiology - Recommendation to Accept Additional Gift and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 28
40. (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gift and Pledge to Establish the William Kemp Clark Chair of Neurological Surgery and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 29
41. (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gift to Establish the Visiting Professorship Program in Human Nutrition and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity) 29
42. (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gift to Establish the Lou and Ellen McGinley Lectureship in Psychiatric Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 30

43. (U. T. Southwestern Medical School - Dallas): Robert L. Moore Professorship in Pediatrics - Recommendation to Accept Additional Gifts and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 30
- U. T. MEDICAL BRANCH - GALVESTON
44. Recommendation to Accept a Gift and Transfer of Funds to Establish the Stephen R. Lewis, M.D. Professorship in Plastic Surgery and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 31
- U. T. HEALTH SCIENCE CENTER - HOUSTON
45. (U. T. Dental Branch - Houston): Jack R. Winston Lectureship in Restorative Dentistry - Recommendation to Redesignate as the Jack R. Winston Visiting Professorship in Cosmetic and Restorative Dentistry 32
- U. T. HEALTH SCIENCE CENTER - SAN ANTONIO
46. Recommendation to Accept Gifts and Pledge to Establish the Hugo A. Auler Professorship of Psychiatry and Eligibility for Matching Funds Under the Texas Eminent Scholars Program 32
- U. T. CANCER CENTER
47. (U. T. M.D. Anderson Hospital - Houston): Recommendation to Accept Transfer of Funds to Establish the H. E. B. Fellowship in Cancer Research 33

PART I: AGENDA ITEMS FOR ACTION

I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTERS

Report on Clearance of Monies to Permanent University Fund for November and December 1984, and Report on Oil and Gas Development as of December 31, 1984.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for November and December 1984, and (b) Oil and Gas Development as of December 31, 1984, are submitted by the Executive Director for Investments and Trusts:

Permanent University Fund	November, 1984	December, 1984	Cumulative Through December of This Fiscal Year (1984-1985)	Cumulative Through December of Preceding Fiscal Year (1983-1984)	Per Cent Change
Royalty					
Oil	\$ 8,151,209.05	\$ 9,862,084.32	\$35,767,233.28	\$35,661,996.88	0.30%
Gas	2,510,026.62	2,584,542.34	9,913,631.32	13,518,033.39	(26.66%)
Sulphur	10,000.00	52,907.76	82,907.76	30,000.00	
Water	11,138.89	8,173.53	150,508.56	204,135.44	
Brine	8,039.94	5,565.46	31,871.21	91,136.29	
Rental					
Oil and Gas Leases	27,121.75	41,785.35	320,489.55	151,868.59	
Other	(100.00)	(68.04)	731.96	600.00	
Sale of Sand, Gravel, Etc.	1,260.00	3,438.00	7,671.25	5,531.00	
Gain or (Loss) on Sale of Securities	(297,650.97)	3,017,293.29	3,829,954.06	7,851,360.81	
Sub-Total	<u>10,421,045.28</u>	<u>15,575,722.01</u>	<u>50,104,998.95</u>	<u>57,514,662.40</u>	(12.88%)
Bonuses					
Oil and Gas Lease Sales	-0-	-0-	-0-	7,006,200.00	
Amendments and Extensions to Mineral Leases	-0-	96,187.70	221,844.75	209,418.56	
Total Bonuses	<u>-0-</u>	<u>96,187.70</u>	<u>221,844.75</u>	<u>7,215,618.56</u>	
TOTAL CLEARANCES	<u>\$10,421,045.28</u>	<u>\$15,671,909.71</u>	<u>\$50,326,843.70</u>	<u>\$64,730,280.96</u>	(22.25%)

Oil and Gas Development - December 31, 1984
Acreage Under Lease - 853,856

Number of Producing Acres - 556,707

Number of Producing Leases - 2,237

II. TRUST AND SPECIAL FUNDS

GIFTS, BEQUESTS AND ESTATES

1. U. T. Arlington: Recommendation to Accept Transfer of Funds to Establish the H. A. D. Dunsworth Scholarship.--

RECOMMENDATION

The Office of the Chancellor concurs with President Nedderman's recommendation to accept a transfer of \$20,000 in current restricted funds from U. T. Arlington representing contributions from various donors to establish the H. A. D. Dunsworth Scholarship in the Department of Mathematics.

Income earned from the endowment will be used to provide scholarships in the \$100 to \$500 range for one or more undergraduate students in the Department of Mathematics who demonstrate exceptional academic performance. The recipient(s) will be selected by a five-member faculty committee from the Department of Mathematics.

BACKGROUND INFORMATION

Mr. H. A. D. Dunsworth, deceased, was a student, faculty member, and administrator at U. T. Arlington. He served as Coach, Athletic Director, Chairman of the Mathematics Department, and Acting Dean when U. T. Arlington was Arlington State College. He assisted in founding the Ex-Letterman's Association and was involved with the Alumni Association in many capacities, including president.

2. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the R. H. Bing Fellowship in Mathematics in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$10,000 gift and \$40,000 pledge, payable prior to August 31, 1987, for a total of \$50,000 from the Vaughn Foundation Fund, Houston, Texas, to establish the R. H. Bing Fellowship in Mathematics in the College of Natural Sciences at U. T. Austin.

It is further recommended that the gift and pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program. In accordance with the donor's wishes, a designation for use of the matching allocation will be made at a later time.

BACKGROUND INFORMATION

Dr. R. H. Bing, the Mildred Caldwell and Baine Perkins Kerr Centennial Professor of Mathematics, received a M.Ed. in 1938, and a Ph.D. in 1945 from U. T. Austin. He joined the faculty in 1942 as an Instructor of Mathematics and served as Chairman of the Department of Mathematics from 1975 to 1977. Dr. Bing will retire effective August 31, 1985.

Mr. James M. Vaughn, Jr., Trustee of the Vaughn Foundation Fund and The Vaughn Foundation, is a 1961 U. T. Austin graduate, a member of The Chancellor's Council, and the College of Natural Sciences Foundation Advisory Council.

NO PUBLICITY

3. U. T. Austin: David Bruton, Jr. Charitable Trust - Recommendation to Accept Gift and Pledge to Establish the David Bruton, Jr. Regents Professorship in Liberal Arts in the College of Liberal Arts and Establish the David Bruton, Jr. Regents Professorship in Fine Arts in the College of Fine Arts with Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$115,000 gift and \$85,000 pledge, payable prior to December 1985, for a total of \$200,000 from the David Bruton, Jr. Charitable Trust, Dallas, Texas, to establish the David Bruton, Jr. Regents Professorship in Liberal Arts in the College of Liberal Arts at U. T. Austin.

It is further recommended that the gift and pledge, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to establish the David Bruton, Jr. Regents Professorship in Fine Arts in the College of Fine Arts.

BACKGROUND INFORMATION

Mr. David Bruton, Jr., a 1953 U. T. Austin graduate, died on December 30, 1979. His Will established the David Bruton, Jr. Charitable Trust with assets from his residuary estate. Income is distributed to eight designated organizations at the discretion of the trustees of the Trust.

A full report regarding the Trust with supporting details was presented to the U. T. Board of Regents at their meeting on May 29-30, 1980.

4. U. T. Austin: C. L. and Henriette F. Cline Centennial Fellowship in the Humanities in the College of Liberal Arts - Recommendation to Redesignate as the C. L. and Henriette F. Cline Centennial Visiting Professorship in the Humanities.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to redesignate the C. L. and Henriette F. Cline Centennial Fellowship in the Humanities in the College of Liberal Arts at U. T. Austin as the C. L. and Henriette F. Cline Centennial Visiting Professorship in the Humanities. The current endowment balance is in excess of \$200,000.

This recommendation is being made in accordance with the donor's request to bring in visitors of recognized expertise in their respective fields who will hold the position for periods of time as circumstances warrant.

BACKGROUND INFORMATION

The C. L. and Henriette F. Cline Centennial Fellowship in the Humanities was established at the June 16-17, 1983 meeting of the U. T. Board of Regents and matching funds were allocated to double the endowment for a total of \$203,072.33. This funding includes \$100,098.50 in gifts from Dr. and Mrs. Cline and matching funds.

Professor Emeritus Cline and Mrs. Cline are both U. T. Austin graduates and have been active supporters of U. T. Austin for over fifty years.

5. U. T. Austin: The First Cockrell Family Centennial Fellowship in Engineering in the College of Engineering - Recommendation to Redesignate as the Charlotte Maer Patton Centennial Fellowship in Engineering.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to redesignate the first Cockrell Family Centennial Fellowship in Engineering in the College of Engineering at U. T. Austin as the Charlotte Maer Patton Centennial Fellowship in Engineering.

This recommendation is being made in accordance with the donor's request.

BACKGROUND INFORMATION

Seven Cockrell Family Centennial Fellowships in Engineering were established with matching funds under The Centennial Teachers and Scholars Program at the February 10-11, 1983 U. T. Board of Regents' meeting. These matching funds were allocated to match gifts from The Cockrell Foundation.

This fellowship is being named in memory of Charlotte Maer Patton, a dear friend of Mrs. Virginia H. Cockrell. Mrs. Patton, who died in July 1983, was a Life Member of The Ex-Students' Association.

6. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the Faculty Fellowship in Classical Archaeology in the College of Liberal Arts and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept gifts in the amount of \$36,613.66 and pledges in the amount of \$14,500, payable prior to August 31, 1987, for a total of \$51,113.66 from various donors to establish the Faculty Fellowship in Classical Archaeology in the College of Liberal Arts at U. T. Austin.

It is further recommended that the gifts and pledges, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to double the endowment of the fellowship.

BACKGROUND INFORMATION

Fund-raising efforts are continuing and the donors expect to raise a total of at least \$100,000 in gift funds. When that fund goal is realized, the donors will request to redesignate the fellowship as a professorship and name it to honor a specific individual.

7. U. T. Austin: Foley's/Sanger Harris Centennial Professorship in Retail Merchandising in the College of Business Administration and the Graduate School of Business - Recommendation to Redesignate Use of Previously Approved Matching Funds Under The Centennial Teachers and Scholars Program and Dissolve the Foley's Centennial Fellowship in Retail Merchandising and the Sanger Harris Centennial Fellowship in Retail Merchandising.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to redesignate \$100,000 in previously approved matching funds under The Centennial Teachers and Scholars Program to double the endowment of the Foley's/Sanger Harris Centennial Professorship in Retail Merchandising in the College of Business Administration and the Graduate School of Business at U. T. Austin. These matching funds were previously designated to establish the Foley's Centennial Fellowship in Retail Merchandising and the Sanger Harris Centennial Fellowship in Retail Merchandising with \$50,000 each. This redesignation will dissolve the two fellowships.

This recommendation is being made at the donor's request.

BACKGROUND INFORMATION

The Foley's/Sanger Harris Centennial Professorship in Retail Merchandising was established at the August 12-13, 1982 U. T. Board of Regents' meeting by gifts to The Business School Foundation, an external foundation. Matching funds were allocated to establish the Foley's Centennial Fellowship in Retail Merchandising and the Sanger Harris Centennial Fellowship in Retail Merchandising. The U. T. Board of Regents will continue to hold the matching funds.

8. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the Harwell Hamilton Harris Teaching Fellowship in Architecture in the School of Architecture and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept gifts in the amount of \$52,275 and pledges in the amount of \$2,500, payable prior to August 31, 1987, for a total of \$54,775 from various donors to establish the Harwell Hamilton Harris Teaching Fellowship in Architecture in the School of Architecture at U. T. Austin.

It is further recommended that the gifts and pledges, as received, be matched under The Regents' Endowed Teachers and Scholars Program and used to double the endowment of the teaching fellowship.

BACKGROUND INFORMATION

Friends and associates of Mr. Harwell Hamilton Harris are funding this teaching fellowship in honor of his contributions to contemporary American residential architecture. Mr. Harris was director of the Department of Architecture at U. T. Austin from 1951 to 1955.

9. U. T. Austin: John A. and Katherine G. Jackson Centennial Teaching Fellowship in Geological Sciences in the College of Natural Sciences - Recommendation to Accept Gift and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$25,000 gift from Mr. and Mrs. John A. Jackson, Dallas, Texas, for addition to the John A. and Katherine G. Jackson Centennial Teaching Fellowship in Geological Sciences in the College of Natural Sciences at U. T. Austin.

It is further recommended that the gift be matched under The Regents' Endowed Teachers and Scholars Program and used to increase the endowment of this teaching fellowship to \$100,000.

BACKGROUND INFORMATION

At their meeting on April 14-15, 1983, the U. T. Board of Regents established the John A. and Katherine G. Jackson Centennial Teaching Fellowship in Geological Sciences with \$50,000 in gifts from Mr. and Mrs. Jackson and members of the Geology Foundation Advisory Council. Matching funds were designated at the August 9-10, 1984 meeting to establish the Geology Foundation Advisory Council Centennial Teaching Fellowship in Geological Sciences.

10. U. T. Austin: Recommendation to Accept Gift to Establish The Lorene Morrow Kelley Lectureship in the College of Natural Sciences and Establish The Lorene Morrow Kelley Lectureship in Molecular Biology in the College of Natural Sciences with Matching Funds Under The Regents' Endowed Teachers and Scholars Program (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$50,000 gift from Mrs. Lorene Morrow Kelley, Edinburg, Texas, to establish The Lorene Morrow Kelley Lectureship in the Department of Microbiology, College of Natural Sciences, U. T. Austin.

It is further recommended that this gift be matched under The Regents' Endowed Teachers and Scholars Program and used to establish The Lorene Morrow Kelley Lectureship in Molecular Biology in the College of Natural Sciences.

BACKGROUND INFORMATION

Mrs. Kelley has previously funded two chairs in the Department of Microbiology at U. T. Austin.

NO PUBLICITY

11. U. T. Austin: Recommendation to Accept a Bequest from the Estate of Mrs. Susan Taylor McDaniel to Establish the Susan Taylor McDaniel Regents Professorship in Creative Writing in the College of Liberal Arts and Establish a Second Susan Taylor McDaniel Regents Professorship in Creative Writing in the College of Liberal Arts with Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a bequest from the Estate of Mrs. Susan Taylor McDaniel to establish the Susan Taylor McDaniel Regents Professorship in Creative Writing in the College of Liberal Arts at U. T. Austin. Mrs. McDaniel's Will bequeaths a shopping center in Corpus Christi, Texas, to establish a Professorship in Creative Writing at U. T. Austin. Two recent appraisals indicate the market value of the property to be between \$356,000 and \$365,000.

It is further recommended that the net proceeds from the sale of this property be matched under The Regents' Endowed Teachers and Scholars Program and used to establish a second Susan Taylor McDaniel Regents Professorship in Creative Writing in the College of Liberal Arts.

BACKGROUND INFORMATION

Mrs. Susan Taylor McDaniel, formerly of Corpus Christi, Texas, died on March 17, 1984. She received a B.A. in 1926, and an M.A. in 1928 from U. T. Austin and was a Life Member of The Ex-Students' Association.

12. U. T. Austin: Recommendation to Accept Gifts to Establish The George and Diana Sharpe Perinatal Lectureship in the School of Nursing and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$10,000 gift from Dr. and Mrs. George L. Sharpe, Austin, Texas, and a \$10,000 gift from an anonymous donor for a total of \$20,000 to establish The George and Diana Sharpe Perinatal Lectureship in the School of Nursing at U. T. Austin.

It is further recommended that these gifts be matched under The Regents' Endowed Teachers and Scholars Program and used to double the endowment of the lectureship.

BACKGROUND INFORMATION

Dr. George L. Sharpe is Adjunct Associate Professor in the School of Nursing and College of Pharmacy at U. T. Austin. He is Director of Neonatal Services of the Austin Pediatric Education Program and an associate with Neonatology Associates of Austin, Texas.

13. U. T. Austin: Recommendation to Establish Twelve Endowed Chairs in the College of Engineering and Sixteen Endowed Chairs in the College of Natural Sciences with Previously Accepted Gifts and Pledges and Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to establish the following twelve endowed chairs in the College of Engineering and sixteen endowed chairs in the College of Natural Sciences at U. T. Austin with \$14,000,000 in previously accepted gifts and pledges, and \$14,000,000 in previously approved matching funds under The Regents' Endowed Teachers and Scholars Program:

College of Engineering

- (a) \$1,000,000 gift from an anonymous donor to establish the Motorola Regents Chair in Electrical and Computer Engineering
- (b) \$200,000 in gift funds from the College of Engineering Foundation and \$800,000 in matching funds for a total of \$1,000,000 to establish the Rashid Engineering Regents Chair
- (c) \$200,000 in gift funds from the College of Engineering Foundation and \$800,000 in matching funds for a total of \$1,000,000 to establish the Judson S. Swearingen Regents Chair in Engineering
- (d) \$67,000 in gift funds from the College of Engineering Foundation and \$933,000 in matching funds for a total of \$1,000,000 to establish the Earnest F. Gloyna Regents Chair in Engineering
- (e) \$800,000 gift from The Cockrell Foundation and \$200,000 matching funds for a total of \$1,000,000 to establish the first Cockrell Family Regents Chair in Engineering
- (f) \$1,000,000 gift from an anonymous donor to establish the second Cockrell Family Regents Chair in Engineering
- (g) \$1,000,000 gift from an anonymous donor to establish the third Cockrell Family Regents Chair in Engineering
- (h) \$1,000,000 in matching funds to establish the fourth Cockrell Family Regents Chair in Engineering
- (i) \$1,000,000 in matching funds to establish the fifth Cockrell Family Regents Chair in Engineering

- (j) \$800,000 pledge, due prior to August 31, 1987, from The Cockrell Foundation and \$200,000 in matching funds for a total of \$1,000,000 to establish the sixth Cockrell Family Regents Chair in Engineering
- (k) \$1,000,000 in matching funds to establish the seventh Cockrell Family Regents Chair in Engineering
- (l) \$933,000 pledge, due prior to August 31, 1987, from The Cockrell Foundation and \$67,000 in matching funds for a total of \$1,000,000 to establish the eighth Cockrell Family Regents Chair in Engineering

Specific designations for the eight Cockrell Chairs will be made at a later date as the donors make decisions upon the final names to be assigned.

College of Natural Sciences

- (a) \$400,000 gift and \$600,000 pledge, due prior to August 31, 1987, for a total of \$1,000,000 from The Robert A. Welch Foundation to establish the R. P. Doherty, Jr. - Welch Regents Chair in Chemistry
- (b) \$1,000,000 in matching funds to establish the Marvin K. Collie - Welch Regents Chair in Chemistry, total includes \$600,000 due as pledge payments are received
- (c) \$1,000,000 gift from an anonymous donor to establish the Richard J. V. Johnson - Welch Regents Chair in Chemistry
- (d) \$1,000,000 in matching funds to establish the Norman Hackerman - Welch Regents Chair in Chemistry
- (e) \$250,000 gift and \$750,000 pledge, due prior to August 31, 1987, for a total of \$1,000,000 from the Cullen Trust for Higher Education to establish the Mr. and Mrs. Isaac Arnold, Sr. Regents Chair in Molecular Biology
- (f) \$1,000,000 in matching funds to establish the Mr. and Mrs. Robert P. Doherty, Jr. Regents Chair in Molecular Biology, total includes \$750,000 due as pledge payments are received
- (g) \$1,000,000 gift from an anonymous donor to establish the Mr. and Mrs. Corbin J. Robertson, Sr. Regents Chair in Molecular Biology
- (h) \$1,000,000 in matching funds to establish the Mr. and Mrs. A. Frank Smith, Jr. Regents Chair in Molecular Biology
- (i) \$500,000 gift and \$500,000 pledge, due prior to August 31, 1987, for a total of \$1,000,000 from the Sid W. Richardson Foundation to establish the first Sid W. Richardson Foundation Regents Chair in Mathematics
- (j) \$1,000,000 in matching funds to establish the second Sid W. Richardson Foundation Regents Chair in Mathematics, total includes \$500,000 due as pledge payments are received
- (k) \$1,000,000 gift from an anonymous donor to establish the third Sid W. Richardson Foundation Regents Chair in Mathematics

- (l) \$1,000,000 in matching funds to establish the fourth Sid W. Richardson Foundation Regents Chair in Mathematics
- (m) \$500,000 gift and \$500,000 pledge, due prior to August 31, 1987, for a total of \$1,000,000 from the Sid W. Richardson Foundation to establish the first Sid W. Richardson Foundation Regents Chair in Physics
- (n) \$1,000,000 in matching funds to establish the second Sid W. Richardson Foundation Regents Chair in Physics, total includes \$500,000 due as pledge payments are received
- (o) \$1,000,000 gift from an anonymous donor to establish the third Sid W. Richardson Regents Chair in Physics
- (p) \$1,000,000 in matching funds to establish the fourth Sid W. Richardson Foundation Regents Chair in Physics

BACKGROUND INFORMATION

The U. T. Board of Regents authorized President Flawn to conclude negotiations and enter into agreements for the establishment of endowed academic positions in the Colleges of Natural Sciences and Engineering at U. T. Austin at their April 12-13, 1984 meeting. The successful completion of those negotiations was the subject of a major press conference at U. T. Austin on April 16, 1984, which announced the establishment of thirty-two academic chairs, each endowed at one million dollars. The U. T. Board of Regents agreed to accept pledges, payable prior to August 31, 1987, of \$8,000,000 from an anonymous donor, \$3,300,000 from The Cockrell Foundation of Houston, Texas, \$700,000 from the College of Engineering Foundation at U. T. Austin, \$2,000,000 from the Sid W. Richardson Foundation of Fort Worth, Texas, \$1,000,000 from The Robert A. Welch Foundation of Houston, Texas, and \$1,000,000 from the Cullen Trust for Higher Education of Houston, Texas, for a total of \$16,000,000 to endow sixteen chairs with \$1,000,000 each in the Colleges of Natural Sciences and Engineering at U. T. Austin. Approval was given to match the \$16,000,000 in pledges, as received, under The Regents' Endowed Teachers and Scholars Program to fund an additional sixteen chairs with \$1,000,000 each in the Colleges of Natural Sciences and Engineering.

The U. T. Board of Regents designated the use of \$2,000,000 in gifts and \$2,000,000 in matching funds at their meeting on June 14-15, 1984. These proposed recommendations complete the negotiations of the original \$32,000,000 in gifts, pledges, and matching funds.

- 14. U. T. Austin: Jack S. Josey Chair in Science in the College of Natural Sciences - Recommendation to Redesignate as the Jack S. Josey-Welch Foundation Chair in Science.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to redesignate the Jack S. Josey Chair in Science in the College of Natural Sciences at U. T. Austin as the Jack S. Josey-Welch Foundation Chair in Science.

This redesignation is being made in accordance with the donor's request.

BACKGROUND INFORMATION

The U. T. Board of Regents accepted a \$1,000,000 pledge from The Robert A. Welch Foundation and established the Jack S. Josey Chair in Science at their meeting on February 12-13, 1981. Mr. Josey, a 1939 U. T. Austin graduate and former member of the U. T. Board of Regents, is President of The Robert A. Welch Foundation and Josey Oil Co.

15. U. T. Austin: Recommendation to Redesignate the Liddell, Sapp, Zivley, Brown & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law as the Liddell, Sapp, Zivley & LaBoon Professorship in Banking, Financial Commercial and Corporate Law and the Vinson, Elkins, Weems, and Searls Professorship in Law as the Vinson & Elkins Professorship in Law Both in the School of Law.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to redesignate two professorships in the School of Law at U. T. Austin as follows:

- (a) Liddell, Sapp, Zivley, Brown & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law as the Liddell, Sapp, Zivley & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law
- (b) The Vinson, Elkins, Weems, and Searls Professorship in Law as the Vinson & Elkins Professorship in Law.

These redesignations are being made in accordance with the donors' requests to reflect the correct names of these law firms.

BACKGROUND INFORMATION

The U. T. Board of Regents established the Liddell, Sapp, Zivley & Brown Professorship in Banking, Financial, Commercial and Corporate Law at its meeting on June 8-9, 1978, with gifts to The University of Texas Law School Foundation, an external foundation. At its meeting on April 12-13, 1984, the U. T. Board of Regents approved redesignation as the Liddell, Sapp, Zivley, Brown & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law.

The Vinson, Elkins, Weems, and Searls Professorship in Law was established at the May 31, 1968 U. T. Board of Regents' meeting by gifts to The University of Texas Law School Foundation, an external foundation.

16. U. T. Austin: Joe C. Thompson Centennial Professorship in Marketing in the College of Business Administration and the Graduate School of Business - Recommendation to Redesignate as the Joe C. Thompson Centennial Professorship in Retail Management.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to redesignate the Joe C. Thompson Centennial

Professorship in Marketing in the College of Business Administration and the Graduate School of Business at U. T. Austin as the Joe C. Thompson Centennial Professorship in Retail Management.

This redesignation is being made in accordance with the donors' request.

BACKGROUND INFORMATION

The Joe C. Thompson Centennial Professorship in Marketing was established at the October 7-8, 1982 U. T. Board of Regents' meeting with gifts and pledges from Messrs. John, Jere, and Joe C. Thompson to The University of Texas Law School Foundation, an external foundation.

17. U. T. Austin: Recommendation to Accept Gift to Establish the Art Appreciation Endowed Scholarship in Museum Education in the College of Fine Arts.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$10,000 gift from an anonymous donor to establish the Art Appreciation Endowed Scholarship in Museum Education in the Department of Art, College of Fine Arts, U. T. Austin.

Income earned from the endowment will be used to grant scholarships to students in the Department of Art.

BACKGROUND INFORMATION

This gift was made in honor of Mrs. Susan M. Mayer and Mr. McDonald Smith, both faculty members of the Department of Art.

18. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the George W. Bean Endowed Scholarship in Engineering in the College of Engineering.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$5,000 gift and \$5,000 pledge, due prior to December 31, 1985, from Mr. and Mrs. Laurie W. Folmar, Austin, Texas, to establish the George W. Bean Endowed Scholarship in Engineering in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used to grant scholarships to students in the College of Engineering.

BACKGROUND INFORMATION

Mr. and Mrs. Folmar, both U. T. Austin graduates, made this gift and pledge in memory of Mrs. Folmar's father, George W. Bean. Mr. Bean retired in 1963 as Chief Engineer, Texas Electric Service Company.

19. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish the C. W. Besserer Memorial Endowed Presidential Scholarship for Mechanical Engineers in the College of Engineering.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept gifts in the amount of \$21,475 and pledges in the amount of \$3,525, payable prior to May 31, 1985, for a total of \$25,000 from various donors to establish the C. W. Besserer Memorial Endowed Presidential Scholarship for Mechanical Engineers in the College of Engineering at U. T. Austin.

Income earned from the endowment will be used to grant scholarships to students in the area of mechanical engineering.

BACKGROUND INFORMATION

The funding for this endowed presidential scholarship is being provided by family and friends of Mr. C. W. Besserer, deceased. Mr. Besserer, who died May 3, 1984, received a B.S. in 1939, and a M.S. in 1944, both in Mechanical Engineering, from U. T. Austin. He was a former member of the College of Engineering Foundation Advisory Council.

20. U. T. Austin: Recommendation to Accept Gift to Establish the CBA Century Club Unrestricted Endowment Fund in the College of Business Administration and the Graduate School of Business.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$10,000 gift from Mr. W. D. Noel, Odessa, Texas, to establish the CBA Century Club Unrestricted Endowment Fund in the College of Business Administration and the Graduate School of Business at U. T. Austin.

Income earned from the endowment will be used for excellence programs in the College of Business Administration and the Graduate School of Business.

BACKGROUND INFORMATION

The Advisory Directors of the CBA Century Club have solicited gifts from Century Club members to endow this unrestricted fund. Additional gifts of \$10,000 each are expected to increase the endowment.

Mr. W. D. Noel, a 1935 U. T. Austin graduate, is a member of The Chancellor's Council, the President's Associates, and the Centennial Commission.

21. U. T. Austin: Recommendation to Accept Gift and Pledge to Establish the Florence Durrett Endowed Presidential Scholarship in the College of Liberal Arts.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$2,250 gift and pledge in the amount of \$22,750, payable prior to December 1986, from Mr. John D. Booker, Houston, Texas, to establish the Florence Durrett Endowed Presidential Scholarship in the Department of English, College of Liberal Arts, U. T. Austin.

Income earned from the endowment will be used to grant fellowships to graduate students studying the English language and/or literature.

BACKGROUND INFORMATION

Mr. Booker, a 1941 U. T. Austin graduate, is making this gift and pledge in memory of his aunt, Florence Yarrell Durrett, a 1917 graduate of U. T. Austin. Miss Durrett, who died in 1983, taught English in the San Antonio Independent School District from 1911 to 1955.

22. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish The 1984-85 Graduate Business Students' Endowed Presidential Scholarship in the Graduate School of Business.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept gifts in the amount of \$7,375 and pledges in the amount of \$55,125, due prior to March 31, 1988, for a total of \$62,500 from members of the graduate business class of 1984-85 and various donors to establish The 1984-85 Graduate Business Students' Endowed Presidential Scholarship in the Graduate School of Business at U. T. Austin.

Income earned from the endowment will be used to grant scholarships to students in the Graduate School of Business.

BACKGROUND INFORMATION

The graduate business class of 1984-85 has raised these gifts and pledges from its classmates to fund this endowed presidential scholarship through the Graduate Business Council/1984-85 Student Gift Campaign.

23. U. T. Austin: Recommendation to Accept Gift to Establish the John W. Hultz Memorial Scholarship in the College of Business Administration and the Graduate School of Business.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$10,000 gift from Analysis

Research & Computation, Inc., Austin, Texas, to establish the John W. Hultz Memorial Scholarship in the College of Business Administration and the Graduate School of Business at U. T. Austin.

Income earned from the endowment will be used to grant scholarships annually to full-time upper division or graduate students in the College of Business Administration and the Graduate School of Business.

BACKGROUND INFORMATION

Dr. G. Terry Ross, Chairman of Analysis Research & Computation, Inc., is coordinating fund-raising efforts to establish this scholarship in memory of Dr. John W. Hultz, a former officer of Analysis Research & Computation, Inc. Dr. Hultz, who died November 24, 1983, received a B.A. in 1972 and a Ph.D. in 1976 from U. T. Austin.

24. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the F. Earl Ingerson Graduate Research Assistance Fund in Geochemistry in the College of Natural Sciences.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$10,100 transfer from Geology Foundation current restricted funds to establish the F. Earl Ingerson Graduate Research Assistance Fund in Geochemistry in the College of Natural Sciences at U. T. Austin.

Income earned from the endowment will be used to provide fellowships, scholarships, and research expenses for graduate students specializing in the field of geochemistry.

BACKGROUND INFORMATION

Professor Emeritus Ingerson joined the U. T. Austin faculty in 1958 as a Professor of Geology. Friends and associates have made gifts in his honor since his retirement in 1977.

25. U. T. Austin: Recommendation to Accept Transfer of Funds to Establish the Barbara Jordan Fund in the Lyndon B. Johnson School of Public Affairs.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a transfer of \$120,000 in current restricted funds from the Lyndon B. Johnson School of Public Affairs to establish the Barbara Jordan Fund in the Lyndon B. Johnson School of Public Affairs at U. T. Austin.

Income earned from the endowment will be used to provide scholarships and internships, travel to internships and Presidential Management Internship interviews, and publication of professional reports for graduate students in the Lyndon B. Johnson School of Public Affairs.

BACKGROUND INFORMATION

Recently, friends and associates of former Congresswoman Barbara Jordan raised funds to establish an endowment in her honor. After payment of expenses, it is expected that a minimum of \$120,000 will be available for endowment; additional gifts are also expected. Professor Jordan is the current holder of the Lyndon B. Johnson Centennial Chair in National Policy.

26. U. T. Austin: Recommendation to Accept Gift to Establish (a) the Marian Royal Kazen Endowed Presidential Scholarship in Art in the College of Fine Arts, (b) Two Darrell Royal Endowed Presidential Scholarships in Women's Athletics, (c) the Darrell Royal Endowed Presidential Scholarship in Men's Athletics, and (d) Four Unrestricted Darrell Royal Endowed Presidential Scholarships.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$200,000 gift from Dr. Nasser Al-Rashid, Riyadh, Saudia Arabia, to establish eight endowed presidential scholarships with \$25,000 each at U. T. Austin as follows:

- (a) Marian Royal Kazen Endowed Presidential Scholarship in Art, College of Fine Arts
- (b) Two Darrell Royal Endowed Presidential Scholarships in Women's Athletics, Division of Intercollegiate Athletics for Women
- (c) Darrell Royal Endowed Presidential Scholarship in Men's Athletics, Division of Intercollegiate Athletics for Men
- (d) Four Darrell Royal Endowed Presidential Scholarships, unrestricted.

BACKGROUND INFORMATION

Dr. Nasser Al-Rashid, owner of Rashid Engineering in Riyadh, Saudi Arabia, received a B.S. in 1965 and a Ph.D. in 1970 from U. T. Austin. He is a member of The Chancellor's Council and the U. T. Austin College of Engineering Foundation Advisory Council. He is making this gift in honor of Mr. Darrell Royal who has served as Special Assistant to the President for Athletic Programs and former Head Football Coach and Athletic Director at U. T. Austin for a period of about twenty-three years.

27. U. T. Austin: Recommendation to Accept Gift to Establish the Sylvia Shapiro Scholarship in the School of Social Work.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept a \$10,000 gift from Mr. Sidney S.

Smith, Austin, Texas, to establish the Sylvia Shapiro Scholarship in the School of Social Work at U. T. Austin.

Income earned from the endowment will be used to grant scholarships to students in the School of Social Work.

BACKGROUND INFORMATION

Mr. Sidney S. Smith made this gift in memory of his cousin, Miss Sylvia Shapiro, who died in February 1984. The scholarship will assist students pursuing a degree in Social Work with emphasis on work with the frail elderly. Mr. Smith currently operates Sidney S. Smith, Realtors, and has been a realtor in Austin since 1952.

28. U. T. Austin: Recommendation to Accept Gifts and Pledges to Establish Five Endowment Funds in the College of Engineering.--

RECOMMENDATION

The Office of the Chancellor concurs with President Flawn's recommendation to accept gifts and pledges and establish five endowment funds to support rooms in the new Chemical and Petroleum Engineering Building, College of Engineering at U. T. Austin, as follows:

- (a) \$10,000 gift from Mr. George H. Fancher, Jr., Denver, Colorado, to establish an endowment to support the George H. Fancher, Jr. Study Hall
- (b) \$20,000 gift and \$30,000 pledge, payable prior to December 31, 1986, for a total of \$50,000 from Marathon Oil Foundation, Inc., Findlay, Ohio, to establish an endowment to support the Marathon Oil Company Enhanced Oil Recovery Laboratory
- (c) \$4,500 gift and \$20,500 in pledges, due prior to December 31, 1986, from Mr. Robert N. Miller, Los Angeles, California, and corporate matching funds from the Getty Oil Company Matching Gifts Program to establish an endowment to support the Robert N. Miller Drilling Fluids Laboratory
- (d) \$10,000 gift from Mrs. John E. Elliott, Austin, Texas, to establish an endowment to support the Frederick Byron Plummer Tutorial Room
- (e) \$17,000 gift and \$33,000 pledge, due prior to December 31, 1986, for a total of \$50,000 from Tenneco Oil Company, Houston, Texas, to establish an endowment to support the Tenneco Oil Advanced Petrophysics Laboratory

Income earned from these endowments will be used to maintain and improve equipment, and for activities and facilities necessary for the educational and teaching functions of the rooms.

BACKGROUND INFORMATION

These gifts and pledges are part of a special private fund development campaign for the College of Engineering in accordance with Part One, Chapter VII, Section 2, Subsection 2.44 of the Regents' Rules and Regulations relating to the naming of facilities other than buildings.

To recognize these gifts and pledges, rooms in the new Chemical and Petroleum Engineering Building are being named to honor these donors as provided on Page AAC 8, Item 8.

29. U. T. El Paso: Recommendation to Accept Gift to Establish the Carl A. Beers Memorial Presidential Scholarship Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$25,000 gift from Mr. and Mrs. Carl L. Milburn, St. Paul, Minnesota, to establish the Carl A. Beers Memorial Presidential Scholarship Fund at U. T. El Paso.

Income earned from the endowment will be used to grant an annual scholarship renewable for four years to a student in the College of Science who meets the criteria of the Presidential Endowed Scholarship Program at U. T. El Paso.

BACKGROUND INFORMATION

Mr. and Mrs. Carl L. Milburn are establishing this endowment in memory of their great-uncle, Mr. Carl A. Beers. Mr. Beers was a long-time El Paso resident and businessman. He worked for the Meyers Company of El Paso, and was a member of the Toltec Club and the Elks Lodge.

30. U. T. El Paso: Recommendation to Accept Transfer of Funds to Establish the Library Excellence Endowment Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept a \$25,000 transfer of funds from the Library Gift Fund to establish the Library Excellence Endowment Fund at U. T. El Paso.

Income earned from the endowment will be used to purchase books and library materials.

BACKGROUND INFORMATION

These gifts, previously reported in the institutional docket, were primarily a result of the alumni telephone campaign entitled "Campaign for Library Excellence" in which donors designated their gifts during 1984 for the Library Gift Fund.

31. U. T. El Paso: Recommendation to Accept Gift of Securities and Pledge to Endow The Frank and Polly Ann Morrow Outstanding International Student Award.--

RECOMMENDATION

The Office of the Chancellor concurs with President Monroe's recommendation to accept 430 shares of the Tranzonic Companies common stock valued at approximately \$5,858.75 and a \$4,141.25 minimum pledge for a total of \$10,000 from Mr. and Mrs. Frank Morrow, El Paso, Texas, to endow The Frank and Polly Ann Morrow Outstanding International Student Award at U. T. El Paso.

Income earned from the endowment will be used to grant an annual award to an outstanding U. T. El Paso international student at the Spring Honors Convocation. Selection of the student will be based upon approved guidelines under the direction of the U. T. El Paso Office of International Students.

BACKGROUND INFORMATION

Mr. Frank Morrow, who owns the Western Vending Company of El Paso, Texas, received a Bachelor of Journalism degree with high honors from U. T. Austin in 1936.

This recognition program is already in existence under temporary financing previously provided for by the donor. This gift and the pledge of future funds will ensure the permanent endowment of this program.

32. U. T. San Antonio: Recommendation to Accept Gift to Establish the Alamo City Building Owners and Managers Association, Inc./Charlotte Rainford Memorial Scholarship.--

RECOMMENDATION

The Office of the Chancellor concurs with President Wagener's recommendation to accept a \$10,000 gift from the Alamo City Building Owners and Managers Association, Inc., San Antonio, Texas, to establish the Alamo City Building Owners and Managers Association, Inc./Charlotte Rainford Memorial Scholarship at U. T. San Antonio.

Income earned from the endowment will be used to grant scholarships in the new four-year Bachelor of Business Administration Degree in Management with a concentration in building development.

BACKGROUND INFORMATION

The Alamo City Building Owners and Managers Association, Inc. (BOMA), is establishing this scholarship in memory of Charlotte Rainford, former vice-president of Alamo City Building Owners and Managers Association, Inc., for her devoted work in the organization. The Alamo City BOMA consists of top industry executives along with allied and professional members who are engaged in a trade, industry, or profession allied to the office building industry.

33. U. T. San Antonio: Recommendation to Accept Gifts and Pledge to Establish the Elmo James Burke, Jr. Chair in Management of Building/Development in the College of Business and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Wagener's recommendation to accept gifts totaling \$106,550 from various donors and a pledge totaling \$393,450 from the Elmo James Burke, Jr. Estate, Mrs. Elmo J. Burke, Jr., Executrix, San Antonio, Texas, for a total endowment of \$500,000 to establish the Elmo James Burke, Jr. Chair in Management of Building/Development in the College of Business at U. T. San Antonio.

The pledge by the Elmo James Burke, Jr. Estate will be paid in annual payments of approximately \$49,181 over an eight-year period beginning in 1985. These payments may be reduced should additional gifts from other sources be received.

It is further recommended that these gifts and pledge, as received, be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Mr. Elmo James Burke, Jr. was a large home builder in San Antonio, Texas. The Elmo James Burke, Jr. Chair is in memory of Mr. Burke's leadership and contributions to the promotion of education and research in the building industry in that city.

34. U. T. San Antonio: Recommendation to Accept Gift to Establish The Governor's Club Scholarship Endowment in the College of Business.--

RECOMMENDATION

The Office of the Chancellor concurs with President Wagener's recommendation to accept a \$14,000 gift from The Governor's Club, San Antonio, Texas, to establish The Governor's Club Scholarship Endowment in the College of Business at U. T. San Antonio.

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

BACKGROUND INFORMATION

The Governor's Club was founded in 1976 by a group of twelve businessmen who shared common beliefs and ideals regarding the free enterprise system of business. Currently the membership consists of 61 men, each of whom owns his own business or holds an executive position in a company. Each member represents a different business category or a particular field. The Governor's Club is making this gift to assist students pursuing a career in business.

35. U. T. Tyler: Recommendation to Accept Gift to Establish the Richard T. Cowan Presidential Endowed Scholarship.--

RECOMMENDATION

The Office of the Chancellor concurs with President Hamm's recommendation to accept a \$25,000 gift from Mr. and Mrs. R. Don Cowan, Tyler, Texas, to establish the Richard T. Cowan Presidential Endowed Scholarship at U. T. Tyler.

Income from the endowment will be used to grant annual scholarships to outstanding students at U. T. Tyler in accordance with the Presidential Endowed Scholarship Program.

BACKGROUND INFORMATION

Mr. R. Don Cowan received his undergraduate degree at U. T. Austin and his MBA degree at Harvard University. He is a charter member of the U. T. Tyler President's Associates. Mr. and Mrs. Cowan are establishing this scholarship in honor of Mr. Cowan's father, Richard T. Cowan.

36. U. T. Tyler: Recommendation to Accept Gift to Establish the Betty Jo and Dub Riter Presidential Endowed Scholarship.--

RECOMMENDATION

The Office of the Chancellor concurs with President Hamm's recommendation to accept a \$25,000 gift from Mr. and Mrs. A. W. "Dub" Riter, Jr., Tyler, Texas, to establish the Betty Jo and Dub Riter Presidential Endowed Scholarship at U. T. Tyler.

Income from the endowment will be awarded annually as scholarships to outstanding students at U. T. Tyler in accordance with the Presidential Endowed Scholarship Program.

BACKGROUND INFORMATION

Mr. A. W. "Dub" Riter, Jr., a U. T. Austin graduate, is a member of the U. T. Tyler President's Associates, and the Development Board, and was past president and currently serves on the Board of Directors of the U. T. Tyler Educational Foundation.

37. U. T. Tyler: Recommendation to Accept Gift to Establish the Bob and Lou Rogers Endowed Academic Scholarship.--

RECOMMENDATION

The Office of the Chancellor concurs with President Hamm's recommendation to accept a \$10,000 gift from Mr. and Mrs. Robert M. Rogers, Tyler, Texas, to establish the Bob and Lou Rogers Endowed Academic Scholarship at U. T. Tyler.

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

BACKGROUND INFORMATION

Mr. Robert M. Rogers is a member of the U. T. Tyler President's Associates and is founder of the TCA Cable TV Company which operates systems in Texas and Louisiana.

38. U. T. Tyler: Recommendation to Accept Gift of Securities and Pledges to Establish the Mary John and Ralph Spence Distinguished Professorship Endowment Fund.--

RECOMMENDATION

The Office of the Chancellor concurs with President Hamm's recommendation to accept a gift of 3,000 shares of Texas Pacific Land Trust common stock with a value of \$99,000 from Mr. and Mrs. Ralph Spence, Tyler, Texas, and pledges totaling \$1,000 from various donors for a total of \$100,000 to establish the Mary John and Ralph Spence Distinguished Professorship Endowment Fund at U. T. Tyler.

It is further recommended that the actual income earned from the gift and pledges, as received, be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Mr. Ralph Spence, a 1942 graduate of U. T. Austin, is a life member of the U. T. Austin Ex-Student's Association and Dad's Association where he served as vice-president for five years. He is also a member of the U. T. Tyler President's Associates and The Chancellor's Council.

Mr. Spence is a member of the Board of Directors of the U. T. Tyler Educational Foundation and is Chairman of the U. T. Tyler Development Board.

39. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Fouad A. Bashour Chair in Cardiovascular Physiology - Recommendation to Accept Additional Gift and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept a \$10,000 gift from Mr. Atef Daniel, Houston, Texas, for addition to the Fouad A. Bashour Chair in Cardiovascular Physiology at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas for a total endowment of \$510,000.

It is further recommended that the actual income which will be earned on the \$10,000 cash gift be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

The Fouad Bashour Professorship in Cardiovascular Physiology was established at the June 11-12, 1981 U. T. Board of Regents' meeting with a \$100,000 cash gift and was redesignated to Chair status at the October 11-12, 1984 U. T. Board of Regents' meeting with a \$400,000 cash gift for a total of \$500,000 from the Cardiology Fund, Inc. Dr. Bashour, President of the Cardiology Fund, Inc., is a Professor of Medicine at the U. T. Health Science Center - Dallas.

40. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gift and Pledge to Establish the William Kemp Clark Chair of Neurological Surgery and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept a gift of various securities with a value of \$247,012.65 and a pledge of \$252,987.35, payable prior to January 31, 1985, for a total of \$500,000 from Mrs. Dilworth S. Hager, Dallas, Texas, to establish the William Kemp Clark Chair of Neurological Surgery at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas.

It is further recommended that the actual income which will be earned on the gift and pledge, as received, be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Mrs. Dilworth S. Hager is establishing this chair in honor of her son, William Kemp Clark, M.D., Professor and Chairman of the Division of Neurosurgery, Department of Surgery, U. T. Southwestern Medical School - Dallas.

41. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gift to Establish the Visiting Professorship Program in Human Nutrition and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept a \$100,000 gift from an anonymous donor to establish the Visiting Professorship Program in Human Nutrition at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas. This endowment will be used on a rotating basis as necessary to meet objectives of the program.

It is further recommended that the actual income which will be earned on the \$100,000 gift be certified to the appropriate

State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

The purpose of the endowment is to bring about a greater understanding of the science of human nutrition by inviting distinguished scientists to the Center for Human Nutrition to share their knowledge with students, faculty, and the community at large.

NO PUBLICITY

42. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Recommendation to Accept Gift to Establish the Lou and Ellen McGinley Lectureship in Psychiatric Research and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept a \$50,000 gift from Mrs. Lou Ellen McGinley O'Kennon, Dallas, Texas, to establish the Lou and Ellen McGinley Lectureship in Psychiatric Research in the Department of Psychiatry at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas.

It is further recommended that the actual income which will be earned on the \$50,000 gift be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Mrs. Lou Ellen McGinley O'Kennon, daughter of Lou and Ellen McGinley, is a graduate of U. T. Austin and has been an active supporter of the Department of Psychiatry, U. T. Southwestern Medical School - Dallas, for many years. In making this contribution, Mrs. McGinley has indicated that she plans to upgrade this lectureship to a chair with future contributions.

43. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Robert L. Moore Professorship in Pediatrics - Recommendation to Accept Additional Gifts and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Sprague's recommendation to accept gifts totaling \$18,847.57 from various donors for addition to the Robert L. Moore Professorship in Pediatrics for a total endowment of \$418,155.65 at the U. T. Southwestern Medical School - Dallas of the U. T. Health Science Center - Dallas.

It is further recommended that these gifts of \$18,847.57 be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

At their October 11-12, 1984 meeting, the U. T. Board of Regents established the Robert L. Moore Professorship in Pediatrics with a gift of \$302,908.08 from various donors. Additional funds of \$96,400 were accepted at the December 13-14, 1984 meeting of the U. T. Board of Regents bringing the total endowment to \$399,308.08 at that date.

Robert L. Moore, M.D., practiced medicine in Dallas, Texas, for fifty years and was chief of pediatrics at the Baylor University Medical Center from 1946 until 1967. He also served as president of the Texas and the Dallas Pediatric Societies.

44. U. T. Medical Branch - Galveston: Recommendation to Accept a Gift and Transfer of Funds to Establish the Stephen R. Lewis, M.D. Professorship in Plastic Surgery and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Levin's recommendation to accept a \$50,000 gift from the Blocker-Lewis Plastic Surgery Society, Galveston, Texas, and a transfer of previously reported gifts of \$50,000 from the U. T. Medical Branch - Galveston restricted current funds for a total of \$100,000 to establish the Stephen R. Lewis, M.D. Professorship in Plastic Surgery at the U. T. Medical Branch - Galveston.

It is further recommended that the actual income which will be earned on the \$50,000 cash gift be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

The Blocker-Lewis Plastic Surgery Society membership is composed of plastic surgeons throughout the world who performed their plastic surgery residencies at the U. T. Medical Branch - Galveston under the tutelage of Dr. Lewis and the late Dr. Truman G. Blocker, Jr.

Dr. Lewis served as professor and chief of the Plastic Surgery Division from 1960 until 1982. He currently holds the title of Professor in Plastic Surgery.

45. U. T. Health Science Center - Houston (U. T. Dental Branch - Houston): Jack R. Winston Lectureship in Restorative Dentistry - Recommendation to Redesignate as the Jack R. Winston Visiting Professorship in Cosmetic and Restorative Dentistry.--

RECOMMENDATION

The Office of the Chancellor concurs with President Bulger's recommendation to redesignate the Jack R. Winston Lectureship in Restorative Dentistry as the Jack R. Winston Visiting Professorship in Cosmetic and Restorative Dentistry at the U. T. Dental Branch - Houston of the U. T. Health Science Center - Houston.

This redesignation is being requested by Dr. Jack R. Winston, donor, with the endorsement of Dr. Don L. Allen, Dean of the Dental Branch.

BACKGROUND INFORMATION

The U. T. Board of Regents established the Jack R. Winston Lectureship in Restorative Dentistry at their meeting on June 11-12, 1981.

Dr. Jack R. Winston, a Houston area dentist, is a 1932 graduate and active supporter of the U. T. Dental Branch - Houston and is an active member in area, state and national dental associations. Dr. Winston is a Fellow of the American College of Dentistry, a Fellow of the International College of Dentistry and an Honorary Member of the Pierre Fauchard Academy.

46. U. T. Health Science Center - San Antonio: Recommendation to Accept Gifts and Pledge to Establish the Hugo A. Auler Professorship of Psychiatry and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--

RECOMMENDATION

The Office of the Chancellor concurs with President Harrison's recommendation to accept gifts of \$55,000 and a pledge of \$27,169.61, payable during 1985, from Mrs. Mary B. Auler, Austin, Texas, and her family to be combined with accumulated income of \$17,830.39 for a total of \$100,000 to establish the Hugo A. Auler Professorship of Psychiatry at the U. T. Health Science Center - San Antonio.

It is further recommended that the actual income which will be earned on the \$55,000 cash gift and pledge, as received, be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

Mrs. Auler and her family are establishing this endowment in honor of her husband, Dr. Hugo Auler, a noted physician and surgeon in Austin for many years. He received his M.D. degree

at Tulane University, New Orleans, Louisiana, where he also completed his residency training. On numerous occasions, he used the library at the U. T. Medical School - San Antonio and was particularly grateful for special assistance given to him in his studies. The Auler family has a long-standing interest in psychiatry and has supported research in biological psychiatry at the U. T. Health Science Center - San Antonio with annual gifts made to the Department of Psychiatry through the Hogg Foundation for Mental Health.

47. U. T. Cancer Center (U. T. M.D. Anderson Hospital - Houston): Recommendation to Accept Transfer of Funds to Establish the H. E. B. Fellowship in Cancer Research.--

RECOMMENDATION

The Office of the Chancellor concurs with President LeMaistre's recommendation to accept a transfer of previously reported gifts totaling \$300,000 from Mr. Charles C. Butt, Corpus Christi, Texas, to establish the H. E. B. Fellowship in Cancer Research at the U. T. M.D. Anderson Hospital - Houston of the U. T. Cancer Center.

Income earned from the endowment will be used to support a series of fellowships in cancer research with specific designations to be made at a later date.

It is further recommended that the actual income which will be earned on the \$300,000 transfer be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code, when matching funds are made available under that act.

BACKGROUND INFORMATION

The donor is President of H. E. B. Grocery Company of Corpus Christi, Texas. All gifts made by Mr. Charles C. Butt were received after September 1, 1983.

Executive Session of the Board

BOARD OF REGENTS
EXECUTIVE SESSION
Pursuant to Vernon's Texas Civil Statutes
Article 6252-17, Sections 2(e), (f) and (g)

Date: February 15, 1985

Time: The Board will recess to Executive Session, if time permits, on Thursday afternoon and continue at 9:00 a.m. on Friday morning. If the regular agenda on Thursday does not permit sufficient time to begin the Executive Session, it will convene at 9:00 a.m. on Friday.

Place: Regents' Conference Room, Ninth Floor, Ashbel Smith Hall

1. Pending and/or Contemplated Litigation - Section 2(e)

U. T. Arlington: Proposed Settlement of Potential Litigation Involving Claim of Pierce Contractors, Inc., Dallas, Texas

2. Land Acquisition, Purchase, Exchange, Lease or Value of Real Property and Negotiated Contracts for Prospective Gifts or Donations - Section 2(f)

3. Personnel Matters [Section 2(g)] Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees

U. T. System: Consideration of Personnel Matters Related to the Assignment, Duties and Responsibilities of Officers of System Administration

Documentation

3. U. T. System: Consideration of Personnel Matters Related to the Assignment, Duties and Responsibilities of Officers of System Administration.--

RECOMMENDATION

Chancellor Mark recommends that, beginning with Section 2, Chapter II of Part One of the Regents' Rules and Regulations be amended to read as set out in congressional style on Pages Ex.S 3 - 45 and that the Executive Secretary to the Board, in consultation with the Office of General Counsel, be authorized to make such editorial changes in the Regents' Rules and Regulations as are germane and necessary to effectuate these amendments.

BACKGROUND INFORMATION

The implementation of the above recommended amendments to the Regents' Rules and Regulations would abolish the Office of the Chancellor concept but retain the essential elements of that structure by providing for direct access to the U. T. Board of Regents and its committees by the following U. T. System officers:

Executive Vice Chancellor for Academic Affairs
Executive Vice Chancellor for Health Affairs
Executive Vice Chancellor for Asset Management
Vice Chancellor and General Counsel
Vice Chancellor for Governmental Relations

This action will serve to focus the responsibility for the operations of the U. T. System on the Chancellor as Chief Executive Officer of the System.

CHAPTER II

ADMINISTRATION

Sec. 1. General Provisions.

1.1 Administration.

The "System Administration" is the administration of The University of Texas System.

1.2 The University of Texas System.

The University of Texas System (herein sometimes called the "System") is composed of the System Administration and those institutions assigned by the Constitution or by the Legislature to be governed by the Board of Regents of The University of Texas System.

1.3 Location. The System Administration shall be based at Austin, to benefit from the proximity of state agencies and to take advantage of economies made possible by sharing use of personnel and facilities with The University of Texas at Austin. System Administration officers shall travel to the other component institutions as their administrative responsibilities require.

Sec. 2. ~~[Office-of-the-Chancellor--]~~Delegation of Authority/Line Responsibility.

2.1 Board's Exercise of Authority.

The ~~[Office-of-the-Chancellor-is-the-office-through which-the]~~ Board of Regents exercises its powers and

authorities in the governance of The University of Texas System through the System Administration, headed by the Chancellor.

2.2 Principal Officers [Composition].

The principal officers of The University of Texas System are [Office-of] the Chancellor (Chief Executive Officer) [consists-of] and the Executive Vice Chancellors (Chief Operating Officers) [Chancellor, the-Executive-Vice-Chancellor-for-Academic-Affairs, the-Executive-Vice-Chancellor-for-Asset-Management, the-Executive-Vice-Chancellor-for-Health-Affairs-and such-direct-supporting-staffs-for-these-officers-as may-be-required-and-provided-for-in-the-annual operating-budget-and-amendments-thereto.--The Chancellor-shall-coordinate-consultation-among-the principal-officers-of-the-Office-of-the-Chancellor].

2.3 Chancellor/Chief Executive Officer.

The Chancellor is the chief executive officer of The [the] University of Texas System. The Chancellor [and-directly] reports to and is responsible to the Board of Regents of The University of Texas System. The Chancellor [He] has direct line responsibility for all aspects of the U. T. System's operations. [In-addition, he-has-first-line-supervisory responsibility-for-the-governmental-relations-and-audit functions-of-the-System-and-provides-day-to-day supervision-for-the-holders-of-the-following-positions who-directly-report-to-the-Office-of-the-Chancellor: the-Executive-Director-for-Finance-and-Administration, the-Vice-Chancellor-and-General-Counsel,--the-Director of-Development,--and-the-Director-of-the-Office-of Facilities-Planning-and--Construction.]

2.4 Executive Vice Chancellor for Academic Affairs/
Chief Operating Officer.

The Executive Vice Chancellor for Academic Affairs is the chief operating officer of The University of Texas [the] System with direct line responsibility [~~for Academic Affairs and, in consultation with the Chancellor, directly reports to and is responsible to the Board~~] for the conduct of the academic affairs of the System. The chief administrative officers of the general academic institutions in the System and the chief administrative officer of the U.T. Institute of Texan Cultures at San Antonio [~~acting in a line capacity for the operation of their institutions,~~] report to and are responsible to the Executive Vice Chancellor for Academic Affairs. The Executive Vice Chancellor for Academic Affairs reports to and is responsible to the Chancellor. The Executive Vice Chancellor for Academic Affairs has direct access to the Board of Regents and is expected to work directly with the appropriate committees of the Board in discharging the duties of the office.

2.5 Executive Vice Chancellor for Asset Management/
Chief Operating Officer.

The Executive Vice Chancellor for Asset Management is the chief operating officer of The University of Texas [the] System with direct line responsibility for the conduct of all investments and for the management of the assets of the [U.-T.] System [~~and, in consultation with the Chancellor, directly reports to and is responsible to the Board for conduct of the asset management programs of the U.-T. System~~]. The Manager of University Lands - Oil, Gas and Mineral

Interests, the Manager of University Lands - Surface Interests, the Executive Director for Investments and Trusts, and the Director of the University Lands Accounting Office [~~7-acting-in-a-line-capacity-for-the operation-of-their-functions7~~] report to and are responsible to the Executive Vice Chancellor for Asset Management. The Executive Vice Chancellor for Asset Management reports to and is responsible to the Chancellor. The Executive Vice Chancellor for Asset Management has direct access to the Board of Regents and is expected to work directly with the appropriate committees of the Board in discharging the duties of the office.

2.6 Executive Vice Chancellor for Health Affairs/Chief Operating Officer.

The Executive Vice Chancellor for Health Affairs is the chief operating officer of The University of Texas [the] System with direct line responsibility for [health-related-education-and-health-services-in-the System-and7-in-consultation-with-the-Chancellor7 directly-reports-to-and-is-responsible-to-the-Board-for] the conduct of health-related education and the delivery of health services in the System. The chief administrative officer of each health-related institution in the System [~~7-acting-in-a-line-capacity for-the-operation-of-such-officer's-institution7~~] reports to and is responsible to the Executive Vice Chancellor for Health Affairs. The Executive Vice Chancellor for Health Affairs reports to and is responsible to the Chancellor. The Executive Vice Chancellor for Health Affairs has direct access to the Board of Regents and is expected to work directly with the appropriate committees of the Board in discharging the duties of the office.

Sec. 3. Administrative Officers of the System.

3.1 Executive Director for Finance and Administration.

The Executive Director for Finance and Administration is an administrative officer of the System. The Executive Director for Finance and Administration [He] reports to the [~~Office-of-the-Chancellor-under-the day-to-day-supervision-of-the~~] Chancellor. The Executive Director for Finance and Administration [He] is responsible for the supervision of those areas of responsibility and those offices assigned to him in Section 7.1 of this Chapter. The Executive Director for Finance and Administration [He] provides staff assistance to the Chancellor and the Executive Vice Chancellors in the exercise of their responsibilities.

3.2 Vice Chancellor and General Counsel.

The Vice Chancellor and General Counsel is an administrative officer of the System. The Vice Chancellor and General Counsel [He] reports to the [~~Office-of-the-Chancellor-under-the-day-to-day-supervision-of-the~~] Chancellor. The Vice Chancellor and General Counsel [He] is responsible for the provision of legal services to the Board of Regents of The University of Texas System as set out in Section 7.2 of this Chapter. The Vice Chancellor and General Counsel [He] provides staff assistance to the Chancellor and the Executive Vice Chancellors in the exercise of their responsibilities. The Vice Chancellor and General Counsel has direct access to the Board of Regents of The University of Texas System and is expected to work directly with the appropriate committees of the Board in discharging the duties of the office.

3.3 Vice Chancellor for Governmental Relations.

The Vice Chancellor for Governmental Relations is an administrative officer of the System. The Vice Chancellor for Governmental Relations [~~Working under established procedures that insure effective coordination with the Executive Vice Chancellors, he~~] reports to the Chancellor. The Vice Chancellor for Governmental Relations [He] is responsible for coordinating the effective representation of the System in the area of governmental affairs as set out in Section 7.5 of this Chapter. The Vice Chancellor for Governmental Relations [He] provides staff assistance to the Chancellor and the Executive Vice Chancellors in the exercise of their responsibilities. The Vice Chancellor for Governmental Relations has direct access to the Board of Regents of The University of Texas System and is expected to work directly with appropriate committees of the Board in discharging the duties of the office.

3.4 Executive Assistant to [~~Director-(Office-of)] the Chancellor[~~]~~].~~

The Executive Assistant to [~~Director-(Office-of)] the Chancellor[~~]~~] is an administrative officer of the System. The Executive Assistant to the Chancellor [He] is the chief staff assistant to [~~in the Office-of]~~ the Chancellor and as assigned or requested assists the Chancellor [~~and the Executive Vice Chancellors~~] in the administration of the Chancellor's Office [~~of the Chancellor~~]. Specific duties of the holder of this position are set out in Section 7.3 of this Chapter.~~

3.5 Director of Development.

The Director of Development is an administrative officer of the System. The Director of Development [He] reports to the [~~Office-of-the-Chancellor-under the-day-to-day-supervision-of-the~~] Chancellor. The Director of Development [He] is responsible for coordinating development activities in the System and for coordinating the activities of the Office of Public Information as set out in Section 7.4 of this Chapter. The Director of Development [He] provides staff assistance to the Chancellor and the Executive Vice Chancellors in the exercise of their responsibilities.

Sec. 4. Appointment and Tenure of Officers.

4.1 Chief Executive and Chief Operating Officers. The Chancellor and the Executive Vice Chancellors [~~the Executive-Vice-Chancellor-for-Academic-Affairs, the Executive-Vice-Chancellor-for-Asset-Management, and the Executive-Vice-Chancellor-for-Health-Affairs,~~] shall be elected by the affirmative vote of a majority of the Regents in office and shall hold office without fixed term, subject to the pleasure of the Board.

4.2 Administrative Officers of the System.

The administrative officers of the System shall be appointed by the Board after nomination by the [~~Office-of-the~~] Chancellor. Officers so appointed shall not have tenure by virtue of their respective offices. They shall hold office without fixed term, subject to the pleasure of the [~~Office-of-the~~] Chancellor. The Chancellor's [~~Their~~] actions concerning such officers are in turn subject to review and approval by the Board.

4.3 Staff and Operating Officers of System Administration.
Staff and operating officers of System Administration shall be appointed by the Chancellor after nomination by the Chief Operating or Administrative Officer to whom they will report. Officers so appointed shall not have tenure by virtue of their respective offices. They shall hold office without fixed term subject to the pleasure of the officer to whom they report. The actions of the Chief Operating and Administrative Officers concerning such staff and operating officers are in turn subject to review by the Chancellor.

4.4 [4-3] Honorary Titles.

The titles Chancellor Emeritus, President Emeritus and similar honorary designations shall be conferred only by appropriate action of the Board on individuals who are fully retired. No person is authorized to use any such title unless it has been bestowed by the Board.

Sec. 5. [General] Purview and Primary Duties of the [Office-of-the] Chancellor.

The [Office-of-the] Chancellor, by delegation from the Board, is authorized to exercise the powers and authorities of the Board in the governance of the System. The [Office-of-the] Chancellor will normally act through the chief operating officers and administrative officers of the System [offices] regarding the matters delegated to them by these rules [affairs-of-a-component-institution]. The [Office-of-the] Chancellor, however, shall not be precluded from any direct participation and communication with System Administration staff, chief administrative officers, institutional staff, faculty members, and groups. The major duties of the [Office-of-the] Chancellor include:

- 5.1 Advising and counseling with the Board with respect to the policies, purposes, and goals of the System; acting as executive agent of the Board in implementing its policies; representing the System in all other respects as deemed appropriate to carry out such policies, purposes and goals, and interpreting and articulating the System's academic, administrative and developmental policies, programs, needs and concerns to the general public and to other constituencies at the community, state, regional and national levels.
- 5.2 Directing the management and administration of System Administration and all component institutions of the System.
- 5.3 Presenting to the appropriate standing committees of the Board and to the Board nominations for all officers of the System, and for all officers of component institutions as provided in these Rules and Regulations.
- 5.4 Periodically reviewing the organization of the System Administration and the component institutions of the System and reporting to the appropriate standing committees of the Board and to the Board recommendations for changes in organization, assignments and procedures.
- 5.5 Preparing and approving appropriate recommendations to the Board and its standing committees along [~~either in the name of "The Office of the Chancellor" or as "The Office of the Chancellor concurs-----"~~] with the recommendation of the appropriate chief administrative officer of a component institution.

- 5.6 Preparing and approving annual operating budgets for the System Administration and the component institutions of the System and submitting such recommendations to the Board.
- 5.7 Preparing and approving biennial legislative submissions to the Legislative Budget Board and to the Governor for the System Administration and the component institutions of the System for the consideration of the Board in accordance with Section 6 of Chapter II of Part Two of these Rules and Regulations.
- 5.8 Developing and implementing programs for the most efficient management of personnel resources, and for long-range planning for academic programs, physical facilities and financial resources.

Sec. 6. Primary Duties of the Chief Operating Officers [~~in the Office of the Chancellor~~].

- 6.1 The Executive Vice Chancellor for Academic Affairs.--The Executive Vice Chancellor for Academic Affairs shall have as a prime responsibility the maintenance of high academic quality in the general academic components of the System. Through the chief administrative officers of the component institutions, he or she shall have direct line responsibility for the budgets, academic planning and programs, facilities programs, facilities planning and construction, and personnel (both academic and nonacademic) of those components. In consultation with the Chancellor, the Executive Vice Chancellor for Academic Affairs shall prepare recommendations and supporting information on such matters for

consideration by the appropriate standing committees of the Board and the Board of Regents.

6.2 The Executive Vice Chancellor for Asset Management.--

The Executive Vice Chancellor for Asset Management has direct line responsibility for lands management (including management of trust lands, endowment lands, and management of the Permanent University Fund lands); investments and trusts (including investment and management of trusts, trust assets, and endowments) and management of the investment of the Permanent University Fund. He has as a prime responsibility the management of the lands, trusts, endowments, and other such funds of the System in such a manner as to maximize the monies available for excellence in all activities of the System.

In consultation with [~~Through-the-Office-of~~] the Chancellor, he shall prepare recommendations and supporting information on all such operations for consideration by the appropriate standing committees of the Board and the Board of Regents.

6.3 The Executive Vice Chancellor for Health

Affairs.--The Executive Vice Chancellor for Health Affairs shall have as a prime responsibility the maintenance of high academic quality in the health-related teaching institutions and high quality health services in the health-care delivery institutions of the System. Through the chief administrative officers of the component institutions, he or she shall have direct line responsibility for the budgets, academic planning and programs, facilities planning and construction, and personnel (both academic and nonacademic) of those components. In consultation with the Chancellor, the Executive

Vice Chancellor for Health Affairs shall prepare recommendations and supporting information on such matters for consideration by the appropriate standing committees of the Board and the Board of Regents.

Sec. 7. Duties of ~~Certain~~ Administrative Officers of the System.

7.1 Executive Director for Finance and Administration.

The Executive Director for Finance and Administration reports to the ~~Office of the~~ Chancellor ~~under the day-to-day supervision of the Chancellor.~~ The ~~His~~ primary responsibilities of the office include:

- 7.11 The provision of staff assistance to the Chancellor and the Executive Vice Chancellors in the execution of their responsibilities.
- 7.12 Submitting recommendations to the ~~Office of the~~ Chancellor and to the appropriate Executive Vice Chancellor on business operations of the components of the System.
- 7.13 Reviewing and making recommendations on uniform business systems and management.
- 7.14 Submitting recommendations relating to programs for the most efficient management of personnel and resources.
- 7.15 Submitting recommendations for program development for training of personnel in nonacademic areas.
- 7.16 Reviewing and making recommendations on programs of long-range planning for physical facilities and financial resources.
- 7.17 Reviewing and making recommendations relating to police and security matters within the System.

- 7.18 Coordinating the business affairs of the System with other officers and members of the System Administration staff.
- 7.19 In consultation with the appropriate Executive Vice Chancellor, coordinating the activities of business administrative operations of the component institutions.
- 7.1(10) Managing the operations of the offices of Budget, Comptroller, System Personnel, Police, and Special Services.
- 7.1(11) Supervising and coordinating the acquisition of all real property at the component institutions.
- 7.1(12) Directing the management of the purchasing, accounting, equipment inventories, and vouchering operations for the offices of the System Administration and coordinating the building services for the System buildings.
- 7.1(13) Directing the management of the System-wide insurance programs (except the System Plan for Professional Medical Malpractice Self-Insurance), including approval of all policies and coverages, such programs to include:
- Fire and Extended Coverage;
 - Liability;
 - Health;
 - Life;
 - Accidental Death and Dismemberment;
 - Income Replacement; and
 - Retirement.
- 7.1(14) Performing such other duties as may be assigned by the [~~Office of the~~] Chancellor.

7.2 Vice Chancellor and General Counsel.

The Vice Chancellor and General Counsel reports to the [~~Office of the Chancellor under the day-to-day supervision of the~~] Chancellor. The [His] primary responsibilities of the office include:

7.21 The provision of staff assistance to the Chancellor and the Executive Vice Chancellors in the execution of their responsibilities.

7.22 Providing all legal services required by the Board of Regents of The University of Texas System and its personnel to insure the proper protection and advancement of the System's interests.

7.23 Maintaining the supervision, and delivery of legal services at a high level of effectiveness.

7.24 Directing and managing all legal personnel and legal affairs of the System, its units and its component institutions.

7.25 Providing advice, counsel and legal interpretations to System officials and personnel concerning legal matters affecting System operations.

7.26 Directing the Office of General Counsel personnel with respect to work priorities and assignments, standards of performance, and career development, delegating to staff members responsibility for particular legal and administrative tasks; and coordinating and controlling budget and personnel levels.

7.27 Directing and managing (within applicable limits of authority) all litigation and administrative agency hearings; authorizing and approving the institution of legal proceedings; evaluating, directing and

- approving action and procedures relative to prosecution or defense of pending litigation and administrative proceedings; employing outside counsel; and authorizing and approving settlement or appeal of litigation.
- 7.28 Advising, counseling, and disseminating information to affected System units relative to the nature, evaluation, progress, and results of litigation, administrative proceedings, and other legal matters, and making recommendations to System officials and other personnel as to future operations and objectives.
- 7.29 Approving as to form all contracts and agreements and all amendments to the Regents' Rules and Regulations; and approving as to form all institutional Handbooks of Operating Procedures, whether finally approved or not, and all amendments to such Handbooks.
- 7.2(10) Drafting all legislation that has been approved by the Board or requested by any System officer for submission to the Board for approval and providing legal counsel on pending legislation.
- 7.2(11) Identifying and evaluating administrative and functional problems and directing or recommending, as appropriate, courses of action for solution.
- 7.2(12) Representing the System before legal, educational and governmental groups and associations.
- 7.2(13) Acting as administrator of the System Plan for Professional Medical Malpractice Self-Insurance and the System Patent and Trademark Offices.

7.2(14) Working in cooperation with the Attorney General of the State of Texas, State Agency legal counsel and outside counsel.

7.2(15) Assuming responsibility for any other legal, administrative or operational matters delegated by the [~~Office-of-the~~] Chancellor.

7.3 Executive Assistant to [~~Duties-of-the-Executive Director-(Office-of)~~ the Chancellor~~]~~.

The Executive Assistant to [~~Executive-Director-(Office of)~~ the Chancellor~~]~~ is the chief staff assistant to [in] the [~~Office-of-the~~] Chancellor and as assigned or requested assists the Chancellor [~~and-the-Executive Vice-Chancellors~~] in the administration of the Chancellor's Office [~~of-the-Chancellor~~]. [~~The-holder of-this-position-serves-simultaneously-as-Executive Assistant-to-the-Chancellor-~~] Specific duties include the following:

7.31 Facilitating routine communication and coordinating paper flow among the Chancellor and the Executive Vice Chancellors.

7.32 Providing day-to-day liaison for the [~~Office of-the~~] Chancellor with the Office of the Board of Regents.

7.33 Coordinating the submission of agenda items from the [~~Office-of-the~~] Chancellor for consideration by the Board or by the standing committees of the Board.

7.34 Coordinating the internal administrative procedures of the System Administration [~~Office-of-the-Chancellor~~].

[~~7.35----Providing-staff-support-when-requested-by-the Executive-Vice-Chancellors-in-their-review-of the-management-of-component-institutions-~~]

7.35 [~~7-36~~] Assisting the Chancellor as directed on specific projects in connection with the Chancellor's responsibilities.

7.36 [~~7-37~~] Coordinating the preparation of the agenda for the meetings of the System Council at the direction of the Chancellor and in consultation with the Executive Vice Chancellors.

~~[7-38----Advising-and-consulting-with-the-Chancellor,
the-Executive-Vice-Chancellors-and-Chief
Administrative-Officers-or-Chief-Student
Affairs-Officers-of-U-T.-component
institutions-on-organization-and-management
of-student-services-and-programs.]~~

7.37 [~~7-39~~] Performing such other duties and responsibilities as may be directed by the Chancellor [~~and-the-Executive-Vice Chancellors~~].

7.4 Director of Development. The Director of Development reports to the [~~Office-of-the~~] Chancellor [~~under-the day-to-day-supervision-of-the-Chancellor~~]. The [~~His~~] primary responsibilities of the office include:

7.41 The provision of staff assistance to the Chancellor and the Executive Vice Chancellors in the execution of their responsibilities.

7.42 Acting under the authority delegated by the [~~Office-of-the~~] Chancellor for private fund development for the System.

7.43 Coordinating policies and activities involving internal foundations and University-related external foundations.

7.44 Coordinating and cooperating with the chief administrative officers of the component institutions in development programs.

- 7.45 Coordinating efforts of component institution officials to create a favorable climate for philanthropic support among various constituencies, including alumni, foundations, business and industry, associations, parents of students, friends and benefactors.
- 7.46 Advising component institution administrative officials, deans, and directors on projects involving private gift support, suggesting possible granting agencies or benefactors, and assisting when needed in the preparation of grant proposals and their presentation.
- 7.47 Administering procedures for the preparation of gift records, gift processing, gift acknowledgments, and gift docket for the Board.
- 7.48 Coordinating the activities and functions of the Office of Public Information.
- 7.49 Performing such other duties and responsibilities as may be assigned by the ~~[Office-of-the]~~ Chancellor.

~~[See--8--Certain-Offices-Reporting-Directly-to-the-Chancellor-]~~

7.5 [8-1] ~~[Duties-of-the]~~ Vice Chancellor for Governmental Relations.

Working under established procedures that insure effective coordination with the Executive Vice Chancellors, the Vice Chancellor for Governmental Relations reports to the Chancellor. The [His] primary responsibilities of the office include:

- 7.51 [8-11] The provision of staff assistance to the Chancellor and the Executive Vice Chancellors in the execution of their responsibilities.
- 7.52 [8-12] Representing the Board of Regents of the University of Texas System in its relations

with federal, state, and local legislative bodies and agencies.

7.53 [8-13] Making recommendations to the [~~Office of the~~] Chancellor in the area of public policy as it affects the relationship of the System with the federal, state, and local governments.

7.54 [8-14] Informing appropriate administrative officers of current operations and long-range developments on the federal and state level, which may affect the System.

7.55 [8-15] Maintaining and distributing information to, and advising appropriate System Administration and component institution officials, in order to assure proper action by the System with respect to federal, state, and local governmental programs and activities.

7.56 [8-16] Defining the job responsibilities, the assignment of duties, and supervising staff members employed in or assigned to work in the governmental affairs area.

7.57 [8-17] Performing such other duties and responsibilities for the efficient operation of the System as shall be assigned by the Chancellor.

7.6 [8-2] Audit.

The Chancellor, as Chief Executive Officer of the System, is responsible for insuring the implementation of appropriate audit and postaudit procedures for the System and System Administration. Accordingly, with regard to his audit functions (see Section 9.2 [10] of this Chapter), the Comptroller, in staff officer capacity, reports directly to the Chancellor.

Sec. 8 [9]. Asset Management.

8.1 [~~9-1~~] Lands Management.

8.11 [~~9-11~~] The Executive Vice Chancellor for Asset Management provides direction and management for all transactions relative to Permanent University Fund lands (hereinafter sometimes referred to as "University Lands"), trust lands, and other noncampus real estate interests owned or controlled by the Board of Regents. In the exercise of those responsibilities, the Executive Vice Chancellor for Asset Management [he]:

8.111 [~~9-111~~] Works closely with the Board for Lease of University Lands in the discharge of its duties and responsibilities.

8.112 [~~9-112~~] Works closely with the chief administrative officer of a component institution of the System and that officer's [his] delegates with regard to the management of trust lands and other noncampus real estate interests held by the Board of Regents for and on behalf of a particular institution.

8.113 [~~9-113~~] Establishes procedures that insure effective coordination with the Executive Director for Investments and Trusts with regard to the management of trust lands other than University Lands.

8.114 [~~9-114~~] Directs and manages the operation of the following budgeted activities which are part of the

Office of Lands Management:

Board for Lease - University

Lands;

University Lands - Oil, Gas, and

Mineral Interests;

University Lands Accounting Office;

University Lands - Surface

Interests (Oil Field

Supervision); and

University Lands - Surface Interests

(Leasing and Agricultural

Projects).

8.12 [9-12] Manager of University Lands - Oil, Gas, and Mineral Interests.

The Manager of University Lands - Oil, Gas, and Mineral Interests is an operating officer of System Administration. Subject to delegation by the Executive Vice Chancellor for Asset Management, the Manager of University Lands - Oil, Gas, and Mineral Interests is responsible for providing field supervision of System operations, activities and transactions involving oil, gas, and mineral development and production on the University Lands. Within limits of authority set by the Executive Vice Chancellor for Asset Management, the Manager's regular duties include:

8.121 [9-121] Making recommendations to the Board for Lease of University Lands, and the Board of Regents, as appropriate, for periodic oil and gas lease sales of University Lands, and for unitization, pooling and other transactions involving oil and gas

leasehold and royalty interests and other mineral interests in University Lands.

8.122 [~~9-122~~] Organizing, directing, guiding, setting objectives and standards for, and assigning and evaluating the work of all personnel reporting to him.

8.123 [~~9-123~~] Reviewing periodically the terms and conditions of forms and transactions involving oil and gas interests in University Lands, and making recommendations with respect thereto to the Executive Vice Chancellor for Asset Management and the Board for Lease of University Lands.

8.124 [~~9-124~~] Reporting regularly to the Executive Vice Chancellor for Asset Management and the Board for Lease of University Lands all activities, developments and problems which could significantly affect System interests and University Lands, together with his recommendations with respect thereto.

8.125 [~~9-125~~] Working closely with the Board for Lease of University Lands in the discharge of its duties and responsibilities.

8.126 [~~9-126~~] Coordinating with the Manager of University Lands - Surface Interests in the discharge of their respective duties and responsibilities.

8.13 [~~9-13~~] Manager of University Lands - Surface Interests.

The Manager of University Lands - Surface Interests is an operating officer of System Administration. Subject to delegation by the Executive Vice Chancellor for Asset Management, the Manager of University Lands - Surface Interests is responsible for providing field supervision of System operations, activities, and transactions pertaining to surface interests, water rights and oil and gas field operations in or on University Lands. Within limits of authority set by the Executive Vice Chancellor for Asset Management, the Manager's regular duties include:

8.131 [~~9-131~~] Making recommendations to the Board with respect to all transactions involving surface interests in University Lands, including research projects, right-of-way easements, agricultural, grazing and other surface use leases, and geophysical permits.

8.132 [~~9-132~~] Organizing, directing, guiding, setting objectives and standards for, and assigning and evaluating the work of all personnel reporting to him.

8.133 [~~9-133~~] Reviewing periodically the terms and conditions of forms and transactions involving surface interests in University Lands, and making recommendations with respect

thereto to the Executive Vice
Chancellor for Asset Management.

8.134 [~~9-134~~] Reporting regularly to the
Executive Vice Chancellor for Asset
Management all activities, develop-
ments and problems which could
significantly affect System
interests in University Lands,
together with his recommendations
with respect thereto.

8.135 [~~9-135~~] Working closely with federal
and state agencies in connection
with research and development
projects and activities, involving
utilization and husbandry of
University Lands, of mutual
interest to the System and such
agencies.

8.136 [~~9-136~~] Coordinating with the Manager
of University Lands - Oil, Gas, and
Mineral Interests in the discharge
of their respective duties and
responsibilities, and acts as oil
and gas fields supervisor.

8.2 [~~9-2~~] Investments and Trusts.

The Executive Director for Investments and Trusts is
an operating officer of System Administration.

Subject to delegation by the Executive Vice Chancellor
for Asset Management, the Executive Director for
Investments and Trusts implements, when they are
approved by the Board, policies and actions with
respect to:

8.21 [~~9-21~~] Investing, managing and administering of
all endowment funds belonging to the System and
its component institutions, including the

Permanent University Fund and all trusts and special funds.

8.22 [~~9-22~~] Issuing, managing, and paying all bonds and other evidences of indebtedness issued by the Board for System and its component institutions.

8.23 [~~9-23~~] Presenting to the Board through the Office of the Chancellor periodic reports of the status and prospect of funds for which the Executive Director [~~he~~] has responsibility and that will be available for expenditure by the System and its component institutions.

8.24 [~~9-24~~] Consulting with the Executive Associate for Economic Affairs with respect to the development of long-range plans for the development and management of the economic resources of the System and its component institutions.

Sec. 9. Duties of Staff Officers of System Administration.

9.1 [~~See--10-~~] Budget Director.

The Budget Director's primary responsibilities are to plan and develop systems and procedures for uniform budget preparation, budget control and financial reporting. Subject to delegation by the Executive Director for Finance and Administration, the major duties of the Budget Director include:

9.11 [~~10-1~~] Formulating procedures governing the preparation and review of all budgets and developing effective methods of presenting approved budgets to appropriate agencies.

9.12 [~~10-2~~] Recommending procedures to be followed, including format, schedules of budget preparation, and effective review of budgets.

- 9.13 [~~10-3~~] Preparing budget-writing instructions.
- 9.14 [~~10-4~~] Conducting budget and other related research studies.
- 9.15 [~~10-5~~] Planning systems and procedures for budgetary control and financial reporting.
- 9.16 [~~10-6~~] Controlling and supervising distribution of all budgets and processing and approving (as delegated) interim budget changes.
- 9.17 [~~10-7~~] Preparing periodic budgetary, financial, and special reports, as appropriate.
- 9.18 [~~10-8~~] Serving as liaison with the staff of the Legislative Budget Board, the Governor's Budget and Planning Office, and the Coordinating Board, Texas College and University System.

9.2 [~~See--11-~~] Comptroller.

9.21 [~~11-1~~] Subject to delegation by the Executive Director for Finance and Administration (provided, however, that, in the audit functions, the Comptroller shall report directly to the Chancellor), the Comptroller formulates and recommends procedures to be followed in the business operations of the System for:

- 9.211 [~~11-11~~] Accounting, auditing and reporting, and expenditure control.
- 9.212 [~~11-12~~] Receipt, disbursement, and custody of funds.
- 9.213 [~~11-13~~] Procurement and purchasing.
- 9.214 [~~11-14~~] Management of auxiliary service enterprises.
- 9.215 [~~11-15~~] Data processing systems - including prior approval of equip-

ment acquisitions by purchase or lease.

9.216 [~~11-16~~] Accounting and business system development.

9.217 [~~11-17~~] Accounting records, forms, procedures, and financial reports, including format for such reports.

9.218 [~~11-18~~] Terms of depository agreements with banks.

9.219 [~~11-19~~] Lease contracts for building space.

9.21(10) [~~11-1(10)~~] Approval of the business aspects and overhead rates in research and other contracts with outside agencies.

9.21(11) [~~11-1(11)~~] Conducting postaudits at each component institution.

9.21(12) [~~11-1(12)~~] Supervising the auditing of oil and gas production.

9.22 [~~11-2~~] The Comptroller is responsible as joint custodian with the Director of Accounting for bearer securities owned by System funds that are maintained in bank safe deposit boxes and are not in the custody of the State Treasurer.

9.3 [~~See--12-~~] Director of Accounting.

9.31 [~~12-1~~] The Director of Accounting of The University of Texas at Austin serves also as director of accounting for System Administration and is the accounting officer for both The University of Texas at Austin and for System Administration. Subject to delegation by the Executive Director for

Finance and Administration, the [~~his~~] duties
of the office include:

9.311 [~~12-11~~] Having responsibility for
custody, accounting and reporting
of all funds handled by the
Director of Accounting's Office for
the component institutions outside
of Austin, and for System Adminis-
tration, the Permanent University
Fund, the Available University
Fund, and trust and special funds.

9.312 [~~12-12~~] For securities owned by System
funds and not in custody of the
State Treasurer, having custody of
registered securities and joint
custodian, with the Comptroller, of
bearer securities maintained in
bank lock boxes.

9.313 [~~12-13~~] Maintaining a full and
complete set of records that
accurately reflect the balances
and transactions of all financial
and property accounts of the System
(as contracted with such accounts
of the component institutions).

9.32 [~~12-2~~] With respect to System Administration
matters, the Director of Accounting reports
to and is responsible to the Comptroller.
With respect to other matters, the Director [~~he~~]
reports to the appropriate officers of The
University of Texas at Austin.

9.4 [~~See--13-~~] Director of Facilities Planning and
Construction.

The Director of Facilities Planning and Construction

reports to the [~~Office of the~~] Chancellor under the day-to-day supervision of the Special Assistant to the Chancellor. The [~~His~~] primary duties and responsibilities of the office include:

9.41 [~~13-1~~] The provision of staff assistance to the Chancellor and the Executive Vice Chancellors in the execution of their responsibilities.

9.42 [~~13-2~~] Managing the administration and general supervision of any new building construction and initial equipping thereof or any inside or outside repairs, remodeling, rehabilitation, new construction of improvements other than building, or campus planning costing \$100,000 or more; managing any preliminary planning, feasibility studies, or investigations which are estimated to ultimately develop into one of the above projects at any component institution of the System; advising and working with the consultants, architects and engineers employed by the Board subject to the terms and conditions of the contracts with those architects and engineers.

9.43 [~~13-3~~] Serving as ex officio member of all faculty building committees at the component institutions.

9.44 [~~13-4~~] Preparing and executing all documents relating to the acquisition and the use of funds received from the federal government and state agencies in connection with construction grant awards.

9.45 [~~13-5~~] Coordinating the preparation of and approving of all grant applications on approved construction projects filed with governmental agencies.

9.46 [~~13-6~~] Coordinating the development of and maintaining of master plans for all component institutions, including but not limited to land utilization, utility and landscape plans.

9.47 [~~13-7~~] Developing standards for maintenance of all physical facilities at component institutions.

9.48 [~~13-8~~] Directing the negotiation and approval of all utility contracts.

9.5 [~~See--14-~~] System Personnel Director.

The System Personnel Director's primary responsibility is to plan, develop, and coordinate System-wide personnel policies and procedures. Subject to delegation by the Executive Director for Finance and Administration, the System Personnel Director is responsible for:

9.51 [~~14-1~~] Acting as liaison between component institution personnel officers and the System officers regarding all personnel matters relating to classified personnel, administrative staff, and certain matters relating to teaching and/or academic personnel.

9.52 [~~14-2~~] Advising the System officers and making recommendations concerning development of methods and procedures designed to maximize the effectiveness of System Personnel Programs.

9.53 [~~14-3~~] Reviewing and recommending all classified personnel pay plans for each component institution, including the establishment of

proper classification and pay scales consistent with needs and System-wide policies and procedures.

9.54 [~~14-4~~] Reviewing and recommending the Personnel Office budgets for each component institution.

9.55 [~~14-5~~] Directing the administration of the System Personnel Office, including the Workmen's Compensation Insurance section.

9.56 [~~14-6~~] Reviewing and recommending to System officers any rules and regulations or changes thereto that, after proper consultation with officers of component institutions, are considered beneficial or necessary for the proper administration of the System-wide Personnel Program.

9.57 [~~14-7~~] Establishing employee development and training programs for all component institutions, including particularly supervisory training programs.

9.58 [~~14-8~~] Formulating policies and procedures concerning labor relations and employer-employee relationships.

9.59 [~~14-9~~] Assisting and establishing personnel data systems and proper practices and procedures concerning the personnel records of all employees.

9.5(10) [~~14-(10)~~] Conducting System-wide wage and salary research studies and formulating data for proper implementation of personnel pay programs.

9.5(11) [~~14-(11)~~] In consultation with the personnel offices of the component institutions, developing and maintaining a System-wide Personnel Pay Plan with uniform titles and account numbers.

9.6 [~~See~~-15-] Director of Police.

Subject to delegation by the Executive Director for Finance and Administration, the Director of Police is responsible for:

9.61 [~~15-1~~] Approving qualifications for police personnel at the component institutions of the System and approving all applicants to a basic or in-service training school or academy.

9.62 [~~15-2~~] Approving the organizational structure for police departments at the component institutions of the System.

9.63 [~~15-3~~] Establishing and supervising all training programs for System police, including basic and in-service training, as well as on-the-job training at each component institution of the System.

9.64 [~~15-4~~] Conducting the System training in accordance with the standards of the Texas Commission on Law Enforcement Officer Standards and Education, in order to maintain accreditation with this state agency.

9.65 [~~15-5~~] Maintaining liaison with the Director of Training, Texas Department of Public Safety, and the Coordinator of Training, Federal Bureau of Investigation, and being aware of new training techniques, procedures, programs, and equipment.

9.66 [~~15-6~~] Establishing a uniform reporting and record system for police departments at the component institutions of the System and approving any changes thereto.

9.67 [~~15-7~~] Conducting periodic inspection of the police departments of the component institutions of the System and evaluating their performance as police agencies.

9.68 [~~15-8~~] Formulating and establishing policies and procedures for police operations on a System-wide basis.

9.69 [~~15-9~~] Establishing, maintaining, and supervising on a System-wide basis, a program for police personnel promotion.

9.6(10) [~~15-(10)~~] Reviewing and recommending the pay scale for police personnel throughout the System.

9.6(11) [~~15-(11)~~] Surveying all component institutions of the System for security needs of existing buildings, grounds, and lighting, in order to make the appropriate recommendations to insure the prevention of criminal activities and the protection of life and property.

9.6(12) [~~15-(12)~~] Consulting with the Office of Facilities Planning and Construction on security needs for new construction including security lighting on the property of the component institutions of the System.

9.6(13) [~~15-(13)~~] Coordinating the use of police throughout the System in emergency situations.

9.6(14) [~~15-(14)~~] Submitting periodic reports to the Executive Director for Finance and Administration concerning the operations of the police departments of the System.

9.7 Special Assistant to the Chancellor.
The Special Assistant to the Chancellor is a staff officer of the System. The Special Assistant to the Chancellor reports to the Chancellor and undertakes such operational responsibilities as may be delegated to him

by the Chancellor. A primary responsibility of the Special Assistant to the Chancellor is coordination with the Director of Facilities Planning and Construction on behalf of the Chancellor.

Sec. 10 [16]. Councils of the System.

10.1 [16-1] The System Council.

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

10.2 [16-2] The Council of Academic Institutions.

The Council of Academic Institutions is composed of the Executive Vice Chancellor for Academic Affairs, the chief administrative officers of the general academic institutions of the System, and the chief administrative officer of the U. T. Institute of Texan Cultures. The Chancellor, the Executive Director for Finance and Administration, the Vice Chancellor and General Counsel, the Vice Chancellor for Governmental Relations, the Executive Assistant to [Director

~~(Office-of)~~ the Chancellor [→], the Special Assistant to the Chancellor, and the Director of Development serve as ex officio members of this Council. The Executive Vice Chancellor for Academic Affairs shall serve as the Council's permanent chairman and shall conduct regular meetings to review common problems of planning, development, and operation of the several institutions represented.

10.3 [16-3] The Council of Health Institutions.

The Council of Health Institutions is composed of the Executive Vice Chancellor for Health Affairs and the chief administrative officers of the component institutions of the System concerned directly with health affairs. The Chancellor, the Executive Director for Finance and Administration, the Vice Chancellor and General Counsel, the Vice Chancellor for Governmental Relations, the Executive Assistant to [Director-(Office-of) the Chancellor(→)], the Special Assistant to the Chancellor, and the Director of Development serve as ex officio members of this Council. The Executive Vice Chancellor for Health Affairs acts as the Council's permanent chairman and shall conduct regular meetings to review common problems of planning, development, and operation of the several institutions represented.

10.4 [16-4] The Business Management Council.

The Business Management Council advises the System Administration [Office-of the-Chancellor] in the areas of component budgeting, business management, data processing, physical plant operations, planning, construction, and accounting systems development. The Council is composed of the Executive Director for Finance and Administration and the chief business

officers of the component institutions. The Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Asset Management, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, the Vice Chancellor for Governmental Relations, the Executive Assistant to ~~[Director-(Office-of)]~~ the Chancellor~~{}~~, the Special Assistant to the Chancellor, and the Director of Development, or their delegates, serve as ex officio members of this Council. The Executive Director for Finance and Administration shall serve as the Council's permanent chairman and shall conduct regular meetings of the Council.

Sec. 11 [~~17~~]. Chief Administrative Officers of Component Institutions.

11.1 [~~17.1~~] The Board selects the chief administrative officer of each component institution.

11.11 [~~17.11~~] When there is a vacancy or it is known that there is to be a vacancy in the office of a chief administrative officer of a component institution having faculty and students, an Advisory Committee shall be established to recommend candidates to the Board. The Executive Vice Chancellor having line responsibility for the operation of the institution where the vacancy has occurred or is to occur shall be chairman of the Advisory Committee. In addition to the chairman, committee membership is as follows:

The Chancellor;

Three Chief Administrative

Officers; (to be appointed

by the Chairman of the

Board from three of the
component institutions)

Three Regents;

(to be appointed by the
Chairman of the Board)

Five Faculty members of the

institution involved, at
least three of whom shall
have the rank of associate
professor or higher;

(method of selection to be
determined by the General
Faculty of the campus)

One Dean;

(for academic institutions
to be selected by Dean's
Council of the institution
involved) (for health
science centers to be the
Dean of Medicine of the
health science center
involved)

Two Students from the institution

involved; (method of
selection to be determined
by the Student Government
of the campus involved or,
if there be no Student
Government, by the chief
administrative officer of
the institution)

President of the Ex-Students'

Association of the campus
involved or his designee;
(if institution does not

have an active alumni organization, then a member of the development board or an interested layman to be appointed by the Chief Administrative Officer of the institution involved).

Such other persons as the Chairman of the Board of Regents may designate.

11.12 [~~17-12~~] When there is a vacancy or it is known that there is to be a vacancy in the office of a chief administrative officer of a component institution not having faculty and students, an Advisory Committee shall be appointed by the Executive Vice Chancellor having line responsibility for the institution, subject to approval of the Chairman of the Board. The Executive Vice Chancellor having such line responsibility shall be Chairman of the Committee.

11.13 [~~17-13~~] The Advisory Committee shall determine the availability of each candidate selected. To evaluate a candidate, the Advisory Committee shall set up criteria that relate to the needs of the individual component and shall seek advice on the ability of each candidate interviewed including advice from competent sources as to the candidate's administrative and business ability.

11.14 [~~17-14~~] Finally, the Advisory Committee shall submit, through its Chairman, its recommendations with no preference indicated. Candidates submitted shall have received a majority vote of

the Committee. If none of the names submitted in the report of the Advisory Committee is satisfactory to the Board, then the Board in its discretion may either name a new committee or proceed to select a chief administrative officer under such other procedures as in its discretion it may deem proper and appropriate.

11.2 [~~17-2~~] Each chief administrative officer reports to and is responsible to the Executive Vice Chancellor having line responsibility for the institution, and serves without fixed term, subject to the pleasure of the appropriate Executive Vice Chancellor and approval by the Chancellor and the Board.

11.3 [~~17-3~~] Within the policies and regulations of the Board, and under the supervision and direction of the Executive Vice Chancellor having line responsibility for the institution, the chief administrative officer has general authority and responsibility for the administration of that institution.

11.31 [~~17-31~~] Specifically, the chief administrative officer is expected, with the appropriate participation of the staff, to:

11.311 [~~17-311~~] Develop and administer plans and policies for the program, organization, and operation of the institution.

11.312 [~~17-312~~] Interpret the System policy to the staff, and interpret the institution's program and needs to the System Administration [~~Office of the Chancellor~~] and to the public.

- 11.313 [~~17-313~~] Develop and administer policies relating to students, and where applicable, to the proper management of services to patients.
- 11.314 [~~17-314~~] Recommend appropriate operating budgets and supervise expenditures under approved budgets.
- 11.315 [~~17-315~~] Nominate all members of the faculty and staff, maintain efficient personnel programs, and recommend staff members for promotion, retention, or dismissal for cause.
- 11.316 [~~17-316~~] Insure efficient management of business affairs and physical property; recommend additions and alterations to the physical plant.
- 11.317 [~~17-317~~] Serve as presiding officer at official meetings of faculty and staff of the institution, and as ex officio member of each college or school faculty (if any) within the institution.
- 11.318 [~~17-318~~] Appoint, or establish procedures for the appointment of, all faculty, staff, and student committees.
- 11.319 [~~17-319~~] Cause to be prepared and submitted to the appropriate Executive Vice [~~Office-of-the~~] Chancellor the rules and regulations for the governance of the institution. When such rules and regulations have been finally approved by the [~~Office-of-the~~]

Chancellor, they shall thereafter constitute the Handbook of Operating Procedures for that institution. Provided, however, that whether or not finally approved by the [~~Office of the~~] Chancellor, any rule or regulation in any such institutional Handbook of Operating Procedures that is in conflict with any rule or regulation in the Regents' Rules and Regulations, is null and void and has no effect, and whenever any such conflict is detected, the [~~Office of the~~] Chancellor and the chief administrative officer of the component institution shall immediately make such amendments to the institutional Handbook of Operating Procedures as may be necessary to eliminate such conflict.

11.31(10) [~~17-31(10)~~] Assume initiative in developing long-range plans for the program and physical facilities of the institution.

11.31(11) [~~17-31(11)~~] Assume active leadership in developing private fund support for the institution in accordance with policies and procedures established in the Regents' Rules and Regulations.

Sec. 12 [~~10~~]. Appointment of Other Administrative Officers.

12.1 [~~10-1~~] The Board delegates to the Chancellor and the Executive Vice Chancellor having line responsibility for the institution and they [~~that-Executive-Vice Chancellor~~], in turn, delegate [~~delegates~~] to the chief administrative officer of each component institution the responsibility for the appointment and dismissal of all other administrative officers of each component institution, including vice presidents, deans, directors and their equivalents. However, prior approval of the appropriate Executive Vice Chancellor shall be necessary for each such permanent or acting appointment and for each such dismissal whether from a permanent or acting appointment. All such other administrative officers serve without fixed terms and subject to the pleasure of the chief administrative officer of the institution and the aforesaid approval of the Executive Vice Chancellor.

12.2 [~~10-2~~] The Board delegates to the Chancellor and the Executive Vice Chancellor having line responsibility for the institution and they [~~that-Executive-Vice Chancellor~~], in turn, delegate [~~delegates~~] to the chief administrative officer of each component institution the responsibility for the permanent or acting appointment of department chairmen, department heads, and their equivalents. Such department chairmen, department heads and their equivalents serve without fixed terms and subject to the pleasure of the chief administrative officer of the institution.

12.3 [~~10-3~~] The Board endorses the principle of reasonable faculty and student consultation in the selection of administrative officers of the component institutions,

and the primary operating units, and expects the chief administrative officer, as he deems appropriate, to consult in the selection process with the representatives of the faculty and student body. However, the chief administrative officer of the component institution is responsible for executing the duties of his office and consequently shall not be bound by nominations to administrative positions in his institution by campus selection committees, and the Handbook of Operating Procedures of each component institution shall so state.