

Meeting No. 874

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

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February 10, 1994

Houston, Texas

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 OF
 THE UNIVERSITY OF TEXAS SYSTEM
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 HOUSTON, TEXAS

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MEETING NO. 874

THURSDAY, FEBRUARY 10, 1994.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:12 a.m. on Thursday, February 10, 1994, in Conference Rooms A & B on the Tenth Floor of the R. Lee Clark Clinic Building at The University of Texas M.D. Anderson Cancer Center, Houston, Texas, with the following in attendance:

ATTENDANCE.--

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

Executive Secretary Dilly

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

[On January 10, 1994, Governor Ann Richards named Mr. Thomas O. Hicks, Dallas, Texas, to membership on the Board of Regents of The University of Texas System for a term to expire on February 1, 1999. Mr. Hicks replaces Mr. Peter R. Coneway, Houston, Texas, who resigned on August 12, 1993. He has taken the oath of office and his appointment is subject to confirmation by the Senate of Texas in the next regular session of the Legislature.]

Chairman Rapoport announced a quorum present and called the meeting to order. He then introduced Mr. Hicks, welcomed him to membership on the U. T. Board of Regents, and stated that the Board looked forward to his wise counsel in the governance of the U. T. System.

Regent Hicks expressed his pleasure at being appointed to the Board and indicated his desire to work with the other members of the Board in the best interests of the U. T. System.

WELCOME BY CHARLES A. LEMAISTRE, M.D., PRESIDENT OF THE UNIVERSITY OF TEXAS M.D. ANDERSON CANCER CENTER.--Chairman Rapoport stated that the Board was very pleased to be meeting at The University of Texas M.D. Anderson Cancer Center and called on Charles A. LeMaistre, M.D., President of the host institution, for any welcoming remarks.

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

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON DECEMBER 2, 1993.--Upon motion of Vice-Chairman Temple, seconded by Vice-Chairman Lebermann, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on December 2, 1993, in Brownsville, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLI, Pages 380 - 787.

SPECIAL ITEMS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter I, Section 8, Subsection 8.5, Subdivision 8.53 (Communications by and to the Board); Chapter IV, Section 3 (Faculty Advisory Council); and Chapter VI, Section 1, Subsection 1.6 (Student Advisory Group).--To formalize the continuing appointment of the Faculty Advisory Council and the Student Advisory Group within The University of Texas System, approval was given to amend the Regents' Rules and Regulations, Part One, Chapters I, IV, and VI as set forth below:
 - a. Subdivision 8.53 of Chapter I, Section 8, Subsection 8.5 was amended to read as follows:

8.53 All official material to be distributed to the Regents shall be transmitted through the Office of the Board of Regents. Copies of all official communications from administrative officers to the Regents shall be sent to the Executive Secretary. Communications from the Chancellor and Executive Vice Chancellors shall be exempt from this requirement but in such cases information copies shall be furnished to the Executive Secretary. The regular channel of communication from the faculty, staff, students and administration to the Board is through the chief administrative officer of the institution involved, the appropriate Executive Vice Chancellor and the Chancellor. A copy of any communication sent directly to a Board member should be furnished to the Chancellor, the appropriate Executive Vice Chancellor and to the chief administrative officer of the institution involved.

Except for communications from the Chancellor, the Executive Vice Chancellors and the Executive Secretary to the Board, all communications to the Board from members of the university community should be in writing.

Communications from the Faculty Advisory Council and the Student Advisory Group to the Board are through the Chancellor.

- b. A new Section 3 to Chapter IV was added to read as follows:

Sec. 3. Faculty Advisory Council.--At the discretion of the Chairman of the Board of Regents and the Chancellor, a faculty advisory council representing component institutions in the U. T. System may be formed to facilitate the flow of ideas and information between and among the U. T. Board of Regents, the U. T. System Administration, and the component institutions. The Chairman and Chancellor will promulgate guidelines for the selection of faculty advisory council representatives. Representatives of the faculty advisory council may from time to time address the Board at meetings of the Board and may recommend action to the Board through the Chancellor. The faculty advisory council shall provide an annual report of activities and actions to the Board.

- c. A new Subsection 1.6 to Chapter VI, Section 1 was added to read as follows:

1.6 Student Advisory Group.--At the discretion of the Chairman of the Board of Regents and the Chancellor, a student advisory group representing component institutions in the U. T. System may be formed to facilitate the flow of ideas and information between and among the U. T. Board of Regents, the U. T. System Administration, and the component institutions. The Chairman and Chancellor will promulgate guidelines for the selection of student advisory group representatives. Representatives of the student advisory group may from time to time address the Board at meetings of the Board and may recommend action to the Board through the Chancellor. The student advisory group shall provide an annual report of activities and actions to the Board.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter III, Section 7 (Rights and Responsibilities as a Citizen and as a Teacher) and Section 35 (Political Activities).--In order to clarify the terms and conditions applicable to political activities by faculty or staff members within The University of Texas System, the Board amended the Regents' Rules and Regulations, Part One, Chapter III, Section 7 (Rights and Responsibilities as a Citizen and as a Teacher) and Section 35 (Political Activities) as set forth below:

- a. Section 7 was amended to read as follows:

Sec. 7. Rights and Responsibilities of Faculty Members as Citizens and as Teachers.

7.3 The university teacher is a citizen, a member of a learned profession, and an officer of an educational institution supported by the state. When the teacher speaks or writes as a citizen, he or she should be free from institutional censorship or discipline, but the teacher's special position in the community imposes special obligations. As a person of learning and an educational officer, the teacher should remember that the public may judge the profession and the institution by his or her utterances. Hence, the teacher should at all times be accurate, should exercise appropriate restraint, should show respect for the opinions of others, and should make it plain that the teacher is not an institutional spokesman.

- b. Present Subsection 7.4 of Section 7 was deleted in its entirety.

- c. A new Section 35 was added to read as follows:

Sec. 35. Political Activities.--The Board recognizes the right of a member of the faculty or staff to participate in political activities provided such activities are not conducted during work hours unless the faculty or staff member uses accrued compensatory or vacation leave; are in compliance with the Constitution and laws of the State of Texas; do not interfere with the discharge and performance of an employee's duties and responsibilities; do not involve the use of equipment, supplies, or services of the System or a component institution; do not involve the impermissible use of System or component facilities; do not involve the attempt to coerce students, faculty, or staff to participate in or support the political activity; and do not involve the System or a component institution in partisan politics. With the interest of the System or a component institution being given first consideration, a leave

of absence without pay pursuant to Subsection 16.2 of this Chapter, may--but need not--be granted to a member of the faculty or staff to participate in political activities. However, a leave of absence without pay shall not be granted to a member of the faculty or staff of the System or a component institution for the purpose of being a candidate for an elective public office, holding an elective public office, or directing the political campaign of a candidate for an elective public office. A member of the faculty or staff who wishes to engage in political activity that will interfere with the performance of his or her duties and responsibilities should voluntarily terminate employment. If the chief administrative officer of the component institution, the Chancellor, an Executive Vice Chancellor, or the Board finds that the faculty or staff member's political activity interferes with the performance of his or her duties and responsibilities or does not comply with the requirements of this subsection, the faculty or staff member shall be subject to appropriate disciplinary action, including termination.

d. Present Section 35 was renumbered as Section 36.

U. T. SYSTEM: PROGRESS REPORT ON ACTIVITIES RELATED TO THE SOUTH TEXAS/BORDER INITIATIVE PROGRAM.--Prior to recessing for the meetings of the Standing Committees, Chairman Rapoport requested a brief report on the activities related to the implementation of The University of Texas System South Texas/Border Initiative program.

In response to Chairman Rapoport's request, Chancellor Cunningham reported that considerable progress has been made in the ongoing development of academic programs and the planning of new facilities within the institutions which are part of the South Texas/Border Initiative program. He then called on Dr. Mario J. Gonzalez, Associate Vice Chancellor for South Texas/Border Area Development, for a few comments.

Dr. Gonzalez reported that the current activities related to the implementation of the U. T. System South Texas/Border Initiative program are moving forward on schedule and noted there has been a steady stream of activity in the development of academic programs in the last few months. In the area of facilities development, Dr. Gonzalez noted that these construction projects are coming before the Board as quickly as effective planning will allow. He pointed out that Chancellor Cunningham has made presentations to the Mexican-American Legislative Caucus on a regular basis and has stressed that the Board of Regents is very interested and committed to this program. Dr. Gonzalez concluded by stating that he planned to give more significant progress reports at future meetings of the Board.

Chairman Rapoport thanked Drs. Cunningham and Gonzalez for their comments and reemphasized the Board's commitment to the South Texas/Border Initiative program.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--Before the Board recessed for the meetings of the Standing Committees, Chairman Rapoport announced for the record that Regent Hicks has been appointed as a member of the Health Affairs and Asset Management Committees.

At 10:20 a.m., the Board recessed for the meetings of the Standing Committees, and Chairman Rapoport announced that at the conclusion of each committee meeting the Board would reconvene to approve the report and recommendations of that committee.

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

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 7 - 92).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Rapoport reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

1. U. T. System: Authorization to Renew the Comprehensive Crime Policy with National Union Fire Insurance Company, Pittsburgh, Pennsylvania, Effective November 1, 1993 Through November 1, 1994 (Exec. Com. Letter 94-3).--The Board, upon recommendation of the Executive Committee, renewed The University of Texas System Comprehensive Crime Policy with National Union Fire Insurance Company of Pittsburgh, Pennsylvania, from November 1, 1993 through November 1, 1994, at an annual premium of \$90,000 with a \$50,000 deductible.

2. U. T. System - Capital Improvement Plan: Approval to Reallocate Reserve Allocations for Repairs and Equipment Projects (Exec. Com. Letter 94-4).--In June 1990, the U. T. Board of Regents approved a Capital Budget with allocation from the Permanent University Fund Bond Proceeds Reserves for The University of Texas at Dallas in the amount of \$760,000 for major repairs and renovations. That amount was to be applied to five projects, one of which was a \$125,000 Academic Computing Center Renovations Project. Since that time, U. T. Dallas has found that there are structural problems associated with the space for which the renovations had been proposed and requested that the balance of the funds from the FY 1991 allocation for renovations be used to upgrade some of the larger classrooms on the campus to include room modifications, built-in equipment, and the installation of fiber optic connections, a project already in progress with institutional funds.

In compliance with that request and upon recommendation of the Executive Committee, the Board approved the reallocation of approximately \$113,000 of U. T. Dallas' 1991 allocation of \$760,000 from Part B (Reserve Allocations for Repairs and Equipment Projects) of The University of Texas System Capital Improvement Plan from the \$125,000 Academic Computing Center Renovations Project for the Classrooms Upgrade Project.

This reallocation in the six-year Capital Improvement Plan is consistent with the objective of both the initial allocation in June 1990 and the most recent allocation in August 1993.

3. U. T. Arlington - On-Campus Housing, Apartment Complex (Phase I): Approval of Ground Lease Agreement with Century Development (Century), a Texas Limited Partnership, Houston, Texas, as Limited Partner and Owner of General Partnership Entity in Arlington Residence Partnership I, Ltd., a Texas Limited Partnership, Houston, Texas, and Authorization to Execute Ground Lease Agreement and Related Documents (Exec. Com. Letter 94-6).--In October 1993, approval was given in concept to initiate a project for a student apartment complex on The University of Texas at Arlington campus and to solicit proposals from developers to construct and possibly manage Phase I of the complex.

At the December 1993 meeting, the Board approved further negotiations with Century Development (Century), a Texas Limited Partnership, Houston, Texas, for on-campus housing at U. T. Arlington.

Following those negotiations, which included participation by representatives of U. T. Arlington and the Offices of Academic Affairs, Business Affairs, and General Counsel, the lease format used for similar projects at The University of Texas at San Antonio and The University of Texas at Tyler was redrafted to include specific provisions for the U. T. Arlington project.

In accordance with those negotiations, the Board, upon recommendation of the Executive Committee:

- a. Approved the ground lease agreement with Century Development (Century), a Texas Limited Partnership, Houston, Texas, as Limited Partner and Owner of General Partnership Entity in Arlington Residence Partnership I, Ltd., a Texas Limited Partnership, Houston, Texas, for the construction of a student apartment complex at U. T. Arlington
- b. Authorized the Chairman of the U. T. Board of Regents to execute a ground lease agreement as set out on Pages 10 - 67 and to execute additional related documents as necessary upon review and recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Office of General Counsel.

The development of the project and ground lease are consistent with "Guidelines for Private Development on University Campuses" prepared by the Texas Higher Education Coordinating Board in April 1991. Century has committed to at least a 25% project participation by historically underutilized businesses during the construction phase of this project.

A closing date as near to January 14, 1994, as possible was desired to implement a guaranteed construction schedule which will allow occupancy by the Fall Semester 1994. Because of those time pressures, the ground lease agreement set forth in these Minutes does not contain a complete set of the exhibits which are dependent upon

additional survey and title work. After review and approval by U. T. Arlington, the Office of General Counsel, and the Offices of Academic Affairs and Business Affairs, final exhibits will be attached and incorporated into the final lease.

GROUND LEASE AGREEMENT

by and between

**THE BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM
FOR THE USE AND BENEFIT OF
THE UNIVERSITY OF TEXAS AT ARLINGTON
(LESSOR)**

and

**ARUNGTON RESIDENCE PARTNERSHIP I, LTD.
(LESSEE)**

Dated: As of _____

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GROUND LEASE AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF TARRANT §

This Ground Lease Agreement (the "Lease") is made and entered into as of the _____ day of _____ 1994, by and between THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, FOR THE USE AND BENEFIT OF THE UNIVERSITY OF TEXAS AT ARLINGTON (the "LESSOR"), acting by and through its authorized officers, and ARLINGTON RESIDENCE PARTNERSHIP I, LTD., a Texas limited partnership (the "LESSEE"), acting by and through Arlington Residence Corp., a Texas corporation, General Partner.

WITNESSETH

WHEREAS, Section 65.39 of the Texas Education Code provides that the Board of Regents of The **University** of Texas System has the sole and exclusive management and control of the lands set aside and appropriated to, or acquired by, The University of Texas System;

WHEREAS, in order to assist in the development of campus housing facilities and related facilities for students, faculty, and staff at The University of Texas at Arlington ("The University" or "UTA"), the LESSOR deems it is best for the interest of The University of Texas System, that a portion of the campus at The University be leased to the LESSEE for the purpose of developing, constructing, operating, and leasing such campus housing facilities;

WHEREAS, the LESSOR and the LESSEE have determined to enter into this Lease whereby the LESSOR will lease a tract of approximately 7.6 acres of land on the campus to the LESSEE, and the LESSEE will develop, construct, operate, and lease improvements on such land for use by The University's **students**, faculty, and staff and such other persons as set forth herein and only such other persons as LESSOR may agree, subject to the terms herein stated;

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements which follow, the parties hereby agree:

ARTICLE ONE
LEASE OF PROPERTY • TERMS OF LEASE

Section 1.01. **LEASE OF PREMISES.** LESSOR, in consideration of the rents, covenants, agreements and conditions herein set forth, which LESSEE hereby agrees to cause to be paid, **kept** and performed, does hereby let, demise and rent exclusively unto LESSEE, and LESSEE does hereby rent and lease from LESSOR, the real property (the "Land")

more particularly described in EXHIBIT "A" attached hereto, being incorporated into this Lease and made a part hereof, together with the Facilities and all improvements, alterations, additions, and attached fixtures located on the Land. LESSEE, by execution of this Lease, accepts the leasehold estate herein demised 'subject to all easements and other matters referred to in EXHIBIT "B".

Section 1.02. HABENDUM. TO HAVE AND TO HOLD the Premises, together with all and singular the rights, privileges, and appurtenances thereto attaching or anywise belonging, exclusively unto LESSEE, its successors and assigns, for the term set forth in Section 1.03, subject to termination as herein provided, and subject to the covenants, agreements, terms, provisions, and limitations herein set forth.

Section 1.03. TERM. Unless sooner terminated as herein provided, this Lease shall continue and remain in full force and effect for a term commencing on the date hereof and ending at midnight on August 31, 2024 (the "Term").

Section 1.04. OPTION TO EXTEND TERM. For and in consideration of the sum of Ten and No/100 Dollars (\$10.00) cash in hand paid by the LESSEE to LESSOR, the receipt and sufficiency of which are hereby acknowledged, LESSOR, for itself, its successors and assigns, hereby grants to LESSEE and to any Permitted Mortgagee, as applicable, one option to renew and extend the Term of this Lease for a period of five (5) calendar years, commencing upon the expiration of the Term and expiring at midnight on August 31, 2029, unless this Lease is terminated earlier pursuant to the provisions hereof or unless there remains uncured any breach of any covenant set forth herein which LESSOR has theretofore notified LESSEE and any Permitted Mortgagees and as to which the applicable time to cure such breach has finally expired. Should LESSEE or a Permitted Mortgagee desire to exercise its option to extend the Term, it shall do so by delivering to LESSOR written notice of its intention to exercise such option on or before one hundred eighty (180) days prior to the expiration of the Term.

ARTICLE TWO DEFINITIONS

Section 2.01. DEFINITIONS. In addition to such other defined terms as may be set forth in this Lease, as used in this Lease, the following terms have the following respective meanings:

"Academic Year" - the period commencing on September 1 of each calendar year during the Term and ending on August 31 of the following calendar year.

"Affiliate" with respect to a designated Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such designated Person. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with

respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through ownership of voting securities or by contract or otherwise.

"Annual Expenses" - with respect to any Academic Year of LESSEE, all amounts (a) paid by LESSEE during such Academic Year for operating expenses related to the Premises (including real estate taxes and sales, personal property, rental, occupancy, use, gross receipts, and excise taxes), (b) paid by LESSEE during such Academic Year for capital expenditures for the Premises, (c) paid by LESSEE during such Academic Year for principal, interest, and make-whole amounts to any Permitted Mortgagee, (d) advanced by (or indemnification payments owed to) any Permitted Mortgagee pursuant to the Permitted Mortgage and related to the Facilities, and (e) for Reserve Amounts.

"Applicable Laws" - all present and future statutes, regulations, ordinances, resolutions and orders of any Governmental Authority.

"Award" - any payment or other compensation received or receivable as a consequence of a Taking from or on behalf of any Governmental Authority or any other Person vested with the power of eminent domain.

"Business Day" - a day excluding Saturday, Sunday and any Holiday.

"Century Development" - a Texas limited partnership.

"Century Property Management Company, L.P." - a Texas limited partnership.

"commencement of Construction" - the date on which excavation or foundation work is begun for the Facilities.

"coordinating Board" - The Texas Higher Education Coordinating Board.

"Date of Opening" - the date the Facilities are opened for occupancy or use.

"Event of Default" - any matter identified as an event of default under Section 13.01.

"Expiration Date" - the expiration date of this Lease.

"Facilities" - all improvements constructed on the Land, including the complex of 9 buildings which include approximately 200 apartment units and related facilities for use by students, faculty, and staff of the University and others as permitted under this Lease or approved by UTA as participants in UTA sponsored activities.

"Facility Eaiuiment" - all personal property including but not limited to furniture, furnishings, equipment, machinery, owned by LESSEE and used in connection with the operation of the Premises.

"Force Majeure" - an (a) act of God, landslide, lightning, earthquake, hurricane, tornado, blizzard and other adverse and inclement weather, fire, explosion, flood, act of a public enemy, war, blockade, insurrection, riot, or civil disturbance; (b) labor dispute, strike, work slowdown, or work stoppage; (c) order or judgment of any Governmental Authority, if not the result of willful or negligent action of LESSEE; (d) adoption of or change in any Applicable Law after the date of execution of this Lease; or (e) any other similar cause of similar event beyond the reasonable control of LESSEE.

"Foreclosure"- a foreclosure of a Permitted Mortgage or a conveyance in lieu of foreclosure of a Permitted Mortgage.

"Governmental Authority"-any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, county, district, municipality, city or otherwise) whether now or hereafter in existence.

"Gross Rents" - with respect to any Academic Year, all Occupancy Rents actually received by LESSEE during such Academic Year on account of or as a result of the occupancy of the Facilities by occupants. Gross Rents shall not include any amounts received from occupants to cover any sale, use, transaction privilege, excise or gross receipts tax imposed by any Governmental Authority for or attributable to the Occupancy Rents paid by such occupants.

"Gross Revenues" - with respect to any Academic Year, all gross receipts of LESSEE from the Premises, computed on a cash basis and otherwise in a manner reasonably acceptable to LESSOR, including all rent, laundry and vending machine revenues, and interest earned on tenants' security deposits.

"Holiday" - any day which shall be a legal holiday in the State of Texas or a day on which banking institutions in the State of Texas are authorized or are required by law to close.

"Incipient Default" - any default by LESSEE hereunder which, after the giving of notice or the passage of time (or both), would result in an Event of Default.

"Land" - the tract of approximately 7.6 acres located on the campus of The University of Texas at Arlington and more particularly described in Exhibit "A".

"LESSOR Representative"- one or more of the persons designated and authorized in writing from time to time by LESSOR to represent LESSOR in exercising LESSOR'S rights and

performing LESSOR'S obligations under this Lease; the initial LESSOR Representatives shall be either the President of The University of Texas at Arlington or the Vice President for Business Affairs of The University of Texas at Arlington.

"LESSOR'S Interest" - the fee simple title to the Land and the Facilities located on the Land and LESSOR'S interest under this Lease.

"Management Agreement" - the Management Agreement relating to the operation and management of the Premises.

"Net Cash Flow" - with respect to any Academic Year, the excess, if any, of Cross Revenues over Annual Expenses for such Academic Year.

"New Occupants" - any On-Campus Occupants who have not been On-Campus Occupants for previous Academic Years or who have not complied with the filing deadline for receiving "returning student priority benefits" in housing assignments by LESSOR.

"Occupancy Rents" - all rents and fees paid by On-Campus Occupants to occupy housing at the Facilities pursuant to the payment provisions of any Campus Housing Contracts or other leases.

"On-Campus Occupants" - those students, faculty, and staff associated with UTA and those participants in university-related activities who desire to occupy any housing on the campus at UTA.

"Permitted Assignee" - (a) any Permitted Mortgagee, any purchaser at a Foreclosure, any Affiliate of a Permitted Mortgagee, or any other Person selected by a Permitted Mortgagee (or its successors or assigns) subsequent to a Foreclosure of a Permitted Mortgage; (b) any Affiliate of LESSEE; or (c) Century Development (or any Affiliate of Century Development).

"Person" - an individual; a trust, an estate; a Governmental Authority; or a partnership, joint venture, corporation, company, firm or any other entity whatsoever.

"Plans and Specifications" - the plans and specifications for the construction of the Facilities described in EXHIBIT "C" as attached hereto, as such plans and specifications may be amended from time to time as permitted in Section 7.01.

"Premises" - the Land and the Facilities.

"Rent" - Base Rent and Percentage Rent.

"Reserve Amounts" - the amounts set forth in the Annual Budgets for debt service, operating, and capital reserves.

"Taking" Taken • the actual or constructive condemnation, or the actual or constructive acquisition by condemnation, eminent domain or similar proceeding by or at the direction of any Governmental Authority or other Person with the power of eminent domain.

"UTA" and/or "University" • The University of Texas at Arlington, a component institution of The University of Texas System, located in Arlington, Tarrant County, Texas being an "institution of higher education" as defined in Section 61.003, Texas Education Code.

ARTICLE THREE **RENT**

Section 3.01. BASE RENT. Commencing with the date hereof and continuing throughout the Term, LESSEE shall pay to LESSOR, as annual base rent ("Base Rent"), \$100 for each year or a portion thereof. The Base Rent shall be due and payable in advance, with the first such payment of Base Rent being due upon execution of the ground Lease and each subsequent payment due no later than forty-five (45) days after the close of each Academic Year.

Section 3.02. PERCENTAGE RENT. Subject to the limitations set forth in Section 8.03G, LESSEE shall pay to LESSOR, for the Academic Year commencing in 1994 and each Academic Year thereafter during the Term, percentage rent in an amount equal to the product of (a) 50% and (b) Net Cash Flow ("Percentage Rent"). Percentage Rent shall be paid to LESSOR no later than forty-five (45) days after the close of each Academic Year. If there is no Percentage Rent due for any such Academic Year, any net loss shall be borne solely by LESSEE and shall not be carried forward in determining Percentage Rent for the next Academic Year.

ARTICLE FOUR **USE OF PREMISES**

Section 4.01. PURPOSE AND USE OF LEASE. LESSEE enters into this Lease for the purpose of developing and constructing and maintaining the Facilities in accordance with the Plans and Specifications and except as otherwise provided herein, the Premises are to be used for no other purpose.

LESSEE shall have the right to use the Premises solely for the development and operation of the Facilities and ancillary uses including uses now or hereafter customarily related to or connected with the ownership and operation of a multi-family residential development. LESSOR and LESSEE covenant and agree that except as set forth in Sections 15.07 and 15.08 below, the Facilities shall be for the exclusive use and benefit of the students, faculty, staff and guests of The University and such other persons as The University and LESSEE shall mutually agree.

LESSEE shall comply with all ordinances, laws and regulations of all Governmental Authorities applicable to and as are required for LESSEE'S use and operation of the Premises as such ordinances, laws, and regulations are enforced by any Governmental Authority having jurisdiction with respect to the Premises, including, without limitation, the Rules and Regulations of the Board of Regents of The University of Texas System and the institutional rules and policies of UTA (collectively, "Governmental Regulations"). LESSEE shall require that the following Persons shall agree in writing to comply with Governmental Regulations: (i) any Person occupying space in the Facilities under a Campus Housing Contract; (ii) any Person managing all or part of the Premises under a Management Agreement; (iii) any Permitted Assignee; and (iv) any assignee or sublessee of all or part of the Premises, provided LESSOR'S approval to such assignment or sublease is obtained as herein required. The Board of Regents of The University of Texas System and UTA may enforce and apply Governmental Regulations on the Premises and to any Person in or on the Premises, and may authorize UTA officers and commissioned peace officers to provide such enforcement, subject to the jurisdictional limitations provided by law.

Section 4.02. BENEFIT OF THE UNIVERSITY. Subject to Sections 15.07 and 15.08, LESSEE shall lease and hold the Premises for the support, maintenance or benefit of The University and the Premises shall be leased for a purpose related to the performance of the duties and functions of UTA and shall not be leased to provide private residential housing to members of the public other than students, faculty and staff, approved for residency by the Office of the Vice President for Student Affairs and other persons approved by the LESSOR Representative as participants in university-related activities.

Section 4.03. CAMPUS DATA NETWORK SYSTEMS. LESSOR agrees to provide access to campus data network systems at no charge to LESSEE. LESSEE shall provide, maintain and repair computer cabling from each bedroom and living room to an environmentally controlled space designated as a switching room. Cabling from the central switching room to the campus data network will be provided by the LESSOR. LESSEE agrees to provide LESSOR with 24 hour access to the switching room.

ARTICLE FIVE
ACCEPTANCE AND CONDITION OF PREMISES

Section 5.01. LESSEE'S INSPECTION. LESSEE has had full opportunity to inspect and examine the Land. Except for the express representations and warranties of LESSOR set forth in this Lease, LESSEE'S execution of this Lease shall be conclusive evidence of LESSEE'S acceptance of the Land in an "AS IS" condition and, subject to LESSOR'S obligations set forth herein and LESSEE'S termination rights set forth in Section 23.09, LESSEE hereby accepts the Land in its present condition.

Section 5.02. NO REPRESENTATIONS. LESSEE agrees that no representations respecting the condition of the Premises and no promises to alter or improve the Premises

have been made by LESSOR or its agents to LESSEE unless the same are contained herein or made a part hereof by specific reference.

ARTICLE SIX
ACCESS

Section 6.01. ACCESS. LESSEE shall permit LESSOR'S agents, representatives, or employees to enter on the Premises at reasonable times for the purposes of review and inspection as provided in this Lease, to determine whether LESSEE is in compliance with the terms of this Lease, or for other reasonable purposes. Subject to the rights of LESSOR and UTA to observe and enforce their applicable rules and policies, the LESSOR and UTA, their agents, representatives, and employees shall not disturb construction on the Land and shall use best efforts to not disturb occupants of subleased space.

ARTICLE SEVEN
CONSTRUCTION BY LESSEE

Section 7.01. LESSEE TO PAY COSTS. LESSEE will cause the Facilities on the Land to be developed and constructed at no cost and expense to LESSOR. LESSOR shall have no financial obligation or other obligation of any kind under this Lease except as specifically set forth herein.

- A. LESSEE shall furnish all supervision, tools, implements, machinery, labor materials, and accessories such as are necessary and proper for the construction of the Facilities, shall pay all permit and license fees, and shall construct, build, and complete the Facilities in a good, substantial and worker-like manner all in accordance with this Lease, the Plans and Specifications, and all documents executed pursuant hereto and thereto.**

- B. LESSEE shall have the right to and shall provide for the location, construction, erection, maintenance, and removal of improvements, in any lawful manner, upon or in the Premises for the purpose of carrying out any of the activities provided for herein. LESSEE shall have sole control of the selection of construction professionals, construction design, means and methods and the final decision regarding operation of the Facilities, subject to the approval of LESSOR Representative which approval shall not be unreasonably withheld. The Plans and Specifications for the construction of the Facilities and for landscaping shall be prepared by architects and engineers registered in the State of Texas. The Plans and Specifications shall require the written approval of the LESSOR Representative before any construction or installation may be undertaken, which approval shall not be unreasonably withheld. Prior to issuing an approval of the Plans and Specifications (or any Remodeling Plans), the LESSOR Representative shall provide the Plans and Specifications (or the Remodeling Plans) to LESSOR'S Office of Facilities Planning and Construction**

("OFPC") for review and recommendations, and the LESSOR Representative shall consult with representatives of OFPC concerning any such recommendations, provided that LESSOR Representative's approval shall not be unreasonably delayed. All construction, alteration, renovation or additions to the Premises undertaken by the LESSEE shall be in conformance with all applicable codes, rules and regulations, including amendments thereto. LESSEE shall have the right to contest any such codes for reasonable grounds by ordinary and proper procedures.

- C. The LESSOR Representative shall review changes in work and materials in the Plans and Specifications and note in writing any required changes or corrections thereto no later than five (5) business days after receipt of the Plans and Specifications. Minor changes in work or materials, not affecting the general character of the Facilities may be made in the Plans and Specifications at any time without the approval of LESSOR Representative, but a copy of the altered Plans and Specifications shall promptly be furnished to the LESSOR Representative.
- D. After completion of the Facilities, at least one hundred twenty (120) days prior to undertaking any material structural alteration, renovation, or remodeling of the Facilities ("Remodeling") during the Term, LESSEE shall submit plans for such Remodeling (the "Remodeling Plans") to the LESSOR for approval, which approval shall not be unreasonably withheld. LESSOR shall either approve or disapprove any such Remodeling Plans within sixty (60) days after receipt of such plans from LESSEE. If LESSOR fails to respond within such sixty (60) day period, it shall be deemed that LESSOR approves any such Remodeling in accordance with the Remodeling Plans submitted by LESSEE.
- E. Subject to Force Majeure, LESSEE covenants that LESSEE shall substantially complete construction of the Facilities on or before August 15, 1994 with all units ready for occupancy. Subject to the provisions of Section 7.01 .F below, if any unit in the Facilities is not ready and available for occupancy on August 15, 1994 (regardless of delays caused by Force Majeure), and such unit has been committed by LESSEE to an Assigned Occupant, LESSEE shall, at its sole cost and expense, provide each such Assigned Occupant comparable living quarters until such Assigned Occupant's unit is available for occupancy. In the event comparable living quarters are not available in a location the same or similar distance from UTA campus, LESSEE at its sole cost and expense shall furnish daily transportation, at reasonable times and intervals, for such Assigned Occupant to and from the UTA campus. If LESSEE provides such Assigned Occupants with comparable living quarters pursuant to this section, then LESSEE'S failure to complete the construction of the Facilities by August 15, 1994 shall not be an Event of Default.

- F. The obligations of LESSEE to provide substitute living quarters for Assigned Occupants pursuant to Section 7.01.E above is conditioned upon each such Assigned Occupant's Campus Housing Contract remaining in full force and effect and such Assigned Occupant paying Occupancy Rents under its Campus Housing Contract to LESSEE during the time LESSEE is providing such Assigned Occupant with substitute living quarters.**
- G. Prior to Commencement of Construction, (or, after completion of the Facilities, prior to undertaking any Remodeling of the Facilities), (1) LESSEE shall deliver to the LESSOR Representative a copy of the signed contract between the LESSEE and the general contractor for construction of the Facilities ("Construction Contract") or any contract between the LESSEE and the general contractor for Remodeling of the Facilities, as applicable; and (2) LESSEE shall provide payment and performance bonds in an amount equal to the contract price set forth in the Construction Contract or the contract for Remodeling, as applicable.**
- H. The LESSOR Representative shall have the right to review and approve all payment bonds and performance bonds for work to be done pursuant to the Plans and Specifications or the Remodeling Plans and shall note in writing any required changes or corrections within five (5) business days after receipt thereof; provided, however, LESSEE shall not be required by LESSOR to secure a change in the terms of such bond documents if the Permitted Mortgagee has previously approved such bonds.**
- I. LESSEE shall, upon written request of LESSOR Representative, make, in such detail as may reasonably be required and forward to LESSOR Representative, reports in writing as to the actual progress of the construction or Remodeling of the Facilities. During such period, the work shall be subject to inspection by the LESSOR Representative and by authorized personnel of UTA and LESSOR'S Office of Facilities Planning and Construction in order to verify reports of construction, determine compliance with safety, fire and building codes and determine compliance with approved Plans and Specifications or Remodeling Plans or such other inspections as may be necessary in the reasonable opinion of the LESSOR Representative.**
- J. LESSEE shall be responsible for obtaining all licenses, patents, registered or copyrighted machines, materials, methods, or processes necessary to construct and operate the Facilities and LESSEE will hold LESSOR free and harmless from any and all claims arising out of LESSEE'S failure to obtain such licenses, patents, registered or copyrighted machines, materials, methods, or processes.**

- K. **Before erecting or placing any sign upon the Premises, LESSEE shall submit the design and specifications of such sign to LESSOR for approval, which approval shall not be withheld if such signage is consistent with UTA's current signage policy or such signage was included in the Plans and Specifications.**

Section 7.02. CONSTRUCTION STANDARDS AND LIENS. Any and all improvements to the Premises shall be constructed, and any and all alteration, renovation, repair, refurbishment, or other work with regard thereto shall be performed, in accordance with the following "Construction Standards" (herein so referenced):

- A. **All such construction or work shall be performed in a good and worker-like manner in accordance with good industry practice for the type of work in question;**
- B. **All such construction or work shall be done in compliance with all applicable building codes, ordinances, and other laws or regulations of Governmental Authorities having jurisdiction (the "Building Regulations");**
- C. **No such construction or work shall be commenced until there shall have been first obtained all licenses, permits, and authorizations, if any, required by all Governmental Authorities having jurisdiction;**
- D. **LESSEE shall have obtained and shall maintain in force and effect the insurance coverage required in Section 12.03 with respect to the type of construction or work in question;**
- E. **After commencement, such construction or work shall be prosecuted with due diligence to its completion; and**
- F. **All such construction or work shall be performed in accordance with the Plans and Specifications (or the Remodeling Plans, as applicable) which have been approved by LESSOR Representative, except as those plans may be changed in accordance with Section 7.01.C above.**

In addition to LESSEE's obligation to comply with the foregoing Construction Standards, the LESSEE shall cause all improvements and Alterations to the Premises to be designed, constructed, maintained, and operated in accordance with (i) the Americans with Disabilities Act of 1990, Public Law 101-336, and all regulations promulgated thereunder; (ii) Subchapter D, Chapter 92, Texas Property Code, notwithstanding the applicability of Section 92.152(a), Texas Property Code; and (iii) the ordinances and codes of the City of Arlington, Texas notwithstanding the applicability of such ordinances and codes to construction located on property owned by the State of Texas. LESSEE'S obligation under the preceding sentence shall not exceed those obligations that would be required of LESSEE

by law if the Premises were not property owned by the State of Texas. LESSEE shall obtain a building permit from the City of Arlington and shall cooperate fully with all inspectors and other officials of the City of Arlington concerning design, construction, maintenance, and operation of all improvements to the Premises and all Alterations.

Section 7.03. PERSONAL PROPERTY. All Facility Equipment shall be and remain the property of LESSEE, but shall remain subject to the terms of this Lease. Notwithstanding anything contained to the contrary in this Lease, LESSOR shall not have and does hereby expressly waive and relinquish any lien or claim for lien, whether granted by constitution, statute, rule of law, or contract relating to the Facility Equipment, whether located in or about the Premises, or otherwise, for any purpose whatsoever, including securing the payment of Rent.

ARTICLE EIGHT ENCUMBRANCES

Section 8.01. MORTGAGE OF LEASEHOLD. At any time and from time to time, LESSEE may mortgage, grant a lien upon, and a security interest in (and assign as collateral) LESSEE'S leasehold estate in the Premises and LESSEE'S other rights hereunder to a Permitted Mortgagee (as defined in this Section 8.01) without the prior consent of LESSOR by the creation or execution of contractual liens, deeds of trusts, mortgages, assignments or similar instruments (individually, a "Permitted Mortgage" and collectively, the "Permitted Mortgages"); provided (a) the debt secured by any Permitted Mortgage is used for the operation, maintenance, repair, construction, or replacement of the Premises, (b) the debt secured by any Permitted Mortgage is used for the payment of sums due under this Lease or otherwise owed to LESSOR, or (c) the debt secured by any Permitted Mortgage is used by the LESSEE to repay the debt secured by prior Permitted Mortgages and other amounts advanced by (or indemnification payments owed to) the Permitted Mortgagee pursuant to the Permitted Mortgage and related to the Facilities. LESSOR recognizes and agrees that the mortgages or deeds of trust described in Exhibit "D" shall constitute Permitted Mortgages. LESSOR also recognizes and agrees that Permitted Mortgagees shall include the beneficiaries (and such beneficiaries' successors and assigns) under the Permitted Mortgages described in Exhibit "D" and any purchaser at a Foreclosure of any such Permitted Mortgage, and shall be deemed to include Connecticut General Life Insurance Company ("CGLIC") and Connecticut General Life Insurance Company on behalf of one or more separate accounts("CGLIC-SA"). Except as specified in the preceding sentence, the term "Permitted Mortgagee" as used in this Lease shall mean a holder or beneficiary of a Permitted Mortgage, and shall be limited to a savings bank, savings and loan association, commercial bank, trust company, credit union, insurance company, college, university, state or local governmental authority, real estate investment trust, pension fund, and other lenders of substance that have assets in excess of fifty million dollars (\$50,000,000) at the time the Permitted Mortgage loan is made, CGLIC, CGLIC-SA, and Affiliates of any of the foregoing.

Section 8.02.. PERMITTED MORTGAGE PROVISIONS. Every Permitted Mortgagee to whom LESSEE shall grant a mortgage, pledge, lien or other encumbrance upon LESSEE's leasehold estate hereunder must expressly agree in the loan documents that, subject to the rights of the Permitted Mortgagees provided by this Lease, (i) such mortgage, pledge, lien or other encumbrance upon LESSEE'S leasehold estate hereunder is second, inferior and subordinate to the rights of LESSOR in and to the Land and the Facilities pursuant to the terms of this Lease; (ii) the Permitted Mortgagee shall not exercise any of its remedies under such loan documents, including acceleration of the maturity of the indebtedness thereunder, for any default or defaults of LESSEE under such loan documents or in connection with such loan, without first advising the LESSOR in the manner provided in Section 22.03 hereof; (iii) such Permitted Mortgagee will accept a cure by the LESSOR of any such default under such loan documents which is capable of being cured, except that LESSOR shall not be required to cure any such default and LESSOR shall have a cure period which shall commence upon Notice to LESSOR of such default and shall be equal in length to the applicable cure period, if any, as provided to LESSEE in such loan documents; and (iv) all payments so made and all things so done or performed by LESSOR shall be as effective to prevent an acceleration of the maturity of the indebtedness, the foreclosure of any liens securing payment thereof or the exercise of any other remedies by such Permitted Mortgagee upon default by LESSEE thereunder as the same would have been if paid, done or performed by LESSEE instead of by LESSOR LESSOR shall not be or become liable to any such Permitted Mortgagee as a result of the right and option to cure any such default or defaults by LESSEE.

Section 8.03. MORTGAGEE PROTECTIVE PROVISIONS. LESSOR hereby agrees to the following for the benefit of any Permitted Mortgagee, provided that written notice of such Permitted Mortgagee's name and mailing address is either set forth in Section 22.03 hereof or given to LESSOR and LESSEE.

- A. LESSOR shall not terminate this Lease (or LESSEE'S rights hereunder) for any Event of Default without first advising such Permitted Mortgagee, in writing, of such Event of Default and permitting such Permitted Mortgagee to cure such Event of Default on behalf of LESSEE within sixty (60) days after LESSOR has given Notice to such Permitted Mortgagee; provided that if, during such sixty (60) day period, Permitted Mortgagee takes action to cure such Event of Default but is unable, by reason of the nature of the remedial action involved, to cure such Event of Default within such period, LESSOR shall not terminate this Lease for so long as Permitted Mortgagee continues in good faith with due diligence and without unnecessary delays to cure such Event of Default. Further, if any Event of Default is not cured within such sixty (60) day period, or such longer period as provided in the immediately preceding sentence, or any extension thereof agreed to by the LESSOR, and (1) the Permitted Mortgagee shall have given the Notices necessary to commence Foreclosure of the liens of its Permitted Mortgage prior to the expiration of such sixty (60) day period (unless the Permitted Mortgagee is enjoined or

stayed from giving such Notices or exercising its right of Foreclosure, in which event such sixty (60) day period shall be extended by the period of such injunction or stay, but such sixty (60) day period shall not be extended for a period of time in excess of 270 days), and (2) the purchaser at the Foreclosure fully cures any Event of Default reasonably susceptible of being cured by the purchaser at the Foreclosure within sixty (60) days after such Foreclosure, then LESSOR will not terminate this Lease (or LESSEE'S rights hereunder) because of the occurrence of such Event of Default provided that Foreclosure is diligently prosecuted. LESSOR shall accept amounts paid or actions taken by or on behalf of any Permitted Mortgagee to cure any Event of Default. Nothing under this Section 8.03.A shall be construed to obligate a Permitted Mortgagee to either cure any Event of Default or Foreclose the liens and security interests under its Permitted Mortgage as a consequence of an Event of Default or Incipient Default, regardless of whether such Event of Default or Incipient Default is subsequently cured. If the Permitted Mortgagee or the purchaser at Foreclosure cures all defaults reasonably susceptible of being cured by such Permitted Mortgagee or purchaser, then all other defaults shall no longer be deemed to be defaults hereunder.

- B. Those Events of Default, which by their very nature, may not be cured by the Permitted Mortgagee (as, for example, the bankruptcy of LESSEE) shall not constitute grounds of enforcement of rights, recourse, or remedies hereunder by LESSOR including termination of this Lease, if a Permitted Mortgagee either before or after a Foreclosure of its Permitted Mortgage (1) makes all payments and performs all obligations hereunder capable of being performed by the Permitted Mortgagee and (2) thereafter continues to comply with those provisions of this Lease with which, by their very nature, the Permitted Mortgagee may comply. Notwithstanding anything to the contrary contained in this Lease, the Permitted Mortgagee shall not be responsible for or obligated to cure any Event of Default or Incipient Default of LESSEE for which the Permitted Mortgagee was not provided written Notice within 30 days from the occurrence of such Event of Default or Incipient Default (as the case may be).
- C. If a Permitted Mortgagee enforces the rights and remedies pursuant to the terms of its Permitted Mortgage (including Foreclosure of any liens or security interests encumbering the estates and rights of LESSEE under this Lease) such enforcement shall not constitute an Event of Default or an incipient Default by LESSEE hereunder.
- D. In the event a Permitted Mortgagee should Foreclose the liens and security interests of its Permitted Mortgage and should, as a result of such Foreclosure, succeed to the rights of LESSEE hereunder, then such Permitted Mortgagee shall be subject to all the terms and conditions of this Lease and

shall be entitled to all rights and benefits of this Lease; provided, however, that (1) such Permitted Mortgagee shall not be liable for any act or omission of LESSEE; (2) such Permitted Mortgagee shall not be subject to any offsets or defenses which LESSOR has or might have against LESSEE; (3) such Permitted Mortgagee shall not be bound by any amendment, modification, alteration, approval, consent, surrender, or waiver under the terms of this Lease made without the prior written consent of such Permitted Mortgagee; (4) such Permitted Mortgagee's obligations to pay Percentage Rent shall be limited as set forth in Section 8.03.G; and (5) upon the written request of such Permitted Mortgagee, LESSOR shall reaffirm, in writing, the validity of this Lease, and that this Lease is in full force and effect. LESSOR acknowledges and agrees for itself and its successors and assigns that this Lease does not constitute a waiver by any such Permitted Mortgagee of any of its rights under any Permitted Mortgage or in any way release LESSEE from its obligations to comply with the terms, provisions, conditions, representations, warranties, agreements or clauses of such Permitted Mortgage or any other such security interest.

- E. LESSOR will not agree to a modification, alteration, amendment or the release or surrender of this Lease without the prior written consent of any Permitted Mortgagees.

- F. In the event of the termination of this Lease prior to the Expiration Date, except by a Taking pursuant to Article Seventeen hereof, LESSOR will serve upon any Permitted Mortgagees written Notice that this Lease has been terminated together with a statement of any and all sums which would have at that time been due under the Lease but for such termination and of all other Events of Default or Incipient Defaults, if any, under this Lease then known to LESSOR whereupon the Permitted Mortgagee holding the most senior Permitted Mortgage shall have the option to obtain a new lease of the Premises by giving Notice to LESSOR to such effect within sixty (60) days after receipt by such Permitted Mortgagee of Notice of such termination, which new lease shall be (1) effective as of the date of termination of this Lease, (2) for the remainder of the Term, and (3) at the same Rent and upon all of the agreements, terms, covenants and conditions hereof (subject, however, to any limitations on Percentage Rent applicable pursuant to Section 8.03.G). Upon the execution of such new lease, the lessee named therein shall pay any and all sums which at the time of the execution thereof would be due under this Lease but for such termination and shall pay all unpaid expenses, including reasonable attorney's fees, court costs and disbursements incurred by LESSOR in connection with the Event of Default and such termination, the recovery of possession of the Premises and the preparation, execution and delivery of such new lease.

- G. The Permitted Mortgagee or any other Person succeeding to the interests of LESSEE hereunder through a Foreclosure shall be not obligated to pay Percentage Rent from the effective date of Foreclosure until the Permitted Mortgagee has received Net Cash Flow and proceeds from the sale and financing of the Facilities in an amount equal to the Total Imputed Debt. As referenced herein, the “Total imputed Debt” shall mean the total unpaid principal, interest, reasonable foreclosure costs and reasonable legal fees secured by the Permitted Mortgage, and other amounts which are related to the Facilities advanced by (or indemnification payments owed to) any Permitted Mortgagee pursuant to the Permitted Mortgage, together with interest accrued on such amounts (until such amounts are repaid out of Net Cash Flow or sale and finance proceeds) at the per annum rate of interest on the indebtedness secured by the Permitted Mortgage. If the Permitted Mortgagee or other Person succeeds to the interests of LESSEE hereunder through a Foreclosure following a “Foreclosure and LESSOR Default Occurrence”, the Total Imputed Debt shall include any make-whole amounts secured by the Permitted Mortgage For purposes of this Lease, the term “Foreclosure and LESSOR Default Occurrence” shall mean a Foreclosure resulting from one or more defaults under the Permitted Mortgage so long as at least one such default shall have occurred by reason of a default by the LESSOR hereunder which shall not have been waived in writing by such Permitted Mortgagee. All sums received by the Permitted Mortgagee hereunder to be applied to the Total Imputed Debt shall be applied first to reduce the sums representing unpaid interest, then to sums representing the outstanding amounts of principal owing.,**
- H. All Notices required to be given hereunder by LESSOR to LESSEE shall also be given concurrently to each Permitted Mortgagee, at the address designated in writing to LESSOR, or as set forth in Section 22.03 hereof.**
- I. The Permitted Mortgagee or any other Person succeeding to the interests of LESSEE hereunder through a Foreclosure shall be subject to all of the terms and conditions of this Lease except as otherwise expressly provided for herein.**
- J. The liability of the Permitted Mortgagee under the Lease shall be limited to the period during which the Permitted Mortgagee may own the interest of the LESSEE hereunder. Upon the Permitted Mortgagee’s assignment or transfer of its rights and interests in and to the Lease to a third party, the Permitted Mortgagee shall have no further liability for any obligations arising after such transfer date, which liability shall be borne by the assignee or transferee.**

ARTICLE NINE
MAINTENANCE AND REPAIR

Section 9.01. UTILITIES. LESSEE shall pay or cause to be paid any and all charges, including any connection fees, for water, heat, gas, electricity, sewers, trash removal and disposal, and any and all other utilities used on the Premises throughout the Term.

Section 9.02. USE OF AND REPAIRS TO PREMISES. Throughout the Term of the Lease, LESSEE shall keep all improvements hereafter situated upon the Land in good and safe condition and in reasonable repair, with normal wear and tear, damage caused by casualty, condemnation, renovation and Force Majeure excepted, and LESSEE shall conform to and comply with all applicable ordinances, regulations and laws of all Governmental Authorities as the same may be enforced.

Section 9.03. CONDITION OF PREMISES. LESSEE shall maintain the Premises in a safe, clean, neat and sanitary condition, attractive in appearance, normal wear and tear, damage caused by casualty or condemnation, temporary destruction for renovation and Force Majeure excepted. LESSOR shall have the right, but not the obligation, at reasonable times to make inspections of the Premises.

Section 9.04. INSPECTION. LESSOR, at LESSOR'S option, shall cause to be made an annual inspection of the Premises to ascertain the quality of maintenance being observed by LESSEE, and shall notify LESSEE in writing within thirty (30) days after the end of each Academic Year of all items of repair or replacement deemed reasonably necessary to maintain the Premises in a presentable and operating condition, with a copy of such Notice being provided to each Permitted Mortgagee entitled to Notices under this Lease. Upon receipt of said Notice, LESSEE shall undertake reasonable corrective action within ninety (90) days.

Section 9.05. ALTERATIONS. LESSEE shall have the right, from time to time, to make additions, alterations and changes (hereinafter sometimes referred to collectively as "Alterations") in or to the Facilities (which term shall, when used in this Section 9.05, include any replacement or substitution therefor), provided that no Event of Default (as defined herein) shall exist by LESSEE in the performance of any of LESSEE's covenants or agreements in this Lease, subject, however, to the following:

- A. No structural Alterations of the original facade or exterior of the Facilities shall be commenced except after receipt of LESSOR'S written approval of such Alterations no later than thirty (30) days after receipt of Notice of such proposed Alterations, which approval LESSOR agrees not to unreasonably withhold;**
- B. No Alterations shall be made which would impair the structural soundness of the Facilities;**

- C. **No Alterations shall be undertaken until LESSEE shall have procured and paid for, so far as the same may be required from time to time, all applicable permits, licenses and authorizations of all Governmental Authorities having jurisdiction and all required consents of Permitted Mortgagees having a first priority interest in or lien upon the Premises. LESSOR shall join, but without expense to LESSOR, in the application for such applicable permits, licenses or authorizations whenever such action is necessary and is requested by LESSEE;**
- D. **Any Alterations shall be commenced and completed within a reasonable time (subject to Force Majeure) and in a good and worker-like manner and in substantial compliance with all applicable permits, licenses and authorizations and buildings laws and with all other applicable laws, ordinances, orders, rules, regulations and requirements of Governmental Authorities, as the same may be enforced;**
- E. **If any involuntary liens for labor and materials supplied or claimed to have been supplied to the Premises shall be filed, LESSEE shall pay or bond around such liens to LESSOR'S reasonable satisfaction or otherwise obtain the release or discharge thereof at least sixty (60) days prior to the time that any interest in the Land and/or Facilities may become subject to forced sale with respect to such involuntary liens;**
- F. **Workers' compensation insurance shall be maintained in force covering all persons employed in connection with the development and construction on the Premises with respect to whom death or bodily injury claims could be asserted against LESSOR, LESSEE or the Premises; and**
- G. **LESSEE will upon demand by LESSOR give reasonably satisfactory proof or assurances to LESSOR that the funds required to pay for the Alterations are or will be available to LESSEE for such purpose.**

Section 9.06. DAMAGE TO IMPROVEMENTS. Subject to the other terms of this Lease, in the event any portion of the Facilities is damaged by fire or otherwise, regardless of the extent of such damage or destruction, within ninety (90) days following the date of such damage or destruction, LESSEE shall commence the work of repair, reconstruction or replacement of the damaged or destroyed building or improvement and prosecute the same with reasonable diligence to completion, so that the Facilities shall, at the sole expense of LESSEE, be restored to substantially the same size, function and value as the Facilities existing prior to the damage; provided, however, that if any available insurance proceeds (after payment of all or any portion of such insurance proceeds towards amounts owed under any Permitted Mortgage) are insufficient, in the reasonable judgment of LESSEE, to permit restoration in accordance with the terms of this Lease, or if payment of the

insurance proceeds is contested or not settled promptly for any reason, then the LESSOR shall grant an appropriate extension of the time for commencing repairs to allow LESSEE to obtain reasonable replacement financing or to obtain the insurance proceeds. If LESSEE shall in good faith be unable to (i) obtain reasonable replacement financing to restore the Facilities to substantially the same size, function, and value as the Facilities existing prior to the damage or (ii) obtain the insurance proceeds, then LESSEE may terminate this Lease by written Notice to LESSOR. In the event of termination under this Section 9.06, this Lease shall terminate ten (10) days after the date of such Notice with the same force and effect as if such date were the date herein fixed for the expiration of the Term, and the Rent shall be apportioned and paid to the time of such termination. All or any portion of the insurance proceeds payable as a consequence of a casualty affecting the Facilities shall be deposited with and disbursed by the Permitted Mortgagee (holding the Permitted Mortgage with the most senior lien priority) in accordance with such Permitted Mortgagee's loan documents or contractual agreements with LESSEE pending the completion of repairs to the Facilities.

ARTICLE TEN
CERTAIN LIENS PROHIBITED

Section 10.01. NO MECHANICS' LIENS. Except as permitted in Section 10.02 hereof, LESSEE shall not suffer or permit any mechanics' liens or materialmen's liens to be enforced against LESSOR'S Interest nor against LESSEE'S leasehold interest in the Premises by reason of a failure to pay for any work, labor, services, or materials supplied or claimed to have been supplied to LESSEE or to anyone holding the Premises or any part thereof through or under LESSEE.

Section 10.02. RELEASE OF RECORDED LIENS. If any such mechanics' liens or materialmen's liens shall be recorded against the Premises, LESSEE shall cause the same to be released of record or, in the alternative, if LESSEE in good faith desires to contest the same, LESSEE shall be privileged to do so, but in such case LESSEE hereby agrees to indemnify and save LESSOR harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on said mechanics' lien, cause the same to be discharged and released prior to the execution of such judgment. In the event LESSOR reasonably should consider LESSOR'S interest endangered by any such liens and should so notify LESSEE and each Permitted Mortgagee and LESSEE or any Permitted Mortgagee should fail to provide adequate security for the payment of such liens, in the form of a surety bond, cash deposit or cash equivalent, or indemnity agreement reasonably satisfactory to LESSOR within thirty (30) days after such Notice, then LESSOR, at LESSOR'S sole discretion, may discharge such liens and recover from LESSEE immediately as net rent under this Lease the amounts to be paid, with interest thereon from the date paid by LESSOR until repaid by LESSEE at the rate of ten percent (10%) per annum.

Section 10.03. MEMORANDUM RECITALS. The Memorandum of Ground Lease to be filed pursuant to Section 22.05 of this Lease shall state that any third party entering into

a contract with LESSEE for improvements to be located on the Land, or any other party under said third party, shall be on notice that LESSOR shall have no liability for satisfaction of any claims of any nature in any way arising out of a contract with LESSEE.

ARTICLE ELEVEN
OPERATION AND MANAGEMENT OF FACILITIES

Section 11 .01, MANAGEMENT AGREEMENTS. LESSEE shall be responsible for the operation of the Premises. LESSEE shall enter into a Management Agreement, satisfactory to the Committee, with a manager (“Manager”) approved by the Committee. LESSOR hereby approves Century Property Management Company, L.P. as the initial Manager of the Premises and agrees to the selection of subsequent Managers in accordance with the procedures set out in Section 11.02.D. Each such Management Agreement shall provide for the operation of the Premises without cost or expense to LESSOR in conformity with all applicable laws and rules, regulations and policies of LESSOR applicable to all housing projects on UTA’s campus. The Management Agreement shall permit the Manager to contract with LESSOR and LESSEE to provide certain services. LESSEE shall cause the Management Agreement to provide that (a) the Manager shall introduce all on-site managers to the Vice President for Business Affairs and the Vice President for Student Affairs at UTA prior to hiring any such on-site manager, (b) LESSEE can require the Manager to reassign any of Manager’s employees if LESSOR so requests in writing, provided that such requests shall be on the grounds that such employee is not performing the job, and (c) the Manager shall consider University students when hiring staff at the Premises.

Section 11.02. ADVISORY COMMITTEE.

A. The Annual Budget, the selection of the Manager, and the policies and operating procedures governing the Assigned Occupants, shall be subject to review and approval by the Advisory Committee composed of representatives of LESSOR and LESSEE (the “Committee”). The Committee shall at all times consist of six (6) members, three (3) of whom shall be selected by LESSOR Representative, and three (3) of whom shall be selected by LESSEE. LESSOR and LESSEE may appoint an alternate for each member appointed by it to the Committee who shall have all of the powers of the Committee member in the event of an absence or inability to serve. LESSOR and LESSEE shall notify the other in writing with respect to the name and address of the persons appointed by each to the Committee. All such Committee appointments shall be at the pleasure of the LESSOR or LESSEE making such appointment. The Committee members of each LESSOR and LESSEE shall be entitled to deal with the Committee members appointed by the other until receipt of written Notice of the appointment of a substitute or successor for such duly appointed Committee member. The Vice President for Business Affairs and the Vice President for Student Affairs shall either serve on the Committee or designate delegates to represent them on the Committee as representatives of the LESSOR

B. The Committee shall meet at least once each quarter at the Premises or at such other location as may be approved by the Committee, (unless such meeting shall be waived by all members thereof) or upon the call of any three (3) members upon five (5) business days' Notice to all members by telephone or telecopy. An agenda for each meeting shall be prepared in advance by the LESSOR and LESSEE in consultation with each other, and each member of the Committee shall receive a copy of the agenda prior to the scheduled time of the meeting. Four (4) members of the Committee shall constitute a quorum provided at least two members present were appointed by LESSEE and two members present were appointed by LESSOR. A concurring vote of at least four (4) members of the Committee shall govern all of its actions. The Committee may act without a meeting if the action is approved in advance in writing by all of the members of the Committee. The Committee shall cause written minutes to be prepared of all actions taken by the Committee and shall deliver a copy thereof to each member of the Committee within seven (7) days following the close of each meeting.

C. After completion of construction of the Facilities, LESSEE shall operate, and cause the Manager to operate, the Facilities under annual budgets (individually, an "Annual Budget" and collectively, the "Annual Budgets") which shall be prepared and submitted by LESSEE to the Committee for approval not later than sixty (60) days prior to the commencement of each Academic Year. Each Annual Budget shall set forth (1) the estimated receipts (including Occupancy Rents) and expenditures (capital, operating, and other) of the Facilities (including the estimated insurance premiums for the Premises), (2) the Reserve Amounts for the period covered thereby, and (3) the Occupancy Rents to be charged for the units in the Facilities (subject to the limitations in Section 15.03.A hereof). Each Annual Budget shall be in such detail as the Committee may reasonably require. If at any time during an Academic Year the amounts set forth in an Annual Budget require adjustment, LESSEE shall submit a revised annual budget to the Committee for approval in accordance with this Section 11.02.

D. If the Committee is unable to reach a decision regarding an Annual Budget (including the Occupancy Rents), then LESSEE shall resolve the deadlock -by casting the deciding vote. If the Committee is unable to reach a decision regarding the approval of the Person (other than Century Property Management Company, L.P.) proposed by LESSEE to be Manager (provided the members appointed by LESSOR have acted reasonably and in good faith), then LESSEE shall propose at least two other responsible Persons to manage the Premises. The Committee shall select one such Person to manage the Premises. If the Committee is unable to agree on the policies and procedures governing the Assigned Occupants, then LESSOR shall resolve the deadlock by casting the deciding vote.

E. The Committee may, by resolution, delegate its powers, but not its responsibilities, to employees of either LESSOR or LESSEE or to any other Person.

Section 11.03. BOOKS AND RECORDS. The LESSEE shall keep, or cause to be kept, accurate, full and complete books and accounts showing exclusively its assets and liabilities,

operations, transactions and the financial condition of the Facilities. All financial statements shall be accurate in all material respects, shall present fairly the financial position and results of the Facilities' operations and shall be prepared in accordance with generally accepted accounting principles consistently applied. The books, accounts and records of the Facilities shall be maintained at the principal office of LESSEE.

Section 11.04. PROMOTION OF FACILITIES. UTA hereby agrees that it shall cooperate with LESSEE to promote the use of the Facilities by students, faculty, and staff of UTA as described more fully in Section 15.04, and shall take no action which could have an unreasonably adverse impact upon the use or operation of the Facilities. LESSEE agrees it will not use the name, logo, or seal of LESSOR or UTA without prior written permission of LESSOR Representative.

Section 11.05. AUDITS. LESSOR may, at its option and at its own expense, and during customary business hours, conduct internal audits of the books, records and accounts of the Facilities. Audits may be made on either a continuous or a periodic basis or both, and may be conducted by employees of LESSOR, or by independent auditors retained by the LESSOR, but any and all such audits shall be conducted without materially or unreasonably or unnecessarily interrupting or interfering with the normal conduct of business affairs by the LESSEE. LESSOR covenants with LESSEE to keep the results of any such audits confidential, except as required by rules and regulations of LESSOR and by applicable law. If any audit by LESSOR pursuant to this Section 11.05 reveals that LESSEE underpaid RENT in an amount greater than five (5) percent, LESSEE shall pay the cost of such audit.

Section 11.06. SECURITY SERVICES. UTA shall have the right, but not the obligation, to provide such security services in and around the Premises that UTA considers necessary and reasonable taking into consideration the number of occupants of the Premises and the degree of security services required or provided at similar projects located upon campuses which are a part of The University of Texas System. Such security services, if any, shall be provided subject to the jurisdictional limitations of the campus police as peace officers under Texas law and policies of the Board of Regents of The University of Texas System. Should UTA elect to provide such security services, LESSEE shall pay to UTA the LESSEE'S reasonable allocable share of the cost to UTA of providing such security services, upon receipt of a monthly statement therefor, provided that LESSEE'S share of such costs shall not exceed the reasonable and customary costs LESSEE would incur if similar security services were provided by an independent third party for typical multi-unit apartment projects similar to the Premises located in the City of Arlington, Texas. UTA may require that persons desiring to park vehicles on the Premises must obtain a UTA campus parking permit. Any income received by UTA from sale of UTA campus parking permits that authorize parking on the Premises may, at LESSEE'S option, be credited by UTA against LESSEE'S obligation to pay UTA for LESSEE'S reasonable allocable share of the cost to UTA of providing security services for the Premises.

ARTICLE TWELVE
INSURANCE AND INDEMNIFICATION

Section 12.01. INDEMNITY. LESSEE shall indemnify and hold harmless LESSOR and its successors (the "Indemnified Parties"), from all claims, suits, actions and proceedings ("Claims") whatsoever which may be brought or instituted on account of or growing out of any and all injuries or damages, including death, to persons or property relating to the use or occupancy of the Premises (including without limitation the construction, maintenance or operation of the Facilities), and all losses, costs, penalties, damages and expenses, including but not limited to attorneys' fees and other costs of defending against, investigating and settling the Claims; provided, however, that the indemnity shall not apply with respect to Claims arising from injuries or damages caused by the negligence or willful misconduct of LESSOR, its agents or employees. LESSEE shall assume on behalf of the Indemnified Parties and conduct with reasonable diligence and in good faith the defense of all Claims against the Indemnified Parties, whether or not LESSEE is joined therein; provided, however, without otherwise relieving LESSEE of its obligations under this Lease, the Indemnified Parties, at their election and upon Notice to LESSEE, may, at their sole cost and expense, defend or participate in the defense of any or all of the Claims with attorneys and representatives of their own choosing. Maintenance of the insurance referred to in this Lease shall not affect LESSEE's obligations under this Section 12.01 and the limits of such insurance shall not constitute a limit on LESSEE's liability under this Section 12.01; provided, however, that LESSEE shall be relieved of its aforesaid obligation of indemnity to the extent and only to the extent of the amount actually recovered from one or more of the insurance carriers of LESSEE (or recovered in respect of any insurance carried by LESSOR) and either (i) paid to LESSOR or (ii) paid for LESSOR's benefit in reduction of any liability, penalty, damage, expense or charge imposed upon LESSOR in connection with the Claims. LESSOR covenants and agrees that LESSEE shall have the right to contest the validity of any and all such Claims of any kind or character and by whomsoever claimed, in the name of LESSEE or LESSOR, as LESSEE may deem appropriate, provided that the expenses thereof shall be paid by LESSEE, or LESSEE shall cause the same to be paid by its insurer.

Section 12.02. LESSOR NOT LIABLE. LESSOR shall not be liable for any damage to either persons or property sustained by LESSEE or other persons and caused by any act or omission of any occupant of the Facilities, except to the extent provided by the Texas Tort Claims Act.

Section 12.03. INSURANCE. LESSEE shall at all appropriate times maintain, with respect to the Premises, for the duration of this Lease and any extensions thereof, insurance issued by a company or companies qualified, permitted or admitted to do business in the State of Texas in the following types and amounts:

TYPE:	AMOUNT:
<p>(1) Comprehensive General (Public) Liability - to include coverage for the following where the exposure exists:</p> <p>(A) Premises/Operations (B) Independent Contractors (C) Products/Completed Operations (D) Personal Injury (E) Contractual Liability (F) Explosion, collapse and underground property damage</p>	<p>Combined Single Limit for Bodily Injury and Property Damage in an amount acceptable to the LESSOR Representative, not to exceed \$5,000,000.</p>
<p>(2) Property Insurance - for physical damage to the property of the LESSEE including improvements and betterments to the Land.</p>	<p>Coverage being for 100% of the replacement cost of the Facilities</p>
<p>(3) Builder's Risk Insurance - all risk of physical loss during term of the construction contract and until the Facilities are substantially completed.</p>	<p>Coverage being for 100% of the replacement cost of the Facilities.</p>
<p>(4) Rental Abatement Insurance, if obtainable by LESSEE at reasonable cost.</p>	

In addition to the required insurance coverage described above in this section, Workers' Compensation Insurance shall be maintained in force, as required by the laws of the State of Texas, covering all persons employed in connection with the development or construction of improvements on the Premises, or in the operation and maintenance of the Premises, with respect to whom death or bodily injury claims could be asserted against LESSOR, LESSEE, or the Premises.

Section 12.04. LESSOR ADDITIONAL INSURED. LESSEE agrees that with respect to the above required insurance, LESSOR shall:

- A. **Be named on the Property Insurance policy and Comprehensive General Liability policy as additional insured/or an insured, as its interest may appear (as long as being so named as a named insured on the Comprehensive**

General Liability Policy does not jeopardize the validity of such policy or cause an unreasonable increase in the cost thereof). LESSOR agrees to promptly endorse insurance checks or otherwise release insurance proceeds, provided no Event of Default is continuing hereunder. LESSOR shall, regardless of the existence of an Event of Default, promptly endorse insurance checks or otherwise release insurance proceeds payable to (or to be held by) a Permitted Mortgagee in accordance with its Permitted Mortgage.

- B. Be provided with sixty (60) days' advance Notice, in writing, of cancellation or material change in coverage. If any insurance policy provides that the insurer will give such Notice, then LESSEE shall not be obligated to do so with respect to such policy.
- C. Be provided with Certificates of insurance evidencing the above required insurance at the time the policies are required to be obtained and thereafter with certificates evidencing renewals or replacements of said policies of insurance at least thirty (30) days prior to the expiration or cancellation of any such policies.

Section 12.05. ADDITIONAL INSURANCE. LESSOR shall review LESSEE'S required insurance as stated herein at the time of renewal of the said policies or at the time of a material change, and LESSOR reserves the right to require reasonable additional limits or coverages. LESSEE agrees to comply with any such reasonable request by LESSOR.

Section 12.06. BLANKET POLICIES. If any blanket general insurance policy of LESSEE complies with the requirements of this Article Twelve, such insurance shall fulfill the requirements set forth herein. At the request of LESSEE, any Permitted Mortgagee may be named as an insured or an additional insured on any policies as its interest may appear.

Section 12.07. CONTRIBUTORY ACTS. Whenever in this Lease any party is obligated to pay an amount or perform an act because of its negligence or willful misconduct (or that of its agents, employees, contractors, guests, or invitees), such obligations shall be mitigated to the extent of any contributory negligence or willful misconduct of the other party (or that of its agents, employees, contractors, guests, or invitees), and in any disputes damages shall be apportioned based on the relative amounts of such negligence or willful misconduct.

ARTICLE THIRTEEN **TERMINATION, DEFAULT AND REMEDIES**

Section 13.01. EVENTS OF DEFAULT. Any one of the following events shall be deemed to be an "Event of Default" by LESSEE under this Lease:

- A. LESSEE shall fail to pay any sum required to be paid under the terms and provisions of this Lease and such failure shall not be cured within thirty (30) days after receipt of written Notice from LESSOR of such failure.
- B. The Taking by execution of LESSEE'S leasehold estate for the benefit of any Person other than a Permitted Mortgagee or purchaser at a Foreclosure.
- C. LESSEE shall fail to perform any other covenant or agreement, other than the payment of money, to be performed by LESSEE under the terms and provisions of this Lease and such failure shall not be cured within sixty (60) days after receipt of written Notice from LESSOR of such failure; provided that if, during such sixty (60) day period, LESSEE takes action to cure such failure but is unable, by reason of the nature of the work involved, to cure such failure within such period and continues such work thereafter diligently and without unnecessary delays, such failure shall not constitute an Event of Default hereunder until the expiration of such additional time following such sixty (60) day period as may be reasonably necessary to complete the cure of such failure.
- D. The filing of a petition for relief against LESSEE, as debtor, under the Federal Bankruptcy Code, as now or hereafter constituted, or any other applicable federal or state law of similar import, or the entry of a decree or order by a court having jurisdiction over the Premises appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for LESSEE or any substantial part of the properties of LESSEE or ordering the winding up or liquidation of the affairs of LESSEE, and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutivedays.
- E. The commencement by LESSEE of a voluntary case under the Federal Bankruptcy Code, as now or hereafter constituted, or any other applicable federal or state law of similar import, or the consent or acquiescence by LESSEE to the commencement of a case under such Code or law or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of or for LESSEE or any substantial part of the properties of the LESSEE.

Section 13.02. RIGHT TO EXPEL. The Permitted Mortgagee shall have the right to expel LESSEE upon the occurrence of an Event of Default and assume the position of LESSEE with all rights and duties under this Lease.

Section 13.03. LESSOR'S RIGHTS UPON DEFAULT. Subject to the rights of the Permitted Mortgagees under Article Eight and Section 13.02, upon the occurrence and during the continuance of an Event of Default, LESSOR may at its option declare this Lease

and all rights and interests created by it to be terminated, may seek any and all damages occasioned by the Event of Default, or may seek any other remedies available at law or in equity.

Section 13.04. RIGHT TO RELET PREMISES. Upon LESSOR'S exercise of the election to terminate this Lease, LESSOR may take possession of the Premises and relet the same for the remainder of the Term upon such terms as LESSOR is able to obtain for the account of LESSEE, who shall make good any deficiency as such occurs. Any termination of this Lease as herein provided shall not relieve LESSEE from the payment of any sum or sums that shall then be due and payable to LESSOR hereunder, or any claim for damages then or theretofore accruing against LESSEE hereunder, and any such termination shall not prevent LESSOR from enforcing the payment of any such sum or sums or from claiming damages by any remedy provided for by law, or from recovering damages from LESSEE for any Event of Default.

Section 13.05. COMPLETION BY PERMITTED MORTGAGEE. Except for delays caused by Force Majeure, if (a) the Commencement of Construction does not occur on or before January 31, 1994, or (b) after the Commencement of Construction and prior to the substantial completion of the Facilities, LESSEE abandons (with no intent to continue) construction of the Facilities for a period of forty-five (45) consecutive days, then LESSOR may by written Notice to the Permitted Mortgagee require said Permitted Mortgagee to affirm by written Notice to LESSOR within thirty (30) days of receipt by said Permitted Mortgagee of such Notice from LESSOR that such Permitted Mortgagee intends to use its best efforts to pursue applicable remedies which will result in its causing the completion of the Facilities. If said Permitted Mortgagee fails to give such affirmation or thereafter by written Notice abandons such intent, the failure of the Commencement of Construction to occur or other ceasing of such construction for said forty-five (45) day period (as applicable) shall be an "Event of Default" by LESSEE hereunder and LESSOR may exercise its remedies under this Lease on account thereof. This provision is in addition to the payment and performance bond requirements set forth in this Lease.

ARTICLE FOURTEEN IMPROVEMENTS

Section 14.01. TITLE TO IMPROVEMENTS. Title to the Facilities and the Land, but not to the Facilities Equipment, shall be vested completely in LESSOR, subject to the rights of LESSEE provided by this Lease. Title to all consumable supplies and materials used in constructing, altering, renovating or remodeling the Facilities shall be in LESSEE when delivered to the Land. Prior to the consumable supplies being used under the Construction Contract (or under any subsequent contract for Remodeling the Facilities) and prior to the materials being incorporated into the Facilities, LESSEE hereby donates the materials and consumable supplies to LESSOR, and LESSOR hereby accepts the materials and consumable supplies. This donation and acceptance is subject to the lien and rights of Permitted

Mortgagees. Passage of title to LESSOR shall not constitute LESSOR'S acceptance of the construction or work nor shall it impose any obligation on LESSOR to maintain the Facilities. LESSEE's rights to the Premises shall be as set forth in this Lease, including the following:

- A. Subject to subparagraph B hereof, to the extent that title to such items has not already vested in LESSOR, all furniture, fixtures, equipment and furnishings permanently affixed to the Premises (other than Facility Equipment) shall become the property of LESSOR upon termination of this Lease whether such termination be by expiration of the Term or an earlier termination under any provision of this Lease.**
- B. LESSEE shall have the right, within forty-five (45) days after the termination of this Lease, whether such termination be by the expiration of the Term or an earlier termination under any provision of this Lease, to remove from the Premises all of the Facility Equipment; provided that, if any of LESSEE'S property remains in or on the Premises after forty-five (45) days following termination of this Lease and no renewal agreement has been executed, the property that remains shall be deemed to have become the property of LESSOR, and may be disposed of as LESSOR sees fit without liability to account to LESSEE for the proceeds of any sale or other disposition thereof.**

Section 14.02. LESSOR'S OPTION TO REQUIRE DEMOLITION. LESSOR shall have the option to require LESSEE to demolish the Facilities and clear the Land of all rubble and debris at LESSEE's sole cost and expense upon the occurrence of either (i) the "Abandonment" (as hereinafter defined) of the Facilities by LESSEE, or (ii) the expiration of the Term of this Lease, provided that:

- A. LESSOR has not exercised its option to purchase the LESSEE'S interest in the Premises after approval by the Texas Higher Education Coordinating Board, its successor in function, and any other agency of the State of Texas from which approval is then required, as provided in Section 14.03; or**
- B. LESSEE has not donated its interest in the Premises to LESSOR (subject to LESSOR'S acceptance,.. after approval by the Texas Higher Education Coordinating Board, its successor in function and any other agency of the State of Texas from which approval is then required); or**
- C. LESSEE and LESSOR have not entered into an extension or a renewal of this Lease or an amendment to this Lease upon terms and conditions acceptable to LESSEE and LESSOR which gives LESSEE the right to lease the Premises for a period of time beyond the expiration of the Term.**

As used herein, the term "Abandonment" shall mean (i) LESSEE's voluntary surrender of the Premises to LESSOR prior to the expiration of the Term, or any extension or renewal

thereof, which surrender, if there shall then be a Permitted Mortgage, shall have been consented to by each such Permitted Mortgagee, including any termination of this Lease by LESSEE pursuant to Section 9.06 hereof or, (ii) LESSEE's failure to operate the Facilities as provided under Section 4.01 for a period of at least two (2) consecutive years measured from and after the last date permitted hereby for Commencement of Construction and disregarding periods of Force Majeure; provided, however, that LESSEE shall not be deemed to have Abandoned the Facilities for the purposes of this Section 14.02, if LESSOR shall have given each Permitted Mortgagee Notice of such Abandonment and thereafter if any Permitted Mortgagee exercises its rights under Section 8.03 hereof to succeed to LESSEE's leasehold interest created hereunder or to enter into a new lease of the Premises as if such Abandonment constituted an Event of Default hereunder.

LESSOR shall give LESSEE and each Permitted Mortgagee written Notice of its exercise of such option no later than (i) sixty (60) days after the Abandonment of the Facilities by the LESSEE as hereinabove defined, or (ii) the last day of the Fall Semester immediately preceding the expiration date of the Term if none of the events specified in Subparagraphs (A), (B) and (C) have occurred. If LESSOR fails to give such Notice within such time periods, LESSOR shall be deemed to have waived its option to have LESSEE demolish the Facilities. Provided Notice is given within the time periods required hereby, LESSEE shall demolish the Facilities and clear the Land within ninety (90) days after (x) receipt of Notice under (i) above, or (y) the expiration of the Term provided Notice was given under (ii) above.

The obligation of LESSEE to demolish the Facilities as set forth in this Section 14.02 constitutes a covenant running with the Premises and shall terminate with respect to LESSEE, upon the sale, transfer, or assignment of this Lease or any conveyance of the LESSEE'S interest in the Facilities. The obligation to demolish the Facilities shall be binding upon any transferee, assignee or purchaser of this Lease and LESSEE'S interest in the Premises.

Section 14.03. LESSOR'S OPTION TO PURCHASE FACILITIES. LESSOR shall have the right to purchase LESSEE'S leasehold estate in the Premises at any time for an amount ("Purchase Price") equal to the lesser of (a) the fair market value (as determined in accordance with the procedures set forth in Section 17.05 below) of LESSEE'S leasehold estate determined as though this Lease was in effect, but in no event less than the aggregate of all the debt and other amounts relating to the Premises secured by Permitted Mortgages or (b) the sum of (1) the aggregate of all outstanding debt secured by Permitted Mortgages and other amounts advanced by (or indemnification payments owed to) the Permitted Mortgagee pursuant to the Permitted Mortgage and related to the Facilities, (2) the sum of all monetary contributions of LESSEE not previously reimbursed for the operation, maintenance, repair,, construction (following completion of initial construction), or replacement of the Facilities, and (3) the present value of the net distributable cash flow from the Facilities for the portion of the Term remaining after the closing of the purchase (the present value of the net distributable cash flow has been calculated based upon

EXHIBIT "E" attached hereto and is represented in the far right-hand column called "Purchase Price of Subsequent Cash Flows"). If LESSOR exercises its purchase option under this Section 14.03 subsequent to a Foreclosure of a Permitted Mortgage, the Total Imputed Debt shall be treated as "debt secured by a Permitted Mortgage" for purposes of calculating the Purchase Price. By way of illustration and without limitation, if LESSOR exercises its right to purchase in year seven (7) and if (1) the aggregate of all outstanding debt secured by Permitted Mortgages is equal to \$6,473,000, and (2) the sum of all monetary contributions of LESSEE is equal to \$200,000, then the Purchase Price pursuant to this Section 14.03 above shall be \$9,996,992, (i.e., the sum of \$6,437,000; \$200,000; and \$3,323,992). If LESSOR exercises its purchase option (x) prior to December 1, 2004, then LESSOR must either assume all liabilities of LESSEE with respect to the debt secured by Permitted Mortgages at the time of the purchase or (to the extent the Permitted Mortgagee permits a prepayment of the debt) pay any amounts due on prepayment required to be paid in order to repay such debt or (y) on or after December 1, 2004, then LESSOR must pay any amounts due on prepayment required to be paid to prepay any debt secured by Permitted Mortgages. If a Permitted Mortgage does not survive such purchase by LESSOR pursuant to the previous sentence, the purchase proceeds shall be applied first to discharge the Permitted Mortgage at the closing of the purchase, and the balance of the purchase price shall be paid to LESSEE. If such purchase by LESSOR is subject to approval of the Coordinating Board, such approval shall be obtained prior to the exercise by LESSOR of its purchase option. Such option to purchase must be exercised by LESSOR by providing written Notice to the LESSEE of LESSOR'S intent to exercise such option not later than seventy-five (75) days prior to the closing date of such purchase. At the closing of such purchase LESSOR shall pay the Purchase Price in cash to LESSEE (except any portion of the Purchase Price to be applied to discharge a Permitted Mortgage), and LESSEE and LESSOR shall execute, acknowledge and deliver to the other and to the Permitted Mortgagees such instruments of conveyance, bills of sale, assumption and release agreements and other instruments as are reasonably necessary to accomplish the purchase pursuant to this Section 14.03 (and as are reasonably satisfactory in form and substance to the Permitted Mortgagees). This Lease shall terminate upon the closing such purchase, on the condition that such termination does not adversely affect the rights of any Permitted Mortgagee under any Permitted Mortgage that survives LESSOR'S purchase in accordance with this Section 14.03. LESSOR may not exercise its rights under this Section 14.03 after LESSOR has received Notice from LESSEE of an Offer under Section 14.04, for so long as such Offer remains outstanding. Notwithstanding the preceding sentence, LESSOR'S right to exercise its option to purchase under this Section 14.03 shall be revived upon the expiration of one hundred and eighty (180) days after LESSOR'S receipt of Notice of an Offer under Section 14.04, unless one of the following events has occurred: (i) LESSOR has exercised its right of first refusal and elected to consummate a purchase on the terms described in the Offer, in accordance with Section 14.04; or (ii) LESSEE has consummated an Offer to purchase with a third party Offeror, in accordance with Section 14.04.

Section 14.04. LESSOR'S RIGHT OF FIRST REFUSAL.

A. In the event LESSEE shall receive from a third party (the "Offeror") other than a Permitted Assignee a bona fide offer (the "Offer") in writing, signed by the Offeror, and accompanied by a certified or bank cashier's check for ten percent (10%) of the purchase price offered as a deposit with respect thereto, for the purchase for cash, or partly in cash and partly by assumption of or subject to existing indebtedness, on a date not less than one hundred twenty (120) days, nor more than one hundred eighty (180) days, from the date of the Offer, of the LESSEE'S entire interest in the Premises and the Leasehold estate created hereby, then LESSEE shall, if it wishes to accept the Offer, promptly forward a true copy thereof to the LESSOR.

B. LESSOR shall notify LESSEE in writing, within thirty (30) days after its receipt of an Offer, whether the Chancellor of The University of Texas System will recommend that the Board of Regents of The University of Texas System approve the consummation by LESSOR of the purchase described in the Offer. Provided that the foregoing notice of intent to recommend approval is timely given, LESSOR shall, within ninety (90) days after its receipt of the Offer, notify LESSEE in writing whether LESSOR will recommend the consummation of the purchase described in the Offer to the Coordinating Board. If LESSOR determines that approval by the Coordinating Board is not required under then-current law, LESSOR shall so notify LESSEE and LESSOR may exercise its right of first refusal under this Section 14.04, notwithstanding any of the provisions herein concerning approval by the Coordinating Board. If LESSOR fails to provide timely notice as described above in this Subparagraph B, or if LESSOR notifies LESSEE that LESSOR will not recommend the consummation of such purchase to the Board of Regents and/or the Coordinating Board, LESSEE may (subject to the limitations set forth in Section 18.01 hereof) consummate such purchase on the same terms and conditions as set forth in the Offer. If LESSOR informs LESSEE that LESSOR will recommend the consummation of the purchase described in the Offer to the Coordinating Board, then LESSOR shall submit the Offer to the Coordinating Board at the Coordinating Board's next scheduled meeting. If the Coordinating Board does not approve LESSOR'S consummation of the purchase described in the Offer at the next scheduled meeting held by the Coordinating Board, then LESSEE may (subject to the limitations set forth in Section 18.01 hereof) consummate such purchase on the same terms and conditions as set forth in the Offer. If the Coordinating Board approves the consummation of the purchase described in the Offer and if LESSOR does not elect to consummate the purchase described in the Offer by delivering written Notice thereof (hereinafter called "Election to Purchase") to LESSEE no later than ten (10) days after the Coordinating Board approval is granted, then LESSEE may (subject to the limitations set forth in Section 18.01 hereof), no later than one hundred-eighty (180) days after the deadline for delivery of Election to Purchase, consummate such purchase on the same terms and conditions as set forth in the Offer. If LESSOR elects not to consummate a purchase as set forth in an Offer, then LESSOR shall (at LESSEE'S request) execute and acknowledge a certificate indicating the waiver of the right of first refusal with respect to such Offer. If LESSOR timely exercises its right of first refusal by delivering the Election to Purchase in

accordance with this Section 14.04, then LESSOR shall, within one hundred twenty-five (125) days after delivery of the Election to Purchase, purchase LESSEE'S interest in the Premises and the leasehold estate created hereby in accordance with the terms and conditions set forth in the Offer. If LESSOR fails to consummate the Offer after delivering its Election to Purchase, LESSEE shall be entitled to a payment from LESSOR in an amount equal to three percent (3%) of the purchase price set forth in the Offer as liquidated damages and shall be entitled to sell LESSEE's interest in the Premises and assign its leasehold estate free of LESSOR'S right of first refusal thereafter at any time prior to the expiration of eighteen (18) months following the deadline for delivery of the Election to Purchase. If LESSEE does not consummate such a conveyance and assignment within such eighteen (18) month period, then LESSEE may not thereafter convey its interest in the Premises and/or assign its leasehold estate without again complying with the provisions of this Section 14.04.

C. Notwithstanding the foregoing provisions of this Section 14.04, LESSEE shall be entitled to convey its interests in the Premises and assign its rights under this Lease to any Permitted Assignee free of LESSOR'S right of first refusal and without complying with the requirements of this Section 14.04; however, such Permitted Assignee shall be bound by the requirements of this Section 14.04 and Section 18.01 regarding an assignment of its rights under this Lease except for a sale to another Permitted Assignee.

Section 14.05. LESSEE'S RIGHT OF FIRST REFUSAL FOR PHASE II APARTMENT IMPROVEMENTS. The Right of First Refusal granted below in this section by LESSOR to LESSEE shall extend only to construction of the second phase of apartments on the campus of the University; LESSEE'S Right of First Refusal shall expire and be of no further effect upon that date (the "ROFR Expiration Date") which is the earlier to occur of the following three dates: (1) August 15, 1999; (2) the date that LESSOR leases additional premises to LESSEE or to another person, in accordance with this section, for construction of Phase II Apartments; or (3) the date that LESSOR enters into a contract for construction of a second phase of apartments at LESSOR'S own cost and expense, pursuant to Section 14.06. For and in consideration of the sum of Ten and No/100 Dollars (\$10.00) cash in hand paid by the LESSEE to LESSOR, the receipt and sufficiency of which are hereby acknowledged by LESSOR, LESSOR, for itself, its successors and assigns, does hereby covenant and agree with LESSEE, that if at any time and from time to time, prior to the ROFR Expiration Date, LESSOR desires to have one or more additional apartments (the "Phase II Apartments") constructed, at the cost and expense of any lessee, on a tract of real property leased out of the campus of The University, which shall be subject to a lease with such lessee similar to this Lease, LESSOR shall be obligated to give LESSEE written Notice of such desire specifying therein the "Date of Opening of Phase II Apartments" (which, in no event shall be less than eighteen (18) months after the date of such Notice) required by LESSOR for such Phase II Apartments. Such Notice shall offer to LESSEE the right to obtain a lease from LESSOR of the additional premises on which such Phase II Apartments are to be constructed by LESSEE, which lease shall be substantially on the same terms and subject to substantially the same provisions and requirements as this Lease, except as otherwise stated in this

Section 14.05, with LESSOR agreeing to discharge the same obligations with respect to each such additional apartment as LESSOR is obligated to provide hereunder or under any management agreement then in effect with respect to the original Facilities. Following receipt of such written Notice from LESSOR, LESSEE shall have one hundred eighty (180) days within which to accept LESSOR'S offer by giving written Notice of its acceptance of such offer within such period of time. Thereafter, the lease of the additional premises shall be closed as promptly as practicable after acceptance by LESSEE. If LESSEE fails to timely exercise such right to lease the additional premises within the time period stated, LESSOR shall then have the right, at any time within one hundred eighty (180) days after expiration of such one hundred eighty (180) day period to lease such additional premises to any other person; however, any leasing of such additional premises after such date, as well as the leasing of any additional premises for Phase II Apartments prior to the ROFR Expiration Date must again be offered to LESSEE upon said terms and provisions as above stated. Any lease of an additional premises to LESSEE pursuant to this Section 14.05 (i) shall be for a term of years commencing no less than twelve (12) months (unless a shorter period shall have been agreed to by LESSEE) prior to the Date of Opening of Phase II Apartments constructed thereon and expiring on the date which is thirty-five (35) calendar years from the Date of Opening of Phase II Apartments; and (ii) the provisions of Section 14.03 shall be revised to provide LESSOR the right to purchase the facilities constructed on such additional premises for a purchase price determined in accordance with Section 14.03.

Section 14.06. HOUSING CONSTRUCTED BY LESSOR. Nothing in Section 14.05 or elsewhere in this Lease shall be construed to restrict or prohibit LESSOR from undertaking at any time at its own cost and expense the construction of one or more apartments, dormitories, or other housing on the campus of The University of Texas at Arlington.

ARTICLE FIFTEEN OCCUPANCY AGREEMENT

Section 15.01. SEMESTER DEFINED. As referenced herein, (a) "Fall Semester" shall mean the fall academic term of UTA commencing during the month of August and ending during the month of December, (b) "Spring Semester" shall mean the spring academic term of UTA commencing during the month of January and ending during the month of May, and (c) "Summer Session" shall mean the summer academic term of UTA commencing during the month of June and ending during the month of August. The Fall Semester, Spring Semester, and Summer Session are collectively referred to herein as "Semesters" and individually referred to herein as a "Semester".

Section 15.02. PRIORITY ASSIGNMENT OF ON-CAMPUS OCCUPANTS TO THE FACILITIES. Consistent with the obligations of LESSOR and UTA as agencies of the State of Texas to market other campus housing projects that are owned by UTA, UTA shall assign On-Campus Occupants to the Facilities as follows:

A. Each Semester, UTA shall assign, in the order of priority set forth below, the following types of On-Campus Occupants to the Facilities (but not to a specific unit) prior to assigning such occupants to any other housing facility on the UTA campus until the Facilities generate Gross Rentals meeting the Gross Rental Threshold: (i) students age 21 years or older, regardless of classification; (ii) graduate students; (iii) seniors; (iv) juniors; (v) married students; (vi) faculty and staff of UTA; (vii) students on full athletic scholarships, excluding freshmen; (viii) all other students, excluding freshmen and sophomores under 21 years of age (collectively, the "Priority Occupants").

B. If UTA has not- assigned to the Facilities, at least forty-five (45) days prior to the commencement of each Semester during the Term, a sufficient number of Priority Occupants for the Facilities to generate (based on signed leases) Gross Rentals meeting the Gross Rental Threshold, then, subject to subsection C below, UTA shall, in addition to continuing to assign Priority Occupants to the Facilities, assign other On-Campus Occupants to the Facilities (in priority over other housing facilities) to the extent necessary for the Facilities to meet the Gross Rental Threshold for the applicable Academic Year. Except as provided in subsection C below, UTA will not assign any other On-Campus Occupants to any housing facilities, except for housing facilities owned and operated by UTA, for any Semester earlier than forty-five (45) days prior to the commencement of any such Semester, unless the number of Priority Occupants previously assigned to the Facilities for that Semester is sufficient to generate (based on signed leases) Gross Rentals meeting the Gross Rental Threshold.

C. Notwithstanding the foregoing provisions of this Section 15.02,

- 1. UTA shall not be obligated to require any On-Campus Occupant to lease a unit in the Facilities, and if any On-Campus Occupant rejects an assignment to the Facilities, then UTA may reassign such occupant to another housing facility on the UTA campus.**
- 2. Until all UTA-owned housing has achieved a one hundred percent (100%) occupancy rate for each Fall Semester, or a ninety-five percent (95%) occupancy rate for each Spring Semester and each Summer Session, UTA shall have no obligation to assign to the Facilities any On-Campus Occupants consisting of freshmen and sophomores under 21 years of age.**

D. LESSEE shall notify UTA each Semester when the Facilities are sufficiently occupied to meet the Gross Rental Threshold for the applicable Academic Year. During each Semester, LESSEE shall periodically notify UTA of any vacancies that occur at the Facilities in order to give UTA an indication of the number of units that will need to be leased for the immediately succeeding Semester.

Section 15.03. OCCUPANCY RENTS; CAMPUS HOUSING CONTRACTS.

A. The LESSEE shall charge Occupancy Rents to Assigned Occupants for the Facilities at the rates set forth in the Annual Budget. Notwithstanding anything contained in this Lease to the contrary, LESSEE shall be entitled to adjust the Occupancy Rents to reasonably compete with rents (1) charged for other housing projects on UTA's campus, or (2) charged for other comparable housing projects located, in Tarrant County. Any proposed increase in Occupancy Rents shall be submitted to the Committee as a part of an Annual Budget or a revised Annual Budget for approval, as set out in Section 11.02.C; provided, however, that no increase in the Occupancy Rents in excess of ten percent (10%) over the Occupancy Rents charged in the preceding Academic Year shall be effective without the prior written approval of LESSOR.

B. At least forty-five (45) days prior to the commencement of the first Academic Year during the Term, the Manager shall provide UTA with the form of housing contract (the "Campus Housing Contract") prepared by the Manager for execution by all On-Campus Occupants who have been assigned to and will occupy space in the Facilities (the "Assigned Occupants"). The Manager shall be entitled to amend the form of Campus Housing Contract from time to time, in which event the Manager shall deliver the amended form to The University.

C. When requested by LESSEE, but only to the extent authorized by applicable laws, the Rules and Regulations of the Board of Regents of The University of Texas System, and UTA's institutional policies, UTA shall assist LESSEE in collecting Occupancy Rentals and security deposits owed by the Assigned Occupants pursuant to the Campus Housing Contracts and shall exercise administrative actions as appropriate to assist LESSEE in such collections. UTA shall promptly deposit any Occupancy Rentals and security deposits which come into its possession in a bank account of LESSEE (or if required by a Permitted Mortgagee, in an account with a trustee appointed by such Permitted Mortgagee). Except as otherwise set forth in this Section 15.03.C, UTA will have no obligation to LESSEE if any Assigned Occupant fails to pay the Occupancy Rentals in accordance with the terms of a Campus Housing Contract. LESSEE shall be entitled to exercise all of its rights and remedies under the Campus Housing Contracts (or otherwise at law or in equity) against an Assigned Occupant as a consequence of a breach by such Assigned Occupant of its Project Housing Contract, and UTA shall cooperate with LESSEE in enforcing such rights and remedies.

Section 15.04. PROMOTION OF FACILITIES. LESSOR, consistent with its obligations as an agency of the State of Texas to market other campus housing projects that are owned by UTA, shall actively promote and market the Facilities as an integral part of the overall housing program of LESSOR, as described below in this Section.

A. LESSOR, on a one-time basis in connection with the pre-opening of the Facilities, shall:

1. Provide LESSEE with a convenient space on UTA campus at no cost to promote the Facilities to students during UTA's Spring Semester and Summer Session in 1994.
2. When suitable model units are available, organize an "Open House" at the Facilities and invite all staff and faculty of UTA.

B. The LESSOR on an ongoing basis shall:

1. Include information about the Facilities in the On-Campus Housing section of the UTA Housing Brochure with a tear-away inquiry card.
2. Forward all eligible on-campus housing inquiries to LESSEE.
3. Provide LESSEE upon request with a roster of On-Campus Occupants, to the extent same is reasonably available or accessible to UTA, which includes, to the extent available and permissible, the first and last name, classification, age, mailing address and telephone number of each On-Campus Occupant.
4. Allow LESSEE to use a reasonable number of signs, flags and banners on the campus to market the Facilities, consistent with University posting policy.
5. If LESSOR installs a toll-free voice response system, include housing information/referral on that toll-free voice response system.
6. Provide tours of the Facilities, in conjunction with LESSEE, for prospective new occupants via new student orientation.
7. Actively promote the Facilities in conjunction with UTA's promotional and recruiting efforts.
8. Incorporate information about the Facilities in each issue of the UTA class schedule and other appropriate University publications, to the extent consistent with the obligations of LESSOR and UTA to promote other campus housing projects that are owned by UTA.
9. Permit all Assigned Occupants to participate in University-sponsored orientation programs and other similar programs and facilities of UTA generally made available to On-Campus Occupants.

10. Permit the management staff for the Facilities to participate in all residence staff training programs and other similar programs made available to the staff of other UTA housing facilities.

C. LESSEE shall cooperate in promoting and marketing the Facilities by causing the following actions to be taken, all at LESSEE's cost:

1. Prepare a housing brochure which reflects the floor plans, amenities and benefits of the Facilities.
2. Maintain an on-site leasing office at the Premises.
3. Prepare four 20" by 30" color, mounted renderings of the Facilities for use by UTA in its promotion and marketing of the Facilities.

Section 15.05. CAMPUS OCCUPANCY REPORTS. Not more than twenty (20) days after the commencement of each Semester during the Term, LESSEE shall deliver to LESSOR the Campus Occupancy Report for such Semester, which shall set forth the following:

A. A reconciliation of all Assigned Occupants for the applicable Semester, including a listing of the name, age, and priority assignment of each Assigned Occupant, and a schedule showing the amounts of the prepaid Occupancy Rents and security deposits received by LESSEE from the Assigned Occupants, the Occupancy Rents to be paid by the Assigned Occupants for the remainder of the applicable-Semester, and such other information regarding each Assigned Occupant reasonably requested by LESSOR or the Permitted Mortgagees; and

B. Such other information or documents as LESSOR (or the Permitted Mortgagees) shall reasonably request in order for LESSOR (and the Permitted Mortgagees) to certify the eligibility of the Assigned Occupants for assignment to the Facilities.

The LESSOR shall provide to the LESSEE, no later than the thirtieth day after the commencement of each Semester during the Term, a written certification of the eligibility of all those Assigned Occupants listed in the Campus Occupancy Report who are eligible for occupancy in the Facilities and LESSOR shall note any exceptions.

Section 15.06. EXAMINATION AND AUDIT. All of the books and records of the Facilities relating to the information included in each Campus Occupancy Report (the "Occupancy Records") shall be maintained in the administrative office in the Facilities located on The University's campus for a period of at least three (3) years after the end of the Academic Year to which the Occupancy Records pertain. LESSOR, the Permitted Mortgagees, and their representatives shall have the right to audit the Occupancy Records during business hours at the Facilities for the purpose of confirming the matters set forth

in each Campus Occupancy Report. The cost of such audit shall be borne by the party requesting the audit.

Section 15.07. LEASING TO OTHER PERSONS. Notwithstanding any provisions of this Lease to the contrary but subject to Section 15.08 below, if any units in the Facilities (necessary for the Facilities to generate Gross Rentals to meet the Gross Rental Threshold for an applicable Academic Year) remain unleased upon the commencement of the Fall Semester (or become unleased at any subsequent time during the remainder of such Academic Year), then LESSEE shall be entitled to lease such unleased units to any Persons, including Persons other than On-Campus Occupants, provided that the term of any lease entered into with a Person other than an On-Campus Occupant shall be no longer than twelve (12) months and shall expire in any case on or before the date which is three (3) calendar days prior to the commencement of the University's Fall Semester, and provided further that the rental charged to Persons other than On-Campus Occupants shall be at whatever rental rates LESSEE desires for such unleased units; however, the rental rates charged to Persons other than On-Campus Occupants may not be any less than Occupancy Rents being charged to On-Campus Occupants.

Section 15.08. LEASING BY PERMITTED MORTGAGEE. Notwithstanding anything contained in Section 15.02 to the contrary, after a Foreclosure and LESSOR Default Occurrence, if any units in the Facilities remain unleased upon the commencement of the Fall Semester (or become unleased at any subsequent time during the remainder of such Academic Year), then the Permitted Mortgagee or other Person succeeding to the interests of LESSEE hereunder through a Foreclosure shall be entitled to lease such unleased units (for a term of no longer than 12 months) to any Persons, including Persons other than On-Campus Occupants, until the Permitted Mortgagee recovers its Total Imputed Debt (including any make-whole amounts) and the Permitted Mortgagee may charge whatever rent rates the Permitted Mortgagee desires for such unleased units; however, the rent rates charged to Persons other than On-Campus Occupants may not be any less than Occupancy Rents being charged to On-Campus Occupants. After the Permitted Mortgagee recovers its Total Imputed Debt (including any make-whole amounts), this Section 15.08 shall no longer have any force or effect and the Permitted Mortgagee's or such other Person's right to lease unleased units to Persons not affiliated with LESSOR shall be governed by Section 15.07.

Section 15.09. GROSS RENTAL THRESHOLD. As referenced herein, the "Gross Rental Threshold" shall be \$1,294,597 for the 1994-1995 Academic Year, and shall be adjusted for each Academic Year subsequent to such Academic Year by an amount equal to the sum of (a) adjustments from the previous Academic Year in the Annual Expenses and Reserve Amounts (as set forth in the Annual Budget), and (b) adjustments in other categories of expenses set forth in the Annual Budget.

ARTICLE SIXTEEN
DEFAULT BY LESSOR

Section 16.01. LESSOR DEFAULTS. If LESSOR fails to perform any of the obligations or covenants of LESSOR under this Lease, LESSEE shall be entitled to enforce any one or more of the following rights and remedies:

- A. LESSEE shall be entitled to cease paying all Rent and other amounts owed to LESSOR under this Lease;
- B. LESSEE shall be entitled to require LESSOR to specifically perform its obligations under this Lease or restrain or enjoin LESSOR from continuing the activities that constitute the default of LESSOR and
- C. LESSEE shall be entitled to exercise all other rights and remedies available to LESSEE under this Lease or otherwise available to LESSEE at law or in equity as a consequence of the LESSOR5 default.

Section 16.02. RIGHTS OF LESSEE CUMULATIVE. All rights and remedies of LESSEE provided for in this Lease shall be construed and held to be cumulative, and no single right or remedy shall be exclusive of any other which is consistent with the former. LESSEE shall have the right to pursue any or all of the rights or remedies set forth herein, as well as any other consistent remedy or relief which may be available at law or in equity, but which is not set forth herein. No waiver by LESSEE of a breach of any of the covenants, conditions or restrictions of this Lease shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition or restriction herein contained. The failure of LESSEE to insist in any one or more cases upon the strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment of future beaches of such covenant or option.

ARTICLE SEVENTEEN
CONDEMNATION

Section 17.01. CONDEMNATION OF ENTIRE PREMISES. Upon the permanent Taking of the entire Premises, this Lease shall terminate and expire as of the date of such Taking, and both LESSEE and LESSOR shall thereupon be released from any liability thereafter accruing hereunder. LESSEE and the Permitted Mortgagee shall each receive Notice of any proceedings relating to a Taking and shall each have the right to participate therein.

Section 17.02. PARTIAL CONDEMNATION. Upon a temporary Taking or a Taking of less than all of the Premises, LESSEE, at its election, may terminate this Lease by giving LESSOR Notice of its election to terminate at least sixty (60) days prior to the date of such

termination if LESSEE reasonably determines that the Premises cannot be economically and feasibly used by LESSEE for its intended purposes. Upon any such termination, the Rent accrued and unpaid hereunder shall be apportioned to the date of termination.

Section 17.03. PAYMENT OF AWARDS. Upon the Taking of all or any portion of the Premises (a) LESSEE shall be entitled (free of any claim by LESSOR) to the Award for the value of its interest in the Premises and its rights under this Lease and damages to any of its other property together with any other compensation or benefits specifically awarded to LESSEE'S business; and (b) LESSOR shall be entitled (free of any claim by LESSEE) to the Award for the value of LESSOR'S Interest (such value to be determined as if this Lease were in effect and continuing to encumber LESSOR'S Interest).

Section 17.04. REPAIR AFTER CONDEMNATION. Should a Taking occur that does not result in termination as provided by Sections 17.01 or 17.02, LESSEE, at its expense, shall commence and proceed with reasonable diligence to repair or reconstruct the Facilities to a complete architectural unit or units, including temporary repairs, changes and installation required to accommodate Assigned Occupants and all other work incidental to and in connection with all the foregoing. Any and all such repairs or reconstruction shall be subject to prior reasonable approval of The University. Notwithstanding the foregoing provisions of this Section 17.04, if the Award payable as a consequence of a Taking (after payment of all or any portion of such Award towards amounts owed under any Permitted Mortgage) is insufficient, in the reasonable judgment of LESSEE, to permit such restoration, then LESSEE, with the prior written approval of the Permitted Mortgagee a copy of which approval must be delivered to LESSOR, may terminate this Lease by written Notice to LESSOR. All or any portion of the Award payable to LESSEE as a consequence of a Taking affecting the Premises shall be deposited with and disbursed by the Permitted Mortgagee (holding the Permitted Mortgage with the most senior lien priority) pending the completion of the restoration of the Premises. In the event of termination under this Section 17.04, this Lease shall terminate ten (10) days after the date of such Notice with the same force and effect as if such date were the date herein fixed for the expiration of the Term, and the Rent shall be apportioned and paid at the time of such termination.

Section 17.05. APPRAISAL. LESSEE and LESSOR shall each nominate one Person deemed by them, respectively, to be fit, reputable and impartial to appraise and determine the unresolved matter. The nomination must be in writing and must be given each party to the other within fifteen (15) days after the aforesaid thirty (30) day period. If only one party shall so nominate an appraiser within such fifteen (15) day period, the other party may then nominate an appraiser by written Notice to the other party given within ten (10) days after its receipt of the nomination of the other party. If only one party shall nominate an appraiser within the periods referred to above, then that appraiser shall have the power to act alone, and the appraiser's decision as to value or such other matters made in accordance with the provisions hereof shall be binding on both parties. The two Persons so nominated and appointed as appraisers by the parties shall be requested to appraise the Facilities or other matter submitted to them within thirty (30) days after the second of them

shall be nominated. If the lower of the two values so determined by them is within ten percent (10%) less than the higher value, then such two appraisers shall appoint a fit, reputable and impartial person to be umpire between them, if they can agree upon such Person. However, if they cannot agree on an umpire within ten (10) days after the expiration of the aforesaid thirty (30) day period for agreement between them (as determined in accordance with the terms hereof), then either party may apply to the Chief District Judge of the United States District Court for the Northern District of Texas (or successor judge exercising similar functions) to appoint a fit, reputable and impartial Person, who shall then be umpire, but if such Chief Judge (or successor) shall fail or refuse to act within thirty (30) days of application to such Chief Judge then either party may apply to any court having jurisdiction for the appointment of such umpire. The appraisers and any umpire shall be members of The Appraisal Institute. The following written decisions shall be conclusive and binding on the parties: the decision of one appraiser if either party shall fail to appoint its appraiser as hereinabove provided; the decision of the two appraisers prior to appointment of the umpire; and the decision of a majority of the two appraisers and the umpire. The two appraisers and umpire shall serve their written decision upon the parties hereto within sixty (60) days after the selection of such umpire, provided the two appraisers may extend that period once up to sixty (60) days by joint Notice to the parties hereto. Each party shall bear the expense of its own appraiser, but the fees and expenses of the umpire shall be shared equally. In no event shall the appraisers have the right or power to vary the terms of this Lease. In determining the value of LESSEE'S interest in the Premises, the appraisers and umpire (if any) shall assume that this Lease is in full force and effect and that LESSOR is obligated to continue performing its obligations under this Lease for the remainder of the Term, including its obligations under Article Fifteen.

ARTICLE EIGHTEEN
ASSIGNMENT, SUBLETTING, AND TRANSFERS OF LESSEE'S INTEREST

Section 18.01. ASSIGNMENT BY LESSEE.

- A. At any time after the Date of Opening, LESSEE without the consent of LESSOR may (i) sell or assign LESSEE'S leasehold estate created by this Lease and the other rights of LESSEE hereunder to any Permitted Assignee, or (ii) merge into or consolidate with any Permitted Assignee.**

- B. LESSEE is not authorized to sell or assign LESSEE'S leasehold estate in its entirety or for any portion of the unexpired Term (other than a sale or assignment to a Permitted Assignee) without first obtaining the consent of LESSOR, which consent will not be unreasonably withheld or delayed and any such assignment made or given without first obtaining LESSOR'S consent shall be null and void. LESSOR hereby agrees that its decision to approve or disapprove a proposed assignee or purchaser of the LESSEE'S interest in the Premises and leasehold estate created hereby shall be based solely upon the**

financial and property management capabilities of such proposed assignee or purchaser.

Section 18.02. SUBLETTING. Except for subleases to Assigned Occupants and except as otherwise set forth in this Lease, including Section 15.07, LESSEE is not authorized to sublet the leasehold estate without the LESSOR'S prior written consent. A sublease to any Person for the purpose of providing laundry services to the Facilities shall be deemed approved by LESSOR.

Section 18.03. APPLICATION TO PERMITTED MORTGAGES. Nothing contained in this Article Eighteen shall be construed to apply to or otherwise limit the rights of LESSEE to mortgage (or assign for collateral) its leasehold estate and other rights under this Lease to a Permitted Mortgagee, as to which Article Eight shall govern.

Section 18.04. TRANSFERS OF MORTGAGES OF LESSOR'S INTEREST. Any and all mortgages, deeds of trust, or liens placed or suffered by LESSOR encumbering LESSOR'S Interest shall be expressly subject and subordinate to this Lease, to all obligations of LESSOR hereunder, and to all of the rights, titles, interests and estates of LESSEE created or arising hereunder. The obligations of LESSOR under this Lease shall survive any conveyance, Foreclosure or other transfer of LESSOR'S Interest, and LESSOR shall not be relieved of such obligations as a consequence of such conveyance, Foreclosure or other transfer. Furthermore, any Person succeeding to LESSOR'S Interest as a consequence of any such conveyance, Foreclosure or other transfer shall succeed to all of the obligations of LESSOR hereunder.

ARTICLE NINETEEN **COMPLIANCE CERTIFICATES**

Section 19.01. LESSOR'S COMPLIANCE. LESSEE agrees, at any time and from time to time upon not less than thirty (30) days prior written Notice by LESSOR, to execute, acknowledge and deliver to LESSOR or to such other party as LESSOR shall request, a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (b) to the best of its knowledge, whether or not there are then existing any offsets or defenses against the enforcement of any of the terms, covenants or conditions hereof upon the part of LESSEE to be performed (and if so specifying the same), (c) the dates to which the Rent and other charges have been paid, and (d) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section 19.01 may be relied upon by any prospective purchaser of the LESSOR'S Interest.

Section 19.02. LESSEE'S COMPLIANCE. LESSOR agrees, so far as permissible under the laws of the State of Texas, at any time and from time to time, upon not less than thirty (30) days prior written Notice by LESSEE, to execute, acknowledge and deliver to LESSEE

a statement in writing addressed to LESSEE or to such other party as LESSEE shall request, certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications); (b) the dates to which the Rent and other charges have been paid; (c) whether an Event of Default (or, to the best of its knowledge, an Incipient Default) has occurred and is continuing hereunder (and stating the nature of any such Event of Default or Incipient Default); and (d) the dates of commencement and expiration of the Term, it being intended that any such statement delivered pursuant to this Section 19.02 may be relied upon by any prospective assignee, sublessee, or Permitted Mortgagee of this Lease or by any assignee or prospective assignee of any Permitted Mortgage or by any under-tenant or prospective undertenant of the whole or any part of the Premises.

ARTICLE TWENTY
TAXES AND FEES

Section 20.01. PAYMENT OF TAXES. LESSEE shall pay, and, upon request by LESSOR, shall provide evidence of payment to the appropriate collecting authorities, all federal, state and local taxes and fees, which are now or may hereafter be, levied upon the Premises, or upon LESSEE, or upon the business conducted on the Premises, or upon any of LESSEE'S property used in connection therewith; and shall maintain in current status all federal, state and local licenses and permits required for the operation of the business conducted by LESSEE. LESSOR shall pay, and, upon request by LESSEE or a Permitted Mortgagee, shall provide evidence of payment to the appropriate collecting authorities, all federal, state and local taxes and fees, which are now or may hereafter be, levied upon LESSOR or LESSOR'S interest. LESSEE and LESSOR may pay any of the above items in installments if payment may be so made without penalty other than the payment of interest. The obligations of LESSOR and LESSEE to pay taxes and fees under this Section 20.01 shall apply only to the extent that LESSOR or LESSEE are not exempt from paying such taxes and fees and to the extent that such taxes and fees are not otherwise abated.

Section 20.02. CONTESTED TAX PAYMENTS. LESSEE shall not be required to pay, discharge or remove any such taxes or assessments so long as LESSEE is contesting the amount or validity thereof by appropriate proceeding which shall operate to prevent or stay the collection of the amount so contested. LESSEE hereby agrees to indemnify and save LESSOR harmless from all liability for damages occasioned thereby and shall, in the event of a judgment of foreclosure on any lien arising in respect to such contested amounts, cause the same to be discharged and removed prior to the execution of such judgment. LESSOR shall cooperate with LESSEE in completing such contest and LESSOR shall have no right to pay the amount contested during the contest. Upon the termination of such proceeding, LESSEE shall deliver to LESSOR proof of the amount due as finally determined and proof of payment thereof. LESSOR, at LESSEE'S expense, shall join in any such proceeding if any law shall so require.

Section 20.03. EXPENSES OF CONTEST. All costs and expenses of any contest of any tax or fee pursuant to this Article Twenty by LESSEE shall be-paid by LESSEE.

ARTICLE TWENTY-ONE
FORCE MAJEURE

Section 21 .01. DISCONTINUANCE DURING FORCE MAJEURE. Whenever a period of time is herein prescribed for action to be taken by LESSEE or a Permitted Mortgagee, LESSEE shall not be liable or responsible for, and there shall be excluded from the computation for any such period of time, any delays due to FORCE MAJEURE. LESSOR shall not be obligated to recognize any delay caused by FORCE MAJEURE unless LESSEE shall, within ten (10) days after LESSEE is aware of the existence on an event of FORCE MAJEURE, notify LESSOR thereof in writing, certified mail, return receipt requested. One (1) Notice shall be sufficient per occurrence. The foregoing notwithstanding, if any such delay is caused by LESSOR there shall be no time limit on the period of enforced delay and LESSEE shall not be required to give Notice to LESSOR hereunder.

ARTICLE TWENTY-TWO
GENERAL

Section 22.01. NONDISCRIMINATION. Any impermissible discrimination by LESSEE or its agents or employ-s on the basis of race, color, sex, age, religion, national origin, veteran's status, or disability in employment practices or in the performance of the terms, conditions, covenants and obligations of this Lease, is prohibited. LESSEE acknowledges the policy of The University of Texas System Board of Regents to provide practical opportunities for women-owned and minority-owned business enterprises to participate in contracts awarded by component institutions of The University of Texas System. Accordingly, LESSEE will exercise its reasonable efforts in good faith, consistent with prudent business practices, to include women-owned and minority-owned small business enterprises as material suppliers, as contractors, and/or as subcontractors in planning, designing, developing, constructing, managing, maintaining and operating the premises during construction and following completion.

Section 22.02. CONFLICT OF-INTEREST. LESSEE acknowledges that it is informed that Texas law prohibits contracts between LESSOR and its officers, and that the prohibition extends to contracts with any partnership, corporation or other organization in which any such officer has an interest. LESSEE certifies (and this Lease is made in reliance thereon) that neither LESSEE nor any person having an interest in this Lease by, through or under LESSEE is an officer of LESSOR

Section 22.03. NOTICES. Any Notice, communication, request, reply or advice or duplicate thereof (herein severally and collectively, for convenience called "Notice") in this instrument provided or permitted to be given, made or accepted by either party to any other party must be in writing and shall, unless otherwise in this instrument expressly

provided, be given or be served by depositing the same in the United States mail, postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to such party. Notice deposited in the mail in the manner hereinabove described shall be effective, unless otherwise stated in this Lease, from and after the expiration of four (4) days after it is so deposited, regardless of whether or when same is actually received by the addressee, except that in all cases Notice given to the holder of any Permitted Mortgage must be received by such Permitted Mortgage to be effective. Notice in any other manner shall be effective only if and when received by the party to be notified.

For purposes of Notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

IF TO LESSOR, TO: The University of Texas at Arlington
P. O. Box 19119
Arlington, Texas 76019
Attn: vice President for Business Affairs

**OR IF SENT BY
COURIER, TO:** The University of Texas at Arlington
800 S. Cooper Street
Arlington, Texas 76013
Attn: Vice President for Business Affairs

WITH A COPY TO: The Board of Regents of
The University of Texas System
601 Colorado Street
Austin, Texas 78701
Attn: Executive Vice Chancellor for Academic Affairs

AND A COPY TO: Office of General Counsel
The University of Texas System
201 West 7th Street
Austin, Texas 78701
Attn: General Counsel

IF TO LESSEE, TO: Arlington Residence Partnership I, Ltd.
Two Post Oak Central
1980 Post Oak Blvd., Suite 1200
Houston, Texas 77056
Attn: Mr. Wayne F. Sramek

IF TO PERMITTED

**MORTGAGEE, TO: Texas Commerce Bank National Association
712 Main Street
Houston, Texas 77002
Attn: Manager, Real Estate Lending**

**Connecticut General Life Insurance Company
Connecticut General Life Insurance Company
on behalf of one or more separate accounts
c/o CIGNA investments, inc.
Hartford, CT 06152**

**OR IF SENT BY
COURIER, TO:**

**Connecticut General Life Insurance Company
Connecticut General Life Insurance Company
on behalf of one or more separate accounts
c/o CIGNA Investments, Inc.
900 Cottage Grove Road
Bloomfield, CT 06002**

However, the parties hereto, and their respective heirs, successors, legal representatives and assigns, shall have the right from time to time at any time to change their respective addresses and each shall have the right to specify as such party's address any other address within the United States of America by at least fifteen (15) days' written Notice to the other party; provided, however, that if at any one time more than one person or party owns an interest in the Premises, nevertheless such persons or parties may not designate more than two places and addresses to receive Notice pursuant to the terms hereof (but with copies of Notices to not more than two additional addresses). Notices to any Permitted Mortgagees shall be given in the manner set forth above to the address furnished from time to time by such Permitted Mortgagees.

Section 22.04. RELATIONSHIP OF PARTIES. Nothing contained herein shall be deemed or construed by the parties hereto, or by any third party, as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationship, between the parties hereto. It is understood and agreed that no provision contained herein nor any acts of the parties hereto creates a relationship other than the relationship of LESSOR and LESSEE.

Section 22.05. MEMORANDUM OF LEASE. Neither LESSOR nor LESSEE shall file this Lease for record in the Office of the County Clerk of Tarrant County, Texas, or in any public place without the written consent of the other. In lieu thereof, LESSOR and LESSEE agree

to execute in recordable form a Memorandum of Ground Lease, wherein a legal description of the Land, the Term of this Lease and certain other provisions hereof, shall be set forth. Such memorandum shall be filed for record in the Office of the County Clerk of Tarrant County.

Section 22.06. APPROVALS. Whenever approvals are required of either party hereunder, if no objection is made to a written proposal or request for approval within the time period specified for response herein, such approval shall be deemed to have been given. If no time period is specified for a response to a proposal or request for approval, a reasonable time not to exceed ten (10) business days from the date of such proposal or request shall apply unless the parties otherwise agree in writing.

Section 22.07. TEXAS LAW TO APPLY. This Lease shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Tarrant County, Texas.

Section 22.08. WARRANTY OF PEACEFUL POSSESSION. LESSOR covenants that LESSEE, on paying the Rent and performing and observing all of the covenants and agreements herein contained and provided to be performed by LESSEE, shall and may peaceably and quietly have, hold, occupy, use, and enjoy the Premises during the Term, and may exercise all of its rights hereunder; and LESSOR agrees to warrant and forever defend LESSEE's right to such occupancy, use, and enjoyment of the Premises against the claims of any and all persons whomsoever lawfully claiming the same, or any part thereof, by, under, or through LESSOR, subject only to the provisions of this Lease and the matters listed on EXHIBIT "B" attached hereto.

Section 22.09. APPROVAL OF ANCILLARY AGREEMENTS. LESSOR agrees that in the event it becomes necessary or desirable for LESSOR to approve in writing any ancillary agreements or documents concerning the Premises or concerning the construction, operation or maintenance of the Facilities or to alter or amend any such ancillary agreements between LESSOR and LESSEE or to give any approval or consent of LESSOR required under the terms of this Lease, LESSOR hereby authorizes, designates and empowers the following officers of The University of Texas at Arlington to execute any such agreement, approvals or consents necessary or desirable: The President or Vice President for Business Affairs of UTA or their successors in function, subject to required approvals (if any) by appropriate UT System officials.

ARTICLE TWENTY-THREE
MISCELLANEOUS

Section 23.01. LESSOR'S RIGHTS CUMULATIVE. All rights, options, and remedies of LESSOR contained in this Lease shall be construed and held to be cumulative and no one of them shall be exclusive of the other, and LESSOR shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or in equity whether or not stated in this Lease.

Section 23.02. NONWAIVER BY LESSOR. No waiver by LESSOR of a breach of any of the covenants, conditions, or restrictions of this Lease shall constitute a waiver by LESSOR of any subsequent breach of any of the covenants, conditions or restrictions of this Lease. The failure of LESSOR to insist in any one or more cases upon the strict performance of any of the covenants of the Lease, or to exercise any option herein contained, shall not be construed as a waiver or relinquishment for the future of such covenant or option. A receipt of LESSOR or acceptance of payment by LESSOR of rent with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver, change, modification or discharge by LESSOR of any provision of this Lease shall be deemed to have been made or shall be effective unless expressed in writing and signed by the party to be charged.

Section 23.03. TERMINOLOGY. Unless the context of this Lease clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the word "includes" or "including" shall mean "including without limitation"; and (d) the words "hereof," "herein," "hereunder," and similar terms in this Lease shall refer to this Lease as a whole and not to any particular section or article in which such words appear. The section, article and other headings in this Lease and the Table of Contents to this Lease are for reference purposes and shall not control or affect the construction of this Lease or the interpretation hereof in any respect. Article, section and subsection and exhibit references are to this Lease unless otherwise specified. All exhibits attached to this Lease constitute a part of this Lease and are incorporated herein.

Section 23.04. COUNTERPARTS. This Lease may be executed in multiple counterparts, each of which shall be declared an original.

Section 23.05. SEVERABILITY. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby.

Section 23.06. ENTIRE AGREEMENT. This Lease, together with the authorized resolution of LESSOR, contains the final and entire agreement between the parties hereto

and contains all of the terms and conditions agreed upon, and no other agreements, oral or otherwise, regarding the subjectmatter of this Lease shall be deemed to exist or to bind the parties hereto; it being the intent of the parties that neither shall be bound by any term, condition, or representations not herein written.

Section 23.07. AMENDMENT. No amendment, modification, or alteration of the terms of this Lease shall be binding unless the same be in writing, dated on or subsequent to the date hereof and duly executed by the parties hereto.

Section 23.08. SUCCESSORS AND ASSIGNS. All of the covenants, agreements, terms and conditions to be observed and performed: by the parties hereto shall be applicable to and binding upon their respective successors, heirs, executors and assigns.

Section 23.09. HAZARDOUS MATERIALS. Notwithstanding anything contained in this Lease to the contrary, if LESSEE finds any Hazardous Materials (hereinafter defined) on the Land prior to February 28, 1994, then LESSEE shall have the right to terminate this Lease by delivering written Notice thereof to LESSOR no later than March 15, 1994. If LESSEE terminates this Lease as a result of finding Hazardous Materials on the Land, then neither party hereto shall have any further rights, duties, or obligations hereunder.

As used in this Lease, "Hazardous Materials" shall mean (i) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6091 et seq.), as amended from time to time, and regulations promulgated thereunder; (ii) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 6091 et seq.), as amended from time to time, and regulations promulgated thereunder; (iii) polychlorinated biphenyls; (iv) underground storage tanks, whether empty, filled or partially filled with any substance, (v) any substance the presence of which on the Land is prohibited by any governmental requirements; and (vi) any other substance which by any governmental requirements requires special handling or notification of any federal, state or local governmental entity in its collection, storage, treatment or disposal.

LESSEE shall not use, occupy, or knowingly permit the Premises to be used or occupied, or do or knowingly permit anything to be done in or on the Premises in a manner which would in any way make void or voidable any insurance then in force with respect thereto, which would make it impossible to obtain the insurance required to be furnished by LESSEE hereunder, which would constitute a public or private nuisance, or which would violate any present or future, ordinary or extraordinary laws, regulations, ordinances, or requirements of any Governmental Authority having jurisdiction.

LESSEE shall not use the Premises or knowingly permit the Premises to be used so as to cause, suffer or allow any contamination of soils, ground water, surface water or natural resources on or adjacent to the Premises resulting from any cause, including but not limited to spills or leaks of oil, gasoline, Hazardous Materials, or other chemical

compounds. LESSEE shall at all times during the Term of this Lease comply with applicable state, federal and local laws, regulations and guidelines for the use, handling, storage and disposal of Hazardous Materials. LESSEE shall be solely responsible for cleanup of any contamination and for any fines or penalties resulting from violation of the provisions of this Section 23.09.

Section 23.10. INDEPENDENT CONTRACTOR. It is expressly understood and agreed that LESSEE is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts or omissions and that LESSOR shall in no way be responsible therefor.

IN WITNESS WHEREOF, this Lease is executed by LESSOR and LESSEE as of the day and year first above written.

LESSOR.

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

ATTEST:

Arthur H. Dilly
Executive Secretary

By: _____
Bernard Rapoport
Chairman

LESSEE:

ARLINGTON RESIDENCE PARTNERSHIP I, LTD.
By: Arlington Residence Corp., General Partner

By: _____
Wayne F. Sramek
Executive Vice President

APPROVED AS TO CONTENT:

Ryan C. Amacher
President, The University of Texas at Arlington

APPROVED AS TO FORM:



Max J. Werkenthin
Office of General Counsel

UTARLAPT. LS4
1/10/94

Present Value of Net Distributable Cash Flow
THE UNIVERSITY OF TEXAS AT ARLINGTON
 30 Year Plus 5 Year Option
EXHIBIT "E"

PERIOD	YEAR	CENTURY PERCENTAGE RENT	PURCHASE PRICE OF SUBSEQUENT CASH FLOW * 10.80%
1	1994	107,575	2,384,596
2	1995	120,943	2,534,538
3	1996	134,735	2,687,346
4	1997	148,965	2,842,844
5	1998	163,646	3,000,907
6	1999	178,794	3,161,359
7	2000	194,423	3,323,992
9	2001	210,550	3,488,559
9	2002	227,191	3,654,774
10	2003	244,369	3,822,298
1 1	2004	261,734	3,990,743
12	2005	279,641	4,160,009
13	2006	298,099	4,329,650
14	2007	317,126	4,499,153
15	2008	336,739	4,667,936
16	2009	356,937	4,835,334
17	2010	377,799	5,000,593
11	2011	399,283	5,162,859
19	2012	421,431	5,321,164
20	2013	444,262	5,474,419
21	2014	467,798	5,621,395
22	2015	492,060	5,760,708
23	2016	517,072	5,890,804
24	2017	542,857	6,009,939
25	2018	650,188	6,116,155
26	2019	919,839	6,126,512
27	2020	948,089	5,868,336
29	2021	977,213	5,554,027
29	2022	1,007,238	5,176,649
30	2023	1,038,192	4,728,489
5 Year Option Period			
1	2024	1,070,104	4,200,973
2	2025	1,103,004	3,584,574
3	2026	1,136,923	2,868,704
4	2027	1,171,892	2,041,602
5	2028	1,207,945	1,090,203

*Represents the Present Value of Century's Percentage Rent for the Remaining Years of the Lease

4. U. T. Austin: Appointment of Dr. Finn E. Kydland as Initial Holder of the Malcolm Forsman Centennial Professorship in the College of Liberal Arts Effective January 16, 1994 (Exec. Com. Letter 94-4).--Upon recommendation of the Executive Committee, the Board appointed Dr. Finn E. Kydland, Professor of Economics at Carnegie-Mellon University, Pittsburgh, Pennsylvania, as initial holder of the Malcolm Forsman Centennial Professorship in the College of Liberal Arts at The University of Texas at Austin effective January 16, 1994.

5. U. T. Brownsville: Permission for Dr. Juliet V. Garcia to Serve as a Member of the National Advisory Committee on Institutional Quality and Integrity of the U. S. Department of Education [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10), 13.(11) and 13.(12)] (Exec. Com. Letter 94-4).--Permission was granted for Dr. Juliet V. Garcia, President of The University of Texas at Brownsville, to serve as a member of the National Advisory Committee on Institutional Quality and Integrity of the U. S. Department of Education for a three-year term. Members of this Committee are entitled to be paid at a rate to be determined by the Secretary of Education, plus per diem and travel expenses in accordance with Federal Travel Regulations.

President Garcia's service on this Committee is of benefit to the State of Texas, creates no conflict with her position at U. T. Brownsville, and is in accordance with approval requirements for positions of honor, trust, or profit provided in Article 6252-9a of Vernon's Texas Civil Statutes and Part One, Chapter III, Section 13, Subsections 13.(10), 13.(11), and 13.(12) of the Regents' Rules and Regulations.

6. U. T. Permian Basin - Repair and Rehabilitation Projects: Authorization of Study and Appointment of Rhotenberry Wellen Architects & Planners, Midland, Texas, as Project Architect (Exec. Com. Letter 94-6).--During the past twenty years, a number of capital renewal and deferred maintenance problems have developed in some of the existing buildings on The University of Texas of the Permian Basin campus. In an effort to evaluate the extent of these problems, the Executive Committee recommended and the Board:
 - a. Authorized a study of the Critical Repair and Rehabilitation Projects at U. T. Permian Basin

 - b. Appointed the firm of Rhotenberry Wellen Architects & Planners, Midland, Texas, as Project Architect with authorization to evaluate existing building conditions and recommend corrective actions, prepare plans and specifications, and estimate costs for Repair and Rehabilitation Projects at U. T. Permian Basin.

In the FY 1994 Capital Budget process, U. T. Permian Basin submitted a request for \$2,000,000 for Critical Repair and Rehabilitation Projects and \$50,000 for the replacement of the South Campus Water Main. Within the FY 1994 Capital Budget, an allocation of \$469,000 was made from Permanent University Fund Bond Proceeds Reserve Allocations for Repairs.

The replacement of the South Campus Water Main is being pursued by U. T. Permian Basin as an institutional project. Additional Critical Repair and Rehabilitation Projects needing attention include repair of water leaks in the Upper Mesa Plaza, repair of Gymnasium roof and flooring, repair of racquetball and tennis courts, repairs to the swimming pool, and repair of Mesa Building elevators.

7. U. T. Permian Basin: Approval of (a) Lease Termination Agreement with Ector County for Softball Facilities and Park and (b) Ground Lease Agreement with the City of Odessa and Authorization for Executive Vice Chancellor for Academic Affairs to Execute Both Agreements (Exec. Com. Letter 94-5).--The Board, upon recommendation of the Executive Committee:

- a. Approved the lease termination agreement set out on Pages 71 - 75 covering two leases to Ector County for a total of approximately 43 acres of land located in the northeast corner of The University of Texas of the Permian Basin campus
- b. Approved a ground lease agreement authorizing lease of the same 43 acres and an additional 56.27 contiguous acres (for a total of 99.27 acres) to the City of Odessa, in substantially the form set out on Pages 76 - 92
- c. Authorized the Executive Vice Chancellor for Academic Affairs, on behalf of the Board, to execute both agreements after review and approval by the Offices of Business Affairs and General Counsel.

The lease termination agreement has the approval of the Ector County Commissioners' Court and will enable the U. T. Board of Regents to lease this property and additional property to the City of Odessa for a city park and recreational sports facilities. A softball complex and public park on the site leased to the County are currently operated by the City of Odessa and have been under the control of the City for several years pursuant to an informal agreement between the City and the County.

The new ground lease agreement, which authorizes the City of Odessa to further develop the city park and additional sports and support facilities on a portion of the U. T. Permian Basin campus, has an initial term of 15 years, with automatic renewals for four additional five-year terms unless canceled by either party.

The City will pay a nominal base rental and an additional rental based on a percentage of gross proceeds from commercial activities conducted on the leased tract with the exception of food and beverage sales.

In addition, the City is authorized by the lease to develop, maintain, and operate a city park, including softball and soccer fields, as well as parking and other related facilities. All site plans for construction on the leased tract will require approval by U. T. Permian Basin. Review of the site plans will include review of the proximity of the proposed construction to drill sites on the leased tract. Leasehold improvements will belong to the City and may be removed during the lease term or within sixty days thereafter. The city park will be open to the public, with priority access provided to U. T. Permian Basin for specified organized activities. Although the total acreage under the lease more than doubles the size of the existing lease, the land is on a portion of the campus not immediately needed by the component institution for other purposes.

The City will indemnify U. T. Permian Basin against any liability arising from use of the leased tract subject to the Texas Tort Claims Act and will require all sublessees to maintain liability insurance with U. T. Permian Basin as an additional insured. Activities in the park will be subject to City ordinances and applicable state and federal laws, including the Americans with Disabilities Act of 1990. The City of Odessa may not assign or sublet its leasehold interest without prior written permission from the U. T. Board of Regents.

LEASE TERMINATION AGREEMENT

STATE OF TEXAS §
 § KNOW ALL PERSONS BY **THESE PRESENTS**:
COUNTY OF ECTOR §

This **Lease** Termination Agreement is entered into as of the
8th day of November, 1993, by and between THE BOARD OF
REGENTS OF **THE UNIVERSITY OF TEXAS SYSTEM ("Lessor")** and ECTOR
COUNTY ("Lessee") .

WHEREAS, Lessor and Lessee entered into two Lease Agreements
"**the Leases**"), dated August 14, 1981 and July 1, 1982, covering two
tracts of land on the campus of The University of Texas of the
Permian Basin, such tracts being more particularly described by
metes and bounds in Exhibits "**A**" and "**B**" attached hereto: and

WHEREAS, Lessor and Lessee desire to terminate the above-
referenced Leases and have agreed upon the terms of such
termination as stated below:

NOW THEREFORE, in consideration of the above premises and the
promises below stated, the parties do agree as follows:

1. The above-referenced Leases are terminated as of the date
first above written;
2. All obligations of both Lessor and Lessee, under the
terms of said Leases have been fully performed as of the date
hereof except as set forth herein:
3. On the effective date of this Termination Agreement, all
buildings and other improvements located on the premises covered by
the Leases shall become the property of the City of Odessa, Texas:
provided,. however, that **Lessee** shall have the right, during the

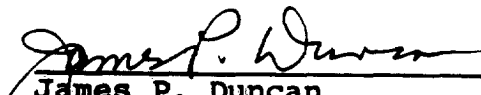
thirty-day period following said termination, to remove and maintain ownership of any personalty or fixtures belonging to Lessee that may be removed without damage to the land: and

4. Lessee shall, on the effective date of this Termination Agreement, surrender and vacate the premises covered by the Leases, subject to Lessee's right to remove property under item 3 above.

EXECUTED on the 22nd day of November, 1993, to be effective on the date first above written.

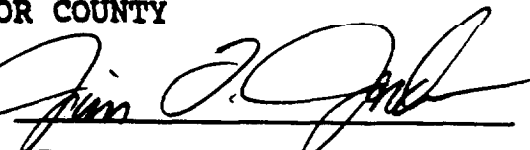
LESSOR:

THE BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

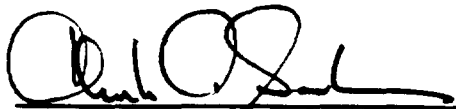
By: 
James P. Duncan
Executive Vice Chancellor
for Academic Affairs

LESSEE:

ECTOR COUNTY

By: 
County Judge

APPROVED AS TO CONTENT


Charles A. Sorber
President; The University of
Texas of the Permian Basin

APPROVED AS TO FORM:


Max J. Werkenthin
Office of General Counsel

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the 7th
day of JANUARY 1993 by James P. Duncan, Executive Vice
Chancellor for Academic Affairs, on behalf of the Board of Regents
of The University of Texas System.

HOLLY WRIGHT Notary Public
in and for the State of Texas
My Commission Expires 2-22-97

Holly Wright
Notary Public in and for
The State of Texas

STATE OF TEXAS §
 §
COUNTY OF **ECTOR** §

This instrument was **acknowledged** before me on the 22nd
day of November 1993, by 8IM T. JORDAN, County
Judge, **on behalf** of E&or County.



Carla P. Nelson
Notary Public in and for
The State of Texas

gherm\max\lseterm.ag2
6/31/93

EXHIBIT "A"

BEING a tract of land out of Section 18, Block 41, T-Z-S, T & P Railway Company Survey, Ector County, Texas, located in the NE1/4 of Section 18, more particularly described as follows;

BEGINNING at a point set in the Northeast part of Section 18, Block 41, T-2-S, T & P Railway Company Survey, Ector County, Texas, for the northeast Corner of Section 18 bears N 10 09' W 689 FEET and N 75 03' E 600 FEET;

THENCE S 10 09' E 750 FEET to a point for the S.E. Corner of this tract;

THENCE S 79 51' W 970 FEET to a point for the most Southerly S.W. Corner;

THENCE N 55 09' W 141.42 FEET to a point for the most Northerly S.W. Corner;

THENCE N 10 09' W 650 FEET to a point for the N.W. Corner of this tract;

THENCE N 79 51' E 945 FEET to a point for an Interior Corner;

THENCE N 10 09' W 75 FEET to a point in the South proposed R.O.W. for Sp 492

THENCE N 79 51' E 25 FEET to a point in the South proposed R.O.W. for SP 422;

THENCE S 10 09' E 75 FEET to a point for an Interior Corner;

THENCE N 79 51' E 100 FEET to the point of beginning, containing 18.35 acres.

EXHIBIT "B"

BEING a tract of land out of Section 18, Block 41, T-2-S, T. & P. Railway Company Survey, Ector County, Texas, located in the N.E. 1/4 of Section 18, more particularly described as follows:

BEGINNING at a point set in the Northeast part of Section 18, Block 41, T-2-S, T. & P. Railway Company Survey, Ector County, Texas, from which the northeast corner of Section 18 N 75° 03' E. 600 feet.

THENCE S. 10° 09' E. 780 feet to a point for an Interior Comer;

THENCE S. 79° 51' W. 1,016 feet to the Eastern bank of a drainage creek;

THENCE in a southeasterly direction along the meandering creek bank 525 feet;

THENCE N. 79° 51' E 1,400 feet to a point for the S.E. comer of this tract;

THENCE N. 17° 55' W. 1,162.5 feet to a point for the most southern N.E. corner of this tract;

THENCE N. 58° 23' W. 113 feet to a point for the most northerly N.E. corner of the tract;

THENCE S. 79° 14' W. 418.75 feet to the point of beginning.

GROUND LEASE AGREEMENT

THE BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM
and
THE CITY OF ODESSA, TEXAS

STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF ECTOR §

This Ground Lease Agreement is made and shall be effective as of the _____ day of _____, 199__, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, for and on behalf of The University of Texas of the Permian Basin, (Lessor), and THE CITY OF ODESSA, TEXAS, (Lessee).

ARTICLE I. DEMISE OF LEASED PREMISES.

Lessor, for and in consideration of the rents, covenants and promises herein contained to be kept, performed and observed by Lessee, does hereby lease and demise to Lessee, subject to the terms set forth below, and Lessee does hereby rent and accept from Lessor, that real property, which is a portion of the campus of The University of Texas of the Permian Basin (UTPB), referred to herein as the Leased Premises, and more particularly described in Exhibit "A," attached hereto and made a part hereof.

TO HAVE AND TO HOLD the said Leased Premises, together with all rights, privileges, easements, and appurtenances, belonging to or in any way appertaining to said Leased Premises.

ARTICLE 2. EASE TERM.

2.01. This lease shall be for a term of fifteen (15) years, referred to as the lease term, commencing on _____, 199__, and expiring on _____, 20__; subject, however, to

earlier termination as hereinafter provided. After the fifteen-year initial term, the lease shall be automatically extended for four additional five-year terms, unless cancelled by either party hereto in writing, no less than ninety (90) days prior to the expiration of the existing term.

2.02. This lease shall terminate and become null and void without further notice on the expiration of the term specified or any extension thereof, and any holding over by Lessee after the expiration of said term shall not constitute a renewal hereof or give Lessee any rights hereunder in. or to the Leased Premises.

ARTICLE 3. RENT.

3.01. Lessee agrees to pay to Lessor, as base rental for the use and occupancy of the Leased Premises under this lease, the sum of One Dollar per year, payable in advance on the first business day of September of each year during the term of this lease. Lessee may pay all base rental for the initial fifteen-year term in advance upon commencement of the lease.

3.02. As additional rental, Lessor shall be paid ten percent (10%) of the gross -proceeds received from all commercial activities (except food and beverage sales) conducted on the Leased Premises by Lessee, its agents, contractors, and sublessees. Installments of additional rental shall be due and payable to Lessor at the end of each calendar quarter and shall be accompanied by a statement showing all revenues received from all commercial activities on the Leased Premises.

3.03. All installments of rent hereunder, when and as they become due, shall be paid to the Office of the President of The University of Texas of the Permian Basin, Odessa, Texas.

ARTICLE 4. UTILITIES.

Lessee shall pay or cause to be paid all charges and connection fees for water, gas, heat, electricity, sewers; and any and all other utilities used on the Leased Premises during the term of this lease. During the term of this lease, Lessor shall not be responsible for paying any charges related to any volumes of raw water delivered to the UTPB campus under that certain Raw Water Contract between Lessor and Lessee and used on the Leased Premises.

ARTICLE 5. LIMITED USE OF PREMISES.

5.01. The right of Lessee to use the Leased Premises is expressly limited to development and maintenance of a city park and construction and maintenance on the Leased Premises of facilities related to such use, specifically, the construction, operation and maintenance of two quad softball complexes consisting of eight fields, several soccer fields, multiuse fields, and facilities for various recreational activities with associated services such as parking, restrooms, spectator seating and related facilities.

5.02. The city park located on the Leased Premises shall be open to the public, pursuant to the Ordinances of Lessee and pursuant to the Rules and Regulations of Lessee's Parks Department.

5.03. It is expected that the city park facilities to be developed will be in full accord with the usual high standards of

the City of Odessa and will be available for the use of all citizens of the City of Odessa, Texas, and the students, faculty and staff of The University of Texas of the Permian Basin, subject to 5.04 hereof.

5.04. The facilities on the Leased Premises shall be available to faculty, staff and students at UTPB at no charge, UTPB will have priority access to any of the park facilities for formal classes, intramural sports, club sports, and UTPB-sponsored tournaments, subject to approval of the City of Odessa Parks Department. Priority access by UTPB shall not supersede activities previously scheduled by agreement with the City of Odessa Parks Department. Lessee will provide UTPB with a key to each locked gate and building on the Leased Premises.

ARTICLE 6. CONSTRUCTION BY LESSEE.

6.01. Subject to the limited right of use and the specified scope of development set out in Article 5, Lessee shall have the right at any time and from time to time during the term of this lease, to erect, maintain, alter, remodel, reconstruct, rebuild, replace and remove buildings and other improvements on the Leased Premises, and correct and change the contour of the Leased Premises subject to the following general conditions:

(1) The cost of any such construction, reconstruction, demolition, or of any change, alteration or improvements, shall be borne and paid for by Lessee.

(2) All site plans, with schematic detail and colors, for initial construction on the Leased Premises must be approved in

writing in advance by the President of The University of Texas of the Permian Basin. All improvements will be built to the existing City Code standards. Thereafter, site plans for material modifications must be approved in writing by the President or the President's designee.

(3) Any improvements constructed on the Leased Premises shall be removed at the end of the lease term by Lessee if Lessor so desires. Lessee shall pay any expense incurred in the removal and the Leased Premises shall be restored to the original condition, reasonable wear, and tear excepted.

(4) Lessor has the right to limit pedestrian and vehicular access across and parking on the UTPB campus. Lessee shall design all improvements on the Leased Premises to facilitate and encourage pedestrian and vehicular access to the Leased Premises from dedicated public streets.

6.02. (1) In order to provide for the more orderly development of the Leased Premises, it may be necessary, desirable, or required that street, water, sewer, drainage, gas, power lines and other easements, and dedications and similar rights be granted or dedicated over or within portions of the Leased Premises. Provided that, in Lessor's' judgment, the request is reasonable and not unduly burdensome to the Leased Premises, Lessor shall, at the request of Lessee, join with Lessee in executing and delivering such documents from time to time and through the term of this lease, as Lessor deems appropriate and reasonable and as may be required by other governmental agencies, public utilities and

companies for the purpose of granting such easements and dedications.

(2) Lessor hereby grants to Lessee any necessary landowner approval for zoning on the Leased Premises to comport with the limited use provisions of Article 5 and for the term of the lease only. Upon the expiration or earlier termination of this lease for any reason, Lessor will not be bound by any zoning placed on the property covered by this lease.

6.03. It is expressly understood and agreed that any and all buildings, improvements, fixtures, machinery, and equipment of whatsoever nature at any time constructed, placed, or maintained on any part of the Leased Premises shall be and remain the property of Lessee; Lessee shall have the right at any time during Lessee's occupancy of the Leased Premises to remove any-and all buildings, improvements, machines, fixtures, and all equipment owned or placed by Lessee, in, under, or on the Leased Premises during the lease term. Lessee shall remove all said improvements, except any below-ground improvements, within sixty (60) days following the request of the Lessor at the expiration or cancellation of this lease. However, if Lessor does not request removal, any buildings, improvements, fixtures, or equipment which are not removed voluntarily by Lessee within sixty (60) days after the expiration or cancellation of this lease shall become the property of Lessor.

6.04. Lessee agrees not to use the Leased Premises so as to cause, suffer or allow any contamination of soil, ground water, surface water or natural resources on or adjacent to the Leased

Premises resulting from any cause, including but not limited to any spills, leaks of oil, gasoline, hazardous materials or any kind of contamination that may cause a violation of **this lease provision**.

ARTICLE 7. MAINTENANCE AND REPAIRS.

7.01. Lessee, at Lessee's own cost and expense at all times during the term of this lease, agrees to keep and **maintain**, or cause to be kept and maintained, all buildings and improvements that may be erected on the Leased Premises in a good **state of** appearance and repair, reasonable wear and tear excepted. Lessee shall not commit or suffer to be committed any waste upon **the** Leased Premises.

7.02. (1) Lessee shall not suffer or **permit any** mechanics' or materialmen's liens or other liens **to be filed** against the fee of the Leased Premises nor against Lessee's leasehold interest in the land nor any buildings or **improvements on** **the** Leased Premises by reason of any work, labor, services, or materials supplied or claimed to have been supplied to Lessee.

(2) If any such mechanics' liens or materialmen's **liens** shall be recorded against the Leased Premises, or any improvements thereon, Lessee shall cause the same to be removed or, in the alternative if Lessee in good faith desires to contest the same, Lessee shall be privileged to do so, but in such case Lessee hereby agrees to indemnify and save Lessor harmless from all liability **for** damages occasioned thereby and shall, in the event of a Judgment of foreclosure on said mechanics' lien, cause **the** same to be discharged and removed prior to the execution of such Judgment.

7.03 The hike-and-bike trail located on the UTPB campus shall remain in its present configuration, including the portion presently located on the Leased Premises, which may be relocated by agreement of Lessor and Lessee. Lessor shall have a right of ingress and egress across the Leased Premises during the term of this lease for the purpose of grading any portions of the hike-and-bike trail located on the Leased Premises.

ARTICLE 8. INDEMNIFICATION AND INSURANCE.

8.01. Lessor shall not be liable for any loss, damage, or injury of any kind or character to any person or property arising from any use of the Leased Premises, or any part thereof, or caused by any defect in any building, structure, or other improvement thereon or in any equipment or other facility therein, or caused by or arising from any act or omission of Lessee, or of any of its approved sublessees, or its contractors, agents, **employees** or invitees, or by or from any accident on the land or fire or other casualty thereon, or occasioned by the failure of Lessee to maintain the Leased Premises and any improvements in safe condition, or arising from any other cause whatsoever; and Lessee hereby waives on its behalf all claims and demands against Lessor for any such loss, damage or injury of Lessee, and hereby agrees, to the extent allowed by Texas law, to indemnify and hold Lessor entirely free and harmless from all liability for any such loss, damage, or injury of other persons, and from all costs and expenses arising therefrom.

8.02. Lessee will require all approved sublessees to carry and maintain in full force and effect during the term of this lease and any extension thereof, at Lessee's expense, public liability insurance covering bodily injury and property damage liability with an insurance company licensed to do business in Texas, with limits of coverage of not less than \$500,000 for each person and \$1,000,000 in the aggregate for bodily injury or death liability for each occurrence and \$500,000 for each occurrence for property damage liability, for the benefit of both Lessor and Lessee as protection against all liability claims arising from the Leased Premises, will cause Lessor to be named as an additional named insured on such policy of insurance, and will deliver a certificate thereof to Lessor.

ARTICLE 9. ASSIGNMENT AND SUBLEASING.

Lessee may not sell, assign or sublease its leasehold estate or any portion thereof without the prior written approval of Lessor, and any said sale, assignment or sublease without written approval shall terminate this lease at the option of the Lessor.

ARTICLE 10. DEFAULT AND REMEDIES.

10.01. Should Lessee default in the performance of any covenant, condition or agreement in this lease, and such default is not corrected within thirty (30) days after receipt of written notice from Lessor, Lessor may declare this lease, and all rights and interest created by it, to be terminated. Upon Lessor electing to terminate, this lease shall cease and come to an end as if that were the day originally fixed herein for the expiration of the term

hereof, and Lessor, its agent or attorney, may resume possession of the Leased Premises.

10.02. Any termination of this lease as herein provided shall not relieve Lessee from the payment of any sum or sums that shall then be due and payable to Lessor hereunder, or any claim for damages then or theretofore accruing or to accrue against Lessee hereunder, and any such termination shall not prevent Lessor from enforcing the payment of any such sum or sums or claim for damages by any remedy provided for law, or from recovering damages from Lessee for any default thereunder.

ARTICLE 11. WARRANTIES.

11.01. Lessor hereby represents and warrants that it is the owner in fee simple absolute of the Leased Premises subject to covenants, conditions, restrictions, easements and other matters of record.

11.02. Lessor covenants and agrees that Lessee on paying the rent and other charges herein provided for and observing and keeping the covenants, conditions, and terms of this lease on Lessee's part to be kept or performed, shall lawfully and quietly hold, occupy, and enjoy the Leased Premises during the term of this lease without hindrance of Lessor or any person claiming under Lessor.

ARTICLE 12. GENERAL PROVISIONS.

12.01. The relationship between Lessor and Lessee at all times shall remain solely that of landlord and tenant and not be deemed a partnership or joint venture.

12.02. Nothing in this lease agreement shall ever be construed as a dedication of the Leased Premises to the public for any purpose.

12.03. It is expressly understood and agreed that if the curing of any default (other than failure to pay rent or insurance premiums) or the performance of any other covenant, agreement, obligation, or undertaking by either party herein contained is delayed by reason of war, civil commotion, act of God, governmental restrictions (other than those of Lessor and Lessee), fire or other casualty, or any other circumstances beyond the control of the obligated party, whether the circumstance is similar to any of those enumerated or not, such party shall be excused from doing or performing the same during such period of delay.

12.04. No waiver by Lessor or Lessee of any default or breach of any covenant, condition, or stipulation herein contained shall be treated as a waiver of any subsequent default or breach of the same or any other covenant, condition, or stipulation hereof.

12.05. Use of the Leased Premises will be subject to all city ordinances, and Lessee shall be responsible for compliance with all Federal and State laws, ordinances, rules and regulations applicable to the Leased Premises and all improvements thereto, including, without limitation, Article 9102, Texas Civil Statutes (concerning accessibility of facilities to disabled persons), and the Americans with Disabilities Act of 1990, Public Law 101-336 (concerning discrimination on the basis of disability).

ARTICLE 13. MISCELLANEOUS.

13.01. All rents or other sums, notices, demands, or requests from one party to another may be personally delivered or sent by mail, certified, or registered, postage prepaid, to the addresses stated in this section and shall be deemed to have been given at the time of personal delivery or at the time of **mailing.**

All payments, notices, demands, or requests from Lessee to Lessor shall be given to Lessor at the Office of the President, U. T. Permian Basin, Odessa, Texas 79762, or at such other address as Lessor shall request in writing.

All payments, notices, demands, or requests from Lessor to Lessee shall be given to Lessee at the Office of the Mayor, City of Odessa, City Hall, 5th Floor, 411 West 8th Street, Odessa, Texas 79761, or at such other address as Lessee shall request in writing.

13.02. This lease agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns where permitted by this lease agreement.

13.03. This lease agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in **Ector** County, Texas.

13.04. In case any one or more of the provisions contained in this lease agreement shall **for any** reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this lease agreement shall be construed

as if such invalid, illegal, or unenforceable provisions had never been contained herein.

13.05. No amendment, modification, or alteration of the terms hereof shall be binding unless in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

13.06. The rights and remedies provided by this lease agreement are cumulative **and the** use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

This lease agreement has been executed on behalf of the parties to be effective on the date and year first above written.

ATTEST:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM
FOR AND ON BEHALF OF
THE UNIVERSITY OF TEXAS OF
THE **PERMIAN BASIN**

Arthur H. Dilly
Executive Secretary

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

APPROVED AS TO CONTENT:

APPROVED AS TO FORM:

Charles A. Sorber
President, The University
of Texas of the Permian Basin

Max J. Werkenthin
University Attorney

ATTEST:

CITY OF ODESSA

By: _____
City Secretary

By: _____
Jerry McGuire
City Manager

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the ____ day of _____, 199__ by James P. Duncan, Executive Vice Chancellor for Academic Affairs of The University of Texas System on behalf of the Board of Regents of The University of Texas System.

Notary Public in and for
The State of Texas

STATE OF TEXAS

COUNTY OF ECTOR

This instrument was acknowledged before me on the ____ day of _____, 199__ by Jerry McGuire, City Manager, on behalf of the City of Odessa.

Notary Public in and for
The State of Texas

ODESSA.LS4
11/3/93

EXHIBIT "A"
to
GROUND LEASE AGREEMENT

*NOTE: A survey should be made, to get an exact metes and bounds description and the proper acreage of the Leased Premises.

METES AND BOUNDS FOR UTPB PARK ON THE SOUTHWEST CORNER OF HIGHWAY 191 AND EAST LOOP 338, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A 99.27 acre tract of land out of Section 18, Block 41, T-2-S, Texas and Pacific Railway Company Survey, Ector County, Texas

BEGINNING at a point from which the northeast corner of Section 18 bears N **75° 57' 30"** E **197.80'**, N **14° 02' 30"** W 739.83';

THENCE S **15° 27' 30"** E 887.00' along the west right of way of East Loop 338 to a point;

THENCE S **12° 36' 30"** E **1,110.00'** along the west right of way of East Loop 338 to a point for the most southeasterly corner of this tract:

THENCE N **58° 51' 30"** W 27.70' to an interior point;

THENCE S **74° 53' 30"** W 930.22' to a point of curvature;

THENCE being a curve to the right having a delta of **52° 09' 30"**, a radius of **200'**, a chord bearing of N **79° 01' 45"** W, a chord length of 175.84 and a curve length of 182.07' to a point of tangency;

THENCE N **52° 57'** W 1296.32 feet to a point of curvature;

THENCE being a curve to the right have a delta of **38° 54' 30"**, a radius of **200'**, a chord bearing of N **33° 29' 45"** W, a chord length of 133.22 and a curve length of **135.82'** to a point of tangency;

THENCE N **14° 02' 30"** W 319.00' to an interior point;

THENCE S **79° 51'** W 678.95' to a point for the most southwesterly corner of this tract;

THENCE N **10° 09'** W 818.25' along the east right of way of an existing UTPB Entrance Road;

THENCE N **34° 51'** E 28.28' to a point on the south right of way line of Highway 191;

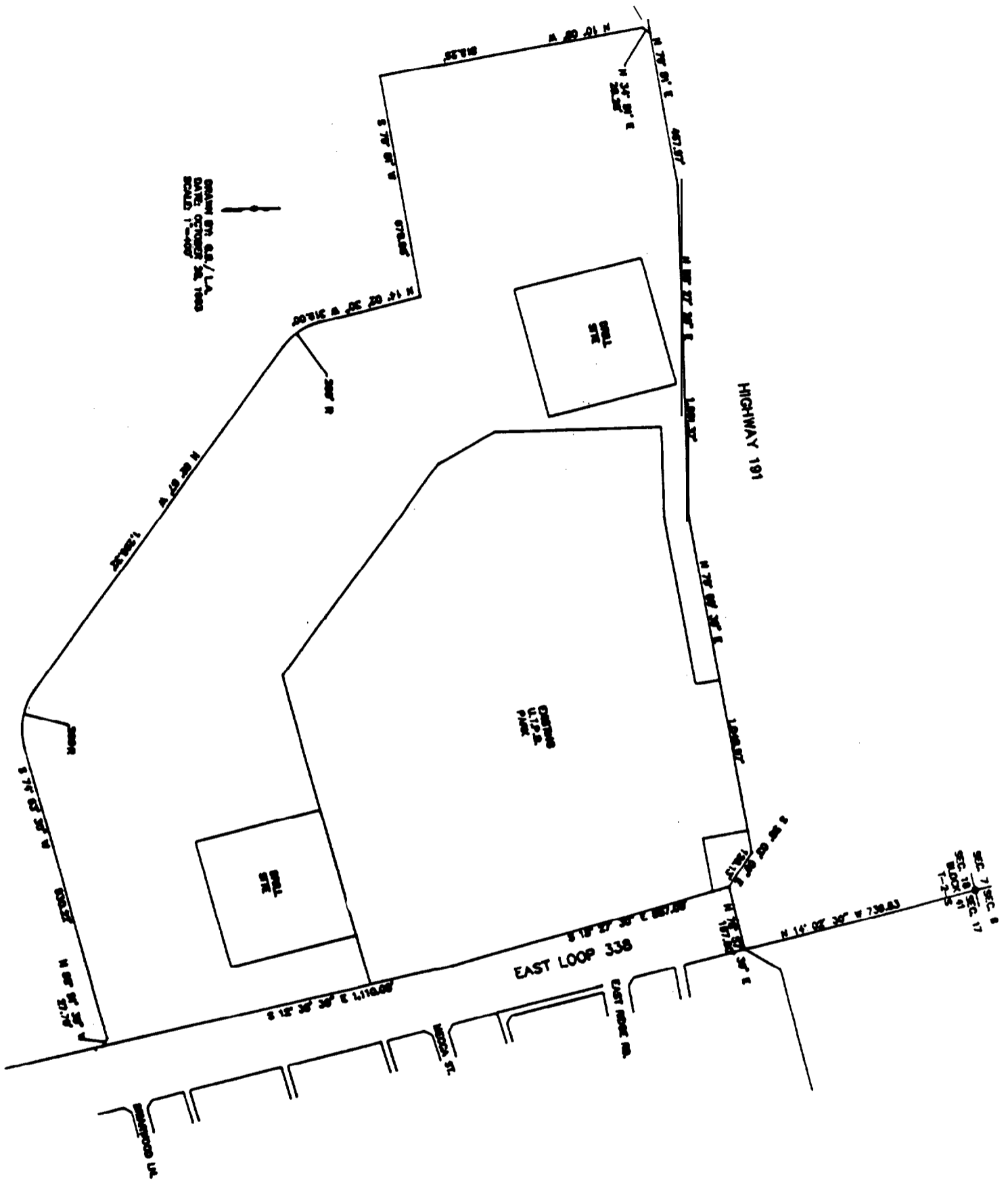
THENCE N **79° 51'** E 467.97' to a point along the south right of way line of Highway 191;

THENCE N **88° 27' 20"** E **1,001.37'** to a point along the south right of way line of Highway 191;

THENCE N **79° 50' 30"** E 1048.97' along the south right of way of Highway 191;

THENCE S **55° 03' 09"** E 126.13' to the place of beginning containing 99.27 acres of land, more or less.

EXHIBIT "A"
Page 2 of 2



REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 93 - 101).--Committee Chairman Loeffler reported that the Business Affairs and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 74 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 74 in the form distributed by the Executive Secretary. It is attached following Page 175 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

Regent Lebermann abstained from voting on items within the Docket related to Valero Energy due to a possible conflict of interest.

Regent Smiley abstained from voting on Items 2 and 3 on Pages A 83-86 of The University of Texas at Austin Docket.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter V, Section 2, Subsection 2.3, Subdivision 2.31 (Overtime).--The Board amended the Regents' Rules and Regulations, Part Two, Chapter V, Section 2, Subsection 2.3, Subdivision 2.31 related to overtime to read as set forth below:

2.3 Overtime.

2.31

The schedule of activities shall be so organized that non-exempt employees are not required to work in excess of forty hours within an established work week except when required by operating necessities. Any overtime services must be justified in writing and have the advance approval of the chief administrative officer, the chief business officer or designee.

3. U. T. System: Approval of the 1995 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations.--At the request of Committee Chairman Loeffler, Chancellor Cunningham presented a brief overview of the proposed policies and guidelines for preparation of the 1995 Operating Budgets for The University of Texas System.

Upon recommendation of the Business Affairs and Audit Committee, the Board adopted the following Budget Preparation Policies and Limitations and Calendar for preparation of the 1995 Operating Budgets for the U. T. System:

U. T. System 1995 Budget Preparation Policies

General Guidelines - The regulations and directives included in the General Appropriations Act serve as the basis for these guidelines and policies. In preparing the draft of the 1995 operating budget, the Chief Administrative Officer of each component institution should adhere to guidelines and policies as detailed below. Overall budget totals, including reasonable reserves, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, and limited use of institutional unappropriated balances.

Salary Guidelines - Recommendations regarding salary policy are subject to the following directives of the General Appropriations Act.

Article V, Section 150. 1993 Employee Salary Increase Guarantee.

Notwithstanding other provisions in this Act, for all state employees employed prior to September 1, 1993, the salary increase provided by Section 146, of House Bill 1, Acts of the Seventy-second Legislature, First Called Session, 1991, shall be continued by all agencies and institutions during the 1994-95 biennium and shall not be rolled back nor reduced in any way.

Article V, Section 67. Salaries to be Proportional by Fund.

It is the intent of the Legislature that unless otherwise restricted payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in V.T.C.A., Education Code, Sec. 51.009 (a) and (c), shall be proportional to the source of funds.

1. Merit Increases - Subject to available resources and the accomplishment of legislative budget reduction requirements, merit salary increases for faculty, administrative and professional staff, and classified staff may be implemented within this budget. Merit increases or advances in rank for faculty are to be on the basis of teaching effectiveness, research, and public service.

Merit increases or promotions for administrative and professional staff and classified staff are to be based on evaluation of performance in areas appropriate to work assignments. Merit increases for administrative and professional staff should on average approximate increases available for classified staff and should not exceed on average those available for faculty.

To be eligible for a merit increase, classified staff must have been employed by the institution for at least six months as of August 31, 1994.

2. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments may also be granted in this budget and should also consider merit where appropriate, subject to available resources. Such increases should be noted and explained in the supplemental data accompanying the budget.
3. New Positions - New administrative and professional, classified staff and faculty positions are to be requested only when justified by work loads or to meet needs for developing new programs.

Staff Benefits Guidelines - Recommendations regarding employee staff benefits are subject to the following directives included in the General Appropriations Act.

1. Staff Group Insurance Premiums - The General Revenue contribution for staff group insurance premiums for higher education is included in Article I, pages I-103 through I-105 of the General Appropriations Act. For each full-time active and retired employee enrolled for eligible coverage, the 1995 State's contribution rate is as follows:

Employee Only Category	\$215.18
Employee and Spouse Category	\$337.90
Employee and Children Category	\$297.35
Employee and Family Category	\$420.07

Funds appropriated in Article I for higher education employees' group insurance contributions may not be used for any other purpose. To budget these funds, a "Transfer from Article I - Employees Group Insurance Contribution" should be reflected as a General Revenue item in the "Method of Financing" section of the operating budget summary. Employee group insurance premiums for employees paid from Educational and General Income are included in each institution's appropriation for "Educational and General State Support."

In addition, active and retired employees are authorized to use one-half of the "employee only" state contribution for optional insurance provided that they have health insurance coverage from another source.

2. Teacher Retirement Program - State contribution at 7.31% of payroll is included in the funds appropriated to the Teacher Retirement System to match members' contributions.

3. Optional Retirement Program - State contribution at 7.31% of payroll is included in the funds appropriated to the Teacher Retirement System to match members' contributions. Institutions authorized under state law to provide the Optional Retirement Program to their employees are authorized to use local funds or other sources of funds to supplement the General Revenue Fund appropriation in order to provide an employer contribution of 8.5% of payroll.
4. Other Employee Benefits - Employer contributions to the self-insured Unemployment Compensation Fund will remain at \$.30 per \$100 of the first \$7,000 of salary paid per employee. Workers' Compensation Insurance rates have been experience rated for each component.

Other Operating Expense Guidelines:

1. Increases in Maintenance, Operation, and Equipment items are to be justified by expanded work loads, for developing new programs or for correcting past deferrals or deficiencies.
2. Travel funds are to be budgeted separately from other items. Article V, Section 153 of the General Appropriations Act grants the Comptroller authority to reduce appropriations for 1994 and 1995 for all state agencies and institutions in an amount equal to ten percent (10%) of the fiscal year 1993 expenditures for travel from funds within the state treasury. Institutions should anticipate this reduction in preparing the 1995 budget.

Budget Reductions - Article III and Article V of the General Appropriations Act contain several sections requiring budget reductions, in addition to the travel reduction enumerated above, and which may impact the 1995 operating budget. Although implementation of these riders is uncertain in some cases at this time, such reductions should be anticipated in preparing the 1995 operating budget. Those riders which may have significant impact are:

Article III, Section 38. Reduction in Appropriations Due to Advanced Placement Program.

The Texas Higher Education Coordinating Board shall report the calculation of savings, by institution, of the reduced number of TASP examinations, the reduced number of remedial courses taken and the reduced number of other academic courses taken by virtue of acquiring course credit through the Advanced Placement Testing Program of the College Education Examination Board, to the Comptroller of Public Accounts by December 1, 1993 and December 1, 1994. The amount of the reduction must total not less than \$6,051,421 for fiscal year 1994 and not less than \$6,660,448 for fiscal year 1995, and the Comptroller shall reduce the general revenue funding of those institutions by that amount....

Article III, Section 40. One Biennium Hold-Harmless Transition Funding.

It is the intent of the Legislature that institutions and agencies of higher education benefitting from hold-harmless funding provisions contained in this Act undertake all necessary management and budgetary restructuring to implement the policies and directives from which the institutions are protected in 1994 and 1995... institutions shall adjust their budgetary and personnel policies to make the need for hold-harmless provisions from legislatively instructed policies unnecessary in future funding periods.

Article III, Section 41.2. Delay of Payment and Appropriations Disbursement for Public Education and Public Higher Education.

One-twelfth of the fiscal year 1995 General Revenue Fund appropriations to institutions of higher education are not available for expenditure for obligations incurred for the 1995 fiscal year until September 1, 1995....

Article V, Section 154. ARTICLE II Contingency Reductions.

It is the intent of the Legislature that the recommendations listed below, as developed by the Texas Performance Review (TPR) in Against the Grain, the Governor's Health Care Cost Containment Initiative and/or any related legislation enacted by the Seventy-third Legislature, be implemented by the appropriate agencies.... The Governor and Legislative Budget Board shall review the report and may make general revenue budget reductions of \$320,706,251 for the fiscal biennium ending August 31, 1995....In the event the total revenues and budget reductions have not been achieved...seventy-five percent of the total remaining reductions will be made against general revenue appropriations to Article II agencies. The remaining twenty-five percent of the reductions shall be applied across the board to appropriations to all other agencies including institutions of higher education....

1994-1995 OPERATING BUDGET CALENDAR

February 10, 1994	U. T. Board of Regents' Approval of Policies via Agenda Item
March 7-11, 1994	Budget Policy/Resource Allocation Hearings
April 1, 1994	<u>Seven</u> Draft Copies of Budgets due to System Administration, including <u>seven</u> copies of supplemental data
April 18-29, 1994	Technical Hearings with System Administration, as needed
May 9, 1994	<u>Seven</u> copies of Budgets due to System Administration with <u>two</u> copies of adjusted supplemental data (Budgets should be bound with a temporary binding such as "Acco" binders.)
May 27, 1994	Budgets mailed to the U. T. Board of Regents
June 1994	Board of Regents' Briefing
June 9, 1994	U. T. Board of Regents' Budget Meeting
June 17, 1994	<u>Four</u> copies of Budgets (unbound) due to System Administration for copying and binding

4. U. T. System: Report by Chancellor Cunningham on the Progress Made from 1985 to 1993 in Hiring of Women and Minorities for Senior Administrative Positions.--Committee Chairman Loeffler called on Chancellor Cunningham for a report on the progress that had been made from 1985 to 1993 in the hiring of women and minorities for senior administrative positions within The University of Texas System.

Chancellor Cunningham distributed to the Board a document entitled "[Expanding Opportunities for Women and Minorities in The University of Texas System](#)" (a copy of which is on file in the Office of the Board of Regents). Dr. Cunningham noted that the eloquently and forcefully expressed concerns of former Regent Beryl Buckley Milburn in the mid-1980s regarding opportunities for women in the U. T. System have had lasting and quite positive effects. He pointed out that it was quite clear to everyone, however, that the rate of progress has been very disappointing in a number of areas, especially with regard to minorities, and clearly it is time to refocus attention on these issues and to bring colleagues together from across the U. T. System to share information and ideas and to develop new approaches to solving the problems.

With the aid of slides, Chancellor Cunningham presented a comprehensive overview of the expanding opportunities for women and minorities in the U. T. System since 1985. He reviewed in detail the percentage of U. S. doctoral, law, and medical degrees awarded to women, African-Americans, and Hispanics from 1972 - 1992 noting that women now earn 37% of all doctorates awarded each year in the United States, up from 15% in 1972, according to a report from the National Research Council. However, African-Americans and Hispanics have made little or no progress during those years with each group continuing to earn less than 5% of the doctorates. Similar patterns of progress, or lack of progress, since 1972 apply to women, African-Americans, and Hispanics in earning law and medical degrees.

Dr. Cunningham noted that universities are often hampered in their efforts to hire minorities for tenure-track faculty positions because of the small pool of candidates nationwide. In 1992, for example, 1,537 doctorates in physics and astronomy were awarded in the United States but only seven went to African-Americans and only 30 went to Hispanics. The nationwide competition among universities for such graduates is intense. Dr. Cunningham stated that the most recent data on new hires for tenure-track faculty jobs at U. T. System campuses reflect these national "pipeline" issues. He noted, for example, that women were hired for 46.9% of the tenure-track positions that were filled at the nine U. T. academic institutions beginning in Fall 1992, as well as 26.3% of new faculty hires at the six U. T. health institutions. Unfortunately, the rate of progress with regard to African-Americans and Hispanics remains a very serious concern and this is generally a direct result of the low number of students in these groups earning advanced degrees and choosing to pursue an academic career.

In Fall 1992, 3.1% of the new hires for tenure-track positions at the academic institutions were African-Americans and 14.5% were Hispanics. At the health institutions, 2.8% of new faculty hires were African-Americans and 3.9% were Hispanics.

Dr. Cunningham noted several encouraging trends, as well as continuing problems, related to new hires for administrative positions in the U. T. System. For Fall 1992, there were 112 new hires in executive, administrative, and managerial positions at the academic institutions. Women filled 41.1% of these jobs, African-Americans 8%, and Hispanics 18.8%. At the health institutions for Fall 1992, there were 93 new hires in those categories. Women filled 47.3% of the jobs, African-Americans 7.5%, and Hispanics 6.5%.

From Fall 1985 to Fall 1993, the number of women in senior administrative positions (director and above) at all U. T. System components rose from 227 to 485, an increase from 19.4% of the total to 30.6%. The number of African-Americans in those positions more than doubled, from 24 to 53, but the percentage of the total increased only from 2.1% to 3.3%. The number of Hispanics in those jobs rose from 82 to 143, an increase from 7% to 9%.

Chancellor Cunningham noted that the U. T. System will lead a major initiative to increase the number of women and minorities in faculty and administrative positions throughout the 15-campus system by forming two committees. One will focus on employment issues to recommend ways of increasing the number of women, African-Americans, and Hispanics who are preparing for academic careers, and the second will study ways to further the careers of women and minorities so that more are promoted to senior faculty and administrative positions. The charge to the Committees will include:

- Assess current programs for increasing the number of women and minorities preparing for academic careers.
- Recommend ways of having a major impact on the academic "pipeline," not only to increase the overall numbers but also to encourage women and minorities to enter fields in which they have traditionally been under-represented.
- Assess policies and programs for recruiting and promoting women and minorities into senior faculty and administrative positions, and recommend innovative methods of professional career development.
- Recommend ways to expand collaboration among U. T. System components in their efforts to enhance faculty and administrative opportunities for women and minorities.
- Monitor and advise on national employment and educational issues of significance to women and minorities.

Dr. Cunningham pointed out that he is particularly concerned about the distressingly low nationwide rates at which African-Americans and Hispanics are earning doctoral degrees, joining university faculties, and rising through the levels of university administration. He noted that these are serious problems at colleges and universities throughout the nation and the U. T. System is committed to taking a national leadership role in solving them. Women have made much faster progress in

earning advanced degrees and joining university faculties but they are moving into senior administrative positions at a slow rate. Dr. Cunningham noted that the trends affecting minorities are nationwide and the situation within the U. T. System mirrors very closely what you will find at comparable universities across the nation.

In closing, Chancellor Cunningham recognized Mr. Trennis Jones, Director of the System Personnel Office, and expressed appreciation for his efforts in compiling the data within the report.

Regent Temple commended Dr. Cunningham on this very informative report and expressed appreciation to Regent Smiley for taking a leading role in addressing these issues and working toward lasting solutions.

In response to Regent Holmes' inquiry as to the timetable for the report of these committees, Chancellor Cunningham responded that he would expect a report from these committees no later than the Fall of 1994.

Chairman Rapoport pointed out that the two committees should have all the input that Chancellor Cunningham can give them and noted that while some gains have been made by women in faculty and administrative positions in academia, both nationwide and within the U. T. System, much remains to be done. With regard to African-Americans and Hispanics in faculty and administrative positions, the nation is facing a problem of crisis proportions.

In conclusion, Committee Chairman Loeffler reemphasized that the U. T. System is embarking on a remarkable program and noted that it is gratifying to see the progress that has been and will be made in the future.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 102 - 130).--Committee Chairman Holmes reported that the Academic Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Establishment of a Requirement that International Students Maintain Approved Comprehensive Health Insurance or Coverage Effective with the Fall Semester 1994 (Catalog Changes).--In order to establish comprehensive health insurance or coverage for international students among all component institutions of The University of Texas System, the Board, upon recommendation of the Academic Affairs and Health Affairs Committees:
 - a. Required international students holding nonimmigrant visas and living in the United States to maintain approved comprehensive health insurance or coverage while enrolled at U. T. System component institutions
 - b. Authorized each component institution to assess each such international student a health insurance fee (as an incidental fee authorized by Texas Education Code Section 54.504) in the amount of the premium approved for the U. T. System Student Health Insurance Plan for the actual cost of the insurance provided where there is no evidence of continuing coverage under the U. T. System Employee Health Plan or a comparable mandatory employee plan, continuing mandatory coverage through a government sponsored health plan (which covers health care in the United States and complies with the federal Civil Rights Restoration Act of 1987) or continuing coverage that satisfies the requirements of United States Information Agency (USIA) regulations with regard to J-1 and J-2 visaholders. Further, authorized the assessment of an incidental fee in the amount of the appropriate premium for dependents of J-1 visaholders as required by these federal regulations and required international students to immediately notify the institution should there be a lapse in approved alternative coverage
 - c. Encouraged all international students to participate in the U. T. System Student Health Insurance Plan
 - d. Authorized catalog changes for all component institutions to make this requirement effective with the Fall Semester 1994.

International students on nonimmigrant visas are not eligible to receive indigent medical care. There have been numerous incidents where international students have incurred serious illness or accidents resulting in major unreimbursed medical expenses.

This requirement has a rational relationship to the University's goal of keeping students in school and to the federal government's requirements aimed at preventing visaholders from becoming public charges. The USIA recently enacted regulations mandating that sponsors require J-1 exchange visitors and their dependents to have insurance in effect which covers the exchange visitor for sickness or accident during the period of time that an exchange visitor participates in the sponsor's exchange visitor program.

It is the intention of U. T. System Administration that the requirement of proof of insurance coverage apply to international students effective with the Fall Semester 1994. However, continuing international students with proof of satisfactory coverage during the 1993-94 academic year will be allowed to continue with current health insurance or coverage while they remain continuously enrolled in U. T. System component institutions. This will allow international students with preexisting medical conditions to remain insured without a break in coverage.

The next appropriate catalogs published at the respective institutions will be amended to conform to this action.

2. U. T. Arlington: Authorization to Establish a Master of Arts Degree in Communication and to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change).--Upon recommendation of the Academic Affairs Committee, the Board established a Master of Arts degree in Communication at The University of Texas at Arlington and authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The degree program is consistent with the institution's strategic plan and the approved Table of Programs.

The Master of Arts degree in Communication contains two options, a thesis option requiring 30 semester credit hours and a nonthesis plan requiring 36 semester credit hours. The program will be administered by the Department of Communication of the College of Liberal Arts and the Dean of the Graduate School. The degree program will offer specialized education on the management of media resources, the changing role of the media in an information society, and a theoretical and ethical framework for considering the impact of the media upon society.

A need for educational programs of this type for media personnel and media relations personnel within business and corporations has been recognized both nationally and locally. It is estimated that the number of majors will be 10 full-time and 10 part-time in the first year of implementation, rising to 15 full-time and 30 part-time in the fifth year.

Only one and one-third new tenure track faculty positions are needed beginning with implementation of the program. Few additional library materials and no new equipment will be required. Estimated additional cost in the fifth year is \$55,000.

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

3. U. T. Arlington: Adoption of Theme and Logo for the Centennial Celebration (Regents' Rules and Regulations, Part Two, Chapter I, Section 9, Subsection 9.4)--In accordance with the Regents' Rules and Regulations, Part Two, Chapter I, Section 9, **Subsection** 9.4 relating to approval of official themes and logos, the Board adopted the theme "A tradition of excellence. A future of opportunity." and logo for use by The University of Texas at Arlington during the 1995-96 academic year in observance of the institution's centennial celebration.

The graphic representation of the logo set out below will be submitted by the Office of General Counsel for trademark registration.

Institutional plans also anticipate use of the logo without the centennial year designation after the centennial year.

CENTENNIAL LOGO
The University of Texas
at Arlington



Blue (PMS 293)

4. U. T. Austin: Permission for Professor Barbara C. Jordan to Serve as Chair of the U. S. Commission on Immigration Reform [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Permission was given for Professor Barbara C. Jordan, Lyndon Baines Johnson School of Public Affairs at The University of Texas at Austin, to serve as Chair of the U. S. Commission on Immigration Reform. Her service in this capacity will be without compensation.

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

5. U. T. Austin: Establishment of a Graduate Program Including Master of Arts (M.A.) and Doctor of Philosophy (Ph.D.) Degrees in Neuroscience and Authorization to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--Authorization was granted to establish a graduate program including Master of Arts (M.A.) and Doctor of Philosophy (Ph.D.) degrees in Neuroscience at The University of Texas at Austin and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The program in neuroscience is consistent with U. T. Austin's broad-based statewide mission and is within its approved Table of Programs.

The graduate program in neuroscience leading to M.A. and Ph.D. degrees is an interdisciplinary program based on existing courses in other established programs. The program will be administered by the Institute for Neuroscience which has forty-two faculty from eleven departments and schools. Students will be admitted only to the Ph.D. program, but in certain instances students who have completed basic requirements and do not wish to complete the Ph.D. may be awarded the master's degree.

The intent of the program is to offer a course of study that provides a fundamental knowledge of the general facts and methods of neuroscience and encourages students to develop specialized knowledge in a particular topic area of neuroscience. The program is designed to allow sufficient flexibility to accommodate students having different educational backgrounds and varied specific interests and career goals. A minimum of 81 semester credit hours is required for the Ph.D. program. The common core includes three one-semester courses, an additional methods course, and four other designated elective courses. U. T. Austin is prepared to admit the first students to the program in the Fall 1994 semester.

The cost of establishing this degree program is minimal. No new faculty, facilities, equipment or library additions are required. Funds will be necessary to hire an Administrative Assistant to the Graduate Adviser and for the purchase of office supplies and equipment for this position. Estimated additional cost in the fifth year is \$20,000. While an additional \$20,000 per year will be budgeted from existing sources to support the Institute for Neuroscience, the program is expected to effect substantial savings per graduate.

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

6. U. T. Austin: Approval of Increases in Differential Graduate Tuition Rates Effective with the Fall Semester 1994 and Authorization for the Executive Vice Chancellor for Academic Affairs to Approve Subsequent Increases as Statutory Tuition Rates Increase (Catalog Change).-- Section 54.008 of the Texas Education Code provides that governing boards of institutions of higher education may set differential tuition rates for graduate programs in an institution provided that such rates are at least equal to the minimum rates established by statute and not more than double the statutory rate.

Upon recommendation of the Academic Affairs Committee, the Board approved increases in differential graduate tuition rates at The University of Texas at Austin effective with the Fall Semester 1994 as set out below:

- a. Colleges of Business Administration (Ph.D. program), Communication, Education, Engineering, Fine Arts, Liberal Arts, Natural Sciences and Pharmacy; the Schools of Architecture, Nursing and Social Work; the Lyndon Baines Johnson School of Public Affairs; and the Graduate School of Library and Information Science

Graduate
Tuition Rates*
1994-95

Resident	\$ 56
Nonresident	201

*Amount per semester credit hour of registration

- b. Graduate School of Business (MBA, MPA, and PPA programs)

Graduate
Tuition Rates*
1994-95

Resident	\$ 56
Nonresident	221

*Amount per semester credit hour of registration

- c. School of Law

Graduate
Tuition Rates*
1994-95

Resident	\$120
Nonresident	300

*Amount per semester credit hour of registration

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

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

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

Priority uses for the additional funds derived from differential tuition charges are to provide for instructional program support, student support, and faculty salaries, and in the School of Law, support for the Law Library.

The next appropriate catalogs published at U. T. Austin will be amended to conform to this action.

7. U. T. Austin: Approval of Voluntary Student Services Fees Effective with the Fall Semester 1994 (Catalog Change).--In accordance with Sections 54.513 and 54.514 of the Texas Education Code and upon recommendation of the Academic Affairs Committee, the Board approved Voluntary Student Services Fees at The University of Texas at Austin to be effective with the Fall Semester 1994 as set out below:

	1994-95 Fees	
	<u>Academic Year</u>	<u>Spring Semester</u>
Athletics	\$60.00	\$30.00
Department of Theatre and Dance	15.00	7.50
Performing Arts	25.00	12.50
<u>Cactus</u> Yearbook	35.00	35.00
Official Directory	3.00	*
<u>Peregrinus</u> Yearbook	25.00	25.00
<u>Analecta</u> Literary Journal	5.00	5.00
Locker/Basket and Shower (per semester)	6.00**	6.00

*Not offered

**Represents Fall Semester charge only

These fees represent increases for Athletics and the Department of Theatre and Dance only.

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

8. U. T. Austin: Approval of a Memorandum of Understanding with FIPSE/Regional Academic Mobility Consortium and Authorization for the President of U. T. Austin to Execute the Document.--Approval was given to the memorandum of understanding set out on Pages 109 - 111 by and between The University of Texas at Austin and FIPSE/Regional Academic Mobility Consortium. FIPSE is an acronym for the Foundation for Improvement of Post Secondary Education, which operates through the U. S. Department of Education.

Further, Dr. Robert M. Berdahl, President of U. T. Austin, was authorized to execute this document with the understanding that any and all specific agreements arising from the document are to be submitted for prior administrative review and approval as required by the Regents' Rules and Regulations.

The memorandum of understanding for a student trilateral exchange program is designed to establish and develop relations among universities of North America and provide students in engineering programs with the opportunity to familiarize themselves with the curricula, language, and culture of other North Americans by enabling students registered on a full-time basis with a university (home university) to take courses in another university (host university) in order to satisfy part of the credit requirements necessary to qualify for the degree at the home university. The requirement that a participant be a citizen of the country of the home university is a non-negotiable feature of the consortium.

MEMORANDUM OF UNDERSTANDING
STUDENT TRILATERAL EXCHANGE PROGRAM
between
FIPSE/REGIONAL ACADEMIC MOBILITY CONSORTIUM
and
THE UNIVERSITY OF TEXAS AT AUSTIN

Between:

THE UNIVERSITY OF TEXAS AT AUSTIN, represented by President Robert M. Berdahl, and **FIPSE/REGIONAL** ACADEMIC MOBILITY CONSORTIUM* hereby agree to the following terms:

Given the importance of establishing and developing relations among universities of North America and providing students in engineering programs **with** the opportunity to familiarize themselves with the curricula, language and culture of other North Americans, the **FIPSE/REGIONAL** ACADEMIC MOBILITY CONSORTIUM and THE UNIVERSITY OF TEXAS AT AUSTIN (hereafter UT Austin) hereby agree to set up a student exchange program with a view to enable a student registered on a full-time basis with a university (home university) to follow courses in another university (host university) in order to satisfy part of the credit requirements necessary to qualify for the degree at the home university.

1. PROVISIONS

Qualified students from each university system will be accepted at the other for the purpose of pursuing an approved course of instruction. To be eligible for this exchange program, the students **must**:

- be citizens of the country of their home university;
- meet all specific requirements set down by the home university and host university.

2. OBLIGATIONS AND PRIVILEGES OF THE PARTICIPANTS

The students admitted to the exchange program:

- shall remain registered full-time and pay tuition and other fees at the home university;
- shall agree to study at least one semester, but no more than one year full-time at the host university, in a program of studies approved by the appropriate authorities of the home university; and
- shall benefit from **financial** aid programs they are entitled to as registered students of the home university.
- shall provide for **miscellaneous** expenses required by the host university (e.g., registration fees and health insurance), the cost of which shall be known in advance;

* Membership in Engineering Exchanges **as** of **October** 1993:

Dalhousie University
Ecole Polytechnique
McGill University
Universite **Laval**
University of Calgary
University of New Brunswick
University of Ontario

Boston University
California State University, Sacramento
Tulane **University**
University of Maryland
University of Pittsburg
The University of Texas at Austin

Instituto Tecnológico y de Estudios
Superiores de Monterrey
Universidad Autonoma de Nuevo Leon
Universidad Autonoma **Metropolitana-**
Unidad **Azcapotzalco**
Universidad de Guadalajara
Universidad de Las Americas **Puebla**
Universidad Iberoamericana

- shall provide for **transportation**, room and board and other living expenses for themselves, including additional expenses incurred by spouses or dependents accompanying the participants; and
- shall obtain adequate medical insurance that will provide appropriate health care protection according to the standards set out by contracting host universities.

3. IMPLEMENTATION

Each university shall appoint a person in charge of the exchange in that institution and shall advise the **FIPSE/REGIONAL** ACADEMIC MOBILITY Project Director of the name, title, address, and telephone and fax numbers of this person. The Project Director shall be responsible for distributing to the interested parties the list of persons in charge of the exchange program in each university.

APPLICATIONS SHALL INCLUDE THE FOLLOWING:

- a copy of the candidate's academic record;
- an evaluation of the candidate's knowledge of the host university's language (except for candidates following a program of studies in this language);
- a letter from the candidate stating the reasons for participation in the exchange program and setting out his or her study objectives;
- a recommendation from the president, the dean, director of studies or advisor of the candidate as well as approval for the proposed program of study.

Each university shall be in charge of promoting the exchange program to its student body; to this end, the universities agree to exchange all documents providing information to the candidates on the programs of study available in the universities.

The number of students to be admitted to the exchange program for the following academic year will be determined by mutual agreement between contracting parties and will be based on the number of qualified applications. Every effort will be made to achieve parity in the numbers of students exchanged, but it is recognized that small imbalances may occur periodically; and

The host universities agree to assist the visiting students in **finding** adequate housing.

4. TERM OF THE AGREEMENT

This agreement shall take effect upon the date of its signing by both parties and shall run until September **30, 1995**. The agreement may be amended in writing by mutual consent of the parties at any time.

FOR THE **FIPSE/REGIONAL** ACADEMIC MOBILITY CONSORTIUM

DULCIE L. SCHACKMAN
PROJECT **DIRECTOR**

DATE

Student Trilateral Exchange Program
Page 3 of 3

FOR THE UNIVERSITY OF TEXAS AT AUSTIN

ROBERT M. BERDAHL
PRESIDENT

DATE

9. U. T. El Paso: Appointment of Dr. Frank Hoy as Initial Holder of the Texas Commerce Bank Professorship in Business Administration Effective Immediately.--The Board, upon recommendation of the Academic Affairs Committee, appointed Dr. Frank Hoy, Professor and Dean of the College of Business Administration at The University of Texas at El Paso, as initial holder of the Texas Commerce Bank Professorship in Business Administration effective immediately.
10. U. T. El Paso: Approval of an Increase in the Compulsory Student Services Fee Effective with the Fall Semester 1994 (Catalog Change).--In order to maintain the quality and availability of essential services for students at The University of Texas at El Paso, the Board approved an increase in the Compulsory Student Services Fee from \$9.75 per semester credit hour with a maximum fee of \$117 per semester or summer session to \$10.70 per semester credit hour with a maximum fee of \$128.40 per semester or summer session to be effective with the Fall Semester 1994.

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

11. U. T. El Paso: Authorization to Increase Differential Graduate Tuition Rates for the College of Business Administration, College of Engineering, and College of Nursing and Allied Health Effective with the Fall Semester 1994 and Authorization for the Executive Vice Chancellor for Academic Affairs to Approve Subsequent Increases as Statutory Tuition Rates Increase (Catalog Change).--Section 54.008 of the Texas Education Code provides that governing boards of institutions of higher education may set differential tuition rates for graduate programs in an institution provided that such rates are at least equal to the minimum rates established by statute and not more than double the statutory rate.

Upon recommendation of the Academic Affairs Committee, the Board authorized an increase in differential graduate tuition rates at The University of Texas at El Paso effective with the Fall Semester 1994 as set out below:

	Graduate Tuition Rates* <u>1994-95</u>
<u>College of Business Administration</u>	
Resident	\$ 56
Nonresident	191
<u>College of Engineering</u>	
Resident	56
Nonresident	191
<u>College of Nursing and Allied Health</u>	
Resident	56
Nonresident	191

*Amount per semester credit hour of registration

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

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

Priority uses for the additional funds derived from differential tuition charges are for meeting the higher costs associated with offering graduate programs in these areas and for faculty support. The procedure for subsequent administrative approval of differential graduate tuition rates will allow for changes to be made as the statutory rate increases and as the Coordinating Board's determination of the cost of education changes.

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

12. U. T. El Paso: Approval of an Increase in Rental Rates for Student Family Housing Effective with the Fall Semester 1994 (Catalog Change).--In order to keep pace with rising utility and staff benefit costs and to help offset recent investments in renovations and improvements to the Student Family Apartments, the Board, upon recommendation of the Academic Affairs Committee, approved an increase in rental rates for Student Family Housing at The University of Texas at El Paso to be effective with the Fall Semester 1994 as set out below:

Effective Fall
Semester 1994

Student Family Housing
(Rates include utilities)

Apartment (per month)	\$350
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The next appropriate catalog published at U. T. El Paso will be amended to conform to this action.

13. U. T. Pan American: Establishment of a Master of Arts Degree in Psychology with Options in Experimental Psychology and Clinical Psychology and Authorization to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change).--In order to fulfill the obligations of The University of Texas - Pan American to meet the educational needs of students and community constituents in its region, authorization was granted to establish a Master of Arts degree in Psychology with options in Experimental Psychology and Clinical Psychology at U. T. Pan American and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The degree program is consistent with U. T. Pan American's mission and Table of Programs and its plans for offering quality degree programs.

The Master of Arts degree in Psychology is composed of two options: Clinical Psychology, which requires 48 semester credit hours, and Experimental Psychology, which requires 38 semester credit hours. Both share an eighteen-hour core and a six-hour thesis requirement. Students in the clinical option are required to complete an additional course, six hours of practicum experience, and three hours of internship. The program will be administered by the Department of Psychology and Anthropology with the first group of students to be admitted in the Fall of 1994.

The program will require the addition of three faculty (cost is estimated at \$97,000 by the fourth year), three graduate assistantships (1.5 FTE), and equipment and supplies to support the clinical option (primarily audiovisual equipment for recording client interactions, psychological assessment instruments, and computers for analyzing data). Equipment for the experimental psychology option has been acquired through external funding over a period of several years and is not in need of expansion or replacement. Library resources, particularly monographs, need to be augmented significantly during the first two years of the program. Electronic resources acquired to support the programs in health sciences and as part of the overall planned transition to greater reliance on electronic media provide existing access to materials needed for psychology.

No new facilities will be required and only minimal renovation will be needed to support supervised clinical practica. Ongoing yearly costs are expected to be \$127,000 with total five-year implementation costs estimated at \$562,000. Equipment, renovation, and library expenditures are expected to be provided from HEAF funds, while personnel and other operating costs are expected to come from South Texas/Border Initiative special item funding for the first three years. Formula funds will contribute to meeting costs in the latter two years. Once the program has been implemented, regular costs, other than for personnel, are expected to be minimal.

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

14. U. T. Permian Basin: Approval to Reorganize the Academic Administrative Structure and Authorization to Submit the Proposal to the Coordinating Board for Approval (Catalog Change).--For several years, The University of Texas of the Permian Basin has used a nontraditional organizational structure for its academic units. Five administrative units referred to as Divisions have reported directly to the Vice President for Academic Affairs. With the development of a lower-division program, a more traditional structure which places greater emphasis on the integration of the arts and sciences in the core curriculum seems appropriate and would improve the off-campus image.

Therefore, upon recommendation of the Academic Affairs Committee, three of the five existing academic Divisions at U. T. Permian Basin were regrouped as Departments of a new College of Arts and Sciences and the remaining two Divisions were designated Schools of Business Administration and Education, respectively. In addition, approval was given to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

The College of Arts and Sciences, School of Business Administration, and School of Education will each be headed by a Dean. While the title of Dean will replace the title of Division Director, no change in compensation or work load in either Business Administration or Education will be associated with the change in titles. Administrative functions of the other three Divisions will, to a large extent, be consolidated at the Dean level for Arts and Sciences. It is estimated that total expenditures on administration for the three consolidated units will remain essentially unchanged for the next five years.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Permian Basin will be amended to conform to this action.

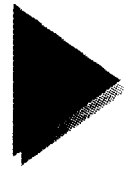
15. U. T. System: Report on the Educational Economic Policy Center (EEPC).--At the conclusion of the Academic Affairs Committee meeting, Committee Chairman Holmes called on Regent Temple, The University of Texas System Board of Regents' representative to the Educational Economic Policy Center (EEPC) Board, to introduce the Chairman of the EEPC Board for a progress report on the activities of the Center.

Regent Temple indicated that for the next few minutes the Board would focus on what The University of Texas System is doing and proposes to do to support public (K - 12) education. She noted that it was appropriate to hear a report about a unique state agency in which the U. T. Board of Regents plays a significant part. That is the Educational Economic Policy Center and its nine-member governing board which includes three Regents -- Regent Temple from The University of Texas System, Regent Alison Brisco from The Texas A&M University System, and Regent John Cater from the University of Houston System. Mrs. Temple then recognized Mr. Cater, former Chairman of the Board of Regents of the University of Houston System, who was in the audience.

Regent Temple noted that the Center depends on university scholars to carry out the research which is the basis for all good public educational policy and those scholars have produced first class, useful work. She welcomed Ms. Janey Lack, Chairman of the EEPC Board, and a businesswoman in Victoria, Texas, to tell the U. T. Board of Regents about the Center.

Mrs. Temple noted that Ms. Lack is a graduate of the University of Michigan and holds an MBA from Harvard. Ms. Lack has a long history of public service in education including appointments to the State Job Training Coordinating Council and the Texas Literacy Council. She chaired the Governor's Task Force on Literacy in 1986 and 1987, has served on The University of Texas at Austin College of Education Foundation Advisory Council since 1988, and in 1993, Governor Richards appointed Ms. Lack as Chairman of the EEPC.

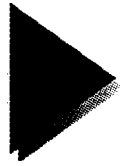
Regent Temple then recognized Ms. Lack who filed and discussed the report set forth on Pages 117 - 128.



The Educational Economic Policy Center (EEPC)

- ▶ The EEPC was established by Texas Legislature in 1990.
- ▶ It was designed as an educational think tank and independent research organization.
- ▶ By choice of the Governor, the EEPC was formed as a consortium of

**The University of Texas at Austin
Texas A&M University, and
University of Houston.**



The EEPC

- ▶ **The Policy Center is governed by a nine-member board.**
- ▶ **The Board is appointed by the Governor, Lt. Governor and the Speaker of the House.**
- ▶ **Three of the nine positions are reserved for a Regent from each of the consortium universities.**



The EEPC

- ▶ **The EEPC is currently housed within the Legislative Budget Board.**
- ▶ **Funding for the Center comes from the Legislature's General Revenue Budget.**
- ▶ **During the last legislative session, EEPC funding was cut in half due to both political and financial pressures.**



The EEPC (Continued)

- ▶ **Although funding was reduced, the 1993 Legislature left the role of the Center unchanged.**
- ▶ **The EEPC is challenged with both fulfilling its research mission and obtaining adequate research dollars.**



The Work of the EEPC

- ▶ **The Policy Center issued a number of studies for the last legislative session, including major reports on public school accountability and administrative costs.**
- ▶ **Substantial portions of the accountability and administrative costs studies are incorporated in the 1993 School Finance and Reform Bill (SB 7).**



The Role of The University of Texas at Austin in EEPC

- ▶ **The University of Texas at Austin has been an active partner in the EEPC with participation from:
the College of Education,
the College of Business, and
the LBJ School of Public Affairs.**
- ▶ **Regent Ellen Temple serves on the EEPC Board.**



The Role of The University of Texas at Austin in EEPC

(Continued)

- ▶ **The University conducted research, under contract, for a number of EEPC studies including critical work on the accountability study.**
- ▶ **The University also produced the highly-praised Administrative Cost Study.**



Our Request to The University of Texas at Austin

- ▶ **We are here to request your continued active involvement in the work of the EEPC.**
- ▶ **We would like you to also consider an expanded role in the work and research of the Policy Center.**

▶ **How does
The University of Texas at Austin
Benefit from Participation?**

The EEPc offers The University of Texas at Austin the opportunity to:

- ▶ work on the most pressing educational issues facing Texas
- ▶ work collaboratively with faculty from other major Texas universities
- ▶ be involved in quality research that will be moved into the public arena



How does The University of Texas at Austin Benefit from Participation? (Continued)

- ▶ provide graduate students with timely research work on important public educational issues, and
- ▶ work with schools across the state and gain access to the data collected during this work.



The EEPC Challenge

- ▶ **The EEPC has been asked to tackle an enormous job with limited resources.**
- ▶ **And the task is daunting: In a time of unprecedented change and a world with global horizons, the challenge is to design an educational system that consistently turns out world-class students.**
- ▶ **The educational issues we face need the best thinking of all our leadership individuals and institutions.**

**We invite and encourage you to
share your research power
with the EEPC.**

**You will become a partner in Texas'
reach for a stronger tomorrow and
a responsive educational system.**

In closing, Ms. Lack requested the Board's continued active involvement in the work of the EEPC and asked the Board to consider an expanded role in the work and research of the Center. She noted that the Center's mission is to sponsor independent research and development, translate research findings into policy recommendations, and communicate with state policy makers and the public about potential improvements in public education.

Regent Cruikshank noted that Ms. Lack's report indicated that the College of Education, College of Business Administration, and the LBJ School of Public Affairs at The University of Texas at Austin were the research departments that are participating with the Center and asked Ms. Lack if there were other colleges/schools that can be identified or included in the EEPC research efforts. In response, Ms. Lack noted that these three colleges/schools had been very important to the Center but the Center would take talent or resources from any other part of the University.

Regent Temple noted that President Robert Berdahl at U. T. Austin has appointed Dr. Manuel J. Justiz, Dean of the College of Education, to be the liaison between U. T. Austin and the EEPC. She then expressed appreciation to Mrs. Gwen Grigsby, Assistant Vice Chancellor for Governmental Relations, and Executive Vice Chancellor for Academic Affairs Duncan for their fine efforts on behalf of the Center and emphasized that there is a critical need for research. Mrs. Temple pointed out that it was a good opportunity for the U. T. System institutions to get involved in public education.

Chairman Rapoport noted that it was his understanding that Ms. Lack would like for the University to provide researchers and research dollars for the Center, and he suggested that all institutions within the U. T. System be invited to participate in the Center's endeavors.

Executive Vice Chancellor Duncan pointed out that the Center was historically connected to U. T. Austin because it was initially located in the LBJ School of Public Affairs, but he encouraged the academic components to work with the Center and to feel free to contact Ms. Lack or Mrs. Temple.

Ms. Lack indicated that the Center has a most effective organization and it is eager to make a difference in helping state policy makers and educators develop a quality public education system for Texas. She emphasized that the EEPC is an example of how the state brings the talents and resources of the great research universities to bear on public issues.

On behalf of the Board, Regent Holmes thanked Ms. Lack for her very informative and enlightening report.

16. U. T. System: Report on the University/Public School Collaborative Efforts.--Committee Chairman Holmes called on Chancellor Cunningham for a report on a University of Texas System sponsored university/public school collaborative effort.

Chancellor Cunningham reported that on December 9-10, 1993, approximately 80 representatives from the U. T. System component institutions, U. T. System Administration, and the public school sector met in Austin, Texas, to identify and discuss strategies for possible future university/public school collaborative efforts and programs. He noted that the people of Texas have lost faith in the public schools and sometimes that is unfair. Dr. Cunningham pointed out that the Task Force on U. T. System/Public School Collaborations was established to focus on improving the overall academic achievement in public school systems. The Task Force has three subcommittees which will meet two or three more times before May 1 to make recommendations as to what the U. T. System can do to provide for effective collaboration with the public school sector.

Chancellor Cunningham noted that a more detailed report of the Task Force on U. T. System/Public School Collaborations would be presented to the Board at a future meeting.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 131 - 134).--Committee Chairman Ramirez reported that the Health Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval to Increase Premium Rates for Professional Medical Liability Self-Insurance Plan Effective September 1, 1994.--The Board, upon recommendation of the Health Affairs Committee, approved a 6% increase in the premium rates for The University of Texas System Professional Medical Liability Self-Insurance Plan effective September 1, 1994, as follows:

<u>Risk Class</u>	<u>Premium Rates</u>	
	<u>Staff</u>	<u>Resident</u>
1	\$ 3,036	\$ 1,872
2	5,088	3,096
3	8,676	5,304
4	14,112	8,616
5	23,448	14,292

Further, an additional 3% increase in the premium rates was authorized effective June 1, 1995, for all faculty and residents who have not completed 15 hours of risk management training prior to this date. However, the additional 3% rate charge will be waived for new faculty and residents until they have participated in the Plan for one year.

2. U. T. Southwestern Medical Center - Dallas: Initial Appointments to Endowed Academic Positions Effective Immediately.--Approval was given to the following initial appointments to endowed academic positions at The University of Texas Southwestern Medical Center at Dallas effective immediately:

- a. James Frank Huth, M.D., Chief of Surgical Oncology, to The George and Carol Poston Professorship in Breast Cancer Research

See Page 158 for establishment of this Professorship.

- b. Robert W. Bucholz, M.D., Professor and Chairman of the Department of Orthopaedic Surgery, to The Doctor Charles F. Gregory Chair in Orthopaedic Surgery

See Page 153 for establishment of this Chair.

- c. Dr. Peter P. Antich, Professor of Radiology and Chairman of the Graduate Program of Radiological Sciences, to The Wechan Pak Professorship of Bone Biophysics
- See Page 157 for establishment of this Professorship.
- d. Vinay Kumar, M.D., Professor of Pathology, to The Vernie A. Stembridge, M.D., Chair in Pathology
- See Page 158 for establishment of this Chair.
- e. Dennis K. Stone, M.D., Associate Professor of Internal Medicine and Physiology and Chief of the Molecular Transport Division, to The NCH Corporation Chair in Molecular Transport
- See Page 156 for establishment of this Chair.
- f. Robert J. Alpern, M.D., Professor of Medicine and Chief of the Nephrology Division, to the Ruth W. and Milton P. Levy, Sr. Chair in Molecular Nephrology
- See Page 156 for establishment of this Chair.
- g. Charles M. Ginsburg, M.D., Professor and Chairman of the Department of Pediatrics, to The Marilyn R. Corrigan Distinguished Chair in Pediatric Research
- See Page 152 for establishment of this Chair.
- h. Khashayar Sakhaee, M.D., Associate Professor of Internal Medicine, to the BeutiControl Cosmetics, Inc. Professorship in Mineral Metabolism and Osteoporosis
- See Page 151 for establishment of this Professorship.
- i. James E. Griffin, M.D., Professor of Internal Medicine, to The Diana and Richard C. Strauss Professorship in Biomedical Research
- See Page 159 for establishment of this Professorship.
- j. David Scott Miller, M.D., Associate Professor of Obstetrics and Gynecology, to The Dallas Foundation Chair in Gynecologic Oncology
- See Page 152 for establishment of this Chair.

3. U. T. Southwestern Medical Center - Dallas: Establishment of Differential Graduate Tuition Rates Effective June 1994 (Catalog Change).--Upon recommendation of the Health Affairs Committee, the Board approved the establishment of differential graduate tuition rates for the Biomedical Engineering Program at The University of Texas Southwestern Medical Center at Dallas effective June 1994, as set forth below:

<u>Biomedical Engineering Program</u>	<u>Graduate Tuition Rates*</u>
Resident	\$ 52
Nonresident	188

*Per semester credit hour of registration

The U. T. Southwestern Medical Center - Dallas offers the Biomedical Engineering Program jointly with The University of Texas at Arlington. The U. T. Board of Regents previously granted approval for U. T. Arlington to increase graduate tuition in their College of Engineering to \$52 per semester credit hour (SCH) for residents and \$188 per SCH for nonresidents effective with the Fall Semester 1993. The foregoing action is intended to eliminate the disparity between the tuition depending on which of the two institutions the student designates as "home institution."

Specific allocation of differential tuition funds is approved by the U. T. Board of Regents through either the annual operating budget or docketing procedures, as appropriate, in compliance with all applicable statutes and budget policies of the U. T. Board of Regents.

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

4. U. T. Medical Branch - Galveston: Approval of an Extended Leave of Absence for Dr. Lee E. Moore from January 1, 1994 Through August 31, 1994 (Regents' Rules and Regulations, Part One, Chapter III, Section 16, Subsection 16.2).--In accordance with Part One, Chapter III, Section 16, Subsection 16.2 of the Regents' Rules and Regulations, the Board approved an extended leave of absence from January 1, 1994 through August 31, 1994, without pay, to Dr. Lee E. Moore, Professor of Physiology and Biophysics at The University of Texas Medical Branch at Galveston.

Dr. Moore has been on leave during the past fiscal year working with the University of Rennes, Rennes, France, to develop a joint research program with exchanges of students and faculty as well as collaborative research between the University of Rennes and the U. T. Medical Branch - Galveston. Completion of this joint effort could result in major developments in the field of Neural Networks and the awarding of substantial research grants for the benefit of the U. T. Medical Branch - Galveston.

5. U. T. Medical Branch - Galveston: Authorization to Increase the Compulsory Student Services Fee Effective with the Fall Semester 1994 (Catalog Change).--In order to provide adequate funding for student activities, approval was given to increase the Compulsory Student Services Fee at The University of Texas Medical Branch at Galveston effective with the Fall Semester 1994 as follows:

U. T. Medical School - Galveston

Year 1 - \$160.00 per academic year
Year 2 - 240.00 per academic year
Year 3 - 240.00 per academic year
Year 4 - 240.00 per academic year

U. T. G.S.B.S. - Galveston, U. T. Allied Health Sciences School - Galveston, and U. T. Nursing School - Galveston

\$6.50 per semester credit hour with a maximum charge per semester of \$78.00.

The next appropriate catalog published at the U. T. Medical Branch - Galveston will be amended to conform to this action.

6. U. T. M.D. Anderson Cancer Center - University Cancer Foundation Board of Visitors: Approval of Nominee Thereto.--A nominee for membership to the University Cancer Foundation Board of Visitors at The University of Texas M.D. Anderson Cancer Center was approved for a three-year term to expire in 1997.

The name of the nominee will be reported for the record after acceptance has been received.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 135 - 142).--Committee Chairman Temple reported that the Facilities Planning and Construction Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Facilities Planning and Construction Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Austin - Expansion of the Animal Resources Center (Project No. 102-707): Approval of Final Plans; Authorization to Advertise for Bids and for the Executive Committee to Award Contracts; and Approval of Project Funding.--The Board, upon recommendation of the Facilities Planning and Construction Committee:
 - a. Approved the final plans and specifications for the Expansion of the Animal Resources Center at The University of Texas at Austin at an estimated total project cost of \$3,300,000
 - b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review and the Executive Committee to award all contracts associated with this project within the authorized total project cost
 - c. Approved total project funding of \$3,300,000 with \$1,600,000 from General Fee Balances and \$1,700,000 from Permanent University Fund Bond Proceeds previously appropriated for U. T. Austin Reserves for Repair and Rehabilitation from FY 1993 and FY 1994.

In April 1991, the Board approved the \$3,300,000 project cost to be funded with \$1,900,000 from Permanent University Fund Bond Proceeds and \$1,400,000 from U. T. Austin General Fee Balances. The FY 1994 Capital Budget, adopted by the U. T. Board of Regents in August 1993, indicated total project funding from General Fee Balances only. A notation in the FY 1994 Capital Budget indicated that Permanent University Fund Reserve Funds may be used to partially fund this project provided this action does not delay the completion of previously authorized Repair and Rehabilitation projects.

Repair projects affected by this transaction will be funded from other institutional sources. Based upon the foregoing action, the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget will be amended accordingly.

2. U. T. Austin - Parking Facility No. 3 - Phase One: Authorization for Project; Appointment of Alan Y. Taniguchi Architect & Associates Inc., Austin, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--Upon recommendation of the Facilities Planning and Construction Committee, the Board:
- a. Authorized a project for Parking Facility No. 3 - Phase One at The University of Texas at Austin at an estimated total project cost of \$6,000,000
 - b. Appointed the firm of Alan Y. Taniguchi Architect & Associates Inc., Austin, Texas, as Project Architect to prepare preliminary plans, specifications and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
 - c. Appropriated \$150,000 from U. T. Austin Auxiliary Enterprise Balances for fees and administrative expenses through completion of preliminary plans.

Parking Lot No. 67 is located immediately south of the Beauford H. Jester Student Residence Hall and is bordered on the south by Martin Luther King Boulevard, on the east by Clark Field, and on the west by Speedway. Three additional student residence halls, Brackenridge Hall, Roberts Hall, and Prather Hall, are located immediately adjacent to the Jester Center. The four residence halls have a current population of approximately 3,500 students.

Parking Lot No. 67 and Jester Circle have a total parking capacity of approximately 890 spaces for students, faculty, and staff. Those students in Jester Center who are unable to park in Parking Lot No. 67 or Jester Circle must park in remote lots up to 2,000 feet away. The construction of Parking Facility No. 3 - Phase One at the location of Parking Lot No. 67 will accommodate between 800 and 1,000 vehicles.

In addition to parking facilities, this project will include space on the ground level for an approximate 20,000 gross square foot student store in this highly populated area of the campus.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget with total project funding in the amount of \$6,000,000 to be funded from \$4,500,000 in Revenue Financing System Bond Proceeds and \$1,500,000 in U. T. Austin Auxiliary Enterprise Balances.

3. U. T. Austin - Sponsored Research Office Building: Authorization for Project; Appointment of BLGY Inc., Architects & Engineers, Austin, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.-- In response to an identified need for additional space to house several research departments currently located in leased office space and to provide surge space for departments displaced by pending construction projects, the Facilities Planning and Construction Committee recommended and the Board:
- a. Authorized a project for the Sponsored Research Office Building at The University of Texas at Austin at an estimated total project cost of \$4,250,000
 - b. Appointed the firm of BLGY Inc., Architects & Engineers, Austin, Texas, as Project Architect to prepare preliminary plans, specifications and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
 - c. Appropriated \$100,000 from U. T. Austin General Fee Balances for fees and administrative expenses through completion of preliminary plans.

The Sponsored Research Office Building of approximately 50,000 gross square feet will be constructed on U. T. Austin property located at the Balcones Research Center and will provide departments improved access to U. T. Austin research facilities.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget with total project funding in the amount of \$4,250,000 from U. T. Austin General Fee Balances.

4. U. T. Austin - University Interscholastic League Building (Project No. 102-803): Presentation of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Submission of the Project to the Coordinating Board; Advertisement for Bids; Executive Committee Award of Contracts; and Appropriation Therefor (Withdrawn).-- Committee Chairman Temple reported that the item related to the University Interscholastic League Building at The University of Texas at Austin had been withdrawn for consideration at a future meeting.

5. U. T. Austin - Welch Hall - Renovation of West Wing: Authorization for Project; Appointment of Tom Green & Company Engineers, Inc., Austin, Texas, as Project Engineer to Prepare Preliminary Plans; and Appropriation Therefor.--In order to meet an identified need to renovate the west wing of Welch Hall at The University of Texas at Austin, which was constructed in 1960, the Board, upon recommendation of the Facilities Planning and Construction Committee:
- a. Authorized a project for Welch Hall - Renovation of West Wing at U. T. Austin at an estimated total project cost of \$4,500,000
 - b. Appointed the firm of Tom Green & Company Engineers, Inc., Austin, Texas, as Project Engineer to prepare preliminary plans, specifications and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
 - c. Appropriated \$150,000 from U. T. Austin General Fee Balances for fees and administrative expenses through completion of preliminary plans.

The west wing of Welch Hall, which is used exclusively by the Department of Chemistry and Biochemistry, is a four-story structure with a mechanical penthouse located on the roof, and each floor is approximately 10,000 gross square feet for an approximate 40,000 gross square foot facility. This will be the first significant renovation of the Welch Hall west wing since it was built.

The project scope includes replacing laboratory case-work and the utility infrastructure including water, wastewater and acid waste systems. The heating, ventilating and air-conditioning system, electrical service, interior lighting and fume hood exhaust system will be replaced. In addition, interior finishes will be replaced where necessary, and the building will be brought into compliance with the federal Americans with Disabilities Act.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget with total project funding in the amount of \$4,500,000 from U. T. Austin General Fee Balances.

6. U. T. Dallas - Student Union Building Addition and Renovation: Authorization for Project; Appointment of MPI Architects, Dallas, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.-- Upon recommendation of the Facilities Planning and Construction Committee, the Board:
- a. Authorized a project for the Student Union Building Addition and Renovation at The University of Texas at Dallas at an estimated total project cost of \$3,800,000
 - b. Appointed the firm of MPI Architects, Dallas, Texas, as Project Architect to prepare preliminary plans and a cost estimate to be presented to the U. T. Board of Regents at a future meeting

- c. Appropriated \$85,000 from Auxiliary Enterprise Balances for fees and administrative expenses through completion of preliminary plans. This appropriation will be reimbursed from Revenue Bond Proceeds when issued. This action satisfies the official intent requirement set forth in Section 1.103-18 of the Treasury Regulations.

The existing Student Union Building contains 28,000 gross square feet and was completed in 1981 when the campus had approximately 6,900 students and no lower-division or resident students. The current student body is approximately 9,000 with over 600 lower-division students. In addition, U. T. Dallas will have 600 campus apartments by Fall 1994.

The Student Union Building Addition and Renovation project will add approximately 28,000 to 30,000 gross square feet of new space and renovate the existing facilities to provide for growth in the number of students and student programs. Funding for the \$3,800,000 project will be from Revenue Bond Proceeds supported by an increased student union fee approved by student vote and also by the 73rd Legislature.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget to be funded by Revenue Bond Proceeds.

7. U. T. Southwestern Medical Center - Dallas - Research Building - Phase II North Campus Expansion (Project No. 303-755): Approval of Final Plans for Stage Three; Authorization to Advertise for Bids; and Approval for Executive Committee to Award Contracts.--The Facilities Planning and Construction Committee recommended and the Board:

- a. Approved final plans and specifications for the third stage of construction of the Research Building - Phase II North Campus Expansion at The University of Texas Southwestern Medical Center at Dallas within the authorized total project cost of \$67,800,000 for all stages, exclusive of institutional equipment
- b. Authorized the Office of Facilities Planning and Construction to advertise for bids upon completion of final review
- c. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost.

This third stage of work consists of a construction contract to partially finish out six shell floors of Research Building NA as research space. Research Building NA, which is the second research building constructed on the North Campus, is a ten-level facility consisting of approximately 182,913 gross square feet of research space (6 levels); 30,333 gross square feet of research support space (1 level); and 88,933 gross square feet of parking (3 levels). Upon completion of this stage three, Research Building NA will contain approximately 32,000 gross square feet of shell space

remaining to be finished out. Requests for approval for additional stages to finish out the remaining shell space will be presented to the U. T. Board of Regents at a future date.

This project, which was approved by the Texas Higher Education Coordinating Board in October 1991, is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget for a total project cost of \$67,800,000. Total project funding is \$20,000,000 from Permanent University Fund Bond Proceeds, \$42,300,000 from Revenue Financing System Bond Proceeds, and \$5,500,000 for the Intercampus Connector project as previously appropriated from U. T. Southwestern Medical Center - Dallas Interest on Designated Funds Time Deposits.

8. U. T. Medical Branch - Galveston - Lee Hage Jamail Student Center (Project No. 601-808): Approval of Preliminary Plans; Authorization to Prepare Final Plans and Specifications; Authorization for Submission of the Project to the Coordinating Board; and Additional Appropriation Therefor.--Following opening remarks by President James, the preliminary plans and specifications for the Lee Hage Jamail Student Center at The University of Texas Medical Branch at Galveston were presented to the Facilities Planning and Construction Committee by Mr. Barry Moore, representing the project architect, The Mathes Group, Houston, Texas.

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

- a. Approved preliminary plans and specifications for the Lee Hage Jamail Student Center at the U. T. Medical Branch - Galveston at an estimated total project cost of \$2,850,000
- b. Authorized the Project Architect to prepare final plans and specifications to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Authorized submission of the project to the Texas Higher Education Coordinating Board
- d. Appropriated an additional \$90,000 from Gifts and Grants for fees and administrative expenses through completion of final plans and specifications. Previous appropriations had been \$75,000 from the same source.

The Lee Hage Jamail Student Center will be a freestanding building designed to serve approximately 2,000 students and will contain approximately 19,000 gross square feet.

Funding for the total project cost of \$2,850,000 will be made available from private gifts and grants, the most significant of which is the \$2,000,000 gift from Mr. and Mrs. Joseph D. Jamail of Houston, Texas.

This project is included in the FY 1994-1999 Capital Improvement Plan and the FY 1994 Capital Budget.

9. U. T. Health Science Center - San Antonio - Health Sciences Building Program - Allied Health/Public Health/Research Building: Authorization for Project; Appointment of Chumney and Associates, San Antonio, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--The 73rd Session of the Texas Legislature authorized the financing of a Health Sciences Building Program at The University of Texas Health Science Center at San Antonio to be funded through Tuition Revenue Bonds in the amount of \$25,000,000 as part of the South Texas/Border Initiative. The first project of the program was the School of Nursing Addition Renovation authorized by the U. T. Board of Regents in December 1993.

In compliance with that legislation, the Facilities Planning and Construction Committee recommended and the Board:

- a. Authorized a project for an Allied Health/Public Health/Research Building as part of the Health Sciences Building Program at the U. T. Health Science Center - San Antonio at an estimated total project cost of \$19,000,000 to be funded from Tuition Revenue Bonds
- b. Appointed the firm of Chumney and Associates, San Antonio, Texas, as Project Architect to prepare preliminary plans and a cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$400,000 from Tuition Revenue Bonds and Notes issued under the Revenue Financing System for fees and administrative expenses through completion of preliminary plans.

The second and final building under this program will be a multiuse/multidiscipline facility designed to meet the critical needs of the U. T. Allied Health Sciences School - San Antonio, the graduate program operated in cooperation with the U. T. Public Health School - Houston, and the U. T. G.S.B.S. - San Antonio. Each of these programs has outgrown its current facilities due to enrollment growth and associated research activities.

A modern telecommunications system associated with this building project will allow improvement of existing distance learning activities in the South Texas/Border Region and in West Texas. The building will provide approximately 100,000 gross square feet of classrooms, instructional laboratories, faculty offices and research laboratories, with related support facilities.

Approval of this project will amend the FY 1994-1999 Capital Improvement Plan and FY 1994 Capital Budget to reflect a project for the Allied Health/Public Health/Research Building at a total project cost of \$19,000,000 to be funded by Tuition Revenue Bonds.

* * * * *

At the conclusion of the Facilities Planning and Construction Committee meeting, Regent Holmes asked Committee Chairman Temple to share with the Board the minority participation represented in these projects.

In response to Regent Holmes' inquiry regarding the breakdown of the Historically Underutilized Business (HUB) participation in these projects, Executive Vice Chancellor for Business Affairs Burck provided the following information:

<u>Item No.</u>	<u>Project Name</u>	<u>Percentage of HUB Participation</u>
2	U. T. Austin: Parking Facility No. 3 - Phase One	100%
3	U. T. Austin: Sponsored Research Office Building	100% (includes African-Americans)
5	U. T. Austin: Welch Hall - Renovation of West Wing	31% (subcontracted with Hispanic firm)
6	U. T. Dallas: Student Union Building Addition and Renovation	3% Women 24% African-Americans <u>12%</u> Hispanic 39%
9	U. T. Health Science Center - San Antonio: Health Sciences Building Program - Allied Health/Public Health/Research Building	30% Women 30% Hispanic 2% African-Americans <u>62%</u>

Committee Chairman Temple noted that the Board is very proud of the HUB participation in these projects.

REPORT AND RECOMMENDATIONS OF THE ASSET MANAGEMENT COMMITTEE (Pages 142 - 163).--Committee Chairman Cruikshank reported that the Asset Management Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Asset Management Committee and approved in open session and without objection by the U. T. Board of Regents.

I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTER

Report on Clearance of Monies to the Permanent University Fund for November and December 1993 and Report on Oil and Gas Development as of December 31, 1993. --The following reports with respect to (a) certain monies cleared to the Permanent University Fund for November and December 1993 and (b) Oil and Gas Development as of December 31, 1993, were submitted by the Executive Vice Chancellor for Business Affairs:

	<u>November 1993</u>	<u>December 1993</u>	<u>Cumulative Through December of this Fiscal Year (1993-1994)</u>	<u>Cumulative Through December of Preceding Fiscal Year (1992-1993)</u>	<u>Percent Change</u>
Permanent University Fund					
Royalty					
Oil	\$3,132,366.31	\$ 3,467,659.81	\$12,916,989.79	\$16,868,437.51	-23.43%
Gas	1,520,770.24	1,215,834.36	5,743,267.06	5,631,598.52	1.98%
Sulphur	0.00	0.00	0.00	0.00	--
Water	51,414.74	38,979.33	301,839.37	270,748.57	11.48%
Brine	4,755.37	5,274.47	29,213.80	24,851.30	17.55%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Lease	139,929.27	4,076.31	178,730.20	299,676.91	-40.36%
Other	(4,660.00)	100.00	(3,708.00)	(4,812.30)	22.95%
Sale of Sand, Gravel, Etc.	0.00	0.00	0.00	0.00	--
Total University Lands Receipts Before Bonuses	<u>4,844,575.93</u>	<u>4,731,924.28</u>	<u>19,166,332.22</u>	<u>23,090,500.51</u>	<u>-16.99%</u>
Bonuses					
Oil and Gas Lease Sales	0.00	3,480,202.48	3,480,202.48	69,887.70	
Amendments and Extensions to Mineral Leases	1.500.57	1.260.57	38.242.14	10.00	
Total University Lands Receipts	<u>4,846,076.50</u>	<u>8,213,387.33</u>	<u>22,684,776.84</u>	<u>23,160,398.21</u>	<u>-2.05%</u>
Gain or (Loss) on Sale of Securities	<u>2,175,603.72</u>	<u>5,995,444.85</u>	<u>15,884,154.12</u>	<u>22,332,596.20</u>	<u>-28.87%</u>
TOTAL CLEARANCES	<u>\$7,021,680.22</u>	<u>\$14,208,832.18</u>	<u>\$38,568,930.96</u>	<u>\$45,492,994.41</u>	<u>-15.22%</u>

Oil and Gas Development - December 31, 1993

Acreage Under Lease = 756,278

Number of Producing Acres = 524,113

Number of Active Leases = 2,454

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. System: Acceptance of Gift from Dr. and Mrs. Charles B. (Stella) Mullins, Austin, Texas, and Establishment of the Stella and Charles Mullins Endowment Fund.--The Asset Management Committee recommended and the Board accepted a \$10,000 gift from Dr. and Mrs. Charles B. (Stella) Mullins, Austin, Texas, and established the Stella and Charles Mullins Endowment Fund at The University of Texas System.

Ninety percent of the income earned from the endowment will be for the unrestricted use of the Chancellor with the remaining ten percent being reinvested into the corpus of the endowment.

2. U. T. Austin: Redesignation of the Thomas M. Burke Student Job Program Endowment in the College of Natural Sciences as the Thomas and Ray Burke Student Job Program.--In accordance with a request from Mr. Thomas M. Burke, the Board redesignated the Thomas M. Burke Student Job Program Endowment in the College of Natural Sciences at The University of Texas at Austin as the Thomas and Ray Burke Student Job Program.

3. U. T. Austin: Acceptance of Bequest from the Estate of Carvel Collins, Vista, California, for the Harry Ransom Humanities Research Center.--The Board, upon recommendation of the Asset Management Committee, accepted a specific bequest of a collection of materials by and concerning William Faulkner with an undetermined value from the Estate of Carvel Collins, Vista, California, for the use and benefit of the Harry Ransom Humanities Research Center at The University of Texas at Austin.

Per Mr. Collins' Will, the bequest is made subject to conditions that the materials be kept sealed in several packages for twenty-one years after Mr. Collins' date of death, April 10, 1990, or until the deaths of certain individuals named on some of the packages, whichever is longer.

4. U. T. Austin: Approval to Accept Gifts from Various Donors and Accumulated Income and to Establish the Ethel V. Loving de Diaz Scholarship Fund.--Approval was given to accept gifts from various donors and accumulated income totalling \$12,433.25 and to establish the Ethel V. Loving de Diaz Scholarship Fund at The University of Texas at Austin.

Pursuant to authority granted under Section 65.36(f) of the Texas Education Code, income earned from the endowment will be used to provide scholarship support to deserving students.

5. U. T. Austin: Acceptance of Gift from The Cain Foundation, Austin, Texas, and Transfer of Funds and Establishment of the Frank Denius Endowed Scholarship in the Department of Intercollegiate Athletics for Men.--Upon recommendation of the Asset Management Committee, the Board accepted a \$66,667 gift from The Cain Foundation, Austin, Texas, and a \$33,333 transfer of Second Century Fund matching funds for a total of \$100,000 and established the Frank Denius Endowed Scholarship in the Department of Intercollegiate Athletics for Men at The University of Texas at Austin.

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

6. U. T. Austin: Acceptance of Gift from Mrs. Fred Moore, Austin, Texas, and Establishment of the Robert C. Drummond Endowed Presidential Scholarship in the College of Business Administration and the Graduate School of Business.--Authorization was granted to accept 700 shares of Mobil Corporation common stock valued at \$53,812.50 from Mrs. Fred Moore, Austin, Texas, and to establish the Robert C. Drummond Endowed Presidential Scholarship in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin.

Income earned from the endowment will be used to provide annual scholarships for students enrolled in the College of Business Administration and the Graduate School of Business.

7. U. T. Austin: Redesignation of the Royal B. Embree, Jr. Scholarship in the College of Education as the Royal B. Embree, Jr. Endowed Presidential Scholarship.--The Asset Management Committee recommended and the Board, with the concurrence of Dr. Embree's daughters, redesignated the Royal B. Embree, Jr. Scholarship in the College of Education at The University of Texas at Austin as the Royal B. Embree, Jr. Endowed Presidential Scholarship.

8. U. T. Austin: Acceptance of Gift from Dr. Lorene L. Rogers, Austin, Texas, and Corporate Matching Funds from the Texaco Foundation, White Plains, New York, and Establishment of the Kelly Fearing Endowed Presidential Scholarship in Art in the College of Fine Arts.--The Board, upon recommendation of the Asset Management Committee, accepted sale proceeds in the amount of \$17,500 from a gift of Time Warner Corporation common stock from Dr. Lorene L. Rogers, Austin, Texas, and \$20,000 in corporate matching funds from the Texaco Foundation, White Plains, New York, for a total of \$37,500 and established the Kelly Fearing Endowed Presidential Scholarship in Art in the Department of Art and Art History, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to students in the Department of Art and Art History.

9. U. T. Austin: Acceptance of Gifts from Various Donors and Establishment of the Anna Mae Ford Memorial Fund in the College of Liberal Arts.--Approval was given to accept \$27,066 in gifts from various donors and to establish an endowment in the Institute of Latin American Studies, College of Liberal Arts, at The University of Texas at Austin to be named the Anna Mae Ford Memorial Fund.

Income earned from the endowment will be used to provide fellowship support to second year graduate students in the Institute of Latin American Studies who have shown evidence of good academic progress and who indicate a scholarly or professional interest in Latin America. Preference shall be given to female students.

10. U. T. Austin: Getty Oil Company Centennial Chair in Petroleum Engineering in the College of Engineering - Authorization to Redesignate as the Texaco Centennial Chair in Petroleum Engineering.--In order to reflect the current name of the corporation, the Board, with the concurrence of the donor, redesignated the Getty Oil Company Centennial Chair in Petroleum Engineering in the Department of Petroleum Engineering, College of Engineering, at The University of Texas at Austin as the Texaco Centennial Chair in Petroleum Engineering.

11. U. T. Austin: Acceptance of Gift from Graves, Dougherty, Hearon & Moody, Austin, Texas, and Transfer of Funds and Establishment of the Graves, Dougherty, Hearon & Moody Endowed Presidential Scholarship for Intercollegiate Athletics for Women in the Department of Intercollegiate Athletics for Women.--The Board accepted a \$25,000 gift from Graves, Dougherty, Hearon & Moody, Austin, Texas, and a \$12,500 transfer of Second Century Fund matching funds for a total of \$37,500 and established the Graves, Dougherty, Hearon & Moody Endowed Presidential Scholarship for Intercollegiate Athletics for Women in the Department of Intercollegiate Athletics for Women at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes on the women's athletics varsity soccer team.

12. U. T. Austin: Approval to Accept Gift from Mrs. David (Mary Winton) Green, Naples, Florida, Through the David Green and Mary Winton Green Foundation, Winnetka, Illinois, and to Establish the Mary Winton Green Endowed Presidential Scholarship in Music in the College of Fine Arts.--Approval was granted to accept a \$25,000 gift from Mrs. David (Mary Winton) Green, Naples, Florida, through the David Green and Mary Winton Green Foundation, Winnetka, Illinois, and to establish the Mary Winton Green Endowed Presidential Scholarship in Music in the Department of Music, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to undergraduate string students who have demonstrated talent and promise in rigorous auditions, with preference given to citizens or permanent residents of the U. S.

13. U. T. Austin: Acceptance of Bequest from the Estate of Cornelia Hood, Fort Worth, Texas, for the Texas Memorial Museum.--The Asset Management Committee recommended and the Board accepted a specific bequest of an antique flax spinning wheel with an undetermined value from the Estate of Cornelia Hood, Fort Worth, Texas, for the use and benefit of the Texas Memorial Museum at The University of Texas at Austin.

14. U. T. Austin: Acceptance of Grant from Houston Endowment Inc., Houston, Texas; Establishment of the Houston Endowment President's Excellence Scholarships and the Houston Endowment Graduate Fellowship in the Graduate School of Library and Information Science; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--The Board, upon recommendation of the Asset Management Committee, accepted a \$700,000 grant, of which \$350,000 has been received and \$350,000 is to be paid by December 31, 1994, from Houston Endowment Inc., Houston, Texas, to establish the following endowments at The University of Texas at Austin:

- a. \$300,000 of the received grant funds and \$300,000 of the pledged grant funds for a total of \$600,000 to establish the Houston Endowment President's Excellence Scholarships

Income earned from the endowment will be used to provide support to undergraduate and graduate students in any academic area according to the President's judgement related to changing student and institutional needs. The students holding awards will be designated "Houston Endowment Scholars" or "Fellows," depending on undergraduate or graduate status.

- b. \$50,000 of the received grant funds and \$50,000 of the pledged grant funds for a total of \$100,000 to establish the Houston Endowment Graduate Fellowship in the Graduate School of Library and Information Science

Income earned from the endowment will be used to provide fellowship support to graduate students concentrating in the School's Preservation and Conservation Education Programs.

In addition, matching funds in the amount of \$50,000 will be reserved under The Brackenridge Matching Program #2 to be allocated proportionately as gifts are received to increase the Graduate School of Library and Information Science endowment to a total of \$150,000.

15. U. T. Austin: Acceptance of Grant from the John S. and James L. Knight Foundation, Miami, Florida, and Establishment of the John S. and James L. Knight Foundation Chair in International Journalism in the College of Communication.--With grateful appreciation, approval was given to accept a grant comprised of \$45,897.50 in cash and Knight-Ridder, Inc. common stock valued at \$954,102.50 from the John S. and James L. Knight Foundation, Miami, Florida, for a total of \$1,000,000 and to establish the John S. and James L. Knight Foundation Chair in International Journalism in the Department of Journalism, College of Communication, at The University of Texas at Austin.

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

16. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Establishment of the R. W. and Kathleen Lindsey Endowed Presidential Scholarship.--Upon recommendation of the Asset Management Committee, the Board accepted \$19,045 in gifts and \$6,000 in pledges, payable by August 31, 1995, from various donors for a total of \$25,045 and established the R. W. and Kathleen Lindsey Endowed Presidential Scholarship at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to students of any academic major who are from Fort Bend County, Texas. Recipients must not be current participants in varsity athletics and must not have signed an employment agreement with a professional sports club.

17. U. T. Austin: Acceptance of Gifts from Mr. David A. Lingle, Houston, Texas, and Corporate Matching Funds from the Exxon Education Foundation, Irving, Texas, for Addition to the David A. Lingle Endowed Scholarship in Engineering in the College of Engineering; Redesignation of the Scholarship as the David A. Lingle Endowed Presidential Scholarship in Engineering; and Eligibility for Matching Funds Under The Regents' Endowment Program.--With the concurrence of the donor, the Board accepted \$3,750 in gifts from Mr. David A. Lingle, Houston, Texas, and \$11,250 in corporate matching funds from the Exxon Education Foundation, Irving, Texas, for a total of \$15,000 for addition to the David A. Lingle Endowed Scholarship in Engineering in the College of Engineering at The University of Texas at Austin for a total endowment of \$25,000, and the Scholarship was redesignated as the David A. Lingle Endowed Presidential Scholarship in Engineering.

Further, \$7,500 in matching funds will be allocated under The Regents' Endowment Program and will be used to increase the endowment to a total of \$32,500.

18. U. T. Austin: Authorization to Accept Gift and Pledge from Ms. Georgia B. Lucas, Austin, Texas, and Transfer of Funds and to Establish the Georgia B. Lucas Endowed Presidential Scholarship in Music in the College of Fine Arts.--Authorization was granted to accept a \$10,000 gift and a \$15,000 pledge, payable by August 31, 1995, from Ms. Georgia B. Lucas, Austin, Texas, and a \$12,500 transfer of funds from President's designated funds for a total of \$37,500 and to establish the Georgia B. Lucas Endowed Presidential Scholarship in Music in the Department of Music, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to an undergraduate or graduate student in music who has demonstrated talent, promise, and academic excellence, with preference given to an opera or orchestra student.

19. U. T. Austin: Approval to Accept Gift from Mr. and Mrs. Homer L. (Pat) Luther, Jr., Houston, Texas, and Transfer of Funds and Establishment of the Pat and Homer L. Luther, Jr. Endowed Presidential Scholarship in the College of Business Administration and the Graduate School of Business.--Approval was given to accept a gift of 1,020 shares of CML common stock valued at \$24,416.25 from Mr. and Mrs. Homer L. (Pat) Luther, Jr., Houston, Texas, and a \$583.75 transfer of discretionary funds for a total of \$25,000 and to establish the Pat and Homer L. Luther, Jr. Endowed Presidential Scholarship in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarships for students enrolled in the College of Business Administration and the Graduate School of Business.

20. U. T. Austin: Acceptance of Grant from The Bernard and Audre Rapoport Foundation, Waco, Texas, and Transfer of Funds and Establishment of the Bernard and Audre Rapoport Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women.--The Board, upon recommendation of the Asset Management Committee, accepted a \$25,000 grant from The Bernard and Audre Rapoport Foundation, Waco, Texas, and a \$12,500 transfer of Second Century Fund matching funds for a total of \$37,500 and established the Bernard and Audre Rapoport Endowed Presidential Scholarship in the Department of Intercollegiate Athletics for Women at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to student athletes participating in the women's athletics program who have served as excellent role models for young children in the community, with preference given to participants in the women's tennis program.

21. U. T. Austin: Redesignation of the Lorene L. Rogers Endowed Presidential Scholarship in Music in the College of Fine Arts as the Verna M. Harder Endowed Presidential Scholarship in Music.--Approval was given to redesignate the Lorene L. Rogers Endowed Presidential Scholarship in Music in the Department of Music, College of Fine Arts, at The University of Texas at Austin as the Verna M. Harder Endowed Presidential Scholarship in Music, in accordance with the wishes of the donor, Dr. Lorene L. Rogers, to honor Ms. Verna M. Harder, a former U. T. Austin employee.

22. U. T. Austin - Tobi and Tina Taub Endowed Scholarship in the Department of Intercollegiate Athletics for Women: Amendment of Scholarship Criteria.--Upon recommendation of the Asset Management Committee, the scholarship criteria for the Tobi and Tina Taub Endowed Scholarship in the Department of Intercollegiate Athletics for Women at The University of Texas at Austin was amended to include an eligibility for students majoring in kinesiology.

The Department of Intercollegiate Athletics for Women and the donors indicate that current guidelines include student athletes majoring in business administration or natural sciences and the added eligibility will more fully cover the natural science interests of those majoring in kinesiology within the College of Education.

This amendment to the Scholarship criteria is permissible under Section 163.008 of the Texas Property Code and is acceptable to the donors.

23. U. T. Austin: Acceptance of Grant from Houston Endowment Inc., Houston, Texas; Establishment of the Marshall F. Wells Scholarship and Fellowship Endowment in the College of Fine Arts; and Eligibility for Matching Funds Under The Brackenridge Matching Program #2.--The Board accepted a \$250,000 grant, of which \$125,000 has been received and \$125,000 is to be paid by December 31, 1994, from Houston Endowment Inc., Houston, Texas, and established the Marshall F. Wells Scholarship and Fellowship Endowment in the College of Fine Arts at The University of Texas at Austin.

Further, matching funds in the amount of \$125,000 will be reserved under The Brackenridge Matching Program #2 to be allocated proportionately as gifts are received to increase the endowment to a total of \$375,000.

Income earned from the endowment will be used to provide scholarship and fellowship support to undergraduate and graduate students in the College of Fine Arts.

24. U. T. Austin: Authorization to Accept Grant from The H. W. Wilson Foundation, Bronx, New York, and to Establish the H. W. Wilson Scholarship in the Graduate School of Library and Information Science.--Authorization was granted to accept a \$10,000 grant from The H. W. Wilson Foundation, Bronx, New York, and to establish the H. W. Wilson Scholarship in the Graduate School of Library and Information Science at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarship support to deserving students who intend to pursue careers in library education.

25. U. T. El Paso: Acceptance of Gift from Various Donors and Establishment of the John C. Birkhead and Dick Shinaut Memorial Scholarship in Kinesiology or Sports Studies.--The Asset Management Committee recommended and the Board accepted a \$10,968.53 gift from various donors and established the John C. Birkhead and Dick Shinaut Memorial Scholarship in Kinesiology or Sports Studies at The University of Texas at El Paso.

Income earned from the endowment will be used to award scholarships to students who are majoring in kinesiology or sports studies with the intention to teach and/or coach.

26. U. T. El Paso: Acceptance of Gift from the El Paso Downtown Lions Club, El Paso, Texas, and Establishment of The Downtown Lions/John Phelan Endowed Athletic Scholarship Fund.--The Board, upon recommendation of the Asset Management Committee, accepted a \$10,000 gift from the El Paso Downtown Lions Club, El Paso, Texas, and established The Downtown Lions/John Phelan Endowed Athletic Scholarship Fund at The University of Texas at El Paso.

Income earned from the endowment will be used to provide a scholarship to a full-time student athlete with a minimum grade point average of 3.0.

27. U. T. El Paso: Approval to Accept Gift and Pledge from The Cimarron Foundation, El Paso, Texas, and to Establish the Jack and Dorothy Hunt Endowment for Entrepreneurship.--Approval was given to accept a \$20,000 gift and an \$80,000 pledge, payable by December 31, 1998, from The Cimarron Foundation, El Paso, Texas, for a total of \$100,000 and to establish the Jack and Dorothy Hunt Endowment for Entrepreneurship at The University of Texas at El Paso.

Income earned from the endowment will be used at the discretion of the Dean of the College of Business Administration to promote and enhance formal and informal activities which support the development of entrepreneurs.

28. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift and Pledge from BeautiControl Cosmetics, Inc. and W.H.O., Inc., Both of Carrollton, Texas; Establishment of the BeautiControl Cosmetics, Inc. Professorship in Mineral Metabolism and Osteoporosis; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Asset Management Committee, the Board accepted a \$20,000 gift and an \$80,000 pledge, payable by December 31, 1997, from BeautiControl Cosmetics, Inc. and W.H.O., Inc., both of Carrollton, Texas, for a total of \$100,000 and established the BeautiControl Cosmetics, Inc. Professorship in Mineral Metabolism and Osteoporosis at The University of Texas Southwestern Medical Center at Dallas.

Further, \$100,000 will be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$200,000.

Additionally, the actual income that will be earned on the \$100,000 gift and pledge, as received, will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

See Page 131 related to an appointment to this Professorship.

29. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift and Pledge from Mr. and Mrs. Leo F. (Marilyn R.) Corrigan, Jr., Dallas, Texas; Establishment of The Marilyn R. Corrigan Distinguished Chair in Pediatric Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board accepted a \$250,000 gift and a \$250,000 pledge, payable by January 31, 1997, from Mr. and Mrs. Leo F. (Marilyn R.) Corrigan, Jr., Dallas, Texas, for a total of \$500,000 and established The Marilyn R. Corrigan Distinguished Chair in Pediatric Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$500,000 will be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$1,000,000.

Additionally, the actual income that will be earned on the \$500,000 gift and pledge, as received, will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

Income earned from the endowment will be used to support the work of a faculty member involved in research in pediatric disease.

See Page 131 related to an appointment to this Chair.

30. U. T. Southwestern Medical Center - Dallas: Authorization to Establish The Dallas Foundation Chair in Gynecologic Oncology.--Authorization was granted to establish The Dallas Foundation Chair in Gynecologic Oncology at The University of Texas Southwestern Medical Center at Dallas with the understanding that funds for the endowment, totalling \$500,000, will be held and administered by the Southwestern Medical Foundation (an external foundation), Dallas, Texas.

See Page 131 related to an appointment to this Chair.

31. U. T. Southwestern Medical Center - Dallas: Acceptance of Gifts from Various Donors; Establishment of The Norman F. Gant Research Fund in Obstetrics & Gynecology; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Asset Management Committee recommended and the Board accepted \$145,620 in gifts from various donors and established The Norman F. Gant Research Fund in Obstetrics & Gynecology at The University of Texas Southwestern Medical Center at Dallas.

Further, \$145,620 will be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$291,240.

Additionally, the actual income that will be earned on the \$145,620 in gifts will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

Income earned from the endowment will be used to support the work of faculty involved in obstetrical and gynecological research.

32. U. T. Southwestern Medical Center - Dallas: Acceptance of Gifts and Pledges from Various Donors; Establishment of The Doctor Charles F. Gregory Chair in Orthopaedic Surgery; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board, upon recommendation of the Asset Management Committee, accepted \$250,000 in gifts and \$139,250 in pledges, payable by December 31, 1997, from various donors for a total of \$389,250 and established The Doctor Charles F. Gregory Chair in Orthopaedic Surgery at The University of Texas Southwestern Medical Center at Dallas.

Further, \$389,250 will be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$778,500.

Additionally, the actual income that will be earned on the \$389,250 in gifts and pledges, as received, will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

See Page 131 related to an appointment to this Chair.

33. U. T. Southwestern Medical Center - Dallas: Authorization to Accept Gifts and Pledges from The Patrick and Beatrice Haggerty Foundation and Texas Instruments Foundation, Both of Dallas, Texas; Establishment of The Patrick E. Haggerty Distinguished Chair in Basic Biomedical Science; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Approval was given to accept a \$100,000 gift and a \$150,000 pledge, payable by December 31, 1995, from The Patrick and Beatrice Haggerty Foundation, Dallas, Texas, and a \$50,000 gift and a \$200,000 pledge, payable by March 31, 1997, from Texas Instruments Foundation, Dallas, Texas, for a total of \$500,000 and to establish The Patrick E. Haggerty Distinguished Chair in Basic Biomedical Science at The University of Texas Southwestern Medical Center at Dallas.

Further, \$500,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$1,000,000.

Additionally, the actual income that will be earned on the \$500,000 in gifts and pledges, as received, and the \$500,000 in challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

34. U. T. Southwestern Medical Center - Dallas: Acceptance of Bequest from the Estate of Alison McDaniel Bisgood Harwood, Charleston, South Carolina.--Upon recommendation of the Asset Management Committee, the Board accepted a \$100,000 specific bequest and a residual bequest consisting of \$78,457.93 from the Estate of Alison McDaniel Bisgood Harwood, Charleston, South Carolina, for a total of \$178,457.93 to support medical research at The University of Texas Southwestern Medical Center at Dallas.

35. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from Mr. Robert T. Hayes, Dallas, Texas; Establishment of The Robert T. Hayes Center for Mineral Metabolism Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board, with grateful appreciation, accepted a \$1,000,000 gift from Mr. Robert T. Hayes, Dallas, Texas, and established The Robert T. Hayes Center for Mineral Metabolism Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$1,000,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$2,000,000.

Additionally, the actual income that will be earned on the \$1,000,000 gift and the \$1,000,000 in challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

Income earned from the endowment will be used to support the work of faculty involved in mineral metabolism research.

36. U. T. Southwestern Medical Center - Dallas: Approval to Accept Gift and Pledge from Mr. and Mrs. S. Roger (Carolyn) Horchow, Dallas, Texas; Establishment of the Carolyn P. and S. Roger Horchow Research Fund; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Approval was given to accept a \$50,000 gift and a \$150,000 pledge, payable by January 31, 1997, from Mr. and Mrs. S. Roger (Carolyn) Horchow, Dallas, Texas, for a total of \$200,000 and to establish the Carolyn P. and S. Roger Horchow Research Fund at The University of Texas Southwestern Medical Center at Dallas.

Further, \$200,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$400,000.

In addition, the actual income that will be earned on the \$50,000 gift, the \$150,000 pledge, as received, and the \$200,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

Income earned from the endowment will be used to support the work of faculty members involved in immunology research in the area of AIDS and related diseases.

37. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from the Susan G. Komen Breast Cancer Foundation, Dallas, Texas; Establishment of The Komen Alliance Center for Breast Cancer Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Asset Management Committee recommended and the Board accepted a \$500,000 gift from the Susan G. Komen Breast Cancer Foundation, Dallas, Texas, and established The Komen Alliance Center for Breast Cancer Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$500,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$1,000,000.

Additionally, the actual income that will be earned on the \$500,000 gift and the \$500,000 in challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

Income earned from the endowment will be used to support the work of faculty involved in breast cancer research.

38. U. T. Southwestern Medical Center - Dallas: Approval to Establish the Ruth W. and Milton P. Levy, Sr. Chair in Molecular Nephrology; Allocation of Funds from the Private Fund Development Campaign; and Establishment of The NCH Corporation Chair in Molecular Transport.--The Board established the Ruth W. and Milton P. Levy, Sr. Chair in Molecular Nephrology at The University of Texas Southwestern Medical Center at Dallas with the understanding that the funds for the endowment (\$500,000) will be held and administered by the Southwestern Medical Foundation (an external foundation), Dallas, Texas.

Further, \$500,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to establish The NCH Corporation Chair in Molecular Transport at the U. T. Southwestern Medical Center - Dallas.

Income earned on The NCH Corporation Chair in Molecular Transport will be used to support the Chair.

See Page 131 related to appointments to these Chairs.

39. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from Mr. and Mrs. Paul D. (Betty) Meek and Corporate Matching Funds from FINA, Inc., Both of Dallas, Texas; Establishment of the Paul and Betty Meek - FINA Professorship in Molecular Immunology; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board, upon recommendation of the Asset Management Committee, accepted a \$25,000 gift from Mr. and Mrs. Paul D. (Betty) Meek, Dallas, Texas, and \$25,000 in corporate matching funds from FINA, Inc., Dallas, Texas, for a total of \$50,000 and established the Paul and Betty Meek - FINA Professorship in Molecular Immunology at The University of Texas Southwestern Medical Center at Dallas.

Further, \$50,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$100,000.

Additionally, the actual income that will be earned on the \$50,000 gift and corporate matching funds and the \$50,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

40. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from Mr. W. A. Moncrief, Jr., Fort Worth, Texas; Establishment of the W. A. "Tex" and Deborah Moncrief, Jr. Center for Cancer Genetics; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--With grateful appreciation, approval was given to accept a \$1,000,000 gift from Mr. W. A. Moncrief, Jr., Fort Worth, Texas, and to establish the W. A. "Tex" and Deborah Moncrief, Jr. Center for Cancer Genetics at The University of Texas Southwestern Medical Center at Dallas.

Further, \$1,000,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$2,000,000.

Additionally, the actual income that will be earned on the \$1,000,000 gift and the \$1,000,000 in challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

Income earned from the endowment will be used to support the work of faculty involved in cancer genetics research.

41. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift and Pledge from Dr. and Mrs. Charles Y. C. Pak, Dallas, Texas; Establishment of The Wechan Pak Professorship of Bone Biophysics; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Asset Management Committee, the Board accepted a \$25,000 gift and a \$25,000 pledge, payable by September 1, 1994, from Dr. and Mrs. Charles Y. C. Pak, Dallas, Texas, for a total of \$50,000 and established The Wechan Pak Professorship of Bone Biophysics at The University of Texas Southwestern Medical Center at Dallas.

Further, \$50,000 will be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$100,000.

Additionally, the actual income that will be earned on the \$50,000 gift and pledge, as received, will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

See Page 131 related to an appointment to this Professorship.

42. U. T. Southwestern Medical Center - Dallas: Acceptance of Gifts from Various Donors; Establishment of The George and Carol Poston Professorship in Breast Cancer Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board accepted \$50,000 in gifts from various donors and established The George and Carol Poston Professorship in Breast Cancer Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$50,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$100,000.

In addition, the actual income that will be earned on the \$50,000 in gifts and the \$50,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

See Page 131 related to an appointment to this Professorship.

43. U. T. Southwestern Medical Center - Dallas: Authorization to Accept Gifts and Pledges from Various Donors; Establishment of The Vernie A. Stembridge, M.D., Chair in Pathology; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Authorization was granted to accept \$180,000 in gifts and \$162,000 in pledges, payable by December 31, 1997, from various donors for a total of \$342,000 and to establish The Vernie A. Stembridge, M.D., Chair in Pathology at The University of Texas Southwestern Medical Center at Dallas.

Further, \$342,000 will be allocated from the \$12,500,000 challenge fund established with MSRDP funds at the U. T. Southwestern Medical Center - Dallas as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$684,000.

Additionally, the actual income that will be earned on the \$342,000 in gifts and pledges, as received, will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

See Page 131 related to an appointment to this Chair.

44. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from Mr. and Mrs. Richard C. (Diana) Strauss, Dallas, Texas; Establishment of The Diana and Richard C. Strauss Professorship in Biomedical Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Asset Management Committee recommended and the Board accepted a \$50,000 gift from Mr. and Mrs. Richard C. (Diana) Strauss, Dallas, Texas, and established The Diana and Richard C. Strauss Professorship in Biomedical Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$50,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$100,000.

Additionally, the actual income that will be earned on the \$50,000 gift and the \$50,000 in challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

See Page 131 related to an appointment to this Professorship.

45. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift and Pledge from the Pauline Allen Gill Foundation, Dallas, Texas; Establishment of The Pauline Gill Sullivan Distinguished Chair in Neuroscience Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board, upon recommendation of the Asset Management Committee, accepted a \$250,000 gift and a \$250,000 pledge, payable no later than December 31, 1997, from the Pauline Allen Gill Foundation, Dallas, Texas, for a total of \$500,000 and established The Pauline Gill Sullivan Distinguished Chair in Neuroscience Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$500,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$1,000,000.

Additionally, the actual income that will be earned on the \$500,000 gift and pledge, as received, and the \$500,000 in challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

46. U. T. Southwestern Medical Center - Dallas: Approval to Accept Gift and Pledge from Trinity Industries, Inc., Dallas, Texas; Establishment of the W. Ray Wallace Distinguished Chair in Molecular Oncology Research; Allocation of Funds from the Private Fund Development Campaign; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Approval was given to accept a \$100,000 gift and a \$400,000 pledge, payable by December 31, 1997, from Trinity Industries, Inc., Dallas, Texas, for a total of \$500,000 and to establish the W. Ray Wallace Distinguished Chair in Molecular Oncology Research at The University of Texas Southwestern Medical Center at Dallas.

Further, \$500,000 will be allocated from the \$25,000,000 challenge fund established by an anonymous donor as part of the Private Fund Development Campaign and will be used to increase the endowment to a total of \$1,000,000.

Additionally, the actual income that will be earned on the \$500,000 gift and pledge, as received, and the \$500,000 allocation of challenge funds will be certified to the appropriate State authorities for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code, when matching funds are made available under that act.

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

47. U. T. Southwestern Medical Center - Dallas: Acceptance of a Gift of Real Property Described as 11.05 Acres in the Smith Elkins Survey, Abstract 430, Lancaster, Dallas County, Texas, from Mrs. Betty Reed Woodward, Dallas, Texas.--Upon recommendation of the Asset Management Committee, the Board accepted a gift of property described as 11.05 acres in the Smith Elkins Survey, Abstract 430, Lancaster, Dallas County, Texas, from Mrs. Betty Reed Woodward, Dallas, Texas, for the benefit of The University of Texas Southwestern Medical Center at Dallas.

Proceeds from the sale of the property will be used to fund the Betty Reed Woodward Endowment for the benefit of the U. T. Southwestern Medical Center - Dallas in a program involving the research and treatment of abused women and children. Based on an appraisal provided by the donor, the estimated value of the property is \$486,000.

48. U. T. Medical Branch - Galveston: Acceptance of Gift from Dr. and Mrs. Edward D. (Sally) Futch, Galveston, Texas, and Establishment of the Edward D. and Sally M. Futch Professorship in Cardiology.--The Board accepted a \$100,000 gift from Dr. and Mrs. Edward D. (Sally) Futch, Galveston, Texas, and established the Edward D. and Sally M. Futch Professorship in Cardiology at The University of Texas Medical Branch at Galveston.

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

49. U. T. Medical Branch - Galveston: Authorization to Accept Transfer of Funds and to Establish the Clarence S. Livingood Scholar Program.--Authorization was granted to accept a \$50,000 transfer from designated funds and to establish a quasi-endowment at The University of Texas Medical Branch at Galveston to be named the Clarence S. Livingood Scholar Program.

Income earned from the endowment will be used to advance the goals and objectives of the Department of Dermatology.

50. U. T. Medical Branch - Galveston: Acceptance of Transfer of Funds and Establishment of The Charles Marc Pomerat Scholar Program.--The Asset Management Committee recommended and the Board accepted a \$50,000 transfer of designated funds and established a quasi-endowment at The University of Texas Medical Branch at Galveston to be named The Charles Marc Pomerat Scholar Program.

Income earned from the endowment will be used to advance the goals and objectives of the Department of Anatomy and Neurosciences.

51. U. T. Medical Branch - Galveston: Acceptance of Gifts from The University of Texas Medical Branch Hospital Auxiliary, Galveston, Texas, and Establishment of The University of Texas Medical Branch Hospital Auxiliary Scholarship in Memory of Rosa Mae Pietsch.--The Board, upon recommendation of the Asset Management Committee, accepted \$11,264.51 in gifts from The University of Texas Medical Branch Hospital Auxiliary, Galveston, Texas, and established The University of Texas Medical Branch Hospital Auxiliary Scholarship in Memory of Rosa Mae Pietsch at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to provide scholarships for students enrolled in the undergraduate and graduate nursing programs of the U. T. Nursing School - Galveston.

52. U. T. Health Science Center - Houston: Approval to Accept Gifts from Various Donors and to Establish the Leslie A. Chambers Endowed Scholarship Fund.--Approval was given to accept \$10,000 in gifts from various donors and to establish a quasi-endowment in the U. T. Public Health School - Houston at The University of Texas Health Science Center at Houston to be named the Leslie A. Chambers Endowed Scholarship Fund.

Ninety percent of the income earned from the endowment will be used to support a continuing Environmental Science student in the U. T. Public Health School - Houston. The remaining ten percent of income earned will be reinvested in the corpus of the endowment.

53. U. T. Health Science Center - Houston: Acceptance of Transfer of Funds and Establishment of the Richard K. Severs Endowed Scholarship Fund.--Upon recommendation of the Asset Management Committee, the Board accepted a \$10,000 transfer of previously reported gifts and established a quasi-endowment to be named the Richard K. Severs Endowed Scholarship Fund in the U. T. Public Health School - Houston at The University of Texas Health Science Center at Houston.

Ninety percent of the income earned from the endowment will be used to support a continuing Environmental Science student in the U. T. Public Health School - Houston. The remaining ten percent of the income earned will be reinvested in the corpus of the endowment.

54. U. T. Health Science Center - San Antonio: Report on Final Distribution from the A. B. Alexander Charitable Annuity Trust, San Antonio, Texas; Acceptance of Distribution from the Alexander Living Trust, San Antonio, Texas, and Transfer of Funds; and Establishment of the A. B. Alexander Distinguished Chair in Oncology.--It was reported that the final distribution from the A. B. Alexander Charitable Annuity Trust, San Antonio, Texas, had been received for a total distribution of \$865,000 for the benefit of The University of Texas Health Science Center at San Antonio.

The Board accepted a \$135,000 distribution from the Alexander Living Trust, San Antonio, Texas, and a transfer of previously reported funds from the A. B. Alexander Charitable Annuity Trust and accumulated earnings totaling \$893,995.39 for a total of \$1,028,995.39 and established the A. B. Alexander Distinguished Chair in Oncology at The University of Texas Health Science Center at San Antonio.

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

55. U. T. Health Science Center - San Antonio: Authorization to Accept a Gift of Real Property with a Retained Life Estate Described as 5059 Bernadine, Lot 48, Block 21, New City Block 13, 150, Dell Crest Subdivision, Unit 6, Bexar County, Texas, from Mr. Gene Riley Barker, San Antonio, Texas.--Authorization was granted to accept a gift of real estate with a retained life estate described as 5059 Bernadine, Lot 48, Block 21, New City Block 13, 150, Dell Crest Subdivision, Unit 6, Bexar County, Texas, from Mr. Gene Riley Barker, San Antonio, Texas, for the benefit of The University of Texas Health Science Center at San Antonio.

Based on an appraisal provided by the donor, the estimated total value of the property is \$36,500, with an estimated remainder interest value of \$7,931.

Upon the termination of Mr. Barker's life estate, a request will be made to establish an endowed scholarship in the U. T. Nursing School - San Antonio, funded with sale proceeds from the real estate.

56. U. T. Health Science Center - San Antonio: Acceptance of Gifts from Various Donors and Establishment of the Ruth M. Glickman Memorial Research Endowment Fund.--The Asset Management Committee recommended and the Board accepted \$13,615 in gifts from various donors and established the Ruth M. Glickman Memorial Research Endowment Fund in the Department of Ophthalmology at The University of Texas Health Science Center at San Antonio.

Income earned from the endowment will be used to help support promising research projects in the Department of Ophthalmology in their critical initial stages.

57. U. T. Health Science Center - San Antonio: Acceptance of Gift from Mr. and Mrs. Rugeley (Kittie) Ferguson, San Antonio, Texas, and Establishment of the Thomas F. Hogan, Jr. Professorship Fund in Comprehensive Ophthalmology and Ethics.--The Board, upon recommendation of the Asset Management Committee, accepted a \$25,000 gift from Mr. and Mrs. Rugeley (Kittie) Ferguson, San Antonio, Texas, and established the Thomas F. Hogan, Jr. Professorship Fund in Comprehensive Ophthalmology and Ethics in the Department of Ophthalmology at The University of Texas Health Science Center at San Antonio.

Income earned from the endowment will be reinvested in the corpus of the endowment until the minimum funding level for a professorship is reached.

58. U. T. M.D. Anderson Cancer Center: Approval to Accept Bequest from the Estate of Ruth Craven McMillan Attaway, Waco, Texas, and to Establish the Ruth Craven McMillan Attaway Endowment Fund in Honor of Dr. Lyn Anderson Goodin.--Approval was given to accept a specific bequest of \$50,000 from the Estate of Ruth Craven McMillan Attaway, Waco, Texas, and to establish the Ruth Craven McMillan Attaway Endowment Fund in Honor of Dr. Lyn Anderson Goodin at The University of Texas M.D. Anderson Cancer Center.

Income earned from the endowment will be used in cancer research, treatment, and prevention programs at the U. T. M.D. Anderson Cancer Center.

59. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest of Real Estate from the Estate of Dolly Maude Harris Fowler, Austin, Texas.--Upon recommendation of the Asset Management Committee, the Board accepted a bequest of real estate, described as Lot No. 3 in the Resubdivision of Lots 1, 2, and 3, Block "H," in Balcones Park Addition, Section Two, known as 4102 Balcones, Austin, Travis County, Texas, with a value estimated to be in excess of \$176,000, from the Estate of Dolly Maude Harris Fowler, Austin, Texas, with the proceeds from the sale of the property to be used for cancer research at The University of Texas M.D. Anderson Cancer Center.

60. U. T. M.D. Anderson Cancer Center: Report on Final Distribution from the Estate of Betty B. Marcus, Dallas, Texas; Acceptance of Transfer of Funds and Accumulated Earnings; and Establishment of the Betty B. Marcus Chair in Cancer Prevention.--It was reported that the final distribution from the Estate of Betty B. Marcus, Dallas, Texas, comprised of cash and real estate holdings, had been received for a total bequest of approximately \$900,000 for the benefit of The University of Texas M.D. Anderson Cancer Center.

The Board accepted a transfer of previously reported funds from the Estate of Betty B. Marcus and accumulated earnings totalling \$798,377.18 and established a quasi-endowment at the U. T. M.D. Anderson Cancer Center to be named the Betty B. Marcus Chair in Cancer Prevention.

Income earned from the endowment will be reinvested in the corpus of the endowment until it reaches \$800,000. After such time, income earned will be used to support the Chair.

RECONVENE.--At 11:55 a.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEMS FOR THE RECORD

1. U. T. System: Report on Annual Guideline Distribution Amount Per Unit for the Common Trust Fund for the Fiscal Year 1994-1995.--The Charter of The University of Texas System Common Trust Fund states that the per unit distribution amount of the Common Trust Fund shall be the lesser of (a) the per unit cash income received plus the per unit amount available in an income reserve account or (b) the annual guideline amount per unit established by the U. T. Board of Regents.

At the February 1991 meeting, the Board established the annual guideline distribution amount per unit for the U. T. System Common Trust Fund at 17.5¢ per unit.

In keeping with the recommendation of the Investment Advisory Committee and the Asset Management Committee, it is herewith reported for the record that the annual guideline distribution amount per unit of the U. T. System Common Trust Fund will remain at 17.5¢ per unit for the Fiscal Year 1994-1995.

2. U. T. Austin - James T. Doluisio Regents Chair in Pharmacy in the College of Pharmacy: Allocation of Matching Funds Under The Brackenridge Matching Program #2 - Amendment to Minute Order of August 12, 1993.--It was reported that at the August 1993 meeting the U. T. Board of Regents approved an allocation of \$1,081,057.45 in matching funds from The Brackenridge Matching Program #2 to be used to increase several previously established endowments at The University of Texas at Austin. Included in the total was a specific request to allocate \$70,000 in matching funds for a \$140,000 gift to the James T. Doluisio Regents Chair in Pharmacy in the College of Pharmacy.

At the request of U. T. Austin, the August 1993 U. T. Board of Regents' Minutes were amended to delete reference to the \$70,000 matching funds request for the Chair and to reflect a total allocation from The Brackenridge Matching Program #2 of \$1,011,057.45.

3. U. T. Austin - Arthur L. Moller Regents Chair in Bankruptcy Law and Practice in the School of Law: Amendment to Minute Order of December 2, 1993, to Reflect Endowment Name as the Arthur L. Moller Chair in Bankruptcy Law and Practice.--At the December 1993 meeting, the U. T. Board of Regents, at the request of The University of Texas at Austin, redesignated the Regents Research Professorship in Bankruptcy Law and Practice in the School of Law at U. T. Austin as the Arthur L. Moller Regents Chair in Bankruptcy Law and Practice. The word "Regents" was inadvertently included in the revised title and is inconsistent with the donors' understanding and concurrence in the change.

Thus the December 1993 Board action was amended to redesignate the Chair as the Arthur L. Moller Chair in Bankruptcy Law and Practice.

4. U. T. San Antonio: Report on Amendment of Campus Master Plan.--At the August 1985 meeting, the U. T. Board of Regents authorized The University of Texas at San Antonio to set aside six acres of land fronting on U. T. San Antonio Boulevard as "Greek Row" and to negotiate leases on this property with national chapters of fraternities and sororities.

Pursuant to its August 1993 approval of Phase III of the student apartment project to be located on this site on campus, the U. T. Board of Regents modified the previous authorization. There has been no sustained interest by national chapters in leases for housing; however, if in the future U. T. San Antonio wishes to pursue theme housing for fraternities or sororities, a recommendation will be brought to the Board.

5. U. T. Medical Branch - Galveston - Alumni Field House Expansion (Project No. 601-805): Report of Change from Oliver & Beerman Architects, Inc., Galveston, Texas, to Oliver Architects, Inc., Galveston, Texas, as Project Architect.--The U. T. Board of Regents, at the August 1993 meeting, appointed Oliver & Beerman Architects, Inc., Galveston, Texas, as Project Architect to prepare final plans and specifications for the Alumni Field House Expansion at The University of Texas Medical Branch at Galveston. At the time of this appointment, the principals of Oliver & Beerman Architects, Inc. were in the process of reorganizing the firm. That firm has requested that the appointment be changed to the new firm, Oliver Architects, Inc., and President James, by his letter of December 30, 1993 to Dr. Mullins, had endorsed this change.

In addition, the Office of General Counsel has obtained a legal release from the original firm.

Accordingly, the Project Architect contract will be executed with Oliver Architects, Inc., Galveston, Texas, rather than with Oliver & Beerman Architects, Inc., Galveston, Texas.

6. U. T. Health Science Center - San Antonio: Biosciences Initiative - Deferral of Payment Due December 31, 1993, from the Texas Research and Technology Foundation (TRTF), San Antonio, Texas.--Chancellor Cunningham reported for the record that the payment of \$1,000,000 due on December 31, 1993, from the Texas Research and Technology Foundation (TRTF), San Antonio, Texas, to reimburse previously expended Permanent University Fund (PUF) Bond Proceeds was deferred for a period of time not to exceed 90 days with interest to be paid at the 90-day Treasury Bill Rate.

This repayment is a part of the San Antonio Biosciences Initiative which resulted in the construction of the Institute of Biotechnology and the McDermott Clinical Sciences Building at The University of Texas Health

Science Center at San Antonio for which PUF Bond Proceeds were advanced with a commitment for repayment by the TRTF. The remaining obligation of the TRTF for repayment is as follows:

\$1.0 million -- December 31, 1993
\$1.5 million -- December 31, 1994
\$1.5 million -- December 31, 1995

The delayed payment will allow time for officials of TRTF, the U. T. Health Science Center - San Antonio, and The University of Texas System Administration to review proposals by which joint or cooperative funding might result in a second building to house research efforts that would complement the work underway in the Institute of Biotechnology and provide an increased health science center presence in the Texas Research Park.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

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

Report

The Board for Lease of University Lands met in Midland, Texas, on December 14, 1993, for its 84th Oil and Gas Lease Sale. This sale included Frontier acreage as well as acreage nominated by the various oil and gas companies. There were 32,347 acres nominated by the oil and gas industry, and bids were received on 11,486 acres. Bonuses in the amount of \$818,485 were paid for this acreage.

There were 531,897 acres available for leasing under the terms of the Frontier Sale and bids were received on 47,138 acres. Bonuses in the amount of \$2,661,716 were paid for this acreage.

Total bonuses of \$3,480,201 were received from the 84th Oil and Gas Lease Sale and 84-A Frontier Oil and Gas Lease Sale.

The next Oil and Gas Lease Sale is scheduled for May 10, 1994, in Midland, Texas.

OTHER MATTERS

U. T. System: Annual Report on the Activities of the Faculty Advisory Council.--Chancellor Cunningham introduced Dr. William J. Winslade, Chair of The University of Texas System Faculty Advisory Council, who filed the following report with the Board:

U. T. System Faculty Advisory Council Annual Report to the U. T. Board of Regents

At the December 1992 Board of Regents' meeting, the first annual report of the U. T. System Faculty Advisory Council (UTSFAC) was presented. As you know, the UTSFAC was authorized in 1989 at the suggestion of the Board of Regents to increase communication among the Regents, the U. T. System, faculty, and students at the fifteen component campuses. The Council meets quarterly with two faculty members representing each campus. In general, our goal is to increase the flow of ideas and information about systemwide issues and in particular to provide a faculty perspective on them. In addition, the Council undertakes specific projects at the suggestion of the Board of Regents or the Chancellor or on its own initiative.

Before turning to the details of the 1993 report, on behalf of the Council, I want to thank the Board of Regents for their leadership in establishing the Council. No other higher education system in Texas has such a Council. The Chancellor and his staff, especially Ms. Francie Frederick, have provided excellent support, education, and coordination. The members of the Council have been educated about the functions of the U. T. System, and we have taken what we have learned back to the faculty at our home institutions. Our Council also gathers information on specific issues such as faculty satisfaction and teaching effectiveness. The Council also contributes to projects such as the U. T. System public school/university collaboration project. One of the intangible but important benefits of being a member of the Council is active participation in the larger enterprise of the U. T. System. We also appreciate the opportunity for informal and personal contact with the Regents, the Chancellor, and System staff.

In 1993, the Council made progress in several specific areas. First, a recommendation, initiated by the Council, that faculty participate in performance appraisal of administrators on each campus up to the level of Vice-President was reviewed with the U. T. System Presidents and endorsed by the Chancellor. It is now being implemented.

Second, a proposal for a pilot project for mentoring of junior faculty by senior faculty in the areas of teaching, scholarship, grant writing, and administration has been approved. We are now seeking external funding for this project.

Third, after considerable discussion, a proposal will be submitted to the Chancellor to systematically review the diverse methods of evaluating teaching effectiveness at the fifteen U. T. System component institutions. The Council believes that this is particularly important as performance review becomes incorporated into budgeting as well as promotion and tenure.

Fourth, a long-standing project of the Council surveying faculty job satisfaction for purposes of recruitment and retention has now been completed. Pending final approval of the findings, it is anticipated that a special report to the Regents will be made at your June meeting.

Fifth, a productive meeting of members of the Council's and the Regents' Health Affairs Committee provided an opportunity for a fruitful exchange of ideas and information as well as informal discussion. We hope other such sessions with Regents' Committees will be scheduled in the future.

Finally, the Council has begun to develop regular communication with the U. T. System Student Advisory Group through joint meetings.

As the Council looks to the future, Dr. Joe Stafford from the U. T. System has helped us engage in strategic planning. We are now in the process of determining which issues warrant our immediate attention. We believe that the Council can do more to enhance communication with the Student Advisory Group, just as faculty on each campus can do more to facilitate communication with their students. We also hope to contribute to the development of public higher education policies. For example, we can help promote intercampus collaborative research, U. T. System cooperation in statewide efforts such as improving public schools, and creation of better systems of health care education and delivery, especially primary care, throughout Texas.

On behalf of the Board, Chairman Rapoport commended Dr. Winslade on this very informative report.

FOUNDATION MATTER

Winedale Stagecoach Inn Fund: Approval of (a) Minutes of August 12, 1993 Meeting and (b) Treasurer's Ratification of an Oil and Gas Lease on Approximately 34.10 Acres in Fayette County, Texas.--The U. T. Board of Regents recessed its meeting to meet independently in its capacity as the Board of Trustees for the Winedale Stagecoach Inn Fund.

The actions shown below were taken by the Trustees of the Winedale Stagecoach Inn Fund:

- a. Upon motion of Regent Temple, seconded by Regent Cruikshank, the Minutes of the meeting held on August 12, 1993, as set forth on Page 170, were approved.
- b. Upon motion of Regent Smiley, seconded by Regent Temple, the Board of Trustees approved the Treasurer's ratification of an Oil and Gas Lease as set forth on Pages 171 - 172 on property owned by the Winedale Stagecoach Inn Fund being 34.10 acres, more or less, out of the William S. Townsend 1/4 League, Abstract 104, Fayette County, Texas, and being the same land described in that certain Warranty Deed dated July 19, 1989, from Edrol L. Wagner and wife, Marilyn F. Wagner, as Grantors, to The University of Texas Board of Regents, as Grantees, recorded in Volume 790, Page 457, Deed Records, Fayette County, Texas.

Terms of the lease include \$75.00 Bonus Per Acre; \$1916.25 Total Bonus (paid to Lessor); 1/6 Royalty; \$5.00 per net acre per year Rental; three years Lease Term; May 5, 1993 Lease Date; and June 23, 1993 Lease Ratification Date. A Special Provision of this lease is a "No drill" clause. As a condition to signing the ratification of the Oil and Gas Lease, The University of Texas System required the addition of a special provision to be signed by Lessor which prohibits drilling or mining on the surface of the property and also prohibits any related structures or facilities on the surface. The Lessee may include the subject acreage in a larger unit or may explore and recover the minerals from operations on adjacent tracts.

WINEDALE STAGECOACH INN FUND

Minutes of the Trustees

August 12, 1993

The members of the Board of Regents of The University of Texas System who serve as Trustees of the **Winedale** Stagecoach Inn Fund met on August 12, 1993, in the Regents' Meeting Room on the Ninth Floor of Ashbel Smith Hall, Austin, Texas with all the Trustees present.

On motions duly made and seconded and by unanimous vote of the Trustees, the following actions were taken:

1. Minutes of the meeting held on April 1, 1993 were approved.
2. A report from The University of Texas System Vice Chancellor for Asset Management that funds of the Fund will be invested in the U. T. System Common Trust Fund as of September 1, 1993 was received.



Robert M. Berdahl
Secretary

RATIFICATION OF LEASE

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

County of FAYETTE

THAT WHEREAS, heretofore, under date of May 2, 1993, EDROL L. WAGNER and wife, Marilyn F. Wagner, P. O. Box 161, Carmine, Texas 78932
 as lessor, did execute and deliver to UNION PACIFIC RESOURCES COMPANY, as lessee,
 an oil and gas mineral lease, recorded in Volume _____ at Page _____ of the
Oil and Gas Lease Records of Fayette County,
 covering certain land situated in William S. Townsend 1/4 League, Abstract 104
 Survey _____ in Fayette County, Texas, briefly described
 as follows, to-wit:

34.10 acres of land, more or less, out of the William S. Townsend 1/4 League, Abstract 104, Fayette County, Texas, and being the same land described in that certain Warranty Deed dated July 19, 1989 from Edrol L. Wagner and wife, Marilyn F. Wagner, as Grantors, to the University of Texas Board of Regents, as Grantees, recorded in Volume 790, Page 457, Deed Records, Fayette County, Texas.

said land being more fully described in said lease, reference to said lease and to the record thereof being here made for all purposes; and,

WHEREAS, said lease and all rights and privileges thereunder are now owned and held by UNION PACIFIC RESOURCES COMPANY; and,

WHEREAS, it is the desire of the undersigned parties hereto to adopt, ratify and confirm said lease;

Now, THEREFORE, in consideration of the premises and One Dollar (\$1.00) and other valuable considerations all cash to us in hand paid by UNION PACIFIC RESOURCES COMPANY, the receipt of which is hereby acknowledged and confessed, I/we R. Dan Burck, Treasurer of the Winedale Stagecoach Inn Foundation,

lessor (whether one or more), do hereby adopt, ratify and confirm said lease in all of its terms and provisions, and do hereby lease, grant, demise and let said land and premises unto the said UNION PACIFIC RESOURCES COMPANY subject to and in accordance with all of the terms and provisions of said lease as fully and completely as if we had originally been named as lessor in said lease and had executed, acknowledged and delivered the same in our own proper person; provided, however, the undersigned shall not be paid any portion of the rentals payable under said lease, but such rentals shall be paid to the Lessor therein named, his heirs, legal representatives, or assigns. And I/we do hereby agree and declare that said lease in all of its terms and provisions is binding on me/us and is a valid and subsisting oil and gas mineral lease.

Witness our hands and seals this the 23rd day of June, A. D. 19 'A-

R. Dan Burck
 Treasurer, Winedale Stagecoach Inn Foundation

Lessor

SINGLE ACKNOWLEDGMENT

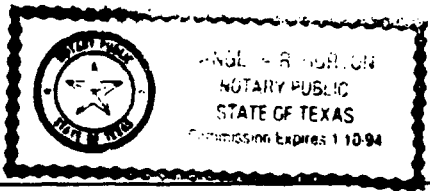
THE STATE OF TEXAS
COUNTY OF TRAVIS

Before me, the undersigned authority, on this day personally appeared R. Dan Burck,
Treasurer, Winedale Stagecoach Inn Foundation,

known to me to be the person his whose name _____ is ~~not~~ subscribed to the foregoing instrument, and acknowledged to me that he
executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this 23rd day of June, 19 93

My Commission Expires
1-10-94



Angela R. Horton
Notary Public in and for the State of Texas
Angela R. Horton
Notary's Printed Name

JOINT ACKNOWLEDGMENT

THE STATE OF TEXAS
COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____

and _____ husband and wife, known to me to be the persons whose
names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed for the purposes and
consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19 _____

My Commission Expires,

Notary Public in and for the State of Texas

Notary's Printed Name

FORM NO. 75

Ratification of Lease

FROM

TO

Dated _____ 19 _____

No. of Acres _____
County, Texas

Texas

This instrument was filed for record on the _____

day of _____, 19 _____ at _____

o'clock _____ M., and duly recorded in

Book _____, Page _____

of _____ records of this office

County Clerk

B _____, Deputy

When recorded return to

BOUND PRINTING & STATIONERY COMPANY
2325 Fannin, Houston, Texas 77002 (713) 659-3159

RECESS TO EXECUTIVE SESSION.--At 12:10 p.m., the Board recessed to convene in Executive Session pursuant to Vernon's Texas Civil Statutes, Article 6252-17, Section 2(e), (f) and (g) to consider those matters set out in the Material Supporting the Agenda.

RECONVENE.--At 3:10 p.m., the Board reconvened in open session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

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

1. U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, and U. T. Health Science Center - Houston: Settlements of Medical Liability Claim/Litigation.--Chairman Rapoport reported that in Executive Session the Board heard presentations from U. T. System Administration officials concerning the four medical liability matters listed in the agenda.

Based on these presentations and upon motion of Regent Ramirez, seconded by Regent Cruikshank, the Board authorized the Chancellor and the Office of General Counsel to settle the following medical liability claim or litigation matters in accordance with the individual proposals presented in Executive Session:

- a. On behalf of The University of Texas Southwestern Medical Center at Dallas the medical liability claim brought by Dr. Patricia and Jeffrey Krakos on behalf of Nicole Krakos
- b. On behalf of The University of Texas Medical Branch at Galveston:
 - The medical liability litigation filed by Tomasita Anzaldua, et al.
 - The medical liability claim brought by Ann Harris on behalf of the Estate of Janice Harris
- c. On behalf of The University of Texas Health Science Center at Houston the medical liability litigation brought by Russell Dale Hill.

2. U. T. Austin: Authorization to Initiate a Condemnation Suit to Acquire the South 8.5' of Lot 9, Block 8, Outlot 45, Division B, Brass Subdivision, Austin, Travis County, Texas, and Approval for Vice President for Business Affairs to Execute Documents.--Regent Holmes moved that the:
 - a. Vice President for Business Affairs on behalf of The University of Texas at Austin be authorized to initiate a condemnation suit through the Office of General Counsel to acquire the property described as the South 8.5' of Lot 9, Block 8, Outlot 45, Division B, Brass Subdivision, Austin, Travis County, Texas
 - b. Vice President for Business Affairs at U. T. Austin be authorized to execute all documents required to purchase and secure good title to the property after approval of such documents by the Office of General Counsel in accordance with the parameters outlined in Executive Session.

Vice-Chairman Lebermann seconded the motion which carried by unanimous vote.
3. U. T. Dallas - Trust Fund Lands: Authorization to Sell 27.3487 Acres of Land in Plano, Collin County, Texas, and Approval for Executive Director of Endowment Real Estate to Execute Documents.--Upon motion of Regent Cruikshank, seconded by Vice-Chairman Temple, the Office of Endowment Real Estate was authorized to complete negotiations on behalf of The University of Texas at Dallas for the sale of 27.3487 acres of land in Plano, Collin County, Texas, in accordance with the parameters outlined in Executive Session, and the Executive Director of Endowment Real Estate was authorized to execute all documents pertaining to the sale following approval by the President of U. T. Dallas, the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for Asset Management, and the Office of General Counsel.
4. U. T. El Paso: Approval to Lease Approximately 4.662 Acres of Campus Land and Improvements Located at 3333 N. Mesa in El Paso, El Paso County, Texas, and Authorization for Executive Vice Chancellor for Business Affairs to Execute Documents.--The Board, upon motion of Vice-Chairman Temple, seconded by Vice-Chairman Lebermann:
 - a. Authorized the Office of Endowment Real Estate to complete negotiations on behalf of The University of Texas at El Paso for the lease of an approximately 4.662 acre tract of campus land and improvements in El Paso, El Paso County, Texas, located at 3333 N. Mesa, in accordance with the parameters outlined in Executive Session
 - b. Authorized the Executive Vice Chancellor for Business Affairs to execute all documents pertaining to the lease following approval by the Executive Vice Chancellor for Academic Affairs and the Office of General Counsel.

5. U. T. Southwestern Medical Center - Dallas - Estate of Gertrude M. Gillespie: Authorization to Sell Approximately 3.734 Acres of Improved Property in Dallas, Dallas County, Texas, and Approval for Executive Director of Endowment Real Estate to Execute Related Documents.-- Regent Smiley moved that the Office of Endowment Real Estate be authorized to complete negotiations on behalf of The University of Texas Southwestern Medical Center at Dallas for the sale of a tract of approximately 3.734 acres of improved property in Dallas, Dallas County, Texas, in accordance with the parameters outlined in Executive Session and that the Executive Director of Endowment Real Estate be authorized to execute all documents pertaining to the sale following approval by the President of U. T. Southwestern Medical Center - Dallas, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for Asset Management, and the Office of General Counsel.

Vice-Chairman Lebermann and Regent Cruikshank seconded the motion which prevailed without objection.

SCHEDULED MEETING.--Chairman Rapoport announced that the next scheduled meeting of the U. T. Board of Regents would be held on April 14, 1994, at The University of Texas Health Center at Tyler.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 3:15 p.m.

/s/ Arthur H. Dilly
Executive Secretary

February 18, 1994