

Meeting No. 820

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

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August 14 - 15, 1986

Austin, Texas

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MEETING NO. 820

THURSDAY, AUGUST 14, 1986.--The members of the Board of Regents of The University of Texas System convened in regular session at 10:40 a.m. on Thursday, August 14, 1986, in the Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, with the following in attendance:

ATTENDANCE.--

Present

Chairman Hay, presiding  
Vice-Chairman Baldwin  
Vice-Chairman Ratliff  
Regent Blanton  
Regent (Mrs.) Briscoe  
Regent (Mrs.) Milburn  
Regent Rhodes  
Regent Roden  
Regent Yzaguirre

Absent

Executive Secretary Dilly

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

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

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON JUNE 5-6, 1986, AND SPECIAL MEETING HELD ON JULY 12, 1986.--Upon motion of Vice-Chairman Ratliff, seconded by Regent Blanton, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on June 5-6, 1986, in Austin, Texas, and the Minutes of the special meeting held on July 12, 1986, in Dallas, Texas, were approved as distributed by the Executive Secretary. The official copies of these Minutes are recorded in the Permanent Minutes, Volume XXXIII, Pages 3867 - 4739.

INTRODUCTION OF FACULTY AND STUDENT REPRESENTATIVES AND KERN WILDENTHAL, M.D., PRESIDENT-ELECT OF THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT DALLAS.--Chairman Hay called on the chief administrative officers of the component institutions to introduce their respective faculty and student representatives and other guests:

U. T. Austin

President Cunningham introduced:

Faculty Representative:

Dr. Reuben R. McDaniel, Jr.  
Chairman, Faculty  
Senate

U. T. Dallas

President Rutford introduced:

Faculty Representative:

Dr. Cy Cantrell, Speaker  
of the Faculty

Student Representative:

Ms. Dawn Tindall, President  
Student Government

U. T. San Antonio

President Wagener introduced:

Faculty Representative:

Dr. James R. Dykes, Asso-  
ciate Professor,  
Division of Behavioral  
and Cultural Sciences

Student Representative:

Mr. Bruce Begia, Junior  
Biology Major;  
President, Alpha  
Lambda Delta Freshmen  
Honor Society, 1985-86

U. T. Health Science Center - Dallas

President Sprague introduced:

Kern Wildenthal, M.D.  
President-elect,  
U. T. Health Science  
Center - Dallas

U. T. Medical Branch - Galveston

President Levin introduced:

Faculty Representative:

Mr. David Wise, M.Ed., P.T.  
Assistant Professor,  
Department of Physical  
Therapy, U. T. Allied  
Health Sciences  
School - Galveston

Student Representative:

Ms. Judy Foxworth, Senior  
Physical Therapy  
Student, Department of  
Physical Therapy, U. T.  
Allied Health Sciences  
School - Galveston

U. T. Health Science Center - San Antonio

President Howe introduced:

Faculty Representative:

Dr. Albert P. Shepherd, Jr.  
Professor, Department  
of Physiology

U. T. Cancer Center

President LeMaistre introduced:

Faculty Representative:

Donald Pinkel, M.D.  
Director, Pediatric  
Leukemia Research  
Program, Division  
of Pediatrics

SPECIAL ITEMS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter VI, Subsections 6.16, 6.17 and 6.18 (Use of University-Owned Facilities) and Subsection 7.26 (Off-Campus Speakers).--In order to conform the Regents' Rules and Regulations to recent court decisions, approval was given to amend Subsections 6.16, 6.17 and 6.18 (Use of University-Owned Facilities) and Subsection 7.26 (Off-Campus Speakers) of Chapter VI, Part One of the Regents' Rules and Regulations to read as set forth below:

- 6.16 No person, whether or not a student or employee of a component institution, shall publicly distribute on the campus of any such institution any petition, handbill, or piece of literature that is obscene, vulgar, or libelous, or that is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.
- 6.17 No person, whether or not a student or employee of a component institution, shall post or carry any sign or poster that is obscene, vulgar, or libelous, or that is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.
- 6.18 No person, whether or not a student or employee of a component institution, shall install, occupy, or use on the campus of any such institution any booth, if the use of the booth is wholly or partly for the distribution or dissemination of words or material that is obscene, vulgar, or libelous, or that is directed to inciting or producing imminent lawless action and is likely to incite or produce such action. For the purpose of this provision, the word "booth" includes furniture, enclosure, and any other structure temporarily installed for distributing petitions, handbills, or literature, or for displaying signs, or for raising funds or soliciting tangible items.
- 7.26 No person shall be permitted on any campus of the System to engage in speech, either orally or in writing, that is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.



2. U. T. Board of Regents: Resolution Authorizing the Issuance and Sale of Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986, in the Amount of \$222,040,000, and Awarding the Sale of the Bonds to Morgan Guaranty Trust Company of New York, New York, New York; Addition of Daniels & Bell, Inc., New York, New York; Eppler, Guerrin & Turner, Inc., Dallas, Texas; RepublicBank Dallas, N.A., Dallas, Texas, and Masterson & Company, Houston, Texas, as Co-Managing Underwriters; Designation of MBank Austin, National Association, Austin, Texas, as Paying Agent/Registrar and Escrow Agent; and Authorization for Appropriate Officers to Take Any Actions Necessary to Complete This Refunding. -- Chairman Hay called on Executive Vice Chancellor for Asset Management Patrick to review the recommendations related to the advance refunding of the following bond issues within The University of Texas System:

The University of Texas at Arlington

Student Center Revenue Bonds, Series 1960  
Gymnasium Fee Revenue Bonds, Series 1961  
Housing System Revenue Refunding Bonds,  
Series 1963  
Student Fee Revenue Bonds, Series 1964, 1966, 1968  
Combined Fee Revenue Bonds, Series 1971-A, 1973,  
1973-A, 1974, 1978, 1985  
Apartment Revenue Bonds, Series 1978  
9% Apartment Revenue Bonds, Series 1985

The University of Texas at Austin

Dormitory Revenue Bonds, Series 1954  
Student Union Revenue Bonds, Series 1958-B  
Housing System Revenue Bonds, Series 1967  
Married Student Housing Revenue Bonds,  
Series 1971, 1981  
Combined Fee Revenue Bonds, Series 1971, 1972,  
1973, and Refunding Bonds, Series 1978  
Building Revenue Bonds, Series 1969, 1983  
Parking Facilities Revenue Bonds, Series 1984

The University of Texas at Dallas

Combined Fee Revenue Bonds, Series 1978  
Utility Revenue Bonds, Series 1980

The University of Texas at El Paso

Building Revenue Bonds, Series 1969  
Student Union Building Revenue Bonds,  
Series 1967-A, 1967-B  
Combined Fee Revenue Bonds, Series 1970, 1971,  
1973, 1974, 1979

The University of Texas at San Antonio

Combined Fee Revenue Bonds, Series 1980, 1984  
Utility Revenue Bonds, Series 1980

The University of Texas at Tyler

Combined Fee Revenue Bonds, Series 1976

The University of Texas Health Science Center  
at Houston

Housing System Revenue Bonds, Series 1981



Following Executive Vice Chancellor Patrick's presentation, the Board:

- a. Approved the Resolution set out on Pages 6 - 69 authorizing the issuance, sale and delivery of Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986, in the amount of \$222,040,000, and awarding the sale of the bonds to Morgan Guaranty Trust Company of New York, New York, New York
- b. Approved the Escrow Agreement, Notice of Redemption, and Financial Guaranty Agreement related to this refunding which are set out on Pages 70 - 132 and approved also the Official Statement, Bond Purchase Contract, and Paying Agent/Registrar Agreement which are on file in the Office of the Board of Regents
- c. Authorized redemption prior to their scheduled maturities of certain bonds to be refunded in the amounts, at the redemption prices, and on the dates as provided in the Resolution
- d. Added Daniels & Bell, Inc., New York, New York, Eppler, Guerrin & Turner, Inc., Dallas, Texas, RepublicBank Dallas, N.A., Dallas, Texas, and Masterson & Company, Houston, Texas, to the list of co-managing underwriters approved by the Board at its May 1986 special meeting
- e. Designated MBank Austin, National Association, Austin, Texas, as Paying Agent/Registrar
- f. Designated MBank Austin, National Association, Austin, Texas, as Escrow Agent
- g. Approved the sale of the refunding bonds according to the terms and conditions presented at the meeting
- h. Authorized the appropriate officers of the U. T. Board of Regents and the U. T. System Administration to take any other actions necessary and appropriate to the issuance of The University of Texas System General Revenue Refunding Bonds, Series 1986, and to the refunding of the several issues listed above.

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY  
OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM  
GENERAL REVENUE REFUNDING BONDS, SERIES 1986, AND  
APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES  
RELATING THERETO

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WHEREAS, the Board of Regents of The University of Texas System heretofore has authorized, issued, and delivered the following described Series of bonds:

Board of Regents of The University of Texas System, The University of Texas at Austin, Combined Fee Revenue Bonds, Series 1971

Board of Regents of The University of Texas System, The University of Texas at Austin, Combined Fee Revenue Bonds, Series 1972

Board of Regents of The University of Texas System, The University of Texas at Austin, Combined Fee Revenue Bonds, Series 1973

Board of Regents of The University of Texas System, The University of Texas at Austin, Combined Fee Revenue Refunding Bonds, Series 1978

Board of Regents of The University of Texas System, The University of Texas at Austin, Building Revenue Bonds, Series 1969

Board of Regents of The University of Texas System, The University of Texas at Austin, Building Revenue Bonds, Series 1983

Board of Regents of The University of Texas Dormitory Revenue Bonds, Series 1954

Board of Regents of The University of Texas Student Union Revenue Bonds, Series 1958-B

Board of Regents of The University of Texas Housing System Revenue Bonds, Series 1967

Board of Regents of The University of Texas System, The University of Texas at Austin, Married Student Housing Revenue Bonds, Series 1971

Board of Regents of The University of Texas System, The University of Texas at Austin, Married Student Housing Revenue Bonds, Series 1981

Board of Regents of The University of Texas System, The University of Texas at Austin, Parking Facilities Revenue Bonds, Series 1984

Board of Directors of The Agricultural and Mechanical College of Texas, Arlington State College Student Center Fee Bonds, Series 1960

Board of Directors of The Agricultural and Mechanical College of Texas, Arlington State College Gymnasium Fee Bonds, Series 1961

Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1971-A

Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1973

Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1973-A

Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1974

Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1978

Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1985

Board of Directors of The Texas A&M University System - Arlington State College Student Fee Revenue Bonds, Series 1964

Board of Regents of The University of Texas - Arlington State College Student Fee Revenue Bonds, Series 1966

Board of Regents of The University of Texas System - The University of Texas at Arlington Student Fee Revenue Bonds, Series 1968

Board of Directors of The Agricultural and Mechanical College of Texas - Arlington State College Housing System Revenue Refunding Bonds, Series 1963

Board of Regents of The University of Texas System, The University of Texas at Arlington Apartment Revenue Bonds, Series 1978

Board of Regents of The University of Texas System, The University of Texas at Arlington 9% Apartment Revenue Bonds, Series 1985

Board of Regents of The University of Texas System, The University of Texas at Dallas, Combined Fee Revenue Bonds, Series 1978

Board of Regents of The University of Texas System, The University of Texas at Dallas, Utility Revenue Bonds, Series 1980

Board of Regents of The University of Texas System, The University of Texas at El Paso, Combined Fee Revenue Bonds, Series 1970

Board of Regents of The University of Texas System, The University of Texas at El Paso, Combined Fee Revenue Bonds, Series 1971

Board of Regents of The University of Texas System, The University of Texas at El Paso, Combined Fee Revenue Bonds, Series 1973

Board of Regents of The University of Texas System, The University of Texas at El Paso, Combined Fee Revenue Bonds, Series 1974

Board of Regents of The University of Texas System, The University of Texas at El Paso, Combined Fee Revenue Bonds, Series 1979

Board of Regents of The University of Texas System, The University of Texas at El Paso, Building Revenue Bonds, Series 1969

The University of Texas at El Paso, Student Union Building Revenue Bonds, Series A of 1967

The University of Texas at El Paso, Student Union Building Revenue Bonds, Series B of 1967

Board of Regents of The University of Texas System, The University of Texas at San Antonio, Combined Fee Revenue Bonds, Series 1980

Board of Regents of The University of Texas System, The University of Texas at San Antonio, Combined Fee Revenue Bonds, Series 1984

Board of Regents of The University of Texas System, The University of Texas at San Antonio, Utility Revenue Bonds, Series 1980

Board of Regents of The University of Texas System, The University of Texas Health Science Center at Houston, Housing System Revenue Bonds, Series 1981

Board of Regents of Texas Eastern University Combined Fee Revenue Bonds, Series 1976

(collectively, the "Outstanding Bonds"); and

WHEREAS, the above Series of bonds are now outstanding in the aggregate principal amount of \$251,204,000, and the Board of Regents of The University of Texas System has determined to refund all of said Outstanding Bonds; and

WHEREAS, the bonds hereinafter authorized are to be issued and delivered pursuant to Vernon's Ann. Tex. Civ. St. Articles 717k, 717g, and other applicable laws; Now, Therefore

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

Section 1. DEFINITIONS. As used in this Resolution the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Additional Bonds" means those obligations, including bonds and Credit Agreements, which the Board reserves the right to issue or incur under the provisions of Section 19, which are on a parity with the Bonds insofar as the lien on Pledged Revenues is concerned.

The term "Appreciated Amount" means with respect to a Capital Appreciation Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with the resolution authorizing such bonds.

The term "Arlington Building Use Fees" means collectively the Student Center Fee and the Gymnasium Fee each charged in the amount of \$4 per enrolled student at

each regular term and \$2 per enrolled student at each summer session at The University of Texas at Arlington.

The term "Association" means Municipal Bond Insurance Association, a voluntary unincorporated association of insurance companies organized under the laws of the State of New York, and includes any reinsuring surety permitted under the Financial Guaranty Agreement.

The term "Authorized Denominations" means Authorized Denominations as defined in Section 2.

The term "Bank" means the financial institution executing a Credit Agreement.

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

The term "Bonds" means collectively the Initial Bond authorized by Sections 2, 3, and 4 of this Resolution, and all substitute bonds exchanged therefor, and all other substitute and replacement bonds issued pursuant to this Resolution; and the term "Bond" means any of the Bonds.

The term "Credit Agreement" means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Short Term Obligations, purchase or sale agreements or commitments or other contracts or agreements authorized, recognized and approved by the Board as a Credit Agreement in connection with the authorization, issuance, security, or payment of Short Term Obligations and on a parity therewith.

The term "Current Expenses" means all necessary operating and maintenance expenses of the Revenue System, including all expenses of reasonable upkeep and repair, the properly allocated share of insurance, and all other expenses incident to the operation and maintenance thereof, but shall exclude depreciation and all general administrative expenses of the Board, The University of Texas System, and each institution and branch thereof.

The term "Demand for Payment" means the certificate submitted on behalf of the Board to the Association for payment under the Surety Bond substantially in the form attached to the Surety Bond as Attachment 1.

The term "Financial Guaranty Agreement" means the Financial Guaranty Agreement dated the date of delivery of

the Initial Bond by and between the Board and the Association, as the same may be amended.

The term "Fiscal Year" means the fiscal year of the Board which currently ends on August 31 of each year.

The term "Gross Revenues" means all revenues, income, receipts, rentals, rates, and charges of every type derived by the Board and The University of Texas System and each institution and branch thereof from any sources due to or on account of the ownership or operation of the Revenue System and each part thereof including, with respect to the Utility Plant System, all Legislative appropriations and utility revolving fund payments and reimbursements authorized in connection with the Utility Plant System.

The term "Health Institutions" means The University of Texas Health Science Center at Dallas, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas System Cancer Center, and The University of Texas Health Center at Tyler.

The term "Housing System" shall mean (i) the below-listed facilities of The University of Texas at Austin: Blanton Hall and the dining facilities contained therein, Simkins Hall, Moore Hall, Varsity Cafeteria, Kinsolving Dormitory and the dining facilities contained therein, Andrews Dormitory and the dining facilities contained therein, Carothers Dormitory and the dining facilities contained therein, Brackenridge Hall, Roberts Hall, Prather Hall, Littlefield Dormitory and the dining facilities contained therein, Texas Union Dining Services (formerly known as University Cafeteria, Chuck Wagon, Faculty-Staff Dining Room, and Law School Snack Bar), and Jester Center Hall and the dining facilities contained therein, all such facilities being located on the campus, and the Gateway Apartments at 1624 West 6th Street, Austin, Texas, Brackenridge I and II Apartments at 3501 Lake Austin Boulevard, Austin, Texas, and the Colorado Apartments at 2500 Lake Austin Boulevard, Austin, Texas; (ii) the below listed facilities of The University of Texas at Arlington: Braxos House, Pahl Hall, Lipscomb Hall, and Trinity House, all such facilities being located on the campus, and the Border West Apartments, at 312 W. Border, Arlington, Texas, Cooper South Apartments, at 402 S. Cooper, Arlington, Texas, West Apartments, at 415 West, Arlington, Texas, the Pisces Apartment Complex, at 400 Yates, Arlington, Texas, the Capricorn Apartment Complex, at 400 S. Oak, Arlington, Texas, the Warwick I Apartments at 1001 S. Oak, Arlington, Texas, the Warwick II Apartments at 1008 S. Oak, Arlington,



Texas, the Warwick III Apartments at 1010 S. Pecan, Arlington, Texas, and the Warwick V Apartments, at 408 S. Oak, Arlington, Texas; (iii) the below listed facilities located on the campus of The University of Texas at El Paso: Barry Hall, Kelly Hall, University Commons and TWC Village; and (iv) the University Housing complex at 7900 Cambridge, Houston, Texas located at The University of Texas Health Science Center at Houston; and (v) any additional facilities which may hereafter, at the option of the Board, be made a part of the Housing System.

The term "Investment Securities" means the following securities or contracts to acquire the following securities, to-wit:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including Treasury Receipts evidencing ownership of future interest and principal payments due on direct obligations of the United States of America;

(ii) bonds, participation certificates or other obligations of any agency or instrumentality of the United States of America, including obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Farm Credit System, Federal Home Loan Banks, and Federal Home Loan Mortgage Corporation;

(iii) new housing authority bonds issued by public agencies of a state or of municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America;

(iv) direct and general obligations of any state of the United States of America, or of any municipality or school district of the State of Texas, to the payment of the principal of and interest on which the full faith and credit of such state or municipality, as the case may be, is pledged, provided that such obligations are rated, at the time of purchase, in either of the two highest rating categories, without regard to rating sub-categories, by a nationally recognized municipal or corporate rating agency;

(v) certificates of deposit, whether negotiable or non-negotiable, issued by any bank or trust company



organized under the laws of any state of the United States of America or any national banking association, provided that such certificates of deposit shall be purchased directly from such bank, trust company, or national banking association and shall be either (A) continuously and fully insured by the Federal Deposit Insurance Corporation, or (B) continuously and fully secured by such securities as are described above in clauses (i) through (iv), inclusive, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with or as directed by the Board, by the bank, trust company, or national banking association issuing such certificates of deposit;

(vi) uncollateralized certificates of deposit of financial institutions which certificates of deposit are rated, at the time of purchase, in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate rating agency;

(vii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clauses (i), (ii), or (iii) above; and with the securities lodged with or as directed by the Board;

(viii) banker's acceptances, eurodollar deposits and certificates of deposit (in addition to the certificates of deposit provided for by clauses (v) and (vi) above) of the domestic branches of foreign banks having a capital and surplus of \$3,000,000,000 or more, or any bank or trust company organized under the laws of the United States of America or Canada, or any state or province thereof, having capital and surplus, if located in the State of Texas, in the amount of \$200,000,000, and, if located outside of the State of Texas, in the amount of \$3,000,000,000; provided that the aggregate maturity value of all such banker's acceptances and certificates of deposit held at any time as investments of funds under this Resolution with respect to any particular bank, trust company, or national association located in the State of Texas shall not exceed 10% of the amount of its capital and surplus and with respect to any particular bank, trust company, or national association located outside of the

State of Texas shall not exceed 5% of its capital and surplus; and provided further that any such bank, trust company, or national association shall be rated in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate rating agency;

(ix) any reverse repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clauses (i), (ii), or (iii) above, and with the securities lodged with or as directed by the Board;

(x) municipal or corporate commercial paper rated, at the time of purchase, either A-1 or P-1 or higher, or municipal or corporate bonds or notes rated, at the time of purchase, in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate rating agency;

(xi) other unsubordinated securities or obligations issued or guaranteed (including a guarantee in the form of a bank standby letter of credit) by any domestic corporation (including a bank or trust company) which has outstanding, at the time of investment, debt securities rated in one of the two highest rating categories, without regard to rating sub-categories, by any nationally recognized municipal or corporate rating agency;

(xii) investments of any type described and permitted by any law of the State of Texas applicable to the Board and The University of Texas System, including, without limitation, investments authorized by Article 717k-6, Vernon's Texas Civil Statutes, as the same now exists or is hereafter amended; and

(xiii) money market funds which invest in any of the above listed obligations.

The term "Maturity" means the date on which the principal of a Bond or Additional Bond becomes due and payable as therein and herein provided, whether at Stated Maturity, by redemption, declaration of acceleration or otherwise.

The term "Net Revenues" means the Gross Revenues after deduction of the Current Expenses.

The term "Outstanding Principal Amount" means the outstanding and unpaid principal amount of the Bonds and Additional Bonds paying interest on a current basis ("Current Interest Bonds") and the outstanding and unpaid Appreciated Amount of any Additional Bonds paying accrued and compounded interest only at maturity ("Capital Appreciation Bonds").

The term "Parking System" means all existing revenue producing parking facilities on the campus of The University of Texas at Austin, all as described in the "Parking and Traffic Regulations Information" for The University of Texas at Austin, effective September 1, 1986 and consisting of approximately 10,268 permit surface spaces and approximately 213 metered surface spaces, a multi-level 1,025 car parking structure, and any additional facilities which may hereafter, at the option of the Board, be made a part of the Parking System.

The term "Payment Obligations" means all amounts payable by the Board under a Credit Agreement less any amounts of principal or interest payable with respect to any Additional Bonds pledged under a Credit Agreement as collateral for the amounts due thereunder.

The term "Pledged General Fee" means the gross collections of a student use fee to be fixed, charged, and collected from the students (excepting any student in a category now exempt by law from paying fees) regularly enrolled at the institutions and branches thereof now or hereafter constituting a part of The University of Texas System, respectively, for the general use and availability of such institutions or branches thereof, respectively, in the manner and amounts, at the times, and to the extent provided in this Resolution, and including, subject to the provisions of the Prior Encumbered Obligations, the Prior Encumbered General Fee.

The term "Pledged Revenues" means collectively (i) the Pledged Tuition Fee, (ii) the Pledged General Fee, (iii) the Net Revenues, (iv) all interest, income, and earnings derived from the deposit and investment of the Interest and Sinking Fund and the Reserve Fund established pursuant to this Resolution, and (v) any additional revenues, income, receipts, or other resources whatsoever received or to be received from any public or private source, whether pursuant to an agreement or otherwise, which hereafter, at the option of the Board, may be pledged to the payment of the Bonds or the Additional Bonds.

The term "Pledged Tuition Fee" means the following specified amounts out of the tuition charges now or hereafter required or permitted by law to be imposed on each tuition paying student enrolled at each and every institution or branch thereof now or hereafter constituting a part of The University of Texas System, (excepting the Health Institutions until and unless the Board authorizes the pledge of such tuition charges at any such institution to the payment of the Bonds and any Additional Bonds) and including, subject to the provisions of the Prior Encumbered Obligations, the Prior Encumbered Tuition Fees, respectively:

\$5.00 from each enrolled student for each regular semester and \$2.50 from each enrolled student for each summer term of each summer session.

The term "Prior Encumbered General Fee" means that portion of the student use fee charged and collected at an institution which becomes a component of The University of Texas System after the date of adoption of this Resolution and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a component of The University of Texas System.

The term "Prior Encumbered Tuition Fee" means that portion of the tuition charges in the maximum amount permitted in the definition of Pledged Tuition Fee charged and collected at an institution which becomes a component of The University of Texas System after the date of adoption of this Resolution and which are pledged to the payment of bonds or other obligations outstanding on the date such institution becomes a component of The University of Texas System.

The term "Prior Encumbered Obligations" means those bonds or other obligations of an institution outstanding on the date it becomes a component of The University of Texas System and which are secured by a lien on and pledge of the Prior Encumbered General Fee and/or the Prior Encumbered Tuition Fee charged and collected at such institution.

The term "Record Date" means, with respect to the Bonds, the last day of each month preceding an interest payment date.

The term "Required Reserve" means an amount equal to the average annual debt service requirements with respect to the outstanding Bonds and Additional Bonds, as limited and calculated in the following manner:

(i) Debt service requirements (principal of and interest on outstanding Bonds and Additional Bonds, other than any Credit Agreement, and with respect to any Credit Agreement, the Payment Obligations relating thereto) shall be calculated on the basis of a Fiscal Year;

(ii) In the event the Additional Bonds bear interest at a variable rate of interest but are not governed by (iii) below, the interest rate on such Additional Bonds shall be assumed to be the lesser of the maximum rate allowed by law or the maximum rate allowed by the resolution authorizing the Additional Bonds;

(iii) When the Additional Bonds to be issued are Short Term Obligations which are secured, in whole or in part, by a Credit Agreement, prior to the issuance of such obligations, The Executive Vice Chancellor for Asset Management or any other designated financial or accounting officer of The University of Texas System, subject to the approval of the Board, shall determine as of the date of the adoption of the resolution authorizing the issuance of such Short Term Obligations:

(a) the maturity schedule of the Additional Bonds that would have been issued in lieu of the Short Term Obligations had the Board determined to issue, as of the proposed date of issuance of such Short Term Obligations, Additional Bonds bearing interest at fixed rates that are not Short Term Obligations, under market conditions as of such date, and

(b) if the Short Term Obligations bear interest at a variable rate of interest, the fixed interest rate that would have been applicable under market conditions at that time to such obligations had they been issued and delivered on such maturity schedule;

The debt service requirements based upon such determinations in (iii)(a) and (b) above shall thereafter be considered as the debt service requirements with respect to such Short Term Obligations; provided, however, with respect to the issuance of Additional Bonds when such Short Term Obligations are considered as outstanding Additional Bonds for the purposes of paragraph (i) of this definition, the calculation shall be made as of the date of the certification required by Section 20(c);

and provided, further, if and when the Credit Agreement referred to in this subparagraph (iii) has a term of less than one year, in making such determinations the Short Term Obligations will be deemed to mature on the earlier of their Stated Maturity or on the earliest date the owners of such Short Term Obligations may tender the Short Term Obligations for payment or redemption after termination of the Credit Agreement and the interest rate will be deemed to be the higher of the rate then in effect or the average rate paid on such Additional Bonds in the immediately preceding twelve months; and

(iv) the arithmetical average annual debt service requirements with respect to the Bonds and Additional Bonds, calculated on the basis of a Fiscal Year, shall then be determined.

The term "Resolution" means this resolution authorizing the Bonds.

The term "Revenue System" means collectively the following facilities: the Housing System, the Student Union System, the Utility Plant System, and the Parking System and any additional facilities, which hereafter, at the option of the Board, may be made a part of the Revenue System.

The term "Short Term Obligations" shall mean Additional Bonds which have a Stated Maturity of two years or less or with respect to which the owners thereof have the right to demand payment or redemption of such Additional Bonds prior to the Stated Maturities thereof.

The term "Stated Maturity", when used with respect to the Bonds or Additional Bonds shall mean the scheduled maturity or mandatory sinking fund redemption of the Bonds or Additional Bonds.

The term "Student Union System" shall mean the Texas Union Building located on the campus of The University of Texas at Austin, Texas; the Student Center Building located on the campus of The University of Texas at Arlington; the Student Union or Student Activities Building and facilities (including, but not limited to, the book store and cafeteria and snack bar therein) located on The University of Texas at El Paso campus; and the student union building and The University Book Store located on The University of Texas at San Antonio campus and any additional facilities which may hereafter, at the option of the Board, be made a part of the Student Union System.

The term "Surety Bond" means that surety bond issued by the Association guaranteeing, subject to the terms and limitations thereof, payments of interest on and principal of the Bonds required to be made by the Board, substantially in the form attached to the Financial Guaranty Agreement as Annex A.

The term "Surety Bond Coverage" means the amount available at any particular time to be paid under the terms of the Surety Bond, which amount shall never exceed the Surety Bond Limit.

The term "Surety Bond Limit" means \$14,853,683.76.

The term "The University of Texas System" means and includes each of the following existing and operating institutions, respectively:

- The University of Texas at Arlington;
- The University of Texas at Austin;
- The University of Texas at Dallas;
- The University of Texas at El Paso;
- The University of Texas of the Permian Basin;
- The University of Texas at San Antonio;
- The University of Texas at Tyler;
- The University of Texas Health Science Center at Dallas;
- The University of Texas Medical Branch at Galveston;
- The University of Texas Health Science Center at Houston;
- The University of Texas Health Science Center at San Antonio;
- The University of Texas System Cancer Center;
- The University of Texas Health Center at Tyler; and
- The University of Texas Institute of Texan Cultures at San Antonio,

together with every other institution or branch thereof now or hereafter operated by or under the jurisdiction of the Board pursuant to law.

The term "Utility Plant System" shall mean the Hal C. Weaver Heating and Power Station and the Central Cooling Station, on the campus of The University of Texas at Austin; the central utility plant located on the campus of The University of Texas at San Antonio; and the central utility plant located on the campus of The University of Texas at Dallas, all of which produce and supply chilled water and steam to the buildings and facilities of The University of Texas System, together with all equipment, distribution lines, and other facilities appurtenant thereto, all improvements and additions thereto, and all extensions and



replacements thereof, and all additional facilities which may hereafter, at the option of the Board, be made a part of the Utility Plant System.

Section 2. AMOUNT, PURPOSE, AND DESIGNATION OF THE BONDS. The bond or bonds of the Issuer are hereby authorized to be issued and delivered in the aggregate principal amount of \$222,040,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND THE OUTSTANDING BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF \$251,204,000. Each bond issued pursuant to this Resolution shall be designated: "BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM GENERAL REVENUE REFUNDING BOND, SERIES 1986", and initially there shall be issued, sold, and delivered hereunder a fully registered bond, without interest coupons, payable in installments (the "Initial Bond"), but the Initial Bond may be assigned and transferred and/or converted into and exchanged for other fully registered bonds, in the denomination of \$5,000 or any integral multiple of \$5,000 in principal amount (the "Authorized Denominations"), all in the manner hereinafter provided. Without limiting the purpose for the Bonds as stated above, the proceeds of the sale of the Bonds shall be applied, to the extent not otherwise provided for to pay expenses arising in connection with the issuance of the Bonds, including payment of a Surety Bond premium of \$743,000 to the Association.

Section 3. INITIAL DATE, DENOMINATIONS, NUMBERS, MATURITIES, INITIAL REGISTERED OWNER, CHARACTERISTICS OF THE INITIAL BOND, AND INTEREST ON THE INITIAL BOND.

(a) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Bond, without interest coupons, dated July 15, 1986, in the denomination and aggregate principal amount of \$222,040,000, numbered R-1, payable in annual installments of principal to the initial registered owner thereof, to-wit:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

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

(b) The Initial Bond (i) may and shall be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and



transferred, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Initial Bond shall be payable, all as provided, and in the manner required or indicated, in the FORM OF INITIAL BOND set forth in this Resolution.

(c) The unpaid principal balance of the Initial Bond shall bear interest from the dates, payable in the manner, at the rates, and on the dates, respectively, as provided in the FORM OF INITIAL BOND set forth in this Resolution.

Section 4. FORM OF INITIAL BOND. The form of the Initial Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be endorsed on the Initial Bond, shall be substantially as follows:

FORM OF INITIAL BOND

NO. R-1  
\$222,040,000

UNITED STATES OF AMERICA  
STATE OF TEXAS  
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM  
GENERAL REVENUE REFUNDING BOND  
SERIES 1986

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

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

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

\$222,040,000  
(TWO HUNDRED TWENTY TWO MILLION FORTY THOUSAND DOLLARS)

in installments of principal due and payable on August 15 in each of the years, and in the respective principal amounts, as set forth in the following schedule:

<u>Principal Amount</u>	<u>Year</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Interest Rate</u>
\$ 6,180,000	1987	5.00%	\$12,430,000	1996	7.70%
7,885,000	1988	5.50%	10,000,000	1997	7.75%
8,225,000	1989	6.00%	10,000,000	1998	7.75%
8,650,000	1990	6.25%	10,000,000	1999	7.75%
9,120,000	1991	6.50%	10,000,000	2000	7.75%
9,690,000	1992	6.75%	13,000,000	2001	7.75%
10,420,000	1993	7.00%	55,290,000	2004	8.00%
10,930,000	1994	7.25%	18,510,000	2007	6.50%
11,710,000	1995	7.50%			

and to pay interest, calculated on the basis of a 360-day year composed of twelve 30-day months, from July 15, 1986, which is the date of this Bond, on the balance of each such installment of principal, respectively, from time to time remaining unpaid, at the rates set forth above, with said interest being payable on February 15, 1987, and semi-annually on each August 15 and February 15 thereafter while this Bond or any portion hereof is outstanding and unpaid.

THE INSTALLMENTS OF PRINCIPAL OF AND THE INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The installments of principal and the interest on this Bond are payable to the registered owner hereof through the services of MBank Austin, National Association, Austin, Texas, which is the "Paying Agent/Registrar" for this Bond. Payment of all principal of and interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and/or interest payment date by check, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from funds of the Issuer required by the resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each principal and/or interest payment date, to the registered owner hereof at the address of the registered owner as it appeared on the last day of the month next preceding such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner hereof. The Issuer covenants with the registered owner of this Bond that prior to each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund", as defined and described in the

Bond Resolution (the "Interest and Sinking Fund"), the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

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

THIS BOND has been authorized FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND VARIOUS REVENUE BONDS OF THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, NOW OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF \$251,204,000.

ON AUGUST 15, 1996, or on any date thereafter, the unpaid installments of principal of this Bond which are due and payable on August 15 in each of the years 1997 through 2001 and on August 15, 2004 may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the particular portion of this Bond to be prepaid or redeemed shall be selected and designated by the Issuer (provided that a portion of this Bond may be redeemed only in an integral multiple of \$5,000), at a prepayment or redemption price (expressed as a percentage of principal amount) applicable to the date of redemption falling within the applicable redemption period, as set forth in the following schedule, plus accrued interest to the date fixed for prepayment or redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
August 15, 1996 through August 14, 1997	102.0%
August 15, 1997 through August 14, 1998	101.5%
August 15, 1998 through August 14, 1999	101.0%
August 15, 1999 through August 14, 2000	100.5%
August 15, 2000 and thereafter	100.0%

ON AUGUST 15, 1996, or on any date thereafter, the unpaid installment of principal of this Bond which is due and payable on August 15, 2007 may be prepaid or redeemed prior to the scheduled due date, at the option of the Issuer, with funds derived from any available and lawful

source, as a whole, or in part, and, if in part, the particular portion of this Bond to be prepaid or redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a prepayment or redemption price equal to the par or principal amount thereof plus accrued interest to the date fixed for redemption.

The installments of principal of this Bond which are due and payable on August 15, 2004, and August 15, 2007, respectively, are subject to mandatory sinking fund prepayment or redemption prior to their respective scheduled due dates, and shall be prepaid or redeemed by the Issuer, in part, prior to their respective scheduled due dates, with money from the Interest and Sinking Fund, at a prepayment or redemption price equal to the principal amount thereof plus accrued interest to the date of prepayment or redemption, on the dates, and in the principal amounts, respectively, as set forth in the following schedule:

<u>Installments Due August 15, 2004</u>		<u>Installments Due August 15, 2007</u>	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
August 15, 1997	\$ 3,235,000	August 15, 2005	\$8,840,000
August 15, 1998	4,095,000	August 15, 2006	7,615,000
August 15, 1999	3,460,000		
August 15, 2000	3,580,000		
August 15, 2001	55,000		
August 15, 2002	13,145,000		
August 15, 2003	13,515,000		

The installment of principal of the Bond required to be redeemed on any redemption date pursuant to the foregoing operation of the mandatory sinking fund, prepayment or redemption shall be reduced by the installment of principal of the Bonds due and payable on the respective date of payment which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and cancelled by the Paying Agent/Registrar at the direction of the Issuer, with funds in the Interest and Sinking Fund, in either case of (1) or (2) at a price not exceeding the principal amount of such Bond or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory sinking fund redemption.

AT LEAST 30 days prior to the date fixed for any such prepayment or redemption a written notice of such prepayment

or redemption shall be mailed by the Paying Agent/Registrar to the registered owner hereof. By the date fixed for any such prepayment or redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Bond or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such prepayments or redemptions of principal of this Bond or any portion hereof.

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

paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Bond Resolution, this Bond, to the extent of the unpaid or unredeemed principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the initial registered owner hereof, or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged, and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. AS PROVIDED IN THE BOND RESOLUTION, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for transferring, converting and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the



period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this Bond are secured by and payable from a first lien on and pledge of the "Pledged Revenues" as defined in the Bond Resolution, which include (i) the Pledged Tuition Fee, as defined in the Bond Resolution, being certain tuition charges, (ii) the Pledged General Fee, as defined in the Bond Resolution, being a student use fee, (iii) the Net Revenues of the Revenue System, as defined in the Bond Resolution, consisting of various revenue producing facilities of The University of Texas System, (iv) all interest, income, and earnings derived from the deposit and investment of the Interest and Sinking Fund and the Reserve Fund established pursuant to the Bond Resolution, and (v) any additional revenues, income, receipts, or other resources whatsoever received or to be received from any public or private source, whether pursuant to an agreement or otherwise, which hereafter, at the option of the Issuer, may be pledged to the payment of the Bonds or the Additional Bonds. This Bond is also secured by a first lien on and pledge of the Arlington Building Use Fees, as defined in the Bond Resolution, to be levied on students enrolled at The University of Texas at Arlington pursuant to the terms of the Bond Resolution.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue additional parity revenue bonds which also may be secured by and made payable from a first lien on and pledge of the aforesaid Pledged Revenues, in the same manner and to the same extent as this Bond and (ii) to amend the Bond Resolution with the approval of the owners of 51% in



Outstanding Principal Amount (as defined in the Bond Resolution) of all outstanding obligations which are secured by and payable from a first lien on and pledge of the aforesaid Pledged Revenues.

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

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual signature of the Chairman of the Issuer and countersigned with the manual signature of the Executive Secretary of the Issuer, has caused the official seal of the Issuer to be duly impressed on this Bond, and has caused this Bond to be dated July 15, 1986.

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

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

(BOARD SEAL)

[FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE]  
COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

\_\_\_\_\_  
Comptroller of Public  
Accounts of the State of  
Texas

(COMPTROLLER'S SEAL)

Section 5. ADDITIONAL CHARACTERISTICS OF THE BONDS.  
Registration and Transfer. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of MBank Austin, National Association, Austin, Texas (the "Paying Agent/Registrar") books or records of the registration and transfer of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing (1) the

assignment of the Bond, or any portion thereof in any Authorized Denomination, to the assignee or assignees thereof, and (ii) the right of such assignee or assignees to have the Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute Bond or Bonds shall be issued in conversion and exchange therefor in the manner herein provided. The Initial Bond, to the extent of the unpaid or unredeemed principal balance thereof, may be assigned and transferred by the initial registered owner thereof once only, and to one or more assignees designated in writing by the initial registered owner thereof. All Bonds issued and delivered in conversion of and exchange for the Initial Bond shall be in any Authorized Denomination, (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), shall be in the appropriate form prescribed for such substitute bond in the FORM OF SUBSTITUTE BOND hereinafter set forth in this Resolution, and shall have the characteristics, and may be assigned, transferred, and converted as hereinafter provided. If the Initial Bond or any portion thereof is assigned and transferred or converted the Initial Bond must be surrendered to the Paying Agent/Registrar for cancellation, and each Bond issued in exchange for any portion of the Initial Bond shall have a single stated maturity date, and shall not be payable in installments; and each such Bond shall have a maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate borne by and payable in the same manner as provided for the installment of principal or portion thereof for which it is being exchanged. If only a portion of the Initial Bond is assigned and transferred, there shall be delivered to and registered in the name of the initial registered owner substitute Bonds in exchange for the unassigned balance of the Initial Bond in the same manner as if the initial registered owner were the assignee thereof. If any Bond or portion thereof other than the Initial Bond is assigned and transferred or converted each Bond issued in exchange therefor shall have the same maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is exchanged. A form of assignment shall be printed or endorsed on each Bond, excepting the Initial Bond, which shall be executed by the registered owner or its duly authorized attorney or representative to evidence an assignment thereof. Upon surrender of any Bonds or any portion or portions thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new fully registered substitute Bond or

Bonds, having the characteristics herein described, payable to such assignee or assignees (which then will be the registered owner or owners of such new Bond or Bonds), or to the previous registered owner in case only a portion of a Bond is being assigned and transferred, all in conversion of and exchange for said assigned Bond or Bonds or any portion or portions thereof, in the same form and manner, and with the same effect, as provided in Section 5(d) below, for the conversion and exchange of Bonds by any registered owner of a Bond. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer and delivery of a substitute Bond or Bonds, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of any Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

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

(d) Conversion and Exchange or Replacement; Authentication. Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal balance, principal amount or maturity amount thereof, may, upon surrender of such Bond at the principal

corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or assignees, as appropriate, be converted into and exchanged for fully registered bonds, without interest coupons, in the appropriate form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, in the denomination of any Authorized Denominations, (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal or principal amount, of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If the Initial Bond is assigned and transferred or converted, each substitute Bond issued in exchange for any portion of the Initial Bond shall have a single stated maturity date, and shall not be payable in installments; and each Bond shall have a maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate borne by and payable in the same manner as provided for the installment of principal or portion thereof for which it is being exchanged. If a portion of any Bond (other than the Initial Bond) shall be redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, and payable in the same manner, in Authorized Denominations at the request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof (other than the Initial Bond) is assigned and transferred or converted, each Bond issued in exchange therefor shall have the same maturity date and bear interest at the same rate and payable in the same manner as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange or replace Bonds as provided herein, and each fully registered bond delivered in conversion of and exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution, and may again be converted and exchanged or replaced. The Initial Bond issued and delivered pursuant to this Resolution is not required to be, and shall not be, authenticated by the Paying

Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for or replacement of any Bond or Bonds issued under this Resolution there shall be printed a certificate, in the form substantially as follows:

"PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

MBANK AUSTIN, NATIONAL ASSOCIATION,  
Austin, Texas  
Paying Agent/Registrar

Dated \_\_\_\_\_

\_\_\_\_\_  
Authorized Representative"

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the above Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for conversion and exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Vernon's Ann. Tex. Civ. St. Art. 717k-6, and particularly Section 6 thereof, the duty of conversion and exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the converted and exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bond which originally was issued pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges, if any, for transferring, converting, and exchanging any Bond or any portion thereof, but the one



requesting any such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. To the extent possible, any new Bond issued in an exchange or transfer of a Bond will be delivered to the registered owner or assignee of the registered owner not more than three business days after the receipt of the Bonds to be cancelled and the written request as described above.

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

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

(g) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice



to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

Section 6. FORM OF SUBSTITUTE BONDS. The form of all Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, including the form of Paying Agent/Registrar's Certificate to be printed on each of such Bonds, and the Form of Assignment to be printed on each of the Bonds, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

FORM OF SUBSTITUTE BOND

NO. \_\_\_\_\_ PRINCIPAL AMOUNT  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM  
GENERAL REVENUE REFUNDING BOND  
SERIES 1986

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
_____ %	_____	July 15, 1986	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE specified above the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (the "Issuer"), being an agency and political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount specified above and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Bond Date specified above, to the Maturity Date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable on February 15, 1987, and semiannually on each August 15 and February 15 thereafter, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of MBank Austin, National Association, Austin, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the last day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered

owner hereof. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

ON AUGUST 15, 1996, or on any date thereafter, the Bonds of this Series scheduled to mature on August 15 in each of the years 1997 through 2001 and on August 15, 2004, may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portion thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price, expressed as a percentage of the par or principal amount thereof, plus accrued interest to the date fixed for redemption:

<u>Redemption Period</u>	<u>Redemption Price</u>
August 15, 1996 through August 14, 1997	102.0%
August 15, 1997 through August 14, 1998	101.5%
August 15, 1998 through August 14, 1999	101.0%
August 15, 1999 through August 14, 2000	100.5%
August 15, 2000 and thereafter	100.0%

ON AUGUST 15, 1996, or on any date thereafter, the Bonds of this Series scheduled to mature on August 15, 2007, may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the par or principal amount thereof and accrued interest to the date fixed for redemption.

The Bonds of this issue scheduled to mature on August 15, 2004, and August 15, 2007, are subject to mandatory sinking fund redemption prior to their respective scheduled maturities and shall be redeemed by the Issuer, in part,

prior to their respective scheduled maturities, with the particular Bonds or portions thereof or the respective Series to be redeemed to be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), with money from the Interest and Sinking Fund, at a redemption price equal to the par or principal amount thereof and accrued interest to the date of redemption, on the dates, and in the principal amounts, respectively, as set forth in the following schedule:

Bonds Maturing August 15, 2004

<u>Redemption Date</u>	<u>Principal Amount</u>
August 15, 1997	\$ 3,235,000
August 15, 1998	4,095,000
August 15, 1999	3,460,000
August 15, 2000	3,580,000
August 15, 2001	55,000
August 15, 2002	13,145,000
August 15, 2003	13,515,000

Bonds Maturing August 15, 2007

<u>Redemption Date</u>	<u>Principal Amount</u>
August 15, 2005	\$8,840,000
August 15, 2006	7,615,000

The principal amount of the Bonds of each maturity required to be redeemed on each such redemption date pursuant to the foregoing operation of the mandatory sinking fund shall be reduced, at the option of the Issuer, by the principal amount of any Bonds of the respective maturity, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been acquired and cancelled by the Paying Agent/Registrar at the direction of the Issuer, with funds from the Interest and Sinking Fund, in either case of (1) or (2) at a price not exceeding the par or principal amount of such Bonds or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory sinking fund redemption.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be published once in a financial publication, journal, or report of general circulation among securities dealers in The City of New York, New York (including, but not limited to, The Bond Buyer and The Wall Street Journal), or in the State of Texas (including, but not limited to, The Texas Bond Reporter). Such notice also shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, not less than 30 days prior to the date fixed for any such

redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the publication of such notice as required above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/ Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, payable in the same manner, in any authorized denomination at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

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

THIS BOND is one of an issue of Bonds initially dated July 15, 1986, authorized in the principal amount of \$222,040,000, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND VARIOUS REVENUE BONDS OF THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, NOW OUTSTANDING IN THE AGGREGATE PRINCIPAL AMOUNT OF \$251,204,000.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY AUTHORIZED DENOMINATION may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's fees and charges, if any, for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and, to the extent permitted by law, the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal



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

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this Bond, and other Bonds of this Series, are equally and ratably secured by and payable from a first lien on and pledge of the "Pledged Revenues" as defined in the Bond Resolution, which include (i) the Pledged Tuition Fee, as defined in the Bond Resolution, being certain tuition charges, (ii) the Pledged General Fee, as defined in the Bond Resolution, being a student use fee, (iii) the Net Revenues of the Revenue System, as defined in the Bond Resolution, consisting of various revenue producing facilities of The University of Texas System, (iv) all interest, income, and earnings derived from the deposit and investment of the Interest and Sinking Fund and the Reserve



Fund established pursuant to the Bond Resolution, and (v) any additional revenues, income, receipts, or other resources whatsoever received or to be received from any public or private source, whether pursuant to an agreement or otherwise, which hereafter, at the option of the Issuer, may be pledged to the payment of the Bonds or the Additional Bonds. This Bond is also secured by a first lien on and pledge of the Arlington Building Use Fees, as defined in the Bond Resolution, to be levied on all students regularly enrolled at The University of Texas at Arlington pursuant to the terms of the Bond Resolution.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Resolution, (i) to issue additional parity revenue bonds which also may be secured by and made payable from a first lien on and pledge of the aforesaid Pledged Revenues, in the same manner and to the same extent as this Bond, and (ii) to amend the Bond Resolution with the approval of the owners of 51% in Outstanding Principal Amount, as defined in the Bond Resolution, of all outstanding bonds which are secured by and payable from a first lien on and pledge of the aforesaid Pledged Revenues.

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

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the facsimile signature of the Chairman of the Issuer and countersigned with the facsimile signature of the Executive Secretary of the Issuer, and has caused the

official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

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

(BOARD SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

MBANK AUSTIN, NATIONAL ASSOCIATION,  
Austin, Texas  
Paying Agent/Registrar

Dated

\_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

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

\_\_\_\_\_  
(Assignee's Social  
Security or Taxpayer  
Identification Number)

\_\_\_\_\_  
(print or typewrite Assignee's name and  
address, including zip code)

\_\_\_\_\_  
and hereby irrevocably constitutes and appoints

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

Dated: \_\_\_\_\_

Signature Guaranteed:

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

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

Section 7. SECURITY AND PLEDGE; PLEDGED TUITION FEE; ARLINGTON BUILDING USE FEE. (a) The Board hereby assigns and pledges the Pledged Revenues to the payment of the principal of and interest on the Bonds and Additional Bonds, including the payment of the Payment Obligations, and the Bonds and any Additional Bonds, and the interest thereon, and the Payment Obligations are and shall be secured by and payable from a first lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Interest and Sinking Fund and the Reserve Fund as provided in this Resolution. So long as any Bonds, Additional Bonds or Payment Obligations are outstanding the Board covenants and agrees to fix, charge, and collect the Pledged General Fee as provided in Section 15.

(b) So long as any Bonds, Additional Bonds or Payment Obligations are outstanding, the Pledged Tuition Fee shall not be reduced, and the Board covenants and agrees to fix, charge, and collect the Pledged Tuition Fee hereby assigned and pledged, and to credit same as received to the Revenue Fund, hereinafter created.

(c) Notwithstanding anything to the contrary contained herein, it is recognized that certain institutions may be added to The University of Texas System and that such institutions may, at such time, have outstanding obligations secured by the Prior Encumbered General Fee and/or the Prior Encumbered Tuition Fee and that therefore the first lien on and pledge of such fees established pursuant to this Resolution and effective when the institution becomes a component of The University of Texas System will be subject and subordinate only to such institutions outstanding Prior Encumbered Obligations. It is further provided no additional bonds or obligations may be issued or incurred by the Board on a parity with the Prior Encumbered Obligations.

(d) The Board hereby additionally assigns and pledges the Arlington Building Use Fees to the payment of the principal of and interest on the Bonds, and the Bonds and the interest thereon are and shall be secured by and payable from a first lien on and pledge of the Arlington Building Use Fees. So long as any Bonds are outstanding, the Arlington Building Use Fees shall not be reduced, and the Board covenants and agrees to fix, charge, and collect the Arlington Building Use Fees hereby assigned and pledged, and to credit same as received to the Arlington Use Fee Fund, hereinafter created.

Section 8. REVENUE FUND. There is hereby created and there shall be established on the books of the Board a separate account or accounts which individually or

collectively shall be known as the "General Revenue Bonds Revenue Fund" (herein called the "Revenue Fund"). Subject to the provisions of Section 12 and to the provisions of the resolutions authorizing the Prior Encumbered Obligations, all collections of Gross Revenues, the Pledged General Fee, and the Pledged Tuition Fee, shall be credited to the Revenue Fund immediately upon receipt. There shall be paid as a first charge against the Gross Revenues on deposit in the Revenue Fund the Current Expenses.

Section 9. ARLINGTON BUILDING USE FEES FUND. There is hereby created and there shall be established on the books of the Board a separate fund which shall be known as the "General Revenue Bonds Arlington Building Use Fees Fund" (herein called the "Arlington Use Fee Fund"). Within the Arlington Use Fee Fund, there are hereby created two subaccounts, the Student Center Fee Account into which the Student Center Fees shall be deposited and the Gymnasium Fee Account into which the Gymnasium Fees shall be deposited. The Arlington Use Fee Fund shall be used, to the extent necessary, for the purpose of paying the principal of and interest on the Bonds as the same mature and come due, or on redemption prior to maturity and any excess in said Fund may be used for any lawful purpose. The Arlington Building Use Fees shall be deposited in said Fund as collected and shall thereafter be transferred to the Arlington Use Fee Sub-account in the Interest and Sinking Fund pursuant to the provisions of Section 13.

Section 10. INTEREST AND SINKING FUND. To pay the principal of and interest on all outstanding Bonds and any Additional Bonds, as the same come due, there is hereby created and there shall be established on the books of the Board a separate account to be entitled the "General Revenue Bonds Interest and Sinking Fund" (herein called the "Interest and Sinking Fund"). Within the Interest and Sinking Fund there is hereby created and there shall be established on the books of the Board a Sub-account to be entitled the "Arlington Use Fee Sub-account."

Section 11. RESERVE FUND. There is hereby created and there shall be established on the books of the Board a separate account to be entitled the "General Revenue Bonds Reserve Fund" (herein called the "Reserve Fund"). The Reserve Fund shall be used finally in retiring the last of the outstanding Bonds and Additional Bonds, or for paying principal of and interest on any outstanding Bonds and Additional Bonds, when and to the extent the amount in the Interest and Sinking Fund is insufficient for such purpose.

Section 12. INVESTMENTS. (a) Money in any account or Fund established pursuant to this Resolution may, at the

option of the Board, be placed in time deposits secured by Investment Securities, or be invested in Investment Securities; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any such account or Fund will be available at the proper time or times. For all purposes of this Resolution, such investments shall be valued at their market value as of thirty days prior to the end of each Fiscal Year. Interest and income derived from such deposits and investments shall be credited to the account or Fund from which the deposit or investment was made and shall be used only for the purpose or purposes for which such account or Fund is required or permitted to be used. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds. Money in any Fund may be invested, together with money in other Funds or with other money of the Board or The University of Texas System, in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository of The University of Texas System, which shall not be deemed to be or constitute a commingling of such money or Funds provided that the separate accounts maintained on the books of The University of Texas System, for such Funds clearly evidence the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or held by or on behalf of each such Fund.

(b) Money in all accounts and Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for such funds of the Board, in principal amounts at all times not less than the amounts of money credited to such accounts and Funds, respectively.

Section 13. INTEREST AND SINKING FUND DEPOSITS. (a) Immediately after the delivery of the Initial Bond the Board shall deposit all accrued interest received from the sale and delivery of the Initial Bond, to the credit of the Interest and Sinking Fund.

(b) The Board shall transfer or cause to be transferred from the Pledged Revenues in the Revenue Fund and from the Arlington Use Fee Fund and deposit, or cause to be deposited, to the credit of the Interest and Sinking Fund and, with respect to the Arlington Building Use Fees, the Arlington Use Fee Sub-account, the amounts, at the times, as follows:

(i) on or before February 15, 1987, and semi-annually on or before each August 15 and February 15 thereafter, such amounts as will be sufficient,

together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on such interest payment date; and

(ii) on or before August 15, 1987, and annually on or before each August 15 thereafter, an amount equal to the principal of the Bonds scheduled to mature or mandatorily required to be redeemed prior to maturity on each such August 15.

(c) In the event that the amounts on deposit in the Interest and Sinking Fund on any February 1 or August 1 and available to pay interest on and principal of the Bonds on the following February 15 or August 15, as the case may be, are insufficient for such purpose, the Board promptly shall notify the Paying Agent/Registrar and the Association of the amount of such deficiency; provided that prior to providing such deficiency notice, the Board first shall have transferred all cash from the Reserve Fund to the Interest and Sinking Fund in order to eliminate or reduce such deficiency. Immediately upon receiving such deficiency notice from the Board, the Paying Agent/Registrar shall deliver a Demand for Payment to the Association in the amount of such deficiency, to the extent of the Surety Bond Coverage available at the time, in order to effect payment in full of interest on and principal of the Bonds owing on said February 15 or August 15; provided, that in the event that the Paying Agent/Registrar is then holding other surety bond(s), in addition to the Surety Bond, as a part of the Reserve Fund, demand for payment to satisfy the deficiency shall be made on the Surety Bond and such other surety bonds to the extent practicable on a pro rata basis.

(d) In the event that, on any August 15 or February 15, any amounts remain on deposit in the Interest and Sinking Fund following payment pursuant to Section 17 of all interest on and principal of the Bonds due and payable on such date, such amounts first shall be transferred to the Reserve Fund, to the extent the amounts then credited to the Reserve Fund are less than the Required Reserve, and then, to the extent of any remaining amounts, shall be transferred and commingled with the Board's general funds and used for any lawful purposes.

Section 14. RESERVE FUND DEPOSITS. Immediately after the delivery of the Initial Bond the Board shall deposit to the credit of the Reserve Fund an amount equal to the Required Reserve. The deposit of the Required Reserve may be made from any one or more of the following sources or in the following forms: (i) proceeds from the sale of the



Initial Bond, (ii) any other funds available to the Board, or (iii) amounts represented by the Surety Bond Coverage on the Surety Bond held by the Paying Agent/Registrar and deemed to be on deposit in the Reserve Fund. So long as the money and investments credited to the Reserve Fund are not less than the Required Reserve, no deposits shall be credited to the Reserve Fund. For purposes of calculating, from time to time, the amount on deposit in the Reserve Fund, an amount equal to the Surety Bond Coverage on the Surety Bond held by the Paying Agent/Registrar shall be deemed to be on deposit in the Reserve Fund. However, if the Reserve Fund at any time contains less than the Required Reserve, then, subject and subordinate to making the required deposits to the credit of the Interest and Sinking Fund and except as provided below, the Board shall transfer or cause to be transferred from the Pledged Revenues in the Revenue Fund and deposit, or cause to be deposited, to the credit of the Reserve Fund semiannually, on or before the fifteenth day of each February and August thereafter, a sum at least equal to 1/10th of the deficiency in the Required Reserve until the Reserve Fund is restored to the Required Reserve; provided, however, that at any time when the Surety Bond Coverage is less than the Surety Bond Limit, prior to making any deposits to the credit of the Reserve Fund, the Board shall apply the Pledged Revenues in reimbursement of amounts owed the Association under the Financial Guaranty Agreement until the Surety Bond Coverage equals the Surety Bond Limit. So long as the Reserve Fund contains the Required Reserve, any surplus in the Reserve Fund over the Required Reserve shall be transferred and commingled with the Board's general funds and used for any lawful purpose.

Section 15. PLEDGED GENERAL FEE. (a) Subject to the provisions of the resolutions authorizing Prior Encumbered Obligations, the Board covenants and agrees at all times to fix, levy, charge, and collect the Pledged General Fee from each student (excepting any student in a category now exempt by law from paying fees) enrolled at each institution and branch thereof constituting a part of The University of Texas System, respectively, at each regular fall and spring semester and at each term of each summer session, for the use and availability of such institution or branch thereof, respectively, in such amounts, without any limitation whatsoever, as will be at least sufficient at all times to provide, together with other Pledged Revenues, and, with respect to the Bonds, the Arlington Building Use Fees, the money for making when due all deposits required to be made to the credit of the Interest and Sinking Fund and the Reserve Fund in connection with the Bonds and any Additional Bonds, and to pay the Payment Obligations and the principal of and interest on the Bonds and Additional Bonds when and as required. Notwithstanding the foregoing, for so long as

all deposits are made to the credit of the Interest and Sinking Fund and the Reserve Fund as required by Section 13(b) and Section 14, respectively, the Board may fix, levy, charge, and collect the Pledged General Fee in any manner it may determine within its discretion, and in different amounts from students enrolled in different institutions and branches thereof constituting The University of Texas System, respectively, and in addition it may totally suspend the collection of the Pledged General Fee from the students enrolled in any institution or branch.

(b) If, however, for any reason whatsoever, the deposits specified or required in Section 13(b) and Section 14 to be made to the credit of the Interest and Sinking Fund and the Reserve Fund, respectively, have not been made in full, or if for any other reason whatsoever there are, or appear to be, no other Pledged Revenues or, with respect to the Bonds, Arlington Building Use Fees, available to pay the principal of and interest on the Bonds as the same mature and come due, then the Board shall fix, levy, charge, and collect the Pledged General Fee, as provided and required in subsection (c) of this Section 15, effective at the next succeeding regular semester or semesters or summer term or terms, in amounts sufficient to provide and make the deposits specified or required in Section 13 (b) and Section 14, and in such event the amounts so specified or required to be deposited to the credit of the Interest and Sinking Fund and the Reserve Fund shall be so deposited to the extent required from collections of the Pledged General Fee, as provided and required in subsection (c) of this Section 15, on or before the next succeeding interest payment date or dates on the Bonds or Additional Bonds, and the Board shall not be considered to be in default with respect to this Resolution, or the Bonds or any Additional Bonds, if such deposits are so made, unless there has been a default in the payment when due of the principal of or interest on any Bonds or Additional Bonds.

(c) When and as required by subsection (b) of this Section 15, and subject only to the provisions of the resolutions authorizing Prior Encumbered Obligations, the Board covenants and agrees to fix, levy, charge, and collect the Pledged General Fee on a uniformly applied basis from each student (excepting any student in a category now exempt by law from paying fees) regularly enrolled at each institution and branch thereof constituting a part of The University of Texas System, respectively, at each regular fall and spring semester and at each term of each summer session, for the use and availability of such institution or branch thereof, respectively, in such amounts, uniformly applied to each student, without any limitation whatsoever, as will be at least sufficient to provide, together with other Pledged

Revenues and, with respect to the Bonds, the Arlington Building Use Fees, the money for making when due all deposits specified or required in Section 13(b) hereof and Section 14 hereof to be made to the credit of the Interest and Sinking Fund and the Reserve Fund, respectively, in connection with the Bonds and any Additional Bonds, and to pay the Payment Obligations and the principal of and interest on the Bonds and Additional Bonds when and as required by this Resolution.

(d) The Pledged General Fee shall be fixed, levied, charged, and collected pursuant to resolution of the Board when and as permitted or required by this Resolution, and shall be increased if and when permitted or required by this Resolution, and may be decreased or changed so long as all Pledged Revenues are sufficient to provide the money for making when due all deposits specified or required to be made to the credit of the Interest and Sinking Fund and the Reserve Fund in connection with the Bonds and any Additional Bonds. All changes in the Pledged General Fee shall be made by resolution of the Board, but such procedure shall not constitute or be regarded as an amendment of this Resolution, but merely the carrying out of the provisions and requirements hereof.

(e) On each March 1 and November 1 the Executive Vice Chancellor for Asset Management of The University of Texas System shall deliver to the Chairman of the Board a certificate setting forth his estimate as to whether the Pledged Revenues and Arlington Building Use Fees anticipated to be available through the following May 15 or December 31, respectively will be adequate to pay the principal of and interest on the Bonds and Additional Bonds (including any Payment Obligations) coming due on or prior to the next following interest payment date. If such estimate indicates that the Pledged Revenues, and, with respect to the Bonds, the Arlington Building Use Fees, to be collected in such periods respectively, together with funds then on hand in the Revenue Fund, will be insufficient to make the deposits required by Section 13(b) and Section 14 on the next interest payment date, the Chairman shall convene a meeting of the Board within 45 days of the receipt of such certificate to consider adjustments in the Pledged General Fee.

Section 16. ADDITIONAL AND EXCESS FUNDS; STUDENT UNION FEES. (a) If on any occasion there are not sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues.

(b) Subject to making the required deposits to the credit of the Interest and Sinking Fund and the Reserve Fund, when and as required by this Resolution, or any resolution authorizing the issuance of Additional Bonds, any excess Pledged Revenues shall first be applied to pay any amounts owed under the Financial Guaranty Agreement and thereafter shall be transferred and commingled with the Board's general funds and used for any lawful purpose.

(c) It is recognized that the Board is now authorized by law to levy and collect student union fees on a per capita basis (rather than on a registered semester credit hour basis) from students enrolled at certain of its institutions, and that the student union facilities with respect to which such fees are imposed constitute parts of the Revenue System. It is specifically covenanted and agreed by the Board that henceforth, and while the Bonds or Additional Bonds are outstanding, it will impose, levy, and collect all such student union fees in the full amounts, respectively, now authorized by law, and that it will apply the collections of such fees first to the payment of the Current Expenses of the student union facilities with respect to which they were collected, and second to the other purposes for which such fees now may be used pursuant to law.

Section 17. PAYMENT OF BONDS. (a) On or before February 15, 1987, and semiannually on or before August 15 and February 15 thereafter while any of the Bonds are outstanding and unpaid, the Board shall make available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, and/or the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or be subject to mandatory redemption prior to maturity, on such February 15 or August 15. The Paying Agent/Registrar shall cancel all paid Bonds and shall furnish the Board with an appropriate certificate of cancellation.

(b) At such time as the aggregate amount of money and investments on deposit to the credit of the Interest and Sinking Fund and the Reserve Fund (excluding any amounts attributable to the Surety Bond or any additional surety bonds delivered pursuant to Section 19) are at least sufficient to pay (1) the aggregate principal amount of all unpaid (unmatured and matured) outstanding Bonds and Additional Bonds, plus (2) the aggregate amount of all unpaid interest thereon, no further deposits need be made into the Interest and Sinking Fund or Reserve Fund. In determining the amount of such Bonds and Additional Bonds, and interest thereon, outstanding at any time, there shall be subtracted and excluded the amount of any such Bonds and

Additional Bonds, and interest thereon, which shall have been duly called for redemption and for which funds shall have been deposited with the Paying Agent/Registrar therefor sufficient, including any required redemption premium, for such redemption.

Section 18. SPECIAL OBLIGATIONS. The Bonds, any Additional Bonds, and the interest thereon, and the Payment Obligations will constitute special obligations of the Board payable from the Pledged Revenues and, with respect to the Bonds, Arlington Building Use Fees, and the owners thereof shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in this Resolution.

Section 19. ADDITIONAL BONDS. In addition to the right to issue obligations of inferior lien as authorized by the laws of this State, the Board reserves and shall have the right and power to issue or incur additional parity obligations including Credit Agreements entered into in connection with the issuance of Short Term Obligations ("Additional Bonds") for any purpose authorized by law, including the refunding of any Bonds or Additional Bonds, which Additional Bonds, when issued, shall be secured by and payable from a lien on and pledge of the Pledged Revenues equally and ratably with, and in the same manner and to the same extent as, the Bonds and any other then outstanding Additional Bonds; and the Additional Bonds permitted by this Section, when issued, shall be payable from and secured by the Interest and Sinking Fund and the Reserve Fund and shall be in all respects of equal dignity and on a parity with the Bonds and any other then outstanding Additional Bonds; provided, however, that the Arlington Building Use Fees shall not be pledged to or available for the payment of any Additional Bonds. Each resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Sinking Fund, the Board shall transfer from Pledged Revenues and deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the Required Reserve; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in the form of cash and/or a surety bond, issued by an issuer having a long-term debt rating at least equal to the rating

of the Association's long-term debt, with coverage in an amount that, together with any cash so deposited, is at least equal to said required additional amount. Such required additional amount shall be deposited immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Board, by the deposit, from Pledged Revenues, of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in semiannual installments, made on or before the fifteenth of each February and August following the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, of not less than 1/10th of said required additional amount (or 1/10th of the balance of said required additional amount not deposited in cash as permitted above). If the Additional Bonds are Short Term Obligations, a pro-forma maturity schedule and interest rates shall be determined as provided in the definition of Required Reserve.

In the issuance of Short Term Obligations, the Credit Agreement, if any, entered into by the Board in connection with such Short Term Obligations, shall, for purposes of this Section, be considered as a part of the obligation incurred by the issuance of the Short Term Obligations even though the obligation under such Credit Agreement that it secured or was executed in connection with extends beyond the term the Short Term Obligation is outstanding, i.e., will be considered as an Additional Bond for the purpose of this section after Short Term Obligations are retired (if an obligation exists thereunder), but the Credit Agreement and the Short Term Obligations are to be treated as a single obligation in the principal amount of the Short Term Obligations during the time Short Term Obligations remain outstanding. In addition, the Credit Agreement and the Payment Obligations thereunder may be secured by and payable from a lien on and pledge of the Pledged Revenues on a parity with the Bonds.

Section 20. REQUIREMENTS FOR ADDITIONAL BONDS. Additional Bonds shall be issued or incurred only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued, incurred, or delivered unless:

(a) The Executive Vice Chancellor for Asset Management of The University of Texas System or such other officer designated by the Board signs a written certificate to the effect that to the best of his knowledge the Board is not in default as to any covenants, conditions, or obligations in connection with all outstanding Bonds and Additional Bonds, or the resolutions authorizing same, and that the Interest



and Sinking Fund and the Reserve Fund each contains the amount then required to be therein.

(b) The Executive Vice Chancellor for Asset Management or any other designated financial or accounting officer of The University of Texas System, or any certified public accountant, signs a written certificate to the effect that, based upon the best available information, during either the next preceding Fiscal Year of The University of Texas System, or any twelve consecutive calendar month period ending not more than ninety days prior to the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, the amount of the Pledged Revenues, and, with respect to that portion of the outstanding debt service relating to the Bonds, the Arlington Building Use Fees was at least equal to 1.25 times the average annual principal and interest requirements of all Bonds and Additional Bonds which were then outstanding during such Fiscal Year or period as calculated in the manner described in the definition of Required Reserve.

(c) The Executive Vice Chancellor for Asset Management or any other designated financial or accounting officer of The University of Texas System, signs a written certificate to the effect that, based upon the best available information, during either the next preceding Fiscal Year of The University of Texas System, or any twelve consecutive calendar month period ending not more than ninety days prior to the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, the amount of the Pledged Revenues, and, with respect to that portion of the outstanding debt service relating to the Bonds, the Arlington Building Use Fees was at least equal to 1.25 times the average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds and the Additional Bonds then proposed to be issued as calculated in the manner described in the definition of Required Reserve; or in the alternative, the Executive Vice Chancellor for Asset Management or any other designated financial or accounting officer of The University of Texas System signs a written certificate to the effect that based upon the best available information, during each of the five Fiscal Years following the Fiscal Year in which the Additional Bonds are issued, the amount of the Pledged Revenues, and, with respect to that portion of the outstanding debt service relating to the Bonds, the Arlington Building Use Fees estimated to be received during each of said Fiscal Years, respectively, will be at least equal to 1.25 times the principal and interest requirements of all Bonds and Additional Bonds scheduled to be outstanding after the issuance of the then proposed Additional Bonds, during each



of said Fiscal Years, respectively as calculated in the manner described in the definition of Required Reserve.

In the event the Additional Bonds are Short Term Obligations or bear interest at a variable (as distinguished from a fixed) rate of interest, the principal and interest requirements of such Additional Bonds shall be calculated as provided in the definition of Required Reserve. In addition, when making the above calculations there shall be taken into account in determining Pledged Revenues for such period (i) the Net Revenues produced in such calculation period by any facility which the Board has made a part of the Revenue System, (ii) the amount of Pledged Tuition Fee collected in such calculation period by any Health Institution with respect to which the Board has determined to pledge the tuition charges to the Bonds and Additional Bonds, and (iii) the amount of Pledged General Fee which would have been collected at each institution at the rate per semester credit hour determined by the Board to be charged at the next regular semester.

Section 21. GENERAL COVENANTS. The Board further covenants and agrees that while any Bonds or Additional Bonds or interest thereon are outstanding and unpaid:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and in each resolution authorizing the issuance of Additional Bonds, and in each and every Bond and Additional Bond, it will promptly pay or cause to be paid from the Pledged Revenues (and with respect to the Bonds only, from the Arlington Building Use Fees) the principal of and interest on every Bond and Additional Bond and all Payment Obligations, on the dates and in the places and in the manner prescribed, it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Pledged Revenues (and with respect to the Bonds only, from the Arlington Building Use Fees) the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund, it will duly cause to be called for redemption prior to maturity, and will cause to be redeemed prior to maturity, all Bonds and all Additional Bonds which by their terms are mandatorily required to be redeemed prior to maturity, when and as so required, and any owner of the Bonds or Additional Bonds may require the Board, its officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against

the Board, its officials and employees, or any appropriate official of the State of Texas.

(b) It lawfully owns, has title to, and is lawfully possessed of the lands, buildings, and facilities now constituting The University of Texas System and the Revenue System, it warrants that it will defend said title for the benefit of the owners of the Bonds and Additional Bonds against the claims and demands of all persons whomsoever, it is lawfully qualified to pledge the Pledged Revenues and the Arlington Building Use Fees herein pledged in the manner prescribed herein, and has lawfully exercised such right. Notwithstanding anything to the contrary contained herein, it is recognized that certain institutions constituting a part of The University of Texas System may be combined and that so long as such combined institution continues to be governed by the Board and the conditions below are satisfied such action shall not be in violation of the provisions of this resolution. In addition, subject to the conditions set forth below, any institutions may be closed and abandoned by law or may be removed from The University of Texas System pursuant to law without violating the terms of this Resolution if the Board approves a certification by the Executive Vice Chancellor for Asset Management or other designated financial or accounting officer of The University of Texas System to the effect that, to the best of his knowledge:

(1) the Pledged Revenues, together with the Arlington Building Use Fees with respect to the Bonds, for either the preceding Fiscal Year or the 12-month period immediately preceding such combining, closing, abandonment, or removal would have been at least 100% of the average annual principal and interest requirements as calculated in the manner described in the definition of Required Reserve, if such combining, closing, abandonment, or removal had occurred at the beginning of such Fiscal Year or 12-month period; and

(2) beginning with the Fiscal Year next following such combining, closing, abandonment, or removal, the Pledged Revenues, together with the Arlington Building Use Fees with respect to the Bonds, for each Fiscal Year during the scheduled term of all outstanding Bonds and Additional Bonds are estimated, taking into account any revenues and expenses expected to be attributable to any institution to be added to The University of Texas System and any property to be added to the Revenue System, to be at least 100% of the average annual principal and interest requirements as calculated in the manner described in the definition of Required Reserve.

(c) It will from time to time, and before the same become delinquent, pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, The University of Texas System, or upon the Revenue System, that it will pay all lawful claims for rents, royalties, labor, materials, and supplies which, if unpaid, might by law become a lien or charge upon them, or any part of them, the lien of which would be prior to or interfere with the lien hereof, so that the priority of the lien granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the lien hereof, or do or suffer any matter or thing whereby the lien hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claim which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Board.

(d) It will not do or suffer any act or thing whereby The University of Texas System or the Revenue System might or could be impaired, and that it will at all times maintain, preserve, and keep the real and tangible property of The University of Texas System and the Revenue System and every part thereof in good condition, repair, and working order and operate, maintain, preserve, and keep the facilities, buildings, structures, and equipment pertaining thereto in good condition, repair, and working order.

(e) While the Bonds or Additional Bonds are outstanding and unpaid, it will not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of the property constituting the Revenue System, except that whenever the Board deems it necessary to dispose of any fixtures or equipment of such facilities, it may sell or otherwise dispose of such fixtures or equipment when it has made arrangements to replace the same or provide substitutes therefor, unless the Board finds that such replacement or substitution is unnecessary; provided however, that property constituting part of the Revenue System may be sold at fair market value, permanently abandoned, or otherwise removed from the Revenue System, provided that:

(i) The Executive Vice Chancellor for Asset Management or other designated financial or accounting officer of The University of Texas System certifies that no default exists with respect to any covenant or undertaking in connection with all Bonds and Additional

Bonds then outstanding or the resolution or resolutions authorizing same; and

(ii) The Board approves a certification by the Executive Vice Chancellor for Asset Management or other designated financial or accounting officer of The University of Texas System that, to the best of his knowledge:

(1) the Pledged Revenues, together with the Arlington Building Use Fees with respect to the Bonds, for either the preceding Fiscal Year or the 12-month period immediately preceding such sale, abandonment, or removal would have been at least 100% of the average annual principal and interest requirements as calculated in the manner described in the definition of Required Reserve, if such sale, abandonment, or removal had occurred at the beginning of such Fiscal Year or 12-month period; and

(2) beginning with the Fiscal Year next following such sale, abandonment, or removal, the Pledged Revenues, together with the Arlington Building Use Fees with respect to the Bonds, for each Fiscal Year during the scheduled term of all outstanding Bonds and Additional Bonds are estimated, taking into account any revenues and expenses expected to be attributable to any property to be added to the Revenue System, to be at least 100% of the average annual principal and interest requirement as calculated in the manner described in the definition of Required Reserve.

(f) It will establish and maintain rates and charges for services, use, and availability of all parts of the Revenue System that will produce Gross Revenues sufficient to pay the Current Expenses of the Revenue System, after taking into account the amounts collected pursuant to Section 16(c), and sufficient, together with other Pledged Revenues and, with respect to the Bonds, the Arlington Building Use Fees, to pay the interest on and principal of the Bonds and any Additional Bonds, and maintain the Reserve Fund, all as required by this Resolution.

(g) While any Bonds or Additional Bonds are outstanding and unpaid, the Board shall not additionally encumber the Pledged Revenues, the Arlington Building Use Fees or the Student Union Fees described in Section 16(c) in any manner, except as permitted by this Resolution in connection with the Additional Bonds, unless said encumbrance is made junior and subordinate in all respects

to the liens, pledges, covenants, and agreements of this Resolution.

(h) Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the Revenue System, the Pledged Revenues and the Arlington Building Use Fees, and each year while any of the Bonds are outstanding, the Board will cause to be prepared from such books of record and account a preliminary financial report containing statements of (i) Gross Revenues, Current Expenses, Net Revenues, and the amount of the Arlington Building Use Fees and of the student union fees described in Section 16(c) and (ii) year end balances in funds maintained pursuant to this Resolution and changes in such fund balances from the previous Fiscal Year. Such preliminary reports shall be furnished to the principal municipal bond rating agencies and any owner of the Bonds who shall request same.

(i) Each year, commencing with the Fiscal Year ending August 31, 1987, while any of the Bonds or Additional Bonds are outstanding, an audit will be made of its books and accounts relating to the Revenue System, the Pledged Revenues, the Arlington Building Use Fees and the student union fee described in Section 16(c) by the State Auditor of the State of Texas, or a certified public accountant, such audit to be based on the Fiscal Year of the Board beginning on September 1 of each year and ending on August 31 of the following year. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the Board, a copy of such audit for the preceding Fiscal Year shall be mailed to all bondholders who shall so request. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

(k) Any owner or owners of twenty-five (25%) per centum or more of the Outstanding Principal Amount at the time then outstanding, shall have the right at all reasonable times to inspect the Revenue System and all records, accounts, and data of the Board relating thereto.

Section 22. INDIVIDUALS NOT LIABLE. All covenants, stipulations, obligations, and agreements of the Board contained in this Resolution shall be deemed to be covenants, stipulations, obligations, and agreements of The University of Texas System and the Board to the full extent authorized or permitted by the Constitution and laws of the State of Texas. No covenant, stipulation, obligation, or agreement herein contained shall be deemed to be a covenant, stipulation, obligation, or agreement of any member of the Board or

agent or employee of the Board in his individual capacity and neither the members of the Board nor any officer thereof shall be liable personally on the Bonds or Additional Bonds when issued, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 23. REMEDIES. Any owner or holder of any of the Bonds or Additional Bonds when issued, in the event of default in connection with any covenant contained herein, or default in the payment of said obligations, or of any interest due thereon, shall have the right to institute mandamus proceedings against the Board or any other necessary or appropriate party for the purpose of enforcing payment from the moneys herein pledged or for enforcing any covenant herein contained.

Section 24. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the Board with the Paying Agent/Registrar for the payment of its services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Pledged Revenues, and such principal and interest shall be payable solely from such money or Government Obligations, and shall not be regarded as outstanding for any purposes other than payment, transfer, and exchange.

(b) Any moneys so deposited with or made available to the Paying Agent/Registrar may at the written direction of the Board also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by

the Paying Agent/ Registrar which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Board, or deposited as directed in writing by the Board.

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

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

Section 25. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount or maturity amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

(c) Payment in Lieu of Replacement. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the



Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

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

(e) Authority for Issuing Replacement Bonds. In accordance with Section 6 of Vernon's Ann. Tex. Civ. St. Art. 717k-6, this Section of this Resolution shall constitute authority for the issuance of any such replacement bond without necessity of further action by the Issuer or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(d) of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 26. AMENDMENT OF RESOLUTION. (a) The owners of Bonds and Additional Bonds aggregating 51% in Outstanding Principal Amount shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of Bonds or Additional Bonds which may be deemed necessary or desirable by the Board, provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the outstanding Bonds and Additional Bonds, the amendment of the terms and conditions in said resolutions or in the Bonds or Additional Bonds so as to:

- (1) Make any change in the maturity of the outstanding Bonds or Additional Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding Bonds or Additional Bonds;
- (3) Reduce the amount of the principal payable on the outstanding Bonds or Additional Bonds;

- (4) Modify the terms of payment of principal of or interest on the outstanding Bonds or Additional Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Bonds and Additional Bonds then outstanding;
- (6) Change the minimum percentage of the Outstanding Principal Amount necessary for consent to such amendment.

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

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

(d) Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, the resolution being amended shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Board and all the owners of then outstanding Bonds and Additional Bonds and all future Additional Bonds shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such amendment.

(e) Any consent given by the owner of a Bond or Additional Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of

the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bond or Additional Bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar for such Bonds and Additional Bonds and the Issuer, but such revocation shall not be effective if the owners of 51% in Outstanding Principal Amount, prior to the attempted revocation, consented to and approved the amendment.

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

Notwithstanding any provisions set forth above, until the termination of the Financial Guaranty Agreement this Resolution will not be amended without the written consent of the Association.

Section 27. TAX EXEMPTION. (a) The Board certifies that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Initial Bonds are delivered and paid for, the Board reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds or any portion of the Bonds to be an "arbitrage bond" under Section 103(c)(2) of the Internal Revenue Code of 1954, as amended to the date of delivery and payment of the Initial Bonds (or under Sections 147(g) and 149(d)(2)(D)(i) of the proposed Internal Revenue Code of 1985, if enacted as set forth in H.R. 3838 as passed by the United States House of Representatives on December 17, 1985) (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees and agents of the Board are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the Board as of the date the Initial Bonds are delivered and paid for. In particular, all or any officers, agents, and employees of the Board are authorized to certify for the Board the facts and circumstances and reasonable expectations of the Board on the date the Initial Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the Board covenants that it will make such use of the proceeds of the Bonds, regulate investments of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, the method of calculating yield on the Bonds, as may be required so that the Bonds will not be "arbitrage bonds" under the

Code, and the regulations prescribed from time to time thereunder.

(b) The Issuer will not take any other action or fail to take any other action within its powers that would cause the interest on the Bonds to be includable in gross income within the meaning of Section 103(a) of the Code, and the regulations prescribed from time to time thereunder.

Section 28. CUSTODY, APPROVAL, AND REGISTRATION OF INITIAL BOND; BOND COUNSEL'S OPINION, AND CUSIP NUMBERS. The Chairman of the Board is hereby authorized to have control of the Bond issued hereunder and all necessary records and proceedings pertaining to the Initial Bonds pending their delivery and investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Initial Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bonds. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Initial Bonds or on any Bond issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bond.

Section 29. SALE OF INITIAL BOND. The Initial Bond is hereby sold and shall be delivered to Morgan Guaranty Trust Company of New York, New York, New York, and Associates, in accordance with law and pursuant to a Bond Purchase Contract in form and substance submitted at this meeting, and dated August 14, 1986. The Chairman of the Board is hereby authorized and directed to execute said Bond Purchase Contract on behalf of the Issuer. It is hereby found and determined by the Board that the price and terms for the sale of the Initial Bonds as set forth in said Bond Purchase Contract are the most advantageous reasonably obtainable.

Section 30. OFFICIAL STATEMENT. An Official Statement dated the date of this meeting has been prepared in connection with the sale of the Initial Bond and the Bonds, in the form and substance submitted at this meeting. Said Official Statement and any supplement or addenda thereto have been and are hereby approved, and their use in the offer and sale of the Bonds is hereby approved. It is further officially found, determined, and declared that the statements and representations contained in said Official Statement are

true and correct in all material respects, to the best knowledge and belief of the Board. The distribution and use of the Preliminary Official Statement dated August 14, 1986, prior to the date hereof is hereby ratified and confirmed.

Section 31. REFUNDING OF OUTSTANDING BONDS. Concurrently with the delivery of the Initial Bond the Board shall deposit with MBank Austin, National Association, Austin, Texas, as Escrow Agent, an amount from the proceeds from the sale of the Initial Bond sufficient, together with other available amounts, to refund all of the Outstanding Bonds described in the preamble to this Resolution, and in accordance with Section 7A of Vernon's Ann. Tex. St. Article 717k, as amended, and the applicable sections of Vernon's Ann. Tex. Civ. St. Article 717q. It is hereby found and determined (i) that the refunding of such Outstanding Bonds is advisable and necessary in order to restructure the debt service requirements of the Board, to establish a system financing structure by combining all of The University of Texas System institutions for financing purposes to enhance its financial strength, to broaden permitted investments, and to release certain security previously pledged to the Outstanding Bonds; and (ii) that the debt service requirements on the Bonds on an actual and on a present value basis will be less than those on the Outstanding Bonds.

Section 32. ESCROW AGREEMENT. The Issuer hereby appoints MBank Austin, National Association, Austin, Texas, as Escrow Agent in connection with the refunding of the Outstanding Bonds. The Chairman of the Issuer, the Executive Secretary of the Issuer, the Executive Vice Chancellor for Asset Management or the Manager of Debt Administration of The University of Texas System, for and on behalf of the Issuer, are authorized and directed to sign, seal and otherwise execute and deliver an Escrow Agreement dated as of July 15, 1986, in substantially the form and substance attached hereto as an exhibit, between the Issuer and MBank Austin, National Association, Austin, Texas, with the exhibits thereto to contain information concerning the escrow created under the Escrow Agreement that reflects financial results substantially similar to the report submitted at this meeting by Morgan Guaranty Trust Company of New York. The Executive Vice Chancellor for Asset Management of The University of Texas System is authorized hereby to take such steps as may be necessary to purchase the Escrowed Securities, as defined in such Escrow Agreement, on behalf of the Issuer and otherwise to create and fund the escrow fund contemplated by the Escrow Agreement.

Section 33. PAYING AGENT AGREEMENT. The Issuer hereby appoints MBank Austin, National Association, Austin, Texas as Paying Agent/Registrar for the Bonds authorized hereby. The Chairman of the Issuer, the Executive Secretary of the Issuer, the Executive Vice Chancellor for Asset Management or the Manager of Debt Administration of The University of Texas System are hereby authorized to execute and deliver on behalf of the Issuer a Paying Agent/Registrar Agreement, dated as of the date of delivery of the Initial Bond in substantially the form and substance submitted at this meeting, between the Issuer and MBank Austin, National Association.

Section 34. FINANCIAL GUARANTY AGREEMENT. The Executive Vice Chancellor for Asset Management of The University of Texas System is hereby authorized and directed to execute and deliver the Financial Guaranty Agreement in substantially the form attached hereto as Exhibit A with such changes therein as are approved by the Vice Chancellor and General Counsel of The University of Texas System.

Section 35. REDEMPTION OF OUTSTANDING BONDS. That the Issuer hereby directs that the Outstanding Bonds listed in Exhibit B hereto be called for redemption on the respective redemption dates and at the respective redemption prices set forth in said Notice of Redemption. The Executive Vice Chancellor for Asset Management is hereby authorized and directed to issue a Notice of Redemption of said Bonds called for redemption to the respective Paying Agents or Paying Agents/Registrars for said Outstanding Bonds as shown in the Notice of Redemption, which notice is to be mailed or delivered so as to be received by said institutions no later than August 20, 1986, and to have such notice published once, prior to August 20, 1986, in a financial publication published in The City of New York, New York and of general circulation among securities dealers in The City of New York, New York and in the City of Austin.

In addition, at least thirty (30) days prior to each respective redemption date, a Notice of Redemption in substantially the same form as attached hereto but relating only to the series of Outstanding Bonds to be redeemed on such redemption date shall be published in a financial publication published in The City of New York, New York and of general circulation among securities dealers in The City of New York, New York and in the City of Austin and, with respect to those Outstanding Bonds in registered form, shall be mailed by United States Mail, first-class postage prepaid to the registered owner of each Outstanding Bond to be redeemed on the respective redemption date in the manner required by the resolution authorizing said Outstanding Bonds. The Outstanding Bonds described in said Notice of Redemption shall be presented for redemption in accordance

with said notice at the respective Paying Agents or Paying Agents/Registrars for said Outstanding Bonds as shown in the Notice of Redemption and shall not bear interest after the date provided for their respective redemptions. The Notice of Redemption to be issued and published shall be substantially in the form attached hereto as Exhibit "B". The Executive Vice Chancellor for Asset Management shall insure that the provisions of the resolutions authorizing the Outstanding Bonds are complied with and shall make provisions with the Paying Agents or Paying Agents/Registrars, as the case may be, for the respective series of Outstanding Bonds to have the notices described in the second paragraph of this Section published and/or mailed as required.

Section 36. FURTHER PROCEDURES. The Chairman of the Issuer, the Executive Secretary of the Issuer, the Executive Vice Chancellor for Asset Management and the Manager of Debt Administration of The University of Texas System, and all other officers, employees, and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Bonds, the Bond Purchase Contract, the Official Statement, the Paying Agent/Registrar Agreement, the Financial Guaranty Agreement, the Escrow Agreement or the redemption of those Outstanding Bonds being called for redemption prior to their scheduled maturities. In case any officer whose signature appears on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery.

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Exhibit A

FINANCIAL GUARANTY AGREEMENT

FINANCIAL GUARANTY AGREEMENT made as of August 21, 1986 by and between the Board of Regents of The University of Texas System, (the "Obligor"); and MUNICIPAL BOND INSURANCE ASSOCIATION (the "Association"), an unincorporated voluntary association of insurance companies organized under the laws of the State of New York.

W I T N E S S E T H :

WHEREAS, the Issuer (as hereinafter defined) has or will issue the Obligations (as hereinafter defined); and

WHEREAS, pursuant to the terms of the Document (as hereinafter defined) the Obligor agrees to make certain payments, which payments will be made, in accordance with the terms of the Document, directly to the Paying Agent (as hereinafter defined); and

WHEREAS, the Association will issue its Surety Bond, substantially in the form set forth in Annex A to this Agreement, guaranteeing certain payments by the Obligor subject to the terms and limitations of the Surety Bond; and

WHEREAS, to induce the Association to issue the Surety Bond, the Obligor has agreed to pay the premium for the Surety Bond and to reimburse the Association for all payments made by the Association under the Surety Bond from the source described in Section 2.03 hereof, all as more fully set forth in this Agreement; and

WHEREAS, the Obligor understands that the Association expressly requires the delivery of this Financial Guaranty Agreement as part of the consideration for the execution by the Association of the Surety Bond; and

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the execution of the Surety Bond, the Obligor and the Association agree as follows:

ARTICLE I

DEFINITIONS; SURETY BOND

Section 1.01. Definitions. The terms which are capitalized herein shall have the meanings specified in Annex B hereto.

Section 1.02. Surety Bond.

(a) The Association will issue the Surety Bond in accordance with and subject to the terms and conditions of the Commitment.

(b) The maximum liability of the Association under the Surety Bond and the coverage and term thereof shall be subject to and limited by the terms and conditions of the Surety Bond.

Section 1.03. Premium. In consideration of the Association agreeing to issue the Surety Bond hereunder, the Obligor hereby agrees to pay or cause to be paid from the source described in Section 2.03 hereof the premium set forth in the Commitment.

Section 1.04. Certain Other Expenses. The Obligor will pay all reasonable fees and disbursements of the Association's special counsel related to any modification of this Agreement or the Surety Bond.

ARTICLE II

REIMBURSEMENT OBLIGATIONS OF OBLIGOR AND SECURITY THEREFOR

Section 2.01. Reimbursement for Payments Under the Surety Bond and Expenses.

(a) (i) The Obligor will reimburse the Association, from the source described in Section 2.03 hereof within the Reimbursement Period, without demand or notice by the Association to the Obligor or any other person, to the extent of each Surety Bond Payment with interest on each Surety Bond Payment from and including the date made to and excluding the date of the reimbursement by the Obligor at the Reimbursement Rate.

(ii) Notwithstanding anything contained herein to the contrary:

(A) if the rate or amount of interest applicable to an unreimbursed Surety Bond Payment, when calculated or determined under the foregoing provisions of clause 2.01(a) (i) of this Section, at any time would exceed the Maximum Interest Rate or would produce an amount which would be greater than the amount of interest determined at such rate, then the applicable rate and amount of interest payable in regard to the unreimbursed Surety Bond Payment shall be reduced to the Maximum Interest Rate and the amount determined at a rate per annum equal to the Maximum Interest Rate; and

(B) in the event that the amount of interest accrued in respect of any unreimbursed Surety Bond Payment is, as a result of the above limitations, less than the amount of interest which would have otherwise accrued at a rate determined solely under clause 2.01(a)(i) above in this Section, then the unreimbursed Surety Bond Payment will continue to bear interest at the Maximum Interest Rate until such date as the cumulative amount of interest accrued on the unreimbursed Surety Bond Payment equals the cumulative amount of interest which would otherwise have accrued in accordance with clause 2.01(a)(i) of this Section ("Interest Recapture"), at which date the rate of interest on the unreimbursed Surety Bond Payment shall revert to the rate otherwise provided for in clause 2.01(a)(i) of this Section; and to the extent and for such periods as is necessary for the Association to obtain Interest Recapture as to any Surety Bond Payment previously made and reimbursed, each subsequent unreimbursed Surety Bond Payment made prior to Interest Recapture in respect of a previous Surety Bond Payment shall itself bear interest at the Maximum Interest Rate until Interest Recapture in respect of such prior Surety Bond Payment shall occur; and

(C) in all events, all interest accruing on or becoming payable in respect of any unreimbursed Surety Bond Payment, including not only amounts so denominated herein but also any other payment, consideration, value, benefit or other compensation for the use, forbearance or detention of money, shall never exceed an amount or produce a rate in excess of the maximum amount or rate that may lawfully be contracted for, charged, reserved, received or paid under applicable law in respect of the Promissory Note.

(D) As used herein, the term "Maximum Interest Rate" shall mean the lesser of (a) the maximum nonusurious rate of interest permitted to be charged by applicable federal or Texas law (whichever shall permit the higher lawful rate) from time to time in effect and (b) the maximum net effective interest rate permitted by law to be paid on obligations issued or incurred by the Obligor in the exercise of its borrowing powers (currently prescribed by Article 717k-2, V.A.T.C.S., as amended, or any successor provision).

(b) The Obligor also agrees to reimburse the Association, from the source described in Section 2.03 hereof, immediately and unconditionally upon demand for

all reasonable expenses incurred by the Association in connection with and the enforcement by the Association of the Obligor's obligations under this Agreement and the Document, together with interest on all such expenses from and including the date incurred to the date of payment at the rate set forth in subsection (a) of this Section 2.01.

Section 2.02. Allocation of Payments. The Association and the Obligor hereby agree that each payment received by the Association from or on behalf of the Obligor as a reimbursement to the Association as required by Section 2.01 hereof shall be applied by the Association first, toward repayment of the aggregate Surety Bond Payments made by the Association and not yet repaid, payment of which will reinstate all or a portion of the Surety Bond Coverage to the extent of such repayment (but not to exceed the Surety Bond Limit) and upon full reinstatement of the Surety Bond Coverage to the Surety Bond Limit, toward other amounts, including, without limitation, principal and interest payable with respect to any surety bond payments, then due to the Association.

Section 2.03. Security for Payments; Instruments of Further Assurance. The obligation of the Obligor to pay all amounts due hereunder is and shall be secured by and payable from a subordinate lien on and pledge of the "Pledged Revenues" (as defined in the Document), which lien and pledge created or granted under this Section 2.03 shall be subordinate only to the first lien on and pledge of such "Pledged Revenues" granted in favor of the Owners pursuant to the Document. The Obligor agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all other further instruments as may be required by law or as shall reasonably be requested by the Association for the preservation and protection of all rights of the Association under this Section 2.03.

Section 2.04. Unconditional Obligation. The obligations of the Obligor hereunder are absolute and unconditional and will be paid or performed strictly in accordance with this Agreement, subject to the limitations of the Document, irrespective of:

(a) any lack of validity or enforceability of, or any amendment or other modification of, or waiver with respect to the Obligations or the Document;

(b) any exchange, release or nonperfection of any security interest in property securing the Obligations or this Agreement or any obligations hereunder;

(c) any circumstances which might otherwise constitute a defense available to, or discharge of, the Obligor with respect to the Obligations;

(d) whether or not such obligations are contingent or matured, disputed or undisputed, liquidated or unliquidated.

### ARTICLE III

#### AMENDMENTS TO DOCUMENT

So long as this Agreement is in effect, the Obligor agrees that it will not agree to amend the Document without the prior written consent of the Association.

### ARTICLE IV

#### EVENTS OF DEFAULT; REMEDIES

Section 4.01. Events of Default. The following events shall constitute Events of Default hereunder:

(a) The Obligor shall fail to pay to the Association any amount payable under Sections 1.04 and 2.01 hereof and such failure shall have continued for a period in excess of the Reimbursement Period; or

(b) Any material representation or warranty made by the Obligor under the Document or hereunder or any statement in the application for the Surety Bond or any report, certificate, financial statement or other instrument provided in connection with the Commitment, the Surety Bond or herewith shall have been materially false at the time when made; or

(c) Except as otherwise provided in this Section 4.01, the Obligor shall fail to perform any of its other obligations under the Document or hereunder, provided that such failure continues for more than 30 days after receipt by the Obligor of notice of such failure to perform;

(d) The Obligor shall (i) voluntarily commence any proceeding or file any petition seeking relief under of the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in

a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing;

(e) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Obligor, or of a substantial part of its property, under of the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Obligor or for a substantial part of its property; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days.

Section 4.02. Remedies. If an Event of Default shall occur and be continuing, then the Association may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under this Agreement or to enforce performance of any obligation of the Obligor to the Association under the Document or any related instrument, and any obligation, agreement or covenant of the Obligor under this Agreement; provided, however, that the Association may not take any action to direct or require acceleration or other early redemption of the Obligations or adversely affect the rights of the Owners. All rights and remedies of the Association under this Section 4.02 are cumulative and the exercise of any one remedy does not preclude the exercise of one or more of the other available remedies.

## ARTICLE V

### SETTLEMENT

The Association shall have the exclusive right to decide and determine whether any claim, liability, suit or judgment made or brought against the Association, the Obligor or any other party on the Surety Bond shall or shall not be paid, compromised, resisted, defended, tried or appealed, and the Association's decision thereon, if made in good faith, shall be final and binding upon the Obligor. An itemized statement of payments made by the Association, certified by an officer of the Association, with a copy of the

voucher or vouchers for such payments attached, shall be prima facie evidence of the liability of the Obligor, and if the Obligor fails to immediately reimburse the Association upon the receipt of such statement of payments, interest shall be computed on such amount from the date of any payment made by the Association at the rate set forth in subsection (a) of Section 2.01 hereof.

The Obligor shall submit annually to the Association its records of Surety Bond Payments received and remaining unpaid, the respective dates such Surety Bond Payments were made, the interest accrued at the Reimbursement Rate on each Surety Bond Payment and the aggregate of such interest due by the Obligor to the Association.

## ARTICLE VI

### MISCELLANEOUS

Section 6.01. Computations. All computations of premium, interest and fees hereunder shall be made on the basis of the actual number of days elapsed over a year of 360 days.

Section 6.02. Exercise of Rights. No failure or delay on the part of the Association to exercise any right, power or privilege under this Agreement and no course of dealing between the Association and the Obligor or any other party shall operate as a waiver of any such right, power or privilege, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Association would otherwise have pursuant to law or equity. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances, or constitute a waiver of the right of the other party to any other or further action in any circumstances without notice or demand.

Section 6.03. Amendment and Waiver. Any provision of this Agreement may be amended, waived, supplemented, discharged or terminated only with the prior written consent of the Obligor and the Association. The Obligor hereby agrees that upon the written request of the Paying Agent, the Association may make or consent to issue any substitute for the Surety Bond to cure any ambiguity or formal defect or omission in the Surety Bond which does not materially change the terms of the Surety Bond nor adversely affect the rights of the Owners, and this Agreement shall apply to such substituted surety bond. The Association agrees to deliver to the Obligor and to the company or companies, if any, rating the Obligations, a copy of such substituted surety bond.



Section 6.04. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Obligor and the Association and their respective successors and assigns; provided, that the Obligor may not transfer or assign any or all of its rights and obligations hereunder without the prior written consent of the Association.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 6.05. Other Sureties. If the Association shall procure any other surety to reinsure the Surety Bond, this Agreement shall inure to the benefit of such other surety, its successors and assigns, so as to give to it a direct right of action against the Obligor to enforce this Agreement, and "the Association," wherever used herein, shall be deemed to include such reinsuring surety, as its respective interests may appear.

Section 6.06. Signature on Bond. The Obligor's liability shall not be affected by its failure to sign the Surety Bond nor by any claim that other indemnity or security was to have been obtained nor by the release of any indemnity, nor the return or exchange of any collateral that may have been obtained.

Section 6.07. Waiver. The Obligor waives any defense that this Agreement was executed subsequent to the date of the Surety Bond, admitting and covenanting that such Surety Bond was executed pursuant to the Obligor's request and in reliance on the Obligor's promise to execute this Agreement.

Section 6.08. Notices, Requests, Demands. Except as otherwise expressly provided herein all written notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been given or made when actually received, or in the case of telex or telecopier notice sent over a telex or a telecopier machine owned or operated by a party hereto, when sent, addressed as specified below or at such other address as any of the parties hereto or the Obligor may hereafter specify in writing to the others:

If to the Obligor:

The Board of Regents of The University of  
Texas System  
201 West 7th St.  
Austin, Texas 78701  
Attention: Michael E. Patrick  
Executive Vice Chancellor for Asset  
Management

If to the Paying Agent:

MBank Austin, N.A.  
Corporate Trust Dept.  
600 Congress Ave.  
Austin, Texas 78780  
Attention: Einer Juul

If to the Association:

Municipal Bond Insurance Association  
c/o Municipal Issuers Service Corporation  
34 South Broadway  
White Plains, New York 10602  
Attention: President, Municipal Issuers  
Service Corporation

Section 6.09. Limitation on Optional Redemption. The Obligor agrees that it will not call any Obligations for optional redemption at any time when it owes any amount to the Association under this Agreement.

Section 6.10. Amendments of Document; Additional Obligations. The Obligor shall not amend the Document without the prior written consent of the Association, which consent shall not be unreasonably withheld. Prior to the issuance of any additional obligations under the Document, the Obligor shall provide to the Association signed copies of the certificates required by Section 20 of the Document.

Section 6.11. Notice of Redemption. The Obligor agrees to provide the Association with copies of any notice of redemption which is given pursuant to the Document.

Section 6.12. Third Party Beneficiary. The Obligor agrees that the Association shall be a third party beneficiary to the Document and that the terms, conditions and obligations contained in the Document which benefit the Association are specifically enforceable by the Association.

Section 6.13. Survival of Representations and Warranties. All representations, warranties and obligations contained herein shall survive the execution and delivery of this Agreement and the Surety Bond.

Section 6.14. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Texas.

Section 6.15. Counterparts. This Agreement may be executed in any number of copies and by the different parties hereto on the same or separate counterparts, each of which shall be deemed to be an original instrument. Complete counterparts of this Agreement shall be lodged with the Obligor and the Association.

Section 6.16. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

The Board of Regents of The University  
of Texas System

By \_\_\_\_\_  
Title \_\_\_\_\_

MUNICIPAL BOND INSURANCE ASSOCIATION  
The Aetna Casualty and Surety Company  
Fireman's Fund Insurance Company  
The Travelers Indemnity Company  
Aetna Insurance Company  
The Continental Insurance Company

By MUNICIPAL ISSUERS SERVICE CORPORATION

By \_\_\_\_\_  
President of Municipal Issuers  
Service Corporation

By \_\_\_\_\_  
Secretary of Municipal Issuers  
Service Corporation

Annex A  
SURETY BOND

Municipal Bond Insurance Association  
White Plains, New York 10601

Surety Bond No. \_\_\_\_\_

The insurance companies comprising the Municipal Bond Insurance Association (the "Association"), each of which participates and is liable hereunder severally and not jointly in the respective percentage set forth opposite its name, in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantee the full and complete payments which are to be applied to payment of principal of and interest on the Obligations (as hereinafter defined) and which are required to be made by or on behalf of \_\_\_\_\_ (the "Issuer") under the \_\_\_\_\_

\_\_\_\_\_ (the "Document") to \_\_\_\_\_ (the "Paying Agent"), as such payments are due but shall not be so paid, in connection with the issuance by the Issuer of \_\_\_\_\_

\_\_\_\_\_ [(the "Obligations")] or [together with any bonds issued on a parity therewith, (the "Obligations")]; provided, that the amount available hereunder for payment pursuant to any one Demand for Payment (as hereinafter defined) shall not exceed \$ (the "Surety Bond Limit"); provided, further, that the amount available at any particular time to be paid to the Paying Agent under the terms hereof (the "Surety Bond Coverage") shall be reduced and may be reinstated from time to time as set forth herein. In no event shall the Surety Bond Coverage exceed the Surety Bond Limit.

1. As used herein, the term "Owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable paying agent, the Issuer or any designee of the Issuer for such purpose. The term "Owner" shall not include the Issuer or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment for the Obligations.

2. The insurance companies constituting the members of the Association are as follows:

The Aetna Casualty and Surety Company	33%
Fireman's Fund Insurance Company	30%
The Travelers Indemnity Company	15%
Aetna Insurance Company	12%
The Continental Insurance Company	10%

4827

3. Upon the later of: (i) three (3) days after receipt by the General Manager of the Association of a demand for payment in the form attached hereto as Attachment 1 (the "Demand for Payment"), duly executed by the Paying Agent; or (ii) the payment date of the Obligations as specified in the Demand for Payment presented by the Paying Agent to the Association, the Association, on behalf of its members, will make a deposit of funds in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment to the Paying Agent, of amounts which are then due to the Paying Agent (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

4. Demand for Payment hereunder may be made by prepaid telecopy, telex, TWX or telegram of the executed Demand for Payment c/o the General Manager of the Association. If a Demand for Payment made hereunder does not, in any instance, conform to the terms and conditions of this Surety Bond, the Association shall give notice to the Paying Agent, as promptly as reasonably practicable that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Paying Agent may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Paying Agent is entitled and able to do so.

5. The amount payable by the Association under this Surety Bond pursuant to a particular Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by the Association hereunder and will be reinstated to the extent of each reimbursement of the Association pursuant to the provisions of Article II of the Financial Guaranty Agreement; provided, that in no event shall such reinstatement exceed the Surety Bond Limit. The Association will notify the Paying Agent, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Financial Guaranty Agreement and such reinstatement shall be effective as of the date the Association gives such notice. The notice to the Paying Agent will be substantially in the form attached hereto as Attachment 2.

6. Any service of process on the members of the Association may be made to the Association, one of the members of the Association or the General Manager of the Association or the General Agent of the Association and such service of process shall be valid and binding as to the Association and each of its members. During the term of its appointment, Municipal Issuers Service Corporation will act as the General Manager of the Association and its offices are located at 34 South Broadway, White Plains, New York 10601.



DEMAND FOR PAYMENT

19

Municipal Bond Insurance Association  
c/o Municipal Issuers Service Corporation  
34 South Broadway  
White Plains, New York 10601

Attention: President

Reference is made to the Surety Bond No. \_\_\_\_\_ (the "Surety Bond") issued by the Municipal Bond Insurance Association (the "Association"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Paying Agent hereby certifies that:

(a) In accordance with the provisions of the Document (attached hereto as Exhibit A), payment is due to the Owners of the Obligations on \_\_\_\_\_ (the "Due Date") in an amount equal to \$ \_\_\_\_\_ (the "Amount Due").

(b) The amounts legally available to the Paying Agent on the Due Date will be \$ \_\_\_\_\_ less than the Amount Due (the "Deficiency").

(c) The Paying Agent has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Paying Agent hereby requests that payment of the Deficiency (subject to the Surety Bond Coverage) be made by the Association under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond:

\_\_\_\_\_ [Paying Agent's Account]

[PAYING AGENT]

By \_\_\_\_\_

Its \_\_\_\_\_



NOTICE OF REINSTATEMENT

, 19

[Paying Agent]  
[Address]

Reference is made to the Surety Bond No. \_\_\_\_\_ (the "Surety Bond") issued by the Municipal Bond Insurance Association (the "Association"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Association hereby delivers notice that it is in receipt of payment pursuant to Article II of the Financial Guaranty Agreement and as of the date hereof the Surety Bond Coverage is \$ \_\_\_\_\_.

**MUNICIPAL BOND INSURANCE ASSOCIATION**

The Aetna Casualty and Surety Company  
Fireman's Fund Insurance Company  
The Travelers Indemnity Company  
Aetna Insurance Company  
The Continental Insurance Company

By **MUNICIPAL ISSUERS SERVICE CORPORATION**

\_\_\_\_\_  
President

ANNEX A

DEFINITIONS

(To be provided - should be identical  
to Annex B of Financial Guaranty Agreement)

0099h  
0725a

ANNEX B

DEFINITIONS

TERM SHEET

\$14,853,683.76 Average Annual Debt Service less \$4,669,268.85  
University's contribution of \$222,040,000 Total Par  
Debt Service Reserve Fund for the \$222,040,000 Board of Regents  
of The University of Texas System, General Revenue Refunding Bonds  
Series 1986

A. DEFINITIONS

The terms listed below shall have the following meanings for the purposes of this Term Sheet:

"Association" means Municipal Bond Insurance Association, a voluntary unincorporated association of insurance companies organized under the laws of the State of New York.

"Commitment" means the commitment to issue Municipal Bond Guaranty Insurance delivered by the Association to the Obligor.

"Debt Service Payments" shall have the meaning assigned to it in the Financial Guaranty Agreement.

"Demand for Payment" means the certificate submitted by the Paying Agent to the Association for payment under the Surety Bond substantially in the form attached to the Surety Bond as Attachment 1.

"Document" means Resolution.

"Financial Guaranty Agreement" means the Financial Guaranty Agreement by and between the Obligor and the Association.

"Issuer" means of The Board of Regents of The University of Texas System.

"Obligor" means The Board of Regents of The University of Texas System.

"Obligations" means \$222,040,000 Board of Regents of The University of Texas System, General Revenue Refunding Bonds, Series 1986, together with any bonds issued on a parity therewith.

"Owners" means the registered owners of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer or any assignee of the Issuer for such purpose.

"Paying Agent" means MBank Dallas, National Association, Dallas, Texas.

"Premium" means \$743,000, payable at closing.

"Reimbursement Period" means one year.

"Reimbursement Rate" means Citibank's prime rate plus two (2) percent per annum, as of the date of such Surety Bond Payment, said "prime rate" being the rate of interest announced from time to time by Citibank, N.A., New York, New York, as its prime rate. The rate of interest shall be calculated on the basis of a 360-day year.

"Reserve Requirement" means the "Required Amount" as defined in the Document.

"Surety Bond" means that surety bond issued by the Association guaranteeing, subject to the terms and limitations thereof, payments of interest on and principal of the Bonds required to be made by the Obligor under the Document, substantially in the form attached to the Financial Guaranty Agreement as Annex A.

"Surety Bond Coverage" means the amount available at any particular time to be paid to the Paying Agent under the terms of the Surety Bond, which amount shall never exceed the Surety Bond Limit.

"Surety Bond Limit" means \$14,853,683.76 Average Annual Debt Service less \$4,669,268.85 University's contribution of \$222,040,000 Total Par.

"Surety Bond Payment" means the deficiency amount set forth in the Obligor's notice to the Paying Agent delivered pursuant to the Document, all as certified by the Paying Agent in a Demand for Payment.

Where applicable, defined terms such as those set forth above should be incorporated in the the Document. Other revisions to definitions in the Document may be necessary to reflect the provisions of the Commitment.

Exhibit "B"

NOTICE OF REDEMPTION

Board of Regents of The University of Texas System

Notice is hereby given that the Board of Regents of The University of Texas System (the "Board") has called for redemption on the dates and at the redemption prices specified, the below listed Outstanding Bonds of the Board of as follows:

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT ARLINGTON, COMBINED FEE REVENUE BONDS, SERIES 1985, dated January 1, 1985, maturing on July 1 in each of the years 1995 through 2005, and aggregating \$7,720,000 in principal amount. The date fixed for redemption of said Series 1985 Bonds is July 1, 1994, and said Series 1985 Bonds shall be redeemed in whole at MBank Austin, N.A., Austin, Texas, the Paying Agent/Registrar for said Series 1985 Bonds. Upon presentation of said Series 1985 Bonds at the Paying Agent/Registrar on the aforementioned redemption date, the Registered Owner thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date plus a premium equal to two percent (2%) of said par amount.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT ARLINGTON 9% APARTMENT REVENUE BONDS, SERIES 1985, dated July 1, 1985, maturing on July 1 in each of the years 1995 through 2006, and aggregating \$745,000 in principal amount. The date fixed for redemption of said Series 1985 Bonds is July 1, 1994, and said Series 1985 Bonds shall be redeemed in whole at MBank Austin, N.A., Austin, Texas, the Paying Agent/Registrar for said Series 1985 Bonds. Upon presentation of said Series 1985 Bonds at the Paying Agent/Registrar on the aforementioned redemption date, the Registered Owner thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT AUSTIN, MARRIED STUDENT HOUSING REVENUE BONDS, SERIES 1981, dated May 1, 1981, maturing on August 1 in each of the years 1991 through 2007, and aggregating \$4,985,000 in principal amount, and numbered 154 through 1150. The date fixed for redemption of

said Series 1981 Bonds is August 1, 1990, and said Series 1981 Bonds shall be redeemed in whole at BancTexas Dallas, N.A., Dallas, Texas (formerly National Bank of Commerce of Dallas), or, at the option of the bearer, at Chemical Bank, New York, New York, the places of payment for said Series 1981 Bonds. Upon presentation of said Series 1981 Bonds at a place of payment on the aforementioned redemption date, the holder thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date plus a premium equal to one percent (1%) of said par amount.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT AUSTIN, BUILDING REVENUE BONDS, SERIES 1983, dated August 1, 1983, maturing on May 1 in each of the years 1993 through 2006, and aggregating \$25,265,000 in principal amount. The date fixed for redemption of said Series 1983 Bonds is May 1, 1992, and said Series 1983 Bonds shall be redeemed in whole at MBank Austin, N.A., Austin, Texas (formerly The American National Bank of Austin), the Paying Agent/Registrar for said Series 1983 Bonds. Upon presentation of said Series 1983 Bonds at the Paying Agent/Registrar on the aforementioned redemption date, the Registered Owner thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date plus a premium equal to one percent (1%) of said par amount.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT AUSTIN, PARKING FACILITIES REVENUE BONDS, SERIES 1984, dated December 1, 1984, maturing on December 1 in each of the years 1995 through 2003, and aggregating \$2,205,000 in principal amount. The date fixed for redemption of said Series 1984 Bonds is December 1, 1994, and said Series 1984 Bonds shall be redeemed in whole at MBank Austin, Austin, Texas, the Paying Agent/Registrar for said Series 1984 Bonds. Upon presentation of said Series 1984 Bonds at the Paying Agent/Registrar on the aforementioned redemption date, the Registered Owner thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date plus a premium equal to one and one-half percent (1.5%) of said par amount.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT DALLAS, UTILITY REVENUE BONDS, SERIES 1980, dated August 1, 1980,

maturing on August 1 in each of the years 1992 through 1993, and aggregating \$1,075,000 in principal amount, numbered 758 through 972; and maturing on August 1 in each of the years 1997 through 1998, aggregating \$1,545,000 in principal amount, numbered 1360 through 1668. The date fixed for redemption of said Series 1980 Bonds is August 1, 1990, and said Series 1980 Bonds shall be redeemed in whole at BancTexas Dallas N.A., Dallas, Texas (formerly National Bank of Commerce of Dallas), or, at the option of the bearer, at Bankers Trust Company, New York, New York, the places of payment for said Series 1980 Bonds. Upon presentation of said Series 1980 Bonds at a place of payment on the aforementioned redemption date, the holder thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date plus a premium equal to one percent (1%) of said par amount.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT SAN ANTONIO, COMBINED FEE REVENUE BONDS, SERIES 1980, dated March 1, 1980, maturing on March 1 in each of the years 1991 through 2004, and aggregating \$6,635,000 in principal amount, numbered 374 through 1700. The date fixed for redemption of said Series 1980 Bonds is March 1, 1990, and said Series 1980 Bonds shall be redeemed in whole at BancTexas Dallas N.A., Dallas, Texas (formerly National Bank of Commerce of Dallas), or, at the option of the bearer, at Chemical Bank, New York, New York, the places of payment for said Series 1980 Bonds. Upon presentation of said Series 1980 Bonds at a place of payment on the aforementioned redemption date, the holder thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date plus a premium equal to one percent (1%) of said par amount.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT SAN ANTONIO, COMBINED FEE REVENUE BONDS, SERIES 1984, dated March 1, 1984, maturing on March 1 in each of the years 1995 through 2007, and aggregating \$6,725,000 in principal amount. The date fixed for redemption of said Series 1984 Bonds is March 1, 1994, and said Series 1984 Bonds shall be redeemed in whole at First City National Bank of Austin, Austin, Texas, the Paying Agent/Registrar for said Series 1984 Bonds. Upon presentation of said Series 1984 Bonds at the Paying



Agent/Registrar on the aforementioned redemption date, the Registered Owner thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date plus a premium equal to two percent (2%) of said par amount.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS AT SAN ANTONIO, UTILITY REVENUE BONDS, SERIES 1980, dated August 1, 1980, maturing on August 1 in each of the years 1992 through 1993, and aggregating \$1,040,000 in principal amount, numbered 732 through 939; and maturing on August 1 in each of the years 1997 through 1998, and aggregating \$1,490,000 in principal amount, numbered 1314 through 1611. The date fixed for redemption of said Series 1980 Bonds is August 1, 1990, and said Series 1980 Bonds shall be redeemed in whole at BancTexas Dallas N.A., Dallas, Texas (formerly National Commerce Bank of Dallas), or, at the option of the bearer, at Bankers Trust Company, New York, New York, the places of payment for said Series 1980 Bonds. Upon presentation of said Series 1980 Bonds at a place of payment on the aforementioned redemption date, the holder thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date plus a premium equal to one percent (1%) of said par amount.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON, HOUSING SYSTEM REVENUE BONDS, SERIES 1981, dated May 1, 1981, maturing on May 1 in each of the years 1992 through 1998, and aggregating \$8,890,000 in principal amount, numbered 1023 through 2800. The date fixed for redemption of said Series 1981 Bonds is May 1, 1991, and said Series 1981 Bonds shall be redeemed in whole at Texas Commerce Bank National Association, Houston, Texas, or, at the option of the bearer, at First City National Bank of Houston, Houston, Texas, the places of payment for said Series 1981 Bonds. Upon presentation of said Series 1981 Bonds at a place of payment on the aforementioned redemption date, the Holder thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date plus a premium equal to one percent (1%) of said par amount.

NOTICE IS FURTHER GIVEN that due and proper arrangements have been made for providing the

respective places of payment of said Bonds called for redemption with funds sufficient to pay the principal amount of said Bonds, the interest thereon to the respective redemption dates and the applicable redemption premium. In the event said Bonds, or any of them are not presented for redemption by the date fixed for their redemption, they shall not thereafter bear interest.

THIS NOTICE is issued and given pursuant to the redemption provisions in the proceedings authorizing the issuance of the aforementioned Bonds and in accordance with the recitals and provisions of each of said Bonds.

WITNESS MY OFFICIAL SIGNATURE, this 14th day of August, 1986.

Executive Vice Chancellor for Asset  
Management, Board of Regents of  
The University of Texas System

EXHIBIT C

ESCROW AGREEMENT

Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986

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THIS ESCROW AGREEMENT, dated as of July 15, 1986 (herein, together with any amendments or supplements hereto, called the "Agreement") is entered into by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (herein called the "Issuer") and MBANK AUSTIN, NATIONAL ASSOCIATION, AUSTIN, TEXAS, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The addresses of the Issuer and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

W I T N E S S E T H:

WHEREAS, the Issuer heretofore has issued, and there presently remain outstanding, the legal obligations of the Issuer described in Exhibit B attached hereto (the "Refunded Obligations"); and

WHEREAS, the Refunded Obligations are scheduled to come due in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in Exhibit C attached hereto and made a part hereof; and

WHEREAS, when firm banking arrangements have been made for the payment of all principal and interest of the Refunded Obligations when due, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Vernon's Ann. Tex. Civ. St. Article 717k, as amended, authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with any place of payment (paying agent) for any of the Refunded Obligations, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Article 717k further authorizes the Issuer to enter into an escrow agreement with any such paying agent for any of the Refunded Obligations with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent may agree, provided that such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payments of principal and interest on the Refunded Obligations when due; and

WHEREAS, the Escrow Agent is a place of payment (paying agent) for some of the Refunded Obligations and this Agreement constitutes an escrow agreement of the kind authorized and required by said Article 717k; and

WHEREAS, Article 717k makes it the duty of the Escrow Agent to comply with the terms of this Agreement and to timely make available to the other places of payment (paying agents) for the Refunded Obligations the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the issuance, sale, and delivery of Board of Regents of The University of Texas System General Revenue Refunding Bonds, Series 1986 (the "Refunding Obligations") have been duly authorized to be issued, sold, and delivered for the purpose of obtaining funds required to provide for the payment of the principal of and interest on the Refunded Obligations when due; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Obligations to the purchasers thereof, certain proceeds of the Refunding Obligations, together with certain other available funds of the Issuer, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys that, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations as it becomes due and payable; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at the principal corporate trust office of the Escrow Agent; and

WHEREAS, the Escrow Agent is a party to this Agreement to acknowledge its acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which are acknowledged hereby, and to secure the full and timely payment of the principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

#### ARTICLE I

##### DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Code" means the Internal Revenue Code of 1954, as amended, and the rules and regulations thereunder.

"Escrow Fund" means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Escrowed Securities" means the noncallable United States Treasury obligations described in Exhibit D attached to this Agreement, or cash or other direct obligations of the United States of America substituted therefor or

purchased with the proceeds thereof pursuant to Section 4.02 or 4.03 of this Agreement.

"Other Paying Agents" means all the entities listed in Exhibit G attached to this Agreement except the Escrow Agent.

"Paying Agents" means the entities acting as Paying Agent/Registrar for any of the Refunded Obligations, including the entities listed in Exhibit G attached to this Agreement, and any other place of payment (paying agent or co-paying agent) for the Refunded Obligations, including any agent of any of such entities that exercises the powers or performs the duties of any such paying agent on its behalf in connection with any of the Refunded Obligations.

Section 1.02. Other Definitions. The terms "Agreement," "Issuer," "Escrow Agent," "Refunded Obligations," and "Refunding Obligations," when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement. The terms defined in Exhibit B to this Agreement, when used in this Agreement, shall have the meanings assigned to them in such Exhibit B.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

## ARTICLE II

### DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Section 2.01. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Refunding Obligations the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described in Exhibit D attached hereto, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Board of Regents of The University of Texas System General Revenue Bonds Escrow Fund (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in Exhibit D attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby pledged irrevocably to the payment of the principal of and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent thereupon shall be discharged from any further duties hereunder.

Section 3.02. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer, from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of and interest on the Refunded Obligations, when due, in the amounts and at the times shown in Exhibit C attached hereto.

The Escrow Agent shall be obligated to make available to the Paying Agents amounts from the Escrow Fund sufficient to pay when due the principal of and interest on any Refunded Obligations presented to the Paying Agents for payment.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be sufficient at all times to provide moneys for transfer to the Paying Agents at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due and the principal of the



Refunded Obligations as the Refunded Obligations mature, all as more fully set forth in Exhibit E attached hereto.

Section 3.04. Trust Fund. The Escrow Agent at all times shall hold the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund always shall be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations; and a special account thereof shall be maintained at all times on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a constructive trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly provided herein, by the Paying Agents.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, shall be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

#### ARTICLE IV

##### LIMITATION ON INVESTMENTS

Section 4.01. Except for the initial investment of the proceeds of the Refunding Obligations in the Escrowed Securities, and except as provided in Sections 4.02 and 4.03 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make

substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

Section 4.02. Cash Balances in Escrow. In addition to the Escrowed Securities listed in Exhibit D hereto, the Escrow Agent shall hold for the credit of the Escrow Fund any cash balances deposited therein. The Escrow Agent shall reinvest any cash balances deposited to the credit of the Escrow Fund that are not needed immediately to pay principal of or interest on the Refunded Obligations only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, maturing not later than the next succeeding principal or interest payment date for the Refunded Obligations, in accordance with written instructions to the Escrow Agent from the Issuer. The Issuer's initial instructions regarding such reinvestments are attached hereto as Exhibit H. Such instructions may be changed from time to time by the Issuer so long as any change in such instructions shall be accompanied by an opinion of nationally recognized bond counsel or tax counsel to the effect that investments made in accordance with such instructions will not have an adverse effect on the exemption from federal income tax of the interest on the Refunding Obligations. The Issuer hereby appoints the Escrow Agent as its agent and duly authorized representative for purposes of subscribing to and purchasing such obligations, all of which shall constitute Escrowed Securities. Any income or increment earned from such reinvestment that is not required according to the schedules contained herein for the payment of the Refunded Obligations shall be transferred promptly to the Issuer.

Section 4.03. Substitution for Escrowed Securities. At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Obligations or direct obligations of, or obligations the principal of and interest on which is unconditionally guaranteed by, the United States of America, which do not permit the redemption thereof at the option of the obligor, and, if desirable, may amend the provisions of Article IV hereof as a part of such restructuring of the Escrow Fund. Any such transaction may be effected by the Escrow Agent only if: (i) the Escrow

Agent shall have received a written opinion from a nationally recognized firm of certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount sufficient to provide for the payment of principal of, redemption premium on and interest on the Refunded Obligations as they become due pursuant to Section 3.02 and 3.03 of this Agreement; and (ii) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel to the effect that such transaction will not cause any of the Refunding Obligations to be an "arbitrage bond" within the meaning of Section 103(c) of the Code.

Section 4.04. Allocation of Certain Escrowed Securities. Except as provided in this Section 4.04, the maturing principal of and interest on the Escrowed Securities may be applied to the payment of any Refunded Obligations and no allocation or segregation of the receipts of principal or interest from such Escrowed Securities is required. The maturing principal of and interest on the Escrowed Securities listed in Exhibit F hereto shall be allocated and applied only to pay the Refunded Obligations listed on Exhibit F hereto.

Section 4.05. Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Refunding Obligations or Refunded Obligations to be an "arbitrage bond" within the meaning of Section 103(c) of the Code.

## ARTICLE V

### APPLICATION OF CASH BALANCES

Section 5.01. In General. Except as provided in Sections 3.02, 4.02, and 4.03 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

ARTICLE VI

RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the refunded Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII

CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall not have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except

for the obligation to notify the Issuer promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Obligations shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Obligations or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment and paying agent and/or Paying Agent/Registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations regarding the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or the title of the Issuer thereto, or as to the security afforded thereby or hereby. The Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically provided otherwise herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the

occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

Section 7.03. Compensation; Other Paying Agents.

(a) Concurrently with the sale and delivery of the Refunding Obligations, the Issuer shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the sum of \$33,500, the sufficiency of which, for such purposes, is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) Concurrently with the sale and delivery of the Refunding Obligations, the Issuer shall pay to the Escrow Agent the sum of \$44,029.80, in full payment of all future paying agency, registration and transfer agent services to be performed, in connection with the Arlington Combined Fee Bonds, Series 1985, the Arlington 9% Apartment Bonds, Series 1985, the Austin Building Revenue Bonds, Series 1983, and the Austin Parking Bonds, Series 1984, by the Escrow Agent, acting in its capacity as Paying Agent/Registrar for such Refunded Obligations, or by any other Paying Agent/Registrar or Co-Paying Agent/Registrar for such Refunded Obligations. The Escrow Agent shall be obligated to pay all charges of

the Paying Agents for such Refunded Obligations for their paying agency services.

(c) Upon receipt of the aforesaid specific sums stated in subsections (a) and (b) of this Section 7.03 for Escrow Agent and paying agency fees, expenses, and services, the Escrow Agent shall acknowledge such receipt to the Issuer in writing.

(d) The entities listed in Exhibit G attached to this Agreement, including the Escrow Agent acting in its capacity as Paying Agent/Registrar for some of the Refunded Obligations, are the principal places of payment (paying agents) for the respective Refunded Obligations set forth in such Exhibit G.

Concurrently with the sale and delivery of the Refunding Obligations the Issuer shall pay to the Other Paying Agents the respective sums set forth in Exhibit G attached hereto, for all future paying agency services of the Other Paying Agents. The Issuer warrants that it has received from the Other Paying Agents approval of the arrangements herein made and written acknowledgement that the respective sums paid to the Other Paying Agents have been accepted in payment of all future paying agency, registration, and transfer agent services of the Other Paying Agents in connection with the Refunded Obligations.

Section 7.04. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the



owner of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation or an association organized and doing business under the laws of the United States of America or the State of Texas, authorized under such laws to exercise corporate trust powers, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$5,000,000 and subject to the supervision or examination by federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties. The Escrow Agent shall pay over to its successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder.

#### ARTICLE VIII

##### MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed to the Issuer or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this 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 provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective Date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the Escrowed Securities and funds described in Exhibit D attached hereto, together with the specific sums described in subsections (a) and (b) of Section 7.03 hereof for Escrow Agent and paying agency fees, expenses and services.

EXECUTED as of the date first written above.

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By \_\_\_\_\_  
M.E. Patrick  
Executive Vice Chancellor  
for Asset Management

MBANK AUSTIN, NATIONAL ASSOCIATION  
AUSTIN, TEXAS

By \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Title:

(CORPORATE SEAL)

4854

EXHIBIT A

Issuer:           The Board of Regents  
                  The University of Texas System  
                  210 West 6th Street  
                  Austin, Texas 78701  
                  Attention: Manager of Debt Administration

Escrow Agent:   MBank Austin, National Association  
                  One American Center  
                  600 Congress  
                  Austin, Texas 78701  
                  Attention: Corporate Trust

4855

EXHIBIT B  
REFUNDED OBLIGATIONS

<u>Bond Issue</u>	<u>Principal Amount Outstanding</u>
Board of Directors of The Agricultural and Mechanical College of Texas, Arlington State College Student Center Fee Bonds, Series 1960 (the "Arlington Student Center Bonds, Series 1960")	\$ 110,000
Board of Directors of The Agricultural and Mechanical College of Texas, Arlington State College Gymnasium Fee Bonds, Series 1961 (the "Arlington Gymnasium Fee Bonds, Series 1961")	\$ 150,000
Board of Directors of The Texas A&M University System - Arlington State College Student Fee Revenue Bonds, Series 1964 (the "Arlington Student Fee Bonds, Series 1964")	\$ 1,470,000
Board of Regents of The University of Texas - Arlington State College Student Fee Revenue Bonds, Series 1966 (the "Arlington Student Fee Bonds, Series 1966")	\$ 880,000
Board of Regents of The University of Texas System, The University of Texas at Arlington, Student Fee Revenue Bonds, Series 1968 (the "Arlington Student Fee Bonds, Series 1968")	\$ 680,000
Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1971-A (the "Arlington Combined Fee Bonds, Series 1971-A")	\$ 3,530,000
Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1973 (the "Arlington Combined Fee Bonds, Series 1973")	\$ 6,480,000
Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1973-A (the "Arlington Combined Fee Bonds, Series 1973-A")	\$ 6,365,000

4856

Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1974 (the "Arlington Combined Fee Bonds, Series 1974")	\$ 860,000
Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1978 (the "Arlington Combined Fee Bonds, Series 1978")	\$ 4,710,000
Board of Regents of The University of Texas System, The University of Texas at Arlington, Combined Fee Revenue Bonds, Series 1985 (the "Arlington Combined Fee Bonds, Series 1985")	\$ 9,835,000
Board of Directors of The Agricultural and Mechanical College of Texas - Arlington State College Housing System Revenue Refunding Bonds, Series 1963 (the "Arlington Housing System Bonds, Series 1963")	\$ 676,000
Board of Regents of The University of Texas System, The University of Texas at Arlington, Apartment Revenue Bonds, Series 1978 (the "Arlington Apartment Revenue Bonds, Series 1978")	\$ 1,155,000
Board of Regents of The University of Texas System, The University of Texas at Arlington, 9% Apartment Revenue Bonds, Series 1985 (the "Arlington 9% Apartment Bonds, Series 1985")	\$ 950,000
Board of Regents of The University of Texas System, The University of Texas at Austin, Combined Fee Revenue Bonds, Series 1971 (the "Austin Combined Fee Bonds, Series 1971")	\$14,685,000
Board of Regents of The University of Texas System, The University of Texas at Austin, Combined Fee Revenue Bonds, Series 1972 (the "Austin Combined Fee Bonds, Series 1972")	\$ 6,755,000
Board of Regents of The University of Texas System, The University of Texas at Austin, Combined Fee Revenue Bonds, Series 1973 (the "Austin Combined Fee Bonds, Series 1973")	\$27,710,000

4857

Board of Regents of The University of Texas System, The University of Texas at Austin, Combined Fee Revenue Bonds, Series 1978 (the "Austin Combined Fee Bonds, Series 1978")	\$12,140,000
Board of Regents of The University of Texas Student Union Revenue Bonds, Series 1958-B (the "Austin Student Union Bonds, Series 1958-B")	\$ 188,000
Board of Regents of The University of Texas Dormitory Revenue Bonds, Series 1954 (the "Austin Dormitory Bonds, Series 1954")	\$ 1,182,000
Board of Regents of The University of Texas Housing System Revenue Bonds, Series 1967 (the "Austin Housing System Bonds, Series 1967")	\$12,245,000
Board of Regents of The University of Texas System, The University of Texas at Austin, Married Student Housing Revenue Bonds, Series 1971 (the "Austin Married Student Housing Bonds, Series 1971")	\$ 2,610,000
Board of Regents of The University of Texas System, The University of Texas at Austin, Married Student Housing Revenue Bonds, Series 1981 (the "Austin Married Student Housing Bonds, Series 1981")	\$ 5,440,000
Board of Regents of The University of Texas System, The University of Texas at Austin, Building Revenue Bonds, Series 1969 (the "Austin Building Revenue Bonds, Series 1969")	\$18,865,000
Board of Regents of The University of Texas System, The University of Texas at Austin, Building Revenue Bonds, Series 1983 (the "Austin Building Revenue Bonds, Series 1983")	\$29,000,000
Board of Regents of The University of Texas System, The University of Texas at Austin, Parking Facilities Revenue Bonds, Series 1984 (the "Austin Parking Bonds, Series 1984")	\$ 3,000,000
Board of Regents of The University of Texas System, The University of Texas at Dallas, Combined Fee Revenue Bonds, Series 1978 (the "Dallas Combined Fee Bonds, Series 1978")	\$ 7,790,000

4858



Board of Regents of The University of Texas System, The University of Texas at Dallas, Utility Revenue Bonds, Series 1980 (the "Dallas Utility Bonds, Series 1980")	\$ 8,435,000
Board of Regents of The University of Texas System, The University of Texas at El Paso, Combined Fee Revenue Bonds, Series 1970 (the "El Paso Combined Fee Bonds, Series 1970")	\$ 4,535,000
Board of Regents of The University of Texas System, The University of Texas at El Paso, Combined Fee Revenue Bonds, Series 1971 (the "El Paso Combined Fee Bonds, Series 1971")	\$ 3,220,000
Board of Regents of The University of Texas System, The University of Texas at El Paso, Combined Fee Revenue Bonds, Series 1973 (the "El Paso Combined Fee Bonds, Series 1973")	\$ 3,965,000
Board of Regents of The University of Texas System, The University of Texas at El Paso, Combined Fee Revenue Bonds, Series 1974 (the "El Paso Combined Fee Bonds, Series 1974")	\$ 975,000
Board of Regents of The University of Texas System, The University of Texas at El Paso, Combined Fee Revenue Bonds, Series 1979 (the "El Paso Combined Fee Bonds, Series 1979")	\$ 4,290,000
The University of Texas at El Paso, Student Union Building Revenue Bonds, Series A of 1967 (the "El Paso Student Union Bonds, Series 1967A")	\$ 58,000
The University of Texas at El Paso, Student Union Building Revenue Bonds, Series B of 1967 (the "El Paso Student Union Bonds, Series 1967B")	\$ 2,005,000
Board of Regents of The University of Texas System, The University of Texas at El Paso, Building Revenue Bonds, Series 1969 (the "El Paso Building Revenue Bonds, Series 1969")	\$ 6,820,000
Board of Regents of The University of Texas System, The University of Texas at San Antonio, Combined Fee Revenue Bonds, Series 1980 (the "San Antonio Combined Fee Bonds, Series 1980")	\$ 7,610,000

Board of Regents of The University of Texas System, The University of Texas at San Antonio, Combined Fee Revenue Bonds, Series 1984 (the "San Antonio Combined Fee Bonds, Series 1984")	\$ 7,865,000
Board of Regents of The University of Texas System, The University of Texas at San Antonio, Utility Revenue Bonds, Series 1980 (the "San Antonio Utility Bonds, Series 1980")	\$ 8,145,000
Board of Regents of The University of Texas System, The University of Texas Health Science Center at Houston, Housing System Revenue Bonds, Series 1981 (the "Houston Housing Bonds, Series 1981")	\$12,495,000
Board of Regents of Texas Eastern University Combined Fee Revenue Bonds, Series 1976 (the "Tyler Combined Fee Bonds, Series 1976")	\$ 1,325,000

EXHIBIT C  
SCHEDULE OF DEBT SERVICE ON REFUNDED OBLIGATIONS

4861

EXHIBIT D  
DEPOSITS TO ESCROW FUND

Open Market Securities

I. U.S. Treasury Bills

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
135,000.00	0.000%	08/28/86
225,000.00	0.000%	09/25/86
320,000.00	0.000%	01/29/87
310,000.00	0.000%	01/29/87
620,000.00	0.000%	10/30/86
1,105,000.00	0.000%	04/16/87
345,000.00	0.000%	11/28/86
750,000.00	0.000%	08/28/86
185,000.00	0.000%	10/30/86
955,000.00	0.000%	04/16/87
2,390,000.00	0.000%	06/11/87

II. U.S. Treasury Notes

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
120,000.00	8.875%	07/31/87
140,000.00	8.875%	07/31/87
770,000.00	8.875%	07/31/87
50,000.00	9.000%	09/30/87
690,000.00	8.875%	10/31/87
55,000.00	8.125%	01/31/88
45,000.00	7.125%	03/31/88
2,985,000.00	6.625%	04/30/88
1,330,000.00	7.125%	05/31/88
2,440,000.00	7.000%	06/30/88
1,115,000.00	6.625%	07/31/88
715,000.00	15.375%	10/15/88
81,000.00	14.625%	01/15/89
42,000.00	11.250%	03/31/89
3,214,000.00	14.375%	04/15/89
2,557,000.00	9.625%	06/30/89
1,181,000.00	14.500%	07/15/89
866,000.00	11.875%	10/15/89
141,000.00	10.500%	01/15/90

6,768,000.00	11.000%	02/15/90
42,000.00	7.250%	03/31/90
3,576,000.00	10.500%	04/15/90
4,194,000.00	11.375%	05/15/90
11,560,000.00	10.750%	07/15/90
4,000.00	10.750%	08/15/90
1,065,000.00	11.500%	10/15/90
111,000.00	13.000%	11/15/90
242,000.00	11.750%	01/15/91
12,811,000.00	12.375%	04/15/91
4,508,000.00	14.500%	05/15/91
1,366,000.00	13.750%	07/15/91
1,363,000.00	12.250%	10/15/91
322,000.00	14.250%	11/15/91
305,000.00	11.625%	01/15/92
28,954,000.00	11.750%	04/15/92
4,974,000.00	13.750%	05/15/92
503,000.00	10.375%	07/15/92
1,801,000.00	9.750%	10/15/92
558,000.00	10.500%	11/15/92
343,000.00	8.750%	01/15/93
1,134,000.00	10.875%	02/15/93
2,043,000.00	7.375%	04/15/93
6,130,000.00	10.125%	05/15/93
1,990,000.00	11.875%	08/15/93
1,105,000.00	11.750%	11/15/93
16,232,000.00	13.125%	05/15/94
1,730,000.00	12.625%	08/15/94
3,860,000.00	11.625%	11/15/94

### III. U.S. Treasury Bonds

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
388,000.00	15.750%	11/15/01
574,000.00	14.250%	02/15/02
66,000.00	11.125%	08/15/03
30,000.00	13.750%	08/15/04
1,399,000.00	11.500%	11/15/95
1,368,000.00	11.750%	02/15/01
292,000.00	13.125%	05/15/01
409,000.00	13.375%	08/15/01
1,479,000.00	14.250%	02/15/02
1,248,000.00	10.750%	02/15/03
1,240,000.00	11.875%	11/15/03
1,433,000.00	13.750%	08/15/04

IV. U.S. Treasury STRIPS

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
25,000.00	0.000%	02/15/97
5,088,000.00	0.000%	05/15/97
986,000.00	0.000%	08/15/97
924,000.00	0.000%	11/15/97
1,701,000.00	0.000%	02/15/98
5,359,000.00	0.000%	05/15/98
965,000.00	0.000%	08/15/98
799,000.00	0.000%	11/15/98
1,721,000.00	0.000%	02/15/99
5,434,000.00	0.000%	05/15/99
953,000.00	0.000%	08/15/99
667,000.00	0.000%	11/15/99
1,742,000.00	0.000%	02/15/00
5,417,000.00	0.000%	05/15/00
931,000.00	0.000%	08/15/00
541,000.00	0.000%	11/15/00
1,765,000.00	0.000%	02/15/01
6,270,000.00	0.000%	05/15/01
903,000.00	0.000%	08/15/01
1,790,000.00	0.000%	02/15/02
5,488,000.00	0.000%	05/15/02
706,000.00	0.000%	08/15/02
280,000.00	0.000%	11/15/02
1,818,000.00	0.000%	02/15/03
5,070,000.00	0.000%	05/15/03
680,000.00	0.000%	08/15/03
143,000.00	0.000%	11/15/03
1,851,000.00	0.000%	02/15/04
5,218,000.00	0.000%	05/15/04
643,000.00	0.000%	08/15/04
14,000.00	0.000%	11/15/04
1,527,000.00	0.000%	02/15/05
234,000.00	0.000%	05/15/05
616,000.00	0.000%	08/15/05
7,000.00	0.000%	11/15/05
1,551,000.00	0.000%	02/15/06
242,000.00	0.000%	05/15/06
18,000.00	0.000%	08/15/06
877,000.00	0.000%	02/15/07
23,000.00	0.000%	05/15/97
23,000.00	0.000%	11/15/97
23,000.00	0.000%	05/15/98
21,000.00	0.000%	11/15/98

22,000.00	0.000%	05/15/99
21,000.00	0.000%	11/15/99
21,000.00	0.000%	05/15/00
20,000.00	0.000%	11/15/00
20,000.00	0.000%	05/15/01
19,000.00	0.000%	11/15/01
19,000.00	0.000%	05/15/02
27,000.00	0.000%	11/15/02
375,000.00	0.000%	05/15/03
14,000.00	0.000%	11/15/03
439,000.00	0.000%	05/15/04
61,000.00	0.000%	08/15/97
4,000.00	0.000%	02/15/98
129,000.00	0.000%	08/15/98
38,000.00	0.000%	08/15/97
37,000.00	0.000%	02/15/98
36,000.00	0.000%	08/15/98
35,000.00	0.000%	02/15/99
35,000.00	0.000%	08/15/99
34,000.00	0.000%	02/15/00
33,000.00	0.000%	08/15/00
33,000.00	0.000%	02/15/01
30,000.00	0.000%	08/15/01
31,000.00	0.000%	02/15/02
30,000.00	0.000%	08/15/02
24,000.00	0.000%	02/15/03
654,000.00	0.000%	08/15/03
19,000.00	0.000%	02/15/04
699,000.00	0.000%	08/15/04
20,000.00	0.000%	02/15/98
20,000.00	0.000%	08/15/98
19,000.00	0.000%	02/15/99
19,000.00	0.000%	08/15/99
18,000.00	0.000%	02/15/00
18,000.00	0.000%	08/15/00
18,000.00	0.000%	02/15/01
24,000.00	0.000%	08/15/01
339,000.00	0.000%	02/15/02
12,000.00	0.000%	08/15/02
402,000.00	0.000%	02/15/03
15,000.00	0.000%	05/15/87
1,260,000.00	0.000%	05/15/87
35,000.00	0.000%	02/15/88
52,000.00	0.000%	02/15/89
1,436,000.00	0.000%	05/15/89
10,340,000.00	0.000%	02/15/94
3,054,000.00	0.000%	02/15/95

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8,132,000.00	0.000%	05/15/95
1,658,000.00	0.000%	08/15/95
3,081,000.00	0.000%	02/15/96
8,394,000.00	0.000%	05/15/96
1,622,000.00	0.000%	08/15/96
1,274,000.00	0.000%	11/15/96
3,089,000.00	0.000%	02/15/97
1,853,000.00	0.000%	05/15/97
507,000.00	0.000%	08/15/97
163,000.00	0.000%	11/15/97
1,398,000.00	0.000%	02/15/98
1,553,000.00	0.000%	05/15/98
400,000.00	0.000%	08/15/98
124,000.00	0.000%	11/15/98
1,413,000.00	0.000%	02/15/99
3,278,000.00	0.000%	05/15/99
376,000.00	0.000%	08/15/99
22,000.00	0.000%	11/15/99
1,423,000.00	0.000%	02/15/00
2,647,000.00	0.000%	05/15/00
356,000.00	0.000%	08/15/00

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EXHIBIT E  
ESCROW FUND CASH FLOW

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EXHIBIT F  
ALLOCATION OF CERTAIN ESCROWED SECURITIES

The maturing principal of and interest on the Escrowed Securities listed below shall be allocated and applied only to pay the Refunded Obligations listed above such Escrowed Securities.

I. Allocated to the following Refunded Obligations

Arlington Student Center Bonds, Series 1960  
 Arlington Gymnasium Fee Bonds, Series 1961  
 Arlington Student Fee Bonds, Series 1964, Series 1966,  
 Series 1968  
 Arlington Combined Fee Bonds, Series 1971-A, Series  
 1973, Series 1973-A, Series 1974  
 Arlington Housing System Bonds, Series 1963  
 Austin Combined Fee Bonds, Series 1971, Series 1972,  
 Series 1973  
 Austin Student Union Bonds, Series 1958-B  
 Austin Dormitory Bonds, Series 1954  
 Austin Housing System Bonds, Series 1967  
 Austin Married Student Housing Bonds, Series 1971  
 El Paso Combined Fee Bonds, Series 1970, Series 1971,  
 Series 1973, Series 1974  
 El Paso Student Union Bonds, Series 1967A, Series 1967B  
 El Paso Building Revenue Bonds, Series 1969  
 Tyler Combined Fee Bonds, Series 1976:

<u>PRINCIPAL AMOUNT</u>	<u>MATURITY DATE</u>
\$ 135,000.00	08/28/86
225,000.00	09/25/86
388,000.00	11/15/01
25,000.00	02/15/97
5,088,000.00	05/15/97
986,000.00	08/15/97
924,000.00	11/15/97
1,701,000.00	02/15/98
5,359,000.00	05/15/98
965,000.00	08/15/98
799,000.00	11/15/98
1,721,000.00	02/15/99
5,434,000.00	05/15/99

953,000.00	08/15/99
667,000.00	11/15/99
1,742,000.00	02/15/00
5,417,000.00	05/15/00
931,000.00	08/15/00
541,000.00	11/15/00
1,765,000.00	02/15/01
6,270,000.00	05/15/01
903,000.00	08/15/01
1,790,000.00	02/15/02
5,488,000.00	05/15/02
706,000.00	08/15/02
280,000.00	11/15/02
1,818,000.00	02/15/03
5,070,000.00	05/15/03
680,000.00	08/15/03
143,000.00	11/15/03
1,851,000.00	02/15/04
5,218,000.00	05/15/04
643,000.00	08/15/04
14,000.00	11/15/04
1,527,000.00	02/15/05
234,000.00	05/15/05
616,000.00	08/15/05
7,000.00	11/15/05
1,551,000.00	02/15/06
242,000.00	05/15/06
18,000.00	08/15/06
877,000.00	02/15/07

II. Allocated to Arlington Combined Fee Bonds, Series 1978:

<u>PRINCIPAL AMOUNT</u>	<u>MATURITY DATE</u>
23,000.00	05/15/97
23,000.00	11/15/97
23,000.00	05/15/98
21,000.00	11/15/98
22,000.00	05/15/99
21,000.00	11/15/99
21,000.00	05/15/00
20,000.00	11/15/00
20,000.00	05/15/01
19,000.00	11/15/01
19,000.00	05/15/02
27,000.00	11/15/02
375,000.00	05/15/03
14,000.00	11/15/03
439,000.00	05/15/04

III. Allocated to Arlington Apartment Revenue Bonds,  
Series 1978:

<u>PRINCIPAL AMOUNT</u>	<u>MATURITY DATE</u>
61,000.00	08/15/97
4,000.00	02/15/98
129,000.00	08/15/98

IV. Allocated to Dallas Combined Fee Bonds, Series 1978:

<u>PRINCIPAL AMOUNT</u>	<u>MATURITY DATE</u>
38,000.00	08/15/97
37,000.00	02/15/98
36,000.00	08/15/98
35,000.00	02/15/99
35,000.00	08/15/99
34,000.00	02/15/00
33,000.00	08/15/00
33,000.00	02/15/01
30,000.00	08/15/01
31,000.00	02/15/02
30,000.00	08/15/02
24,000.00	02/15/03
654,000.00	08/15/03
19,000.00	02/15/04
699,000.00	08/15/04

V. Allocated to El Paso Combined Fee Bonds, Series 1979:

<u>PRINCIPAL AMOUNT</u>	<u>MATURITY DATE</u>
20,000.00	02/15/98
20,000.00	08/15/98
19,000.00	02/15/99
19,000.00	08/15/99
18,000.00	02/15/00
18,000.00	08/15/00
18,000.00	02/15/01
24,000.00	08/15/01
339,000.00	02/15/02
12,000.00	08/15/02
402,000.00	02/15/03

VI. Allocated to Austin Building Revenue Bonds, Series 1969:

<u>PRINCIPAL AMOUNT</u>	<u>MATURITY DATE</u>
574,000.00	02/15/02
66,000.00	08/15/03
30,000.00	08/15/04

VII. Allocated to Dallas Utility Revenue Bonds, Series 1980:

<u>PRINCIPAL AMOUNT</u>	<u>MATURITY DATE</u>
320,000.00	01/29/87
120,000.00	07/31/87

VIII. Allocated to San Antonio Utility Revenue Bonds, Series 1980:

<u>PRINCIPAL AMOUNT</u>	<u>MATURITY DATE</u>
310,000.00	01/29/87
140,000.00	07/31/87

IX. Allocated to Houston Housing System Revenue Bonds, Series 1981:

<u>PRINCIPAL AMOUNT</u>	<u>MATURITY DATE</u>
620,000.00	10/30/86
1,105,000.00	04/16/87

X. Allocated to Austin Combined Fee Bonds, Series 1978:

<u>PRINCIPAL AMOUNT</u>	<u>MATURITY DATE</u>
345,000.00	11/28/86
15,000.00	05/15/87

EXHIBIT G

PAYING AGENTS FOR THE REFUNDED OBLIGATIONS

<u>Paying Agent</u>	<u>Refunded Obligations</u>	<u>Paying Agency Fee</u>
RepublicBank Dallas, N.A. Dallas, Texas	Arlington Student Center Bonds, Series 1960; Arlington Housing System Bonds, Series 1963	\$951.54
Texas American Bank/Fort Worth, N.A., Fort Worth, Texas	Arlington Gymnasium Fee Bonds, Series 1961, Arlington Student Fee Bonds, Series 1964, 1966, 1968	\$5,136.81
MBank Dallas, National Association, Dallas, Texas	Arlington Combined Fee Bonds, Series 1971-A; Dallas Combined Fee Bonds, Series 1978	\$5,315.54
MBank Houston, National Association, Houston, Texas	Arlington Combined Fee Bonds, Series 1973; Austin Combined Fee Bonds, Series 1978; Austin Married Student Housing Bonds, Series 1971; El Paso Combined Fee Bonds, Series 1971	\$7,473.00
Texas Commerce Bank National Association, Houston, Texas	Arlington Combined Fee Bonds, Series 1973-A; Arlington Apartment Revenue Bonds, Series 1978; Austin Combined Fee Bonds, Series 1971, 1973; El Paso Combined Fee Bonds, Series 1973; Houston Housing Bonds, Series 1981	\$32,000.00



<u>Paying Agent</u>	<u>Refunded Obligations</u>	<u>Paying Agency Fee</u>
BancTEXAS Dallas, N.A. Dallas, Texas	Arlington Combined Fee Bonds, Series 1974; Austin Married Student Housing Bonds, Series 1981; Dallas Utility Bonds, Series 1980; El Paso Combined Fee Bonds, Series 1974; San Antonio Combined Fee Bonds, Series 1980; San Antonio Utility Bonds, Series 1980	\$6,682.49
MBank Austin, National Association, Austin, Texas	Arlington Combined Fee Bonds, Series 1985; Arlington 9 $\frac{1}{2}$ Apartment Bonds, Series 1985; Austin Building Revenue Bonds, Series 1983; Austin Parking Bonds, Series 1984	\$44,029.80
InterFirst Bank Austin, N.A., Austin, Texas	Austin Combined Fee Bonds, Series 1972; Austin Student Union Bonds, Series 1958-B; Austin Dormitory Bonds, Series 1954	\$2,707.46
Texas Commerce Bank-El Paso National Association, El Paso, Texas	Austin Housing System Bonds, Series 1967; El Paso Student Union Bonds, Series 1967B; El Paso Building Revenue Bonds, Series 1969	\$40,000.00
MBank El Paso, El Paso, Texas	El Paso Combined Fee Bonds, Series 1970	\$7,256.00
InterFirst Bank Dallas, N.A., Dallas, Texas	Austin Building Revenue Bonds, Series 1969	\$5,285.05

<u>Paying Agent</u>	<u>Refunded Obligations</u>	<u>Paying Agency Fee</u>
Texas Commerce Bank-Austin, Austin, Texas	El Paso Combined Fee Bonds, Series 1979, Arlington Combined Fee Bonds, Series 1978	\$4,732.76
U.S. Department of Education	El Paso Student Union Bonds, Series 1967A	\$00
First City National Bank of Austin, Austin, Texas	San Antonio Combined Fee Bonds, Series 1984	\$11,200.00
InterFirst Bank Tyler, N.A., Tyler, Texas	Tyler Combined Fee Bonds, Series 1976	\$5,600.00
	TOTAL	<u>\$178,370.45</u>

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EXHIBIT H

August 21, 1986

LETTER OF INSTRUCTIONS

MBank Austin, National Association  
One American Center  
600 Congress  
Austin, Texas 78701  
Attention: Corporate Trust: Einer Juul

Re: Board of Regents of The University of Texas System  
General Revenue Bonds Escrow Fund

Dear Sir or Madam:

Section 4.02 of the Escrow Agreement dated as of July 15, 1986 (the "Escrow Agreement") entered into by and between the Board of Regents of The University of Texas System (the "Issuer") and MBank Austin, National Association, Austin, Texas (the "Escrow Agent") authorizes the Escrow Agent to reinvest any cash balances deposited to the credit of the Board of Regents of The University of Texas System General Revenue Bonds Escrow Fund, established under the Escrow Agreement (the "Escrow Fund") that are not needed immediately to pay principal of or interest on the Refunded Obligations, as defined in the Escrow Agreement (the "Refunded Obligations") in certain direct obligations of the United States of America, as described therein, in accordance with written instructions to the Escrow Agent from the Issuer. This letter represents the Issuer's initial instructions pursuant to Section 4.02 of the Escrow Agreement, and such instructions shall continue in effect until such time as the Issuer provides new instructions in writing in accordance with such Section 4.02.

The Issuer hereby instructs the Escrow Agent to invest all proceeds of the Escrowed Securities, as defined in the Escrow Agreement (the "Escrowed Securities"), that are attributable to amounts received as principal of or interest on the Escrowed Securities and that are not needed immediately to pay the Refunded Obligations as follows:

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THE FOLLOWING INSTRUCTIONS RELATE SOLELY TO THE REINVESTMENT OF AMOUNTS RECEIVED WITH RESPECT TO ESCROWED SECURITIES NOT LISTED ON EXHIBIT F TO THE ESCROW AGREEMENT.

1. Reinvestments for 45 days or less. All proceeds of the Escrowed Securities that are attributable to amounts received as principal of or interest on the Escrowed Securities and that are not needed immediately to pay the Refunded Obligations ("Available Funds"), but that are needed to pay the Refunded Obligations within 45 days of receipt of such amounts shall be invested in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, maturing not later than the next succeeding principal or interest payment date for the Refunded Obligations at a yield not to exceed 7.76%. For this purpose, the term "yield" means the yield that when used in computing the present worth of all payments of principal and interest to be paid on the obligation purchased with the Available Funds produces an amount equal to the purchase price of the obligation. All calculations of yield shall be expressed in terms of semiannual interest compounding. If more than one governmental obligation is purchased with Available Funds, the yield on the reinvestment of the proceeds shall be determined on a combined basis. In making the yield calculation, the purchase price of the obligation shall be the mean of the bid and offered price of the obligation on an established market where the obligations are traded on the date on which the Escrow Agent enters into a binding contract to acquire the obligations. All purchases of obligations must be made in arm's-length transactions with no amount being paid to reduce the yield on the obligations below the market yield. Only obligations that are traded on an established market may be purchased.

2. Market above 7.76%. If market conditions prohibit the acquisition of direct obligations of the United States of America at yields of 7.76% or less, you are instructed to hold the Available Funds uninvested and to notify the Manager of Debt Administration of The University of Texas System as soon as practical and seek further instructions.

3. Reinvestments for more than 45 days. Available Funds that are not needed to pay the Refunded Obligations within 45 days of the date of receipt of such Available Funds shall be invested in United States Treasury Obligations-State and Local Government Series ("SLGS"), maturing

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not later than the next succeeding principal or interest payment date for the Refunded Obligations at a yield not to exceed 7.76%, calculated in the manner provided in paragraph 1 hereof except that for this purpose the "purchase price" shall be the face amount of such SLGS investment.

4. Unavailability of SLGS Investments. If it is determined at the time which you are instructed to invest Available Funds in SLGS pursuant to paragraph 3 hereof, that such investments are not legally available to the Issuer for such purposes, then you shall invest such Available Funds in accordance with paragraph 1 hereof.

5. Earnings in excess of \$2,150,000. At such time as the cumulative earnings on investments of Available Funds pursuant to Section 4.02 of the Escrow Agreement and this letter of instructions reach \$2,150,000, you are instructed to cease all further investments of such Available Funds and to notify the Manager of Debt Administration of The University of Texas system for further instructions.

THE FOLLOWING INSTRUCTIONS RELATE SOLELY TO THE REINVESTMENT OF AMOUNTS RECEIVED WITH RESPECT TO ESCROWED SECURITIES LISTED ON EXHIBIT F TO THE ESCROW AGREEMENT.

6. Except as set out below, all proceeds of the Escrowed Securities that are attributable to amounts received as principal of or interest on the Escrowed Securities listed on Exhibit F and that are not needed immediately to pay the Refunded Obligations to which they are allocable shall be invested in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, maturing not later than the next succeeding principal or interest payment date for the Refunded Obligations to which they are allocable, without regard to the yield on such obligations.

7. In the case of Escrowed Securities listed in sections II through IX of Exhibit F, the "amount invested" pursuant to paragraph 6 when added to the "amount invested"

in other Escrowed Securities listed in such sections II through IX does not exceed the following amounts:

<u>Section</u>	<u>Amount</u>
II	\$ 825,000
III	225,000
IV	1,350,000
V	750,000
VI	1,035,083
VII	462,811
VIII	446,899
IX	685,575

For this purpose, the "amount invested" shall be the cost of Escrowed Securities, except that in the case of Escrowed Securities purchased at a discount, the amount of the discount shall be amortized on a straight-line basis over the remaining term of the security.

If there is an amount available for investment in excess of the foregoing amounts, you are to hold such amount uninvested and request further instructions.

8. In the case of Escrowed Securities listed in section X of Exhibit F, the yield on any investments pursuant to paragraph 1 shall not exceed 5.8403%.

You are hereby requested to include as part of each report to be made to the Issuer pursuant to Section 6.02 of the Escrow Agreement, a summary of all amounts invested pursuant to Section 4.02 thereof and these instructions, as well as the cumulative amount earned on all such investments from the date of the initial deposit of the Escrowed Securities to the Escrow Fund to the date of such report. The Issuer also requests that each report contain a copy of the current instructions pursuant to which such

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reinvestments are being made as a means of notifying the Issuer of the continuing effect of such instructions and its right to amend such instructions from time to time.

Very truly yours,

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By:

M.E. Patrick  
Executive Vice Chancellor  
for Asset Management

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RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 10:50 a.m., the Board recessed for the meetings of the Standing Committees and Chairman Hay 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 134 - 146).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Hay reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

1. Permanent University Fund - University Lands: Authorization to Reduce Damage Payments for Well Locations and Geophysical Operations Effective June 1, 1986, to Encourage Continued Exploration Activities on Permanent University Fund Lands During the Depressed Oil Market (Exec. Com. Letter 86-19).--At its December 1985 meeting, the U. T. Board of Regents increased the damage rates for drilling sites and geophysical operations on Permanent University Fund Lands effective February 1, 1986. Due to the presently depressed oil market, drilling and seismic operations on Permanent University Fund Lands have significantly declined.

In order to stimulate activity and increase the net return on damage payments to the University, the Board, upon recommendation of the Executive Committee, authorized the following changes to Sections A (Well Locations) and E (Geophysical Operations) of The University of Texas Lands Damage Schedule effective June 1, 1986:

RATES

A. WELL LOCATIONS (As permitted by Railroad Commission)

- |    |  |            |
|----|--|------------|
| 1. | 15,000 feet or less<br>(drilling depth)/location   | \$2,000.00 |
| 2. | In excess of 15,000 feet<br>(drilling depth)/location  | 3,000.00   |
| 3. | Re-entry (no charge until expiration or release of lease, then rates shown under 1 and 2 are to be followed) |            |

(THE ABOVE RATES INCLUDED SPACE FOR TANK BATTERIES, FUEL GAS, FLOW LINES, TEMPORARY WATER LINES, ELECTRIC LINES, SALT WATER DISPOSAL LINES, COMPRESSORS, AND ROADS ON YOUR OWN LEASE.)

- |    |  |      |
|----|--|------|
| 4. | Skidding of rig/rod  | 8.50 |
| 5. | New road construction (except on own lease) or use of existing ranch road/rod<br>(No charge on pre-existing oil field roads) | 6.00 |

RATES

E. GEOPHYSICAL OPERATIONS

Damage payments for geophysical operations shall be as follows:

- |    |   |            |
|----|---|------------|
| 1. | Seismic weight-dropping, vibrators, dinoseis operations per mile  | 850.00     |
| 2. | Shooting crews per mile   | \$900.00   |
| 3. | Gravity meter and magnetometer survey operations per crew per day                                       | 200.00     |
| 4. | Single shot (reflection or refraction shooting) per shot hole   | 150.00     |
| 5. | Velocity survey (when off pad)  | Negotiated |
| 6. | Experimental work   | Negotiated |
| 7. | On revegetated land, the operator will pay an additional \$300 per mile in damages to the U. T. System. |            |

2. U. T. System: Approval to Continue Systemwide Comprehensive Dishonesty, Disappearance and Destruction Policy with National Union Fire Insurance Company, Pittsburgh, Pennsylvania, Effective June 1, 1986 Through June 1, 1987 (Exec. Com. Letter 86-21).--Upon recommendation of the Executive Committee, approval was given to continue the Comprehensive Dishonesty, Disappearance and Destruction Policy for The University of Texas System with the National Union Fire Insurance Company, Pittsburgh, Pennsylvania, a member of the American International Group, with a one-year premium charge of \$55,000 effective June 1, 1986 through June 1, 1987.

It was reported that National Union Fire Insurance Company has underwritten The University of Texas System Comprehensive Dishonesty, Disappearance and Destruction Policy since June 1, 1985, when the previous carrier declined to renew coverage. The premium charged for this policy is prorated among the component institutions of the U. T. System.

3. U. T. Arlington: Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 86-21).--The Executive Committee recommended and the Board approved the following transfer of funds at The University of Texas at Arlington:

Educational and General Funds

Amount of Transfer - \$395,000

From: Unappropriated Balance (via Estimated Income) - 1985-86

To: Continuing Education Operating Expenses

(RBC #363)

4. U. T. Austin: Appointment of (a) Dr. Al F. Tasch, Jr., as Initial Holder of the Fourth Cockrell Family Regents Chair in Engineering and (b) Dr. Stephen A. Szygenda as Initial Holder of the Clint W. Murchison, Sr. Chair of Free Enterprise in the College of Engineering Effective July 1, 1986 (Exec. Com. Letter 86-20).--Upon recommendation of the Executive Committee, approval was given to the following appointments to endowed academic positions in the College of Engineering at The University of Texas at Austin effective July 1, 1986:

- a. Dr. Al F. Tasch, Jr., Vice President of Technical Staff at Motorola and Director of the Motorola Advanced Research and Development Laboratory, initial holder of the Fourth Cockrell Family Regents Chair in Engineering
- b. Dr. Stephen A. Szygenda, President, Small Business Incubators, Inc., initial holder of the Clint W. Murchison, Sr. Chair of Free Enterprise.

5. U. T. Austin - Athletic Facilities South of Memorial Stadium - Football Facility (Project No. 102-494): Award of Contracts for Furniture and Furnishings to The Video Store, Inc., Austin, Texas; and Authorization for the Chancellor to Sign the Contracts (Exec. Com. Letter 86-18).--The Board, upon recommendation of the Executive Committee, awarded a contract for furniture and furnishings for the Athletic Facilities South of Memorial Stadium - Football Facility at The University of Texas at Austin to the lowest responsible bidder, The Video Store, Inc., Austin, Texas, as follows:

Base Proposal "A", System "A" Lecture Room Systems (Video, Audio, Motion Analysis, Film)	\$31,855
Base Proposal "B", System "B" Weight Room Systems (Video, Audio, Film)	12,795
Base Proposal "C", System "C" Treatment Area & Trainer's Locker Room (TV & Public Address)	2,495
Base Proposal "D", System "D" Equipment Room and "A" and "B" Team Rooms (TV, Paging, Sound)	2,237
Base Proposal "E", System "E" Head Coach's Office and Coaches' Locker Room (TV, Paging, Sound)	1,930
Base Proposal "F", System "F" Three Conference Rooms (Video, Motion Analysis)	10,758
Base Proposal "G", System "G" Reception Area (TV)	836
Base Proposal "H", System "H" RF Distribution System	2,158
Base Proposal "I", System "I" Mini-CCTV (Surveillance of Equipment Area)	\$2,051
Base Proposal "J", System "J" TV Lighting (Interview Area)	<u>773</u>
GRAND TOTAL CONTRACT AWARD	\$67,888

Further, the Chancellor was authorized to sign the contracts awarding these bids based on the results of the Executive Committee circularization.

6. U. T. Austin - Residence Halls - Emergency Lighting System: Award of Construction Contract to C. F. Weise Corporation, Austin, Texas, and Approval of Revised Total Project Cost (Exec. Com. Letter 86-18).--The Executive Committee recommended and the Board:

- a. Awarded a construction contract for an Emergency Lighting System for Residence Halls at The University of Texas at Austin to C. F. Weise Corporation, Austin, Texas, in the amount of \$667,000
- b. Approved a construction contingency allowance of \$60,000 and authorized U. T. Austin Administration to increase the construction contract by a maximum of this amount to cover change orders during construction
- c. Approved a revised total project cost of \$1,154,274. The previously approved total project cost was \$1,812,000 with funding from the Housing and Food Service Reserves Account.

This project is funded from the U. T. Austin Housing and Food Service Reserves Account and was approved by the Coordinating Board, Texas College and University System in January 1986.

7. U. T. San Antonio: Authorization for Chancellor to Execute (a) an Amendment to a Ground Lease Agreement with Mr. Clarence T. Bach, San Antonio, Texas, and (b) a Joinder of Lessor to a Sublease Agreement Between Mr. Clarence T. Bach, San Antonio, Texas, and "UTSA Phase I Dormitory Partnership" for the Provision of Student Housing (Exec. Com. Letter 86-21).--At its February 1986 meeting, the U. T. Board of Regents authorized the Chancellor to execute certain documents for the provision of student housing on The University of Texas at San Antonio campus by a private entity.

In compliance therewith, the Executive Committee recommended and the Board:

- a. Authorized the Chancellor, after approval by the Office of General Counsel, to execute an amendment to a ground lease agreement between the U. T. Board of Regents, for and on behalf of U. T. San Antonio, and Mr. Clarence T. Bach, San Antonio, Texas, in the form set out as Attachment 1 to provide the U. T. Board of Regents an option to have leasehold improvements demolished upon abandonment or expiration of the ground lease
- b. Authorized the Chancellor, after approval by the Office of General Counsel, to execute a joinder of lessor concerning an amendment to a sublease agreement between Mr. Clarence T. Bach, San Antonio, Texas, and "UTSA Phase I Dormitory Partnership" in the form set out as Attachment 2 to provide sublessor an option to have leasehold improvements demolished upon abandonment or expiration of sublease.

AMENDMENT OF GROUND LEASE AGREEMENT

STATE OF TEXAS  
 COUNTY OF BEXAR

§

This Amendment of Lease Agreement ("First Amendment") is made and effective on and as of \_\_\_\_\_, 1986 ("Effective Date") by and between The Board of Regents of The University of Texas System ("Lessor"), for the use and benefit of The University of Texas at San Antonio, acting by and through its authorized officers, and Clarence T. Bach ("Lessee"), an individual who resides in Bexar County, Texas.

RECITALS

As of December 1, 1985, Lessor and Lessee entered into that certain Ground Lease Agreement (the "Lease") under which Lessee leased a tract of land containing approximately 5.8865 acres ("Leased Premises") in Bexar County, Texas on the campus of The University of Texas at San Antonio, as more particularly described by metes and bounds in Exhibit A attached to the Lease for the purpose of developing, constructing, owning and operating campus housing facilities and related facilities for students at The University of Texas at San Antonio.

Lessor has requested that the Lease be amended to add a provision to require Lessee to demolish the improvements constructed on the Leased Premises if certain events have not occurred when the Lease terminates or if the Leased Premises should be "abandoned" by Lessee as such term is hereinafter defined.

AGREEMENTS

Now, Therefore, for and in consideration of the premises, the agreements, duties, covenants, obligations and other undertakings of the other party hereto, and upon and subject to the terms, conditions and provisions herein set forth, Lessor and Lessee do hereby agree as follows:

1. The following provision is hereby added to Article Fifteen of the Lease as Section 15.03:

Section 15.03 Lessor's Option to Require Demolition.

Lessor shall have the option to require Lessee to demolish the Facilities at Lessee's sole cost and expense upon the occurrence of either (a) the "abandonment" (as hereinafter defined) of the Facilities by Lessee or (b) the Expiration Date, provided that:

- (1) Lessor has not exercised the option to purchase the Facilities after approval by the Coordinating Board, Texas College and University System, as provided for in Section 15.02;
- (2) Lessee has not donated the Facilities to Lessor and Lessor has accepted them after approval by the Coordinating Board, Texas College and University System; and
- (3) Prior to the Expiration Date, Lessee has not submitted a written proposal to Lessor requesting that Lessor enter into a renewal of this Lease Agreement or an amendment to this Lease Agreement upon reasonable terms and conditions which would give Lessee the right to own and operate the Facilities for a period of time beyond the

Expiration Date and Lessor and Lessee have not executed such a renewal or amendment to extend the time period for Lessee's ownership and operation of the Facilities within one hundred twenty (120) days after the Expiration Date.

As used herein, the term "abandonment" shall mean (i) Lessee's voluntary surrender of the Leased Premises to Lessor prior to the Expiration Date, or (ii) Lessee's failure to operate and maintain the Facilities as required under Section 4.01 for a period of at least two (2) consecutive years; provided, however, that Lessee shall not be deemed to have "abandoned" the Facilities for purposes of this Section 15.03 if any holder of a mortgage of the Lessee's leasehold estate in the Leased Premises exercises its rights under Section 8.02 hereof to succeed to Lessee's leasehold interest or to enter into a new lease of the Leased Premises.

Lessor shall give Lessee written notice of its exercise of such option no later than thirty (30) days after the occurrence of either (a) the "abandonment" of the Facilities by the Lessee as hereinabove defined or (b) the Expiration Date if none of the events specified in subparagraphs (1), (2) and (3) has occurred. If Lessor fails to give such notice within said time period, Lessor shall be deemed to have waived its option to have Lessee demolish the Facilities. Lessee shall demolish the Facilities within two hundred seventy (270) days after the receipt of such notice."

2. Except as expressly modified hereby, all terms and provisions of the Lease shall remain in full force and effect, and Lessor and Lessee do hereby ratify, confirm and adopt the Lease as modified hereby.

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

BY: \_\_\_\_\_  
Dr. Hans Mark  
Chancellor, The University  
of Texas System

"LESSOR"

APPROVED AS TO CONTENT:

APPROVED AS TO FORM:

\_\_\_\_\_  
Executive Vice Chancellor  
for Academic Affairs,  
The University of Texas  
System

\_\_\_\_\_  
Office of General Counsel,  
The University of Texas  
System



CERTIFICATE OF APPROVAL

I hereby certify that the foregoing First Amendment to Ground Lease Agreement was approved by The Board of Regents of The University of Texas System on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, and that the person whose signature appears above is authorized to execute such amendment on behalf of the Board.

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

\_\_\_\_\_  
CLARENCE T. BACH

"LESSEE"

1971A

AMENDMENT OF SUBLEASE AGREEMENT

STATE OF TEXAS  
COUNTY OF BEXAR

§  
§  
§

This Amendment of Sublease Agreement ("First Amendment") is made and effective on and as of \_\_\_\_\_, 1986 ("Effective Date") by and between Clarence T. Bach ("Landlord"), an individual who resides in Bexar County, Texas and Phase I territory Partnership, ("Tenant") a Texas general partnership of which Clarence T. Bach is the managing general partner.

RECITALS

As of December 1, 1985, The Board of Regents of The University of Texas System ("Lessor"), for the use and benefit of The University of Texas at San Antonio, acting by and through its authorized officers and Clarence T. Bach entered into that certain ground lease agreement ("Ground Lease") under which Clarence T. Bach leased a tract of land containing approximately 5.8865 acres ("Leased Premises") in Bexar County, Texas on the campus of The University of Texas at San Antonio, as more particularly described by metes and bounds in Exhibit A attached to the Ground Lease for the purpose of developing, constructing, owning and operating campus housing facilities and related facilities for students at The University of Texas at San Antonio.

As of December 1, 1985, Landlord and Tenant entered into that certain Sublease Agreement (the "Lease") under which Tenant subleased a portion of the Leased Premises containing approximately 4.623 acres ("Subleased Premises") in Bexar County, Texas on the campus of The University of Texas at San Antonio, as more particularly described by metes and bounds in Exhibit A attached to the Sublease for the purpose of developing, constructing, owning and operating a portion of the campus housing facilities and related facilities for students at The University of Texas at San Antonio to be constructed pursuant to the Ground Lease.

Lessor requested that the Ground Lease be amended to add a provision to require that the improvements constructed on the Subleased Premises be demolished if certain events have not occurred when the Ground Lease terminates or if the Subleased Premises should be "abandoned" as such term is hereinafter defined and Landlord desires to amend the Sublease to add such a provision thereto.

AGREEMENTS

Now, Therefore, for and in consideration of the premises, the agreements, duties, covenants, obligations and other undertakings of the other party hereto, and upon and subject to the terms, conditions and provisions herein set forth, Landlord and Tenant do hereby agree as follows:

1. The following provision is hereby added to Article Fifteen of the Sublease as Section 15.03:

Section 15.03 Landlord's Option to Require Demolition.

Landlord shall have the option to require Tenant to demolish the Facilities at Tenant's sole cost and expense upon the occurrence of either (a) the "abandonment" (as hereinafter defined) of the Facilities by Tenant or (b) the Expiration Date, provided that:

- (1) Landlord has not exercised the option to purchase the Facilities as provided for in Section 15.02;
- (2) The Facilities have not been donated to Lessor and Lessor has accepted them after approval by the Coordinating Board, Texas College and University System; and
- (3) Prior to the Expiration Date, Tenant has not submitted a written proposal to Landlord that Landlord enter into a renewal of this Sublease Agreement or an amendment to this Sublease Agreement upon reasonable terms and conditions which would give Tenant the right to own and operate the Facilities for a period of time beyond the Expiration Date and Landlord and Tenant have not executed such a renewal or amendment to extend the time period for Tenant's ownership and operation of the Facilities within one hundred fifty (150) days after the Expiration Date.

As used herein, the term "abandonment" shall mean (i) Tenant's voluntary surrender of the Subleased Premises to Landlord prior to the Expiration Date or (ii) Tenant's failure to operate and maintain the Facilities as required under Section 4.01 for a period of at least two (2) consecutive years; provided, however, that Tenant shall not be deemed to have "abandoned" the Facilities for purposes of this Section 15.03 if any holder of a mortgage on the Tenant's leasehold estate in the Subleased Premises exercises its rights under Section 8.02 hereof to succeed to Tenant's subleasehold interest or to enter into a new sublease of the Subleased Premises.

Landlord shall give Tenant written notice of his exercise of such option no later than forty-five (45) days after the occurrence of either (a) the "abandonment" of the Facilities by the Tenant or (b) the Expiration Date if none of the events specified in subparagraphs (1), (2) and (3) has occurred. If Landlord fails to give such notice within said time period, Landlord shall be deemed to have waived his option to have Tenant demolish the Facilities. Tenant shall demolish the Facilities within two hundred twenty-five (225) days after the receipt of such notice."

2. Except as expressly modified hereby, all terms and provisions of the Sublease shall remain in full force and effect, and Landlord and Tenant do hereby ratify, confirm and adopt the Sublease as modified hereby.

---

Clarence T. Each

"LANDLORD"

PHASE I DORMITORY PARTNERSHIP

By \_\_\_\_\_  
Clarence T. Bach,  
Managing General Partner

By \_\_\_\_\_  
General Partner

By \_\_\_\_\_  
General Partner

By \_\_\_\_\_  
General Partner

"TENANT"

1974A

JOINDER OF LESSOR

In its capacity as the lessor (the "Lessor") under that certain Ground Lease Agreement by and between The Board of Regents of The University of Texas System as lessor and Clarence T. Bach as lessee by which Clarence T. Bach ground leased certain real property on the campus of The University of Texas at San Antonio from Lessor, Lessor hereby consents to the execution and delivery of that certain First Amendment to Sublease Agreement dated \_\_\_\_\_, 1986 which amends that certain Sublease Agreement (the "Sublease") dated as of December 1, 1985 by and between Clarence T. Bach as sublessor and Phase I Dormitory Partnership as sublessee covering and relating to a 4.623 acre tract of real property more particularly described in Exhibit A attached to the Sublease.

This Joinder of Lessor is executed this \_\_\_\_ day of May, 1986 and is hereby attached to and made a part of the First Amendment to Sublease Agreement for all purposes.

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

BY: \_\_\_\_\_

Dr. Hans Mark  
Chancellor, The University  
of Texas System

"LESSOR"

APPROVED AS TO CONTENT:

APPROVED AS TO FORM:

\_\_\_\_\_  
Executive Vice Chancellor  
for Academic Affairs,  
The University of Texas  
System

\_\_\_\_\_  
Office of General Counsel,  
The University of Texas  
System

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing First Amendment to Sublease Agreement was approved by The Board of Regents of The University of Texas System on the \_\_\_\_ day of \_\_\_\_\_, 1986, and that the person whose signature appears above is authorized to execute the Joinder of Lessor on behalf of the Board.

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

1972A

8. U. T. Medical Branch - Galveston: Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 86-21).--Upon recommendation of the Executive Committee, the Board approved the following transfers of funds at The University of Texas Medical Branch at Galveston:

Educational and General Funds

Amount of Transfer - \$7,075,000

From: Unappropriated Balance (via Estimated Income) - 1985-86

To:	Hazardous Waste Material Incinerator	\$ 250,000
	Replace Roof on Keiller Building	750,000
	Replace Mechanical Room Equipment in Keiller Building	400,000
	Hospital Equipment Fund	3,000,000
	School of Medicine Educational Equipment Fund	1,000,000
	Remodel Area for Department of Anatomy and Neurosciences Facility	400,000
	Campus Street and Sidewalk Repairs	225,000
	Roof and Exterior Repairs - Multiple Buildings	700,000
	Underground Utility Repairs	350,000
	<b>Total</b>	<b><u>\$7,075,000</u></b>

(RBC #501)

9. U. T. Medical Branch - Galveston - Remodeling of John Sealy Hospital (Old Building) - Remodeling of Seventh Floor for Department of Otolaryngology (Project No. 601-594): Award of Construction Contract to W. J. Hessert Construction Co., Inc., Houston, Texas (Exec. Com. Letter 86-22).--The Board, upon recommendation of the Executive Committee, awarded a construction contract for Remodeling the Seventh Floor of John Sealy Hospital (Old Building) for the Department of Otolaryngology at The University of Texas Medical Branch at Galveston to the lowest responsible bidder, W. J. Hessert Construction Co., Inc., Houston, Texas, for the Base Bid in the amount of \$576,000.

This project for the remodeling of 8,300 square feet on the seventh floor of John Sealy Hospital (Old Building) will provide for expansion of the Department of Otolaryngology, including research laboratories and faculty offices to support the patient care activities of the U. T. Medical Branch - Galveston.

10. U. T. Health Science Center - Houston (U. T. Dental Branch - Houston) - Facilities Improvements for the Dental Branch Building and Dental Science Institute (Project No. 701-393): Award of Construction Contract to Manhattan Construction Company, Houston, Texas, and Approval of Plaque Inscription (Exec. Com. Letter 86-22).--Upon recommendation of the Executive Committee, the Board:
- a. Awarded a construction contract for Facilities Improvements for the Dental Branch Building and Dental Science Institute at The University of Texas Health Science Center at Houston to

the lowest responsible bidder, Manhattan Construction Company, Houston, Texas, for the Base Bid and Additive Alternates One and Two in the amount of \$9,103,000

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

DENTAL BRANCH BUILDING AND  
DENTAL SCIENCE INSTITUTE ADDITION  
1986

BOARD OF REGENTS

Jess Hay, Chairman  
Robert B. Baldwin III, Vice-Chairman  
Shannon H. Ratliff, Vice-Chairman  
Jack S. Blanton  
Janey Slaughter Briscoe  
(Mrs. Dolph)  
Beryl Buckley Milburn  
Tom B. Rhodes  
Bill Roden  
Mario Yzaguirre

Hans Mark  
Chancellor, The  
University of Texas System  
Roger J. Bulger  
President, The University  
of Texas Health Science  
Center at Houston

MacKie and Kamrath  
Project Architect  
Manhattan Construction Company  
Contractor

This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985.

- ii. U. T. Cancer Center: Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 86-23). --The Board, upon recommendation of the Executive Committee, approved the following transfer of funds at The University of Texas System Cancer Center:

Educational and General Funds

Amount of Transfer - \$10,000,000

From: Unappropriated Balance (via Estimated Income) -  
1985-86

To:	a. Remodeling Main Hospital and Clinic Facility	\$ 4,000,000
	b. Research and Service Computing Equipment	1,000,000
	c. Patient Care Equipment	2,000,000
	d. Research Laboratory Expansion, Science Park	2,000,000
	e. Financial Information Systems	<u>1,000,000</u>
	Total	<u>\$10,000,000</u>

(RBC #223)



REPORT AND RECOMMENDATIONS OF THE FINANCE AND AUDIT COMMITTEE (Pages 147 - 149).--Committee Chairman Yzaguirre reported that the Finance 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 Finance and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Docket No. 29 of the Office of the Chancellor (Catalog Change).--Upon recommendation of the Finance and Audit Committee, the Board approved Docket No. 29 of the Office of the Chancellor in the form distributed by the Executive Secretary. It is attached following Page 233 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.

Regents Hay and Ratliff abstained from voting on items within the Docket related to Exxon Corporation due to a possible conflict of interest.

2. U. T. System: Approval of Ten Additional Depository Banks.--Upon recommendation of the Finance and Audit Committee, approval was given to add the following banks to the roster of depositories for The University of Texas System, subject to execution of the standard Bank Depository Agreement by the banks:

InterFirst Bank El Paso, N.A.  
Cullen/Frost Bank - Dallas  
Texas Commerce Bank - Dallas  
RepublicBank Greenville Ave. - Dallas  
RepublicBank Houston  
RepublicBank Spring Branch - Houston  
RepublicBank San Antonio  
RepublicBank Ridglea - Fort Worth  
RepublicBank Waco  
RepublicBank Lufkin

The ten banks listed above represent a group selected from banks which have requested to become depositories since the last addition in 1982. The addition of depository banks requires the expansion of collateral records, trustee bank certifications of safekeeping and quotation solicitations.

3. U. T. System: Acceptance of Health Maintenance Organization (HMO) Contracts with Coastal Bend Health Plan (Austin), Maxicare North Texas, Inc. (Irving), PruCare (San Antonio), Sanus Texas Health Plan (Houston), Sanus Texas Health Plan (Irving), Share Health Plan (Austin), South Texas Health Plan (San Antonio), Southwest Health Plan (Dallas), United Medical Plan of Texas, Inc. (Houston), Whittaker Health Plan (Austin), Whittaker Health Plan (Houston), Whittaker Health Plan (San Antonio); and Approval of Renewal Rates for Central Texas Health Plan (Austin), CIGNA Health Plan of Texas, Inc. (Dallas), CIGNA Health Plan of Texas, Inc. (Houston), HealthAmerica Corporation of Texas (San Antonio), Kaiser Foundation Health Plan of Texas (Dallas), Maxicare Texas, Inc. (Houston), PruCare (Austin), and PruCare (Houston) for 1986-87.--Based upon the Procedures for Inclusion of Health Maintenance Organizations approved by the U. T. Board of Regents in February 1983, the Board accepted twelve (12) additional Health Maintenance Organization (HMO) contracts between The University of Texas System and Coastal Bend Health Plan (Austin), Maxicare North Texas, Inc. (Irving), PruCare (San Antonio), Sanus Texas Health Plan (Houston), Sanus Texas Health Plan (Irving), Share Health Plan (Austin), South Texas Health Plan (San Antonio), Southwest Health Plan (Dallas), United Medical Plan of Texas, Inc. (Houston), Whittaker Health Plan (Austin), Whittaker Health Plan (Houston), and Whittaker Health Plan (San Antonio); and approved renewal rates for existent contracts with Central Texas Health Plan (Austin), CIGNA Health Plan of Texas, Inc. (Dallas), CIGNA Health Plan of Texas, Inc. (Houston), HealthAmerica Corporation of Texas (San Antonio), Kaiser Foundation Health Plan of Texas (Dallas), Maxicare Texas, Inc. (Houston), PruCare (Austin), and PruCare (Houston) for 1986-87.

The monthly rates for 1986-87 for new contracts and renewals are as follows:

-Initial Acceptance-  
Monthly Rates

	Coastal Bend Health Plan Austin	Maxicare North Irving	PruCare San Antonio	Sanus Houston
Employee	\$ 95.91	\$ 81.94	\$ 84.07	\$ 88.33
Employee/Spouse	192.58	163.89	168.13	185.49
Employee/Children	178.98	156.39	120.00	158.99
Employee/Family	300.57	254.38	225.00	273.82

	Sanus Irving	Share Austin	STHP San Antonio	South- west Dallas
Employee	\$ 85.25	\$ 77.75	\$ 81.16	\$ 68.60
Employee/Spouse	179.02	171.00	178.55	143.08
Employee/Children	153.45	155.50	175.24	130.34
Employee/Family	264.28	240.95	255.60	214.62

-Initial Acceptance-  
Monthly Rates

	United Medical Houston	Whittaker Austin	Whittaker Houston	Whittaker San Antonio
Employee	\$ 78.86	\$ 71.37	\$ 72.74	\$ 72.89
Employee/Spouse	177.45	179.56	163.68	169.05
Employee/Children	157.73	149.87	147.67	138.23
Employee/Family	260.25	234.80	233.85	202.21

-Renewal-  
Monthly Rates

	CTHP Austin	CIGNA Dallas	CIGNA Houston	HealthAm. San Antonio
Employee	\$ 87.50	\$ 80.18	\$ 80.29	\$ 83.92
Employee/Spouse	189.78	190.82	184.67	153.57
Employee/Children	184.21	169.97	156.57	138.47
Employee/Family	280.46	241.86	260.94	237.49

	Kaiser Dallas	Maxicare Houston	PruCare Austin	PruCare Houston
Employee	\$ 85.23	\$ 81.82	\$ 82.76	\$ 79.50
Employee/Spouse	204.54	162.22	172.25	171.39
Employee/Children	170.45	155.72	143.52	151.61
Employee/Family	255.68	244.08	224.80	243.64

4896

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 150 - 190).--Committee Chairman Baldwin 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 - Academic Component Institutions: Approval of a Program Agreement with the Texas International Education Consortium (TIEC) and Authorization for Executive Vice Chancellor for Academic Affairs to Execute the Agreement.--Upon recommendation of the Academic Affairs Committee, the Board:
  - a. Approved the agreement set out on Pages 151 - 163 with the Texas International Education Consortium (TIEC) on behalf of The University of Texas at Arlington, The University of Texas at Austin, and The University of Texas at El Paso, whereby faculty and/or staff members from these institutions may, under an assignment or agreement between the participating institutions and TIEC, serve as faculty and/or staff to provide college level instruction and related services to Malaysian students at the Institut Teknologi MARA (ITM) Shah Alam Center in Kuala Lumpur, Malaysia
  - b. Authorized other U. T. academic component institutions who elect to do so to participate in this program under the same general agreement upon prior approval by the Executive Vice Chancellor for Academic Affairs and execution of appropriate assignment agreements
  - c. Authorized the Executive Vice Chancellor for Academic Affairs to execute the agreement, or one substantially equivalent, on behalf of the U. T. Board of Regents and the participating institutions.

This agreement is essentially a one-year contract with provisions for subsequent renewals for faculty or staff services between the Board and TIEC whereby faculty or staff can be assigned to the program. Should TIEC offer other programs in the future, new contracts would have to be drawn, subject to approval by the U. T. Board of Regents.

All costs associated with reassignment of faculty or staff are to be paid in advance to the participating institution by TIEC. The program offers an opportunity for some of the U. T. faculty to be involved internationally and on a viable economic basis while also contributing to Malaysia's commitment to improve higher education opportunities for its students.

AGREEMENT  
between

Texas International  
Education Consortium

and

Board of Regents  
The University of  
Texas System

on behalf of  
The University of Texas System  
Academic Component Institutions

Concerning:  
The Institut Teknologi MARA (ITM)  
Shah Alam Center and Texas International Education  
Consortium (TIEC) Cooperative Program in Malaysia

August, 1986

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AGREEMENT

Parties

This Agreement, made and entered into on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, by Texas International Education Consortium, (TIEC), a Texas nonprofit corporation, and the Board of Regents of The University of Texas System, (U. T. Board of Regents), an agency of the State of Texas, acting on behalf of The University of Texas at Arlington (U. T. Arlington), The University of Texas at Austin (U. T. Austin), The University of Texas at El Paso (U. T. El Paso), and other general academic components of the U. T. System as may elect to participate at a future date.

WITNESSETH:

Recitals

WHEREAS, TIEC is a consortium composed of individuals who have a common interest in international education and who are employed in the State of Texas in the field of international education, and

WHEREAS, TIEC has a part of its purposes the following: (a) to help coordinate international education activities for institutions of higher education in the State of Texas by working cooperatively with the administrations of these educational institutions and to engage in the separate and joint pursuit of international education exchange; (b) to aid institutions of higher education in Texas to build better international education programs for students, faculty, visitors, and participants of other nations; and (c) to establish and maintain educational programs in other nations in collaboration with associated Texas institutions of higher education and public and independent educational authorities of other nations; and

WHEREAS, TIEC has entered into a joint venture with the Institut Teknologi MARA (ITM), a multi-campus institution of higher learning under the Ministry of Education of Malaysia, whereby the beginning of the first two years of course work leading to baccalaureate degrees are to be provided to Malaysian students at the ITM/TIEC Shah Alam Center in Kuala Lumpur by faculty assigned to the Center by TIEC, and



WHEREAS, TIEC is desirous of making its services and program available to U. T. System academic component institutions,

WHEREAS, U. T. Board of Regents is desirous of authorizing the Office of Academic Affairs of The University of Texas System and interested component institutions to take such actions as are necessary for official participation in the ITM/TIEC Shah Alam Center Cooperative Program,

NOW, THEREFORE, THE TEXAS INTERNATIONAL EDUCATION CONSORTIUM, AND THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, ON BEHALF OF U. T. ARLINGTON, U. T. AUSTIN, U. T. EL PASO, AND OTHER INTERESTED COMPONENT INSTITUTIONS, MUTUALLY AGREE AS FOLLOWS:

Part One: Nature of Relationship and Definitions

Section 1. Nature of Relationship

- (a) TIEC and U. T. Board of Regents hereby contract for the benefit of U. T. Arlington, U. T. Austin, and U. T. El Paso, and other academic component institutions interested in the ITM/TIEC Shah Alam Center Cooperative Program to the extent, for the length of time, and for the purposes indicated herein, subject to the terms, provisions, and conditions set out below.
- (b) Neither TIEC nor U. T. Board of Regents intends or creates by this Agreement any partnership or joint venture and neither party assumes the liabilities, responsibilities, debts, or obligations of the other as a result of this Agreement. TIEC agrees to hold U. T. Board of Regents, its component institutions, officers, employees, and agents, harmless from liability resulting from TIEC's acts or omissions within the terms, provisions and conditions of this Agreement; provided, however, TIEC shall not hold same harmless from any claims, demands, or causes of action arising in favor of any person or entity, growing out of, incident to, or resulting from acts or omissions of U. T. Board of Regents, its component institutions, officers, employees, or agents subject to their supervision

or control and not subject to TIEC's supervision or control.

(c) Anything to the contrary herein notwithstanding, this Agreement shall be subject to the Rules and Regulations of the Board of Regents of The University of Texas System, the laws of the State of Texas and of the United States of America.

(d) Anything to the contrary herein notwithstanding, this Agreement shall not be interpreted to confer any unusual status on any student application for admission or student application for transfer of academic credits. Such applications shall remain reviewable under the criteria and standards established by U. T. Arlington, U. T. Austin, U. S. El Paso, other participating U. T. System academic components, and U. T. Board of Regents.

## Section 2. Definitions

The following definitions apply throughout this Agreement unless expressly indicated otherwise or unless the context clearly indicates another meaning:

"Academic component institutions" mean the following academic component institutions of higher education within The University of Texas System, including the Office of Academic Affairs of The University of Texas System and the U. T. System Administration:

- (1) The University of Texas at Arlington;
- (2) The University of Texas at Austin;
- (3) The University of Texas at Dallas;
- (4) The University of Texas at El Paso;
- (5) The University of Texas at Permian Basin;
- (6) The University of Texas at San Antonio, including the Institute of Texas Cultures;
- (7) The University of Texas at Tyler.

"Assignment Agreements" are documents defining the specific terms and conditions under which faculty or staff members of participating academic component institutions are assigned to perform services for the ITH/TIEC cooperative program under this agreement between TIEC and the U. T. Board of Regents.

"Program" means ITM/TIEC Shah Alam Center Cooperative Program, located at Kuala Lumpur, Malaysia.

"TIEC" means the Texas International Education Consortium, located at 2210 San Gabriel, Austin, Texas 78705.

"U. T. Board of Regents" means the Board of Regents of The University of Texas System, located at 201 W. 7th Street, Austin, Texas 78701.

Part Two: Assignment Agreements

Section 3. Assignment Agreements

- (a) The chief executive officers of U. T. Arlington, U. T. Austin, U. T. El Paso, and other U. T. System components who subsequently choose to participate, under separate arrangements, may negotiate with TIEC the terms, provisions, and conditions of written assignment contracts concerning the ITM/TIEC Shah Alam Center Cooperative Program, subject to the provisions of this Agreement. Chief executive officers of other component institutions that are interested in participating in this Program must first obtain written approval from the Executive Vice Chancellor for Academic Affairs prior to the negotiation of specific assignment agreements.
- (b) As to all written materials to be used by TIEC in negotiating with component institutions, TIEC shall be responsible for preparation and approval of such papers prior to such use and copies of all of such papers shall be timely furnished to the President of the participating U. T. System component institution with which such negotiations are to take place and shall also be timely furnished to the Executive Vice Chancellor for Academic Affairs for prior approval. Such papers shall include all blank forms and policy statements; brochures; and the following forms: assignment agreement, salary, fringe benefits, travel and shipping, allowances, pre-departure information, terms and conditions of assignment and letter of extension of assignment agreement. If during such negotiations the recipients of these materials wish to make any changes in any of

these materials, the parties agree to discuss in good faith the need for such changes and to make any which are agreed upon.

(c) The assignment agreements:

- (1) shall identify the faculty or staff member to be assigned under the assignment agreement;
- (2) shall indicate the assignee's current position with the component institution;
- (3) shall list the position and location to which the assignee will be assigned;
- (4) shall briefly indicate the type of assignment;
- (5) shall recite the standards of conduct to which the assignee shall be held personally responsible;
- (6) shall indicate expressly or by reference the options which the assignee may individually exercise under the assignment agreement;
- (7) shall indicate expressly or by reference any other benefits to which the assignee will be entitled under the assignment agreement;
- (8) shall refer to the Rules and Regulations of U. T. Board of Regents as remaining applicable to the assignee while assigned duties under the assignment agreement;
- (9) shall indicate the duration of the assignment and provide a place for the assignee to indicate any intent to extend a tour of duty under the assignment agreement;
- (10) shall provide for travel and transportation, including emergency exit plans;
- (11) shall indicate the payment to the component institution for the services of the assignee; provided, however, that such payment to the component institution shall include an amount of money to cover all costs associated with

the assignment of faculty or staff to duties under this Program and shall provide total payment to the component institution of all such monies in advance;

- (12) shall include a certificate, to be executed by the assignee, that indicates that the assignee understands the terms, conditions, and provisions of the assignment agreement and agrees to comply with the rules, regulations, and policies of TIEC, U. T. Board of Regents, the component institution, and the entity to which the assignee is assigned.
- (d) The chief executive officer of the component institution shall review each assignment agreement and make appropriate recommendations to the Executive Vice Chancellor for Academic Affairs.
- (e) No assignment agreement may be recommended to the Office of Academic Affairs unless and until it is fully executed by TIEC, the assignee, and the chief executive officer of the component institution.
- (f) Upon the chief executive officer's recommendation of any assignment agreement, the Office of Academic Affairs shall review the agreement and may approve it on behalf of U. T. Board of Regents, acting on behalf of the component institution.
- (g) Assignment agreements that have been recommended for approval by the chief executive officer of the component institution and that are approved by the Office of Academic Affairs shall be deemed approved by U. T. Board of Regents so long as they have been presented to the Board via the component's institutional docket.
- (h) Any and all assignment agreements shall be subject to the terms and conditions, and provisions of this Agreement; should there be any conflict between an assignment agreement and this Agreement, this Agreement shall prevail.

Part Three: General Provisions

Section 4. Health Insurance

U. T. Board of Regents shall make good faith efforts to negotiate, maintain, and make available health insurance programs for its faculty or staff to permit them to undertake an assignment under this TIEC program.

Section 5. Use of Names

The names "Board of Regents of The University of Texas System," "The University of Texas at Arlington," "The University of Texas at Austin," or "The University of Texas at El Paso," or abbreviated forms thereof, as well as logos, or any other symbols or marks of these entities, or of other component institutions, may not be used by TIEC in any advertisement, prospectus, or in any solicitation materials (in connection with the "Program" as defined in Section 2 hereof) without the prior written approval of the full text of the materials by the Executive Vice Chancellor for Academic Affairs of the University of Texas System.

Section 6. Force Majeure

The time within which either party shall be required to perform any act under this Agreement, any program agreement, or any assignment agreement, shall be extended by a period of time equal to the number of days during which performance of such act is delayed unavoidably by strikes, lockouts, Acts of God, governmental restrictions, failure or inability to secure materials or labor by reason of priority or similar regulations or order of any governmental or regulatory body, enemy action, civil disturbance, fire, unavoidable casualties or any other causes beyond the reasonable control of either party hereto; provided, however, that written notice of the cause of such delay shall be given a reasonable time period following the event or events relied upon as cause. If such cause is of such a nature that the party receiving such notice should remedy the cause, that party shall have a reasonable time within which to do so.

Section 7. Waivers

No variations, modifications, or changes herein or hereof shall be binding upon the parties unless reduced to writing and executed by the parties. No waiver of any breach of any term, condition, or provision of this Agreement shall be deemed a waiver thereof in the future.

Section 8. Applicable Law

This Agreement shall be construed according to and be enforceable in accordance with the laws of the State of Texas.

Section 9. Partial Invalidity

If any term, provision, or condition of this Agreement, or any assignment agreement shall, to any extent, be held invalid or unenforceable, the remainder of it shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

Section 10. Amendments

This Agreement or any assignment agreement may be amended only by written instrument executed by both the chief executive officer of the participating U. T. System component institution and the Executive Vice Chancellor for Academic Affairs; provided, however, that this Agreement may not be amended to expand its scope to other programs. Any future contracts for services for other programs between TIEC and U. T. Board of Regents for the benefit of any of its component institutions shall require a new agreement.

Section 11. Notices

Any notice, communication, request, reply or advice, or duplicate thereof (hereinafter severally and collectively, for convenience, called "Notice") in this Agreement provided or permitted to be given, made or accepted by the parties must be in writing, and may, 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; or if the party or parties to be notified be incorporated, to an officer of such party; or by prepaid telegram when appropriately addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be effective from



and after the expiration of five (5) days after it is so deposited. Notice given in any other manner shall be effective only if and when actually received by the party to be notified. For purposes of this Section the addresses of the persons to be notified on behalf of the parties shall, until changed as hereinafter provided, be as follows:

If to TIEC, addressed to:

Chairman and Executive Director  
Texas International Education Consortium  
P.O. Box 7667  
Austin, Texas 78713-7667

with a copy to:

Gibson R. Randle  
1700 InterFirst Bank Tower  
Austin, Texas 78701

If to U. T. Board of Regents, addressed to:

Executive Vice Chancellor for Academic Affairs  
The University of Texas System  
601 Colorado Street  
Austin, Texas 78701  
Attention: Dr. James P. Duncan

with copies to:

The Board of Regents of The University of Texas System  
The University of Texas System  
201 West Seventh Street  
Austin, Texas 78701  
Attention: Arthur H. Dilly, Executive Director

Office of General Counsel  
The University of Texas System  
201 West Seventh Street  
Austin, Texas 78701  
Attention: John L. Darrouzet, Attorney

However, the parties hereto shall have the right from time to time and at any time to change the names and addresses of the person or persons to be notified on their behalf by at least fifteen (15) days written notice to the other party.

Part Four: Term, Nonassignability, and Conditions

Section 12. Term

This Agreement shall be for the initial term of one year, beginning September 1, 1986, and continuing thereafter until August 31, 1987. Any subsequent renewal of this Agreement shall come only after review and recommendation for approval by the president of the participating U. T. System component institution and the review and approval of the Executive Vice Chancellor for Academic Affairs.

Section 13. Nonassignability

Neither TIEC or U. T. Board of Regents may assign its interests or obligations under this Agreement unless the written consent of the other is obtained first.

Section 14. Conditions

This agreement is subject to the fulfillment of the following conditions which shall be continuing conditions of this agreement, and if for any reason and at any time during the term of this agreement any party considers that the agreement is not being fulfilled in a reasonable and timely manner, such failure shall be described by written notice to the other party, which party shall then have a reasonable time to cure such failure:

- (1) All necessary approvals required under this agreement shall be obtained prior in time to assigning faculty or staff of any participating U. T. System component institution to any duties on or off campus after August 31, 1986.
- (2) The parties agree to negotiate in good faith and keep in force written contracts for all facilities and services which either party proposes to use at any participating component institutions of The University of Texas System.

Section 15. Entire Agreement

This Agreement constitutes the entire agreement between the parties and supersedes all previous agreements, understandings, and negotiations, whether oral or in writing.

EXECUTION

Executed on the day first noted above in duplicate originals.

ATTEST:

TEXAS INTERNATIONAL EDUCATION  
CONSORTIUM

By: \_\_\_\_\_

Name:

Title:

FORM APPROVED:

THE BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

\_\_\_\_\_  
Attorney for TIEC

By: \_\_\_\_\_

James P. Duncan  
Executive Vice Chancellor for  
Academic Affairs

\_\_\_\_\_  
Office of General Counsel  
The University of Texas System

CERTIFICATE OF APPROVAL  
BY U. T. BOARD OF REGENTS

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

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

2. U. T. Arlington: Authorization to Establish a New Post-Baccalaureate Teacher Certification Program and a Master of Education in Teaching Degree and to Submit the Master of Education in Teaching Degree to the Coordinating Board for Approval (Catalog Change).--Authorization was given to establish a new Post-Baccalaureate Teacher Certification Program and a Master of Education in Teaching degree at The University of Texas at Arlington and to submit the proposal for the Master of Education to the Coordinating Board, Texas College and University System for approval. If approved by the Coordinating Board, implementation will be limited to resources on hand until the 1988-89 biennium.

It was reported that no additional resources will be required to implement this program and current faculty of the Center for Professional Teacher Education will be able to support the new program. Most of the undergraduate teacher education courses will be replaced with somewhat fewer graduate courses. During the transition, when both undergraduate and graduate courses must be taught, the faculty will absorb a slight overload. Library and other resources are adequate to support the new program.

The degree is included in the mission, role and scope of U. T. Arlington as approved by the U. T. Board of Regents in December 1985 and is consistent with the U. T. Arlington strategic plan as submitted to the Office of the Chancellor.

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

Background information provided to the Board noted that this process was consistent with the 1982 U. T. System Teacher Education Task Force recommendation to move teacher certification and preparation coursework to the post-baccalaureate level. Upon motion of Regent Milburn, with a second by Regent Briscoe, the Board encouraged the general academic units to study carefully the U. T. Arlington plan as a model for their teacher education and teacher certification programs.

3. U. T. Austin: Appointment of (a) Dr. Frank D. Bean, (b) Dr. Ira Iscoe, and (c) Dr. H. Eldon Sutton as Ashbel Smith Professors Effective September 1, 1986.--The Board, upon recommendation of the Academic Affairs Committee, appointed the following individuals Ashbel Smith Professors at The University of Texas at Austin effective September 1, 1986:

- a. Dr. Frank D. Bean, Professor of Sociology
- b. Dr. Ira Iscoe, Professor of Psychology, Director of the Plan II Honors Program, and Director of the Institute of Human Development and Family Studies
- c. Dr. H. Eldon Sutton, Professor of Zoology and Director of The Genetics Institute and The Genetics Foundation.

4. U. T. Austin: Appointments to Endowed Academic Positions in the (a) School of Architecture, (b) College of Business Administration and the Graduate School of Business, (c) College of Communication, (d) College of Engineering, (e) College of Fine Arts, (f) School of Law, (g) College of Liberal Arts, (h) College of Natural Sciences, (i) College of Pharmacy and (j) School of Social Work Effective as Indicated.--The Board approved the following appointments to endowed academic positions at The University of Texas at Austin with the understanding that the individuals would vacate any currently held endowed position on the effective date of the new appointments:

- a. School of Architecture effective September 1, 1986
- (1) Mr. Richard L. Dodge, Associate Dean and The Sid W. Richardson Centennial Professor in Architecture, as initial holder of the Bartlett Cocke Regents Professorship in Architecture
  - (2) Mr. M. Wayne Bell, Professor of Architecture, to the Meadows Foundation Centennial Professorship in Architecture
- b. College of Business Administration and the Graduate School of Business
- (1) Dr. Robert C. Solomon, Professor of Philosophy, as initial holder of the Quincy Lee Centennial Professorship in Business effective September 1, 1986
  - (2) Dr. William R. Kinney, Jr., Price Waterhouse Auditing Professor, University of Michigan, as initial holder of the Charles and Elizabeth Prothro Regents Chair in Business effective January 16, 1987 for 1986-87 Spring Semester only
- c. College of Communication effective September 1, 1986
- Dr. Martin L. Gibson, DeWitt Carter Reddick Centennial Professor in Journalism Education, as initial holder of the Philip G. Warner Regents Professorship in Communication
- d. College of Engineering effective September 1, 1986
- (1) Dr. Richard W. Miksad, Professor of Civil Engineering, to the Hussein M. Alharthy Centennial Professorship in Civil Engineering for the 1986-87 academic year only
  - (2) Dr. Leif N. Persen, Professor and Chairman, Applied Mechanics Department, Norwegian Institute of Technology (Norway), to the W. A. "Monty" Moncrief Centennial Chair in Petroleum Engineering for the 1986-87 Fall Semester only

e. College of Fine Arts effective September 1, 1986

Dr. J. Robert Wills, Dean of the College of Fine Arts and Professor of Drama, as initial holder of the Effie Marie Cain Regents Chair in Fine Arts

See Page 207 related to the establishment of this Chair.

f. School of Law effective September 1, 1986 for the 1986-87 academic year only

(1) Dr. Kenneth R. Simmonds, Professor of International Law, University of London at Queen Mary College (Great Britain), to The Florence Thelma Hall Visiting Centennial Professorship in Law

(2) Mr. Alan S. Rau, Professor of Law, to the Liddell, Sapp, Zivley & LaBoon Professorship in Banking, Financial, Commercial and Corporate Law

g. College of Liberal Arts effective September 1, 1986

(1) Dr. Joseph J. Moldenhauer, Professor of English, as initial holder of the Mody C. Boatright Regents Professorship in American and English Literature

(2) Dr. John C. Middleton, Professor of Germanic Languages, as initial holder of the David Bruton, Jr. Centennial Professorship in Modern Languages

(3) Dr. Stephen L. McDonald, Professor of Economics and Jack S. Josey Professor in Energy Studies, as initial holder of the Addison Baker Duncan Centennial Professorship in Economics

(4) Dr. Melvin J. Hinich, Frank C. Erwin, Jr. Centennial Professor in Government, as initial holder of the Mike Hogg Professorship of Local Government

(5) Dr. William O. S. Sutherland, Professor and Chairman, Department of English, as initial holder of the Robert Adger Law and Thos. H. Law Centennial Professorship in Humanities

(6) Dr. William J. Scheick, Professor of English, as initial holder of the J. R. Millikan Centennial Professorship in English Literature

(7) Dr. James B. Ayres, Professor of English, as initial holder of the Shakespeare at Winedale Regents Professorship

(8) Dr. James I. Wimsatt, Professor of English, as initial holder of the Louann and Larry Temple Centennial Professorship in English Literature

h. College of Natural Sciences effective September 1, 1986

(1) Dr. Amir Pnueli, Professor of Computer Science, The Weizmann Institute of Science, Israel, as initial holder of the Professorship in Computer Sciences (No. 3) for the 1986-87 Fall Semester only

(2) Dr. James L. Erskine, Associate Professor, Department of Physics, to the Trull Centennial Professorship in Physics

i. College of Pharmacy effective September 1, 1986

Dr. Laurence H. Hurley, Henry M. Burlage Centennial Endowed Professor in Pharmacy, to the James E. Bauerle Centennial Professorship in Drug Dynamics

j. School of Social Work effective September 1, 1986

Dr. Laura B. Wilson, Chairman of the Department of Gerontology and Geriatric Services at The University of Texas Health Science Center at Dallas, to the Louis and Ann Wolens Centennial Chair in Gerontology for the 1986-87 academic year only

Dr. Wilson will become a Visiting Professor in the School of Social Work effective September 1, 1986.

5. U. T. Austin: Approval to Name Rooms and a Field in The V. F. 'Doc' Neuhaus-Darrell K. Royal Athletic Center (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--In accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings, approval was given to name the rooms and the field listed below in The V. F. 'Doc' Neuhaus-Darrell K. Royal Athletic Center at The University of Texas at Austin to recognize substantial and significant donors to U. T. Austin athletic programs:

<u>Room Number</u>	<u>Room Name</u>
NRC 1.100	The James R. Moffett/B. M. Rankin, Jr. Reception Area
NRC 1.102	The Nasser Al-Rashid Strength Training Facility
NRC 1.108	The L. R. French, Jr. Conference Room
NRC 1.110	The Robert K. Moses, Jr. Locker Room
NRC 1.112	The Louis M. Pearce, Jr. Auditorium
NRC 1.114	The Hal Hillman Conference Room
NRC 1.116	The Mike Myers Conference Room
NRC 1.118	The Howard L. Terry Varsity Locker Room
NRC 1.124	The Thompson Equipment Room
NRC 1.128	The H. L. Brown Family Coaches Locker Room
NRC 1.130	The Robert L. Edge Medical Training/Rehabilitation Room
NRC (Field)	The Walter W. Fondren III Field



6. U. T. Austin: Approval to Name Three Rooms in the Chemical and Petroleum Engineering Building in the College of Engineering (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--Approval was given to name the following rooms in the new Chemical and Petroleum Engineering Building in the College of Engineering at The University of Texas at Austin, in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings:

- a. Room 5.412 - The Dow Chemical Company Foundation Process Control Laboratory

See Page 209 related to establishment of permanent endowment account.

- b. Room 1.150 - Phillips Petroleum Drilling Fluids Properties Laboratory

See Page 211 related to establishment of permanent endowment account.

- c. Room 1.480 - Phillips Chemical Engineering Projects Laboratory

See related item on Page 211.

The room names are in recognition of gifts and pledges for the College of Engineering endowment program for the new Chemical and Petroleum Engineering Building. The income will be used to maintain and improve equipment and to support the research and teaching functions of the named laboratories.

7. U. T. Austin: College of Liberal Arts Foundation Advisory Council - Nominees Thereto.--Two nominees for membership on the College of Liberal Arts Foundation Advisory Council at The University of Texas at Austin were approved for two-year terms to expire in 1988.

The names of the nominees will be reported for the record after they have been contacted and acceptances have been received.

8. U. T. Austin: Permission for Mr. Max R. Sherman to Serve on the Southern Regional Education Board (SREB) [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].--Upon recommendation of the Academic Affairs Committee, permission was granted for Mr. Max R. Sherman, Dean of the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin, to serve on the Southern Regional Education Board (SREB). Dean Sherman's appointment, which is effective immediately, will expire in June 1990.

It was noted that Mr. Sherman's service on this Board will be without remuneration.

Mr. Sherman's appointment to this Board is of benefit to the State of Texas, creates no conflict with his 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.

9. U. T. Dallas: Approval of Contract with Collin County Community College District for District Use of Classroom Space and Related Services and Authorization for Executive Vice Chancellor for Academic Affairs to Execute the Contract.--The Board, upon recommendation of the Academic Affairs Committee:

a. Agreed on behalf of The University of Texas at Dallas to a written contract substantially equivalent to the agreement set out on Pages 170 - 182 whereby:

- (1) the Collin County Community College District will use certain U. T. Dallas classroom space and related services (including parking, library, computational, media, and recreational services) for District instructional activities for its students for a one to two year period, beginning September 1, 1986, with contract costs for classroom space being calculated on a per student per class per semester basis plus additional designated use fees
- (2) U. T. Dallas will bill the District, and not the District's students, for the costs to be reimbursed
- (3) costs under the contract for District students will be substantially equivalent to fees paid by U. T. Dallas students
- (4) administration and control of U. T. Dallas facilities and services will continue to be subject to the Rules and Regulations of the U. T. Board of Regents and its authorized representatives

b. Authorized the Executive Vice Chancellor for Academic Affairs to execute the contract, or one substantially equivalent to it, on behalf of the U. T. Board of Regents.

AGREEMENT  
between

Collin County  
Community College District

and

Board of Regents of  
The University of Texas  
System on behalf of The  
University of Texas at  
Dallas

Concerning:  
Use of Space and Related Maintenance Services  
and Equipment at  
The University of Texas at Dallas

August 1986

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AGREEMENT

This Agreement is entered into and made on this \_\_\_\_\_ day of \_\_\_\_\_, 1986, by and between the Collin County Community College District (the "District") and the Board of Regents of The University of Texas System ("U. T. Board of Regents") on behalf of the U. T. System component institution, The University of Texas at Dallas ("U. T. Dallas").

Recitals

WHEREAS, Collin County Community College District offers instruction, through courses on the first and second year level of college to its students, and

WHEREAS, U. T. Dallas offers instruction through courses on the third and fourth year and post graduate level of college and graduate school to its students, and

WHEREAS, the Collin County Community College District desires to use classroom space and related maintenance services of U. T. Dallas for the District's 1986-1987 Fall, Spring, and Summer terms, and

WHEREAS, U. T. Dallas has such space and related maintenance services available during such time period and desires to grant permission for such use, and

WHEREAS, the District and U. T. Dallas desire to reduce their agreement to writing,

NOW, THEREFORE, IT IS MUTUALLY AGREED BETWEEN THE COLLIN COUNTY COMMUNITY COLLEGE DISTRICT AND THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM ON BEHALF OF THE UNIVERSITY OF TEXAS AT DALLAS:

Section 1. Permission to Use Space and Related Services and Equipment

- (a) The Board of Regents of The University of Texas System on behalf of U. T. Dallas hereby grants Collin County Community College District permission, subject to the terms, provisions, and conditions of this Agreement, to use the space and related maintenance services listed at Exhibit 1.
- (b) Collin County Community College District hereby grants U. T. Dallas permission, subject to the terms,

provisions, and conditions of this Agreement, to use the District's computer, media, and self-paced instruction equipment brought on to the U. T. Dallas campus.

Section 2. Responsibility of Collin County Community College District

In consideration of the permission granted in Section 1(a), above, the District:

- (a) may use the spaces and related maintenance services listed for the payments required in Exhibit 1 only for the purposes of offering first and second year level college courses, from the list on file at the Office of the Vice President for Academic Affairs at U. T. Dallas, to students of the District during the hours of 7:30 a.m. to 2:30 p.m. on weekdays other than holidays observed by U. T. Dallas, beginning September 1, 1986, and ending August 31, 1987;
- (b) shall register and enroll its own students in space provided by U. T. Dallas as indicated in Exhibit 1;
- (c) shall provide its own faculty and staff for the courses and shall provide its own media equipment and personnel to operate same during the times provided in (a), above;
- (d) shall maintain its own academic standards and its own academic disciplinary processes;
- (e) shall pay U. T. Dallas those amounts of money in the manner and at the times indicated in Exhibit 1;
- (f) shall provide its own computer, media, and self-paced instruction equipment;
- (g) shall provide or require faculty and students, where appropriate, to have liability insurance in amounts of coverage as evidenced by the District's liability insurance policy on file at the Office of the Vice President for Business Affairs of U. T. Dallas; and
- (h) shall provide its computer equipment for use in U. T. Dallas space allocated for a computing lab and shall provide supervision, maintenance, and operating supplies during the times provided in (a), above.

Section 3. Responsibilities of U. T. Dallas

In consideration of the permission granted in Section 1(b) and the payments provided for in Section 2(f), above, U. T. Dallas:

- (a) shall make available, at the times and places stated in Exhibit 1, the spaces and related maintenance services;
- (b) may use at no charge the computer equipment of the District in conjunction with its course offerings, only for the purposes of offering third and fourth year and post graduate level courses to U. T. Dallas students during the hours of 5:00 p.m. to midnight on weekdays and 7:30 a.m. to midnight on weekends and holidays observed by U. T. Dallas, beginning September 1, 1986, and ending August 31, 1987;
- (c) may use at no charge the computer equipment the District has provided in the U. T. Dallas space allocated for a computing lab and shall provide supervision, maintenance, and operating supplies during the times provided in (b), above;
- (d) shall grant library privileges, as set forth in Exhibit 1, and issue identification cards to faculty and students of the District who respectively will teach or are currently registered in classes offered by the District on the U. T. Dallas campus;
- (e) shall provide parking to faculty and staff upon the terms set out in Exhibit 1; and
- (f) shall provide parking to District students who pay the same parking rate at time of registration as U. T. Dallas students do for the same time periods.

Section 4. Nonacademic Discipline

- (a) The District agrees that it, its faculty, staff, and students shall comply with all applicable rules and regulations of the District and of the U. T. Board of Regents regarding matters of nonacademic discipline in the use of the spaces and the related services and equipment.



- (b) U. T. Dallas agrees that it, its faculty, staff, and students shall comply with all applicable rules and regulations of the District and of the U. T. Board of Regents regarding nonacademic discipline in the use of District equipment.

Section 5. Force Majeure

The time within which either the District or U. T. Dallas hereto shall be required to perform any act under this Agreement shall be extended by a period of time equal to the number of days during which performance of such act is delayed unavoidably by strikes, lockouts, Acts of God, governmental restrictions, failure or inability to secure materials or labor by reason of priority or similar regulations or order of any governmental or regulatory body, enemy action, civil disturbance, fire, unavoidable casualties or any other cause beyond the reasonable control of either the District or U. T. Dallas; provided, however, that written notice of the cause for the delay shall be given to each other within a reasonable time period.

Section 6. Waivers

No variations, modifications or changes herein or hereof shall be binding upon either the District or U. T. Dallas hereto unless executed by the District or U. T. Dallas or by a duly authorized officer, agent, or representative. No waiver or waivers of any breach or default or any breaches or defaults by either the District or U. T. Dallas of any term, condition or liability of or a performance by the other party of any duty or obligation hereunder shall be deemed a waiver thereof or of any waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver or waivers of subsequent breaches or defaults of any kind, character or description under any circumstances.

Section 7. Applicable Law

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

Section 8. Partial Invalidity

If any term, provision, or condition of this Agreement or the application thereof to either party or circumstances shall, to any extent, be held invalid or unenforceable, the

remainder of this Agreement, or the application of such term, provision, or condition to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 9. Construction of Agreement

- (a) This Agreement shall be construed consistent with the Rules and Regulations of the Board of Regents of The University of Texas System; and the Handbook of Operating Procedures of The University of Texas at Dallas.
- (b) Nothing in this Agreement shall be construed as limiting the right of the District or U. T. Dallas to contract with any other institution of higher education on either a limited or general basis, while this Agreement is in effect.

Section 10. No Partnership or Joint Venture

No partnership or joint venture is intended or created by this Agreement and neither the District nor U. T. Dallas nor U. T. Board of Regents shall assume any liabilities or obligations of the others as a result of this Agreement.

Section 11. Notices

Any notice, communication, request, reply or advice, or duplicate thereof (hereinafter severally and collectively, for convenience, called "notice") in this Agreement provided or permitted to be given, made or accepted by one party to the other party must be in writing, and may, 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 from and after the expiration of five (5) days after it is so deposited. Notice given 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 Collin County Community College District,  
addressed to:

Dr. John Anthony, President  
Collin County Community College District  
2200 West University  
McKinney, Texas 75069

With copies to:

Dr. Herb Peebles  
Vice President for Academic Affairs  
Collin County Community College District  
2200 West University  
McKinney, Texas 75069

Mr. Walter Pike  
Vice President of Administration  
Collin County Community College District  
2200 West University  
McKinney, Texas 75069

If to the Board of Regents of The University of Texas  
System, addressed to:

Executive Vice Chancellor for Academic Affairs  
The University of Texas System  
601 Colorado Street  
Austin, Texas 78701  
Attention: Dr. James P. Duncan

with copies to:

The Board of Regents of The University of Texas  
System  
c/o The University of Texas System  
Office of the Board of Regents  
201 West Seventh Street  
Austin, Texas 78701  
Attention: Arthur H. Dilly, Executive Secretary

The University of Texas at Dallas  
P. O. Box 830688  
Richardson, Texas 75083-0688  
Attention: Dr. Robert H. Rutford, President

Office of General Counsel  
The University of Texas System  
201 West Seventh Street  
Austin, Texas 78701  
Attention: John L. Darrouzet, Attorney

However, the parties hereto and their legal representatives shall have the right from time to time and at any time to change their respective addresses by giving written notice thereof 15 days prior to the effective change.

Section 12. Amendments

This Agreement may be amended by written instrument executed by the authorized representatives of the District and the authorized representative of the U. T. Board of Regents, as listed at Exhibit 2.

Section 13. Term, Termination, and Renewal

- (a) This Agreement shall be in effect for term of one year, beginning September 1, 1986, and ending August 31, 1987.
- (b) This Agreement may be terminated by either the District or U. T. Dallas at the end of any academic term so long as the party desiring termination gives 45 days prior notice as provided in Section 11.
- (c) This Agreement may be renewed or extended by mutual written agreement of the authorized representatives of the District and U. T. Dallas, subject to any necessary approvals by the District or U. T. Board of Regents.

EXECUTION

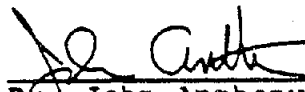
Executed as of the date first written above.

ATTEST:

\_\_\_\_\_  
Secretary

COLLIN COUNTY COMMUNITY  
COLLEGE DISTRICT

by

  
\_\_\_\_\_  
Dr. John Anthony  
President

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM  
on behalf of  
THE UNIVERSITY OF TEXAS AT  
DALLAS  
by

\_\_\_\_\_  
Dr. James P. Duncan  
Executive Vice Chancellor  
for Academic Affairs

FORM APPROVED:

\_\_\_\_\_  
Office of General Counsel  
The University of Texas  
System

RECOMMENDED FOR APPROVAL:

\_\_\_\_\_  
Dr. Robert H. Rutford  
President

CERTIFICATE OF APPROVAL  
BY COLLIN COUNTY  
COMMUNITY COLLEGE DISTRICT

I hereby certify that the foregoing Agreement was approved by the Collin County Community College District on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, and that the person whose signature appears above is authorized to execute such agreement on behalf of the District.

---

Walter Pike  
Vice President for Administration

CERTIFICATE OF APPROVAL  
BY U. T. BOARD OF REGENTS

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the \_\_\_\_\_ day of \_\_\_\_\_, 1986, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

---

Executive Secretary, Board of Regents  
The University of Texas System

EXHIBIT 1.

PAYMENT SCHEDULE FOR  
USE OF SPACES, RELATED MAINTENANCE SERVICES,  
EQUIPMENT, LIBRARY PRIVILEGES, PARKING PERMITS,  
EMERGENCY HEALTH SERVICES, AND RECREATION FACILITIES

	<u>Basis/manner of payment</u>
<u>A. Spaces and related maintenance</u>	a/1
(1) no more than 20 classrooms	
(2) one general purpose classroom for District faculty use	
(3) 100 square feet with U. T. Dallas library for self-paced instruction	
(4) one dedicated computer instruction classroom (400-600 sqft.)	
(5) appropriate space for registration and enrollment	
(6) storage space for District media equipment	
<u>B. Services at U. T. Dallas</u>	
(1) general library privileges	c/1
(2) emergency health services	e/3
(3) recreational facility use services	e/4
(4) approximately 600 student parking permits	d/2
(5) approximately 40 faculty/staff parking permits	b/1

Basis

- (a) \$10 per classroom seat per semester per course
- (b) same parking rate for District faculty and staff as U. T. Dallas requires of its faculty and staff
- (c) \$5 per registered student per semester for general library privileges
- (d) same rate as U. T. Dallas students for designated term
- (e) same rate as general public

Manner of Payment

- (1) U. T. Dallas shall bill the District for their registered students' use of U. T. Dallas library facilities after registration is complete. U. T. Dallas shall bill the District for classroom seats after the official census each semester. U. T. Dallas shall bill the District for faculty and staff parking after the beginning of the term of this Agreement. The District shall pay the balance due within 30 days of receipt of the U. T. Dallas bill.
- (2) U. T. Dallas shall collect parking fees directly from students upon registration.
- (3) U. T. Dallas shall collect from individual at time service is rendered to individual or bill as appropriate.
- (4) U. T. Dallas shall collect prior to use.



EXHIBIT 2.

AUTHORIZED REPRESENTATIVES

Collin County Community College District

Vice President for Academic Affairs  
Vice President of Administration

U. T. Dallas

Vice President for Academic Affairs  
Vice President for Business Affairs

10. U. T. Dallas: Permission for Dr. Robert H. Rutford to Serve on the Scientific Committee on Antarctic Research (SCAR) [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11)].-- Permission was granted for Dr. Robert H. Rutford, President of The University of Texas at Dallas, to serve a four-year term as the United States Delegate to the Scientific Committee on Antarctic Research (SCAR).

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

11. U. T. Dallas: Approval to Grant a Third-Year Leave of Absence Without Pay to Dr. John W. Sommer, School of Social Sciences, for the 1986-87 Academic Year (Subsection 16.4, Section 16, Chapter III, Part One of the Regents' Rules and Regulations).-- In accordance with Subsection 16.4, Section 16, Chapter III, Part One of the Regents' Rules and Regulations, the Board granted a third-year leave of absence without pay to Dr. John W. Sommer, Associate Professor in the School of Social Sciences at The University of Texas at Dallas, for the 1986-87 academic year, on the condition that a fourth year will not be necessary.

Dr. Sommer's continuing public service reflects great credit on U. T. Dallas, will enhance his subsequent contributions on return to the School of Social Sciences, and justifies the granting of a third consecutive leave of absence.

12. U. T. Dallas: Authorization to Grant a Two-Year Leave of Absence Without Pay to Dr. Brian A. Tinsley, School of Natural Sciences and Mathematics, for the 1986-87 and 1987-88 Academic Years (Subsection 16.3, Section 16, Chapter III, Part One of the Regents' Rules and Regulations).-- In compliance with Subsection 16.3, Section 16, Chapter III, Part One of the Regents' Rules and Regulations, the Board granted a two-year leave of absence without pay to Dr. Brian A. Tinsley, School of Natural Sciences and Mathematics at The University of Texas at Dallas, for the 1986-87 and 1987-88 academic years.

This leave of absence will permit Dr. Tinsley to accept an appointment as Program Director of Aeronomy at the National Science Foundation which requires advance commitment to the second year.

13. U. T. El Paso: Approval to Teach Electrical Engineering Courses at U. T. Permian Basin and to Offer a Cooperative Master of Science Degree in Electrical Engineering with U. T. Permian Basin (Catalog Change).--The Board, upon recommendation of the Academic Affairs Committee, granted approval for The University of Texas at El Paso to:

- a. offer electrical engineering courses at The University of Texas of the Permian Basin under the Coordinating Board guidelines which permit offering courses on the campus of another institution within the same system
- b. offer a cooperative Master of Science in Electrical Engineering degree with U. T. Permian Basin, using existing U. T. El Paso courses in electrical engineering and existing U. T. Permian Basin courses in control engineering.

Prior to implementation, the Office of the Chancellor will inform the Coordinating Board staff of the cooperative endeavor.

Under this arrangement, credit earned in these courses will be accepted by U. T. El Paso toward meeting up to twelve hours of credit in the Master's in Electrical Engineering at U. T. El Paso. U. T. El Paso will offer at least twelve additional credit hours of course work in the Midland/Odessa area so that it will be possible for people in that region to earn a U. T. El Paso master's degree without attending classes in El Paso.

This arrangement will require satisfactory completion of a master's thesis which will be supervised by U. T. El Paso. As appropriate, U. T. Permian Basin faculty will be appointed to the graduate faculty of U. T. El Paso for that purpose. The additional cost of transporting faculty from U. T. El Paso to U. T. Permian Basin will be paid from local contributions to U. T. Permian Basin. The first year additional cost of \$10,000 is to be covered by private gifts to U. T. Permian Basin. It is anticipated that one faculty member will make one trip per week to teach a single course each semester. All courses will be taught by regular faculty from U. T. Permian Basin or U. T. El Paso with no adjunct faculty expected to be used in this program. Under normal circumstances, students will be able to complete the course requirements for this program in four semesters, taking one U. T. El Paso course and one U. T. Permian Basin course each semester.

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

14. U. T. El Paso: Approval to Increase Rates for University-Owned Residence Halls (Dormitories) and Student Family Apartments Effective Fall Semester 1986 (Catalog Change).--Due to the continuing escalation in labor, utilities and maintenance costs, the Board approved increases in rental rates as set forth on Page 185 for University-Owned Residence Halls (Dormitories) and Student Family Apartments at The University of Texas at El Paso effective with the Fall Semester 1986.

The University of Texas at El Paso  
Housing Rate Schedule for 1986-1987

	<u>1986-87</u> <u>Rate<sup>2</sup></u>
<u>University-Owned Residence Halls,<sup>1</sup></u> <u>(Dormitories) - Room and Board<sup>1</sup></u>	
Semester Contract (4½ Months)	
Double Room (Community Bath)	\$1,405
Suite Double (Connecting Bath)	1,490
Private Room (Community Bath)	1,705
Long Session Contract (9 Months)	
Double Room (Community Bath)	\$2,550
Suite Double (Connecting Bath)	2,850
Private Room (Community Bath)	3,150
Summer Session (Each Term)	
Double Room (Community Bath)	\$ 533
Suite Double (Connecting Bath)	584
Private Room (Community Bath)	643
Security Deposit	\$ 75
<u>Student Family Apartments<sup>3</sup></u>	
Apartment (Per Month)	\$ 300
Security Deposit	\$ 150
Conference Housing <sup>4</sup>	
Double Room	\$7/person per day
Suite Double	\$8/person per day
Private Room	\$10/person per day
Private Suite	\$12/person per day

<sup>1</sup> Each double room, suite, or private room in residence halls is provided with a telephone. The listed rate includes twenty meals per week. For 1986-87, a 15 meal option will be offered students at a reduction of \$25.00 per semester and a 10 meal option at a reduction of \$50.00 per semester. Adjustments for 15 and 10 meal options for Summer Sessions will include adjustments of \$17.00 and \$26.00 respectively.

<sup>2</sup> A \$75.00 per semester rate reduction will be offered students who pay the entire semester charge in advance as opposed to the normal four (4) payments per semester plan.

<sup>3</sup> Monthly rental rates for Student Family Apartments include utilities.

<sup>4</sup> Linen service is provided with Conference Housing for an additional charge of \$1 per person per day.

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

4932

15. U. T. El Paso: Approval in Concept to Establish an Institute for Advanced Manufacturing in El Paso (IAMEP) and Authorization of a Fund-Raising Campaign (Regents' Rules and Regulations, Part One, Chapter VII, Section 2.44). --Following a detailed presentation by President Monroe and upon recommendation of the Academic Affairs Committee, the Board approved in concept the establishment of an Institute for Advanced Manufacturing in El Paso (IAMEP) at The University of Texas at El Paso and authorized a fund-raising campaign in conjunction with the institution's 75<sup>th</sup> anniversary celebration pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 2.44, for the purpose of raising private funds to support establishment of this Institute.

A more specific program proposal outlining organizational structure and operational details will be submitted for U. T. Board of Regents' approval at a future meeting consistent with progress of the fund campaign.

It was noted that this Institute would simultaneously serve the El Paso-Juarez region and further the teaching, research, and service roles of U. T. El Paso. Activities to be conducted will include basic and applied research, development and problem solving, applications of computer technology, technology transfer, and engineering and business services. Initially, the Institute is expected to focus on three major areas:

- a. Manufacturing Engineering including research development, industrial application, technology transfer, and engineering services in computer integrated manufacturing, robotics, computer-aided design, and flexible manufacturing. The Institute will assist existing, expanding, and new industry in the solution of actual, on-line manufacturing problems.
- b. Advanced materials technology, including research, development, technology transfer, and analytic services in the evaluation and characterization of materials and in materials handling technology.
- c. Systems Management to assist regional industries. Activity in this area will include addressing the following specific needs:
  1. Manufacturing and Business Resource Planning
  2. Distribution Resource Planning
  3. Acculturation of Business Interests.

Initial funding for the Institute will be sought from a variety of public and private sources and some start up operations funding will be requested from the State through a special item request entitled "Border Technology Development Program." Other operating funds will come from contracts and grants for specific Institute projects. It is anticipated that the Institute will eventually operate without State support. U. T. El Paso and its Development Board expect to raise as much as \$7.5 million, exclusive of a gift of land, to construct a facility to house the Institute and to endow its basic operation.

Committee Chairman Baldwin commended President Monroe on this program and noted that this was further evidence that Texas communities wish to establish relationships with the U. T. System.

16. U. T. Permian Basin: Approval of Rates for University-Owned Housing Effective Fall Semester 1986 (Catalog Change). --In order to comply with changes in University housing billing procedures, the Board approved rate changes for University-Owned housing at The University of Texas of the Permian Basin as set out below to be effective with the Fall Semester 1986:

The University of Texas of the Permian Basin  
Housing Rate Schedule for 1986-87<sup>1</sup>

	<u>1986-87 Rate</u>
Efficiency Units (available 1985-86 at \$125/month)	\$150/month <sup>2</sup>
Single Bedroom Apartment (Recent conversion-not previously available)	250/month <sup>2</sup>
Double Bedroom Apartment (Recent conversion-not previously available)	350/month <sup>2</sup>
Security Deposit (\$150 for 1985-86)	75
Trailer Space Rental (\$85/month for 1985-86)	75/month

<sup>1</sup> Since acquisition of the 20 new mobile home units (Lancer) authorized by the U. T. Board of Regents in April 1983, the older (Trailways) units have been gradually removed from service thereby simplifying the U. T. Permian Basin housing options and corresponding rate structure for 1986-87.

<sup>2</sup> Includes electricity

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

17. U. T. San Antonio: Approval of Agreement with the Texas Engineering Experiment Station (TEES), a Component of The Texas A&M University System. --The Board approved the agreement set out on Pages 188 - 190 by and between The University of Texas at San Antonio and the Texas Engineering Experiment Station (TEES), a component of The Texas A&M University System.

This agreement will formalize a continuing cooperative relationship between TEES and U. T. San Antonio in areas of mutual interest in technology development and transfer, environmental effects of hazardous waste, computer-aided engineering, and the manufacturing sciences and biotechnology.

AGREEMENT

THIS AGREEMENT made this the \_\_\_\_\_ day of \_\_\_\_\_, 1985, by and between The University of Texas at San Antonio, a component of The University of Texas System (hereinafter "UT San Antonio"), and The Texas Engineering Experiment Station, a component of The Texas A&M University System (hereinafter "TEES").

WITNESSETH:

WHEREAS, UT San Antonio, through its College of Sciences and Engineering, conducts studies and experimental programs in various fields of science and engineering; and,

WHEREAS, TEES coordinates research and grants for such research in various fields of science and engineering; and,

WHEREAS, UT San Antonio and TEES have a mutual interest in technology development and transfer, environmental effects of hazardous waste, computer-aided engineering and the manufacturing sciences and biotechnology and now desire to create a framework for further cooperative efforts on specific engineering and engineering related science research projects.

NOW THEREFORE, in consideration of the premises and of the benefits to be derived therefrom, UT San Antonio and TEES, for purposes of achieving the above-stated objectives of said parties, agree as follows:

1. TEES will from time to time advise the College of Sciences and Engineering of UT San Antonio of the availability of research projects and grants which are to be administered or coordinated through TEES.
2. UT San Antonio will submit project or grant proposals in a form acceptable to TEES for those projects which UT San Antonio desires to conduct.
3. Separate contracts will be executed for each project in which TEES and UT San Antonio agree to cooperate. Said contracts will include a statement of



the services to be performed by UT San Antonio, contract amounts, bases for calculating costs, payment method, term of contract, and any special provisions dealing with equipment procurement and ownership.

4. To accomplish the cooperative agreement described in paragraph 3. above, the parties understand and contemplate that they may find it mutually beneficial to establish the College of Sciences and Engineering at the University of Texas at San Antonio as an operating division of TEES. As an operating division of TEES, the College of Sciences and Engineering at The University of Texas at San Antonio may work with and include as a part of the TEES division activities in San Antonio any of the educational and/or research institutions associated with the Southwest Research Consortium (the Southwest Research Institute, the Southwest Foundation for Biomedical Research, The University of Texas Health Science Center at San Antonio, and The University of Texas at San Antonio) as and when desired by the institutions in this Consortium. A separate agreement will describe the conditions of the establishment of such a division, including any arrangements for sharing of facilities and joint appointment of personnel.

5. In said contracts, UT San Antonio will be designated as the Performing Agency and TEES will be designated as the Receiving Agency.

6. This Agreement and any contracts executed pursuant to the provisions contained herein are subject to the laws of the State of Texas and the Rules and Regulations of the Board of Regents of The University of Texas System and the Board of Regents of The Texas A&M University System.

7. This Agreement shall become effective upon the approval and execution by the Board of Regents of The University of Texas System and the Board of Regents of The Texas A&M University System. If so approved and executed, this Agreement shall continue in effect for an initial term of five (5) years after the date and year first above written, and after such initial term shall continue



REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 191 - 196).--Committee Chairman Briscoe reported that the Health Affairs Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Health Science Center - Dallas: Appointment of Initial Holders - (a) Daniel W. Foster, M.D., to The Jan and Henri Bromberg Professorship in Internal Medicine (No Publicity) and (b) Duke S. Samson, M.D., to the William Kemp Clark Chair in Neurological Surgery Effective Immediately.-- Upon recommendation of the Health Affairs Committee, the Board approved the following appointments to endowed academic positions at The University of Texas Health Science Center at Dallas effective immediately:

- a. Daniel W. Foster, M.D., Professor of Internal Medicine, as initial holder of The Jan and Henri Bromberg Professorship in Internal Medicine

See Page 214 related to the establishment of this Professorship.

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

- b. Duke S. Samson, M.D., Professor of Surgery, as initial holder of the William Kemp Clark Chair in Neurological Surgery.

2. U. T. Medical Branch - Galveston: Approval of an Exception to Section 31.1, Chapter III, Part One of the Regents' Rules and Regulations (Retirement and Modified Service) to Allow the Full-Time Employment of Dr. J. Falmer Saunders.--The Board approved an exception to Part One, Chapter III, Section 31.1 of the Regents' Rules and Regulations (Retirement and Modified Service) to allow the full-time employment of Dr. J. Palmer Saunders, Dean of the U. T. G.S.B.S. - Galveston of The University of Texas Medical Branch at Galveston, for a period not to exceed one year.

A search is in progress to select a Dean to replace Dr. Saunders, and it is vital that continuous leadership be maintained until a successor is selected. Dr. Saunders will be 71 on September 15, 1986.

3. U. T. Medical Branch - Galveston: Approval to Name the Analytical Chemistry Center the M. D. Anderson Analytical Chemistry Center (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).--In accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings, approval was given to name the Analytical Chemistry Center at The University of Texas Medical Branch at Galveston as the M. D. Anderson Analytical Chemistry Center in recognition of the significant role the Foundation has played in the development of this Center.

Since 1982, the M. D. Anderson Foundation has awarded over a million dollars in grants for the purchase of equipment to establish the Analytical Chemistry Center. The Center has proven invaluable as it provides highly complex analytical capabilities to faculty in basic and clinical services.

4. U. T. Medical Branch - Galveston: Approval to Name the Nuclear Magnetic Resonance Unit Laboratory as The F. Marie Hall Magnetic Resonance Laboratory (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, Naming of Facilities Other Than Buildings).-- The Board approved the naming of the Nuclear Magnetic Resonance Unit Laboratory at The University of Texas Medical Branch at Galveston as The F. Marie Hall Magnetic Resonance Laboratory in accordance with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.2, relating to the naming of facilities other than buildings.

It was noted that Miss Hall has provided the total funding to purchase the nuclear magnetic resonance imaging system, and the naming of this laboratory for Miss Hall is an appropriate tribute to her continuing support of the U. T. Medical Branch - Galveston.

5. U. T. Medical Branch - Galveston (U. T. Allied Health Sciences School - Galveston): Approval of Memorandum of Affiliation with the Veterans Administration Medical Center, Temple, Texas.--Approval was given to the Memorandum of Affiliation set out on Pages 193 - 194 by and between the U. T. Allied Health Sciences School - Galveston of The University of Texas Medical Branch at Galveston and the Veterans Administration Medical Center, Temple, Texas.

This Memorandum of Affiliation, executed by the appropriate officials of the institution and facility to be effective upon approval by the U. T. Board of Regents, will provide clinical and didactic experiences for students enrolled in the Occupational Therapy Bachelor Degree Program at the U. T. Medical Branch - Galveston.

MEMORANDUM OF AFFILIATION  
BETWEEN  
THE UNIVERSITY OF TEXAS MEDICAL BRANCH  
SCHOOL OF ALLIED HEALTH SCIENCES  
GALVESTON, TEXAS  
AND  
VETERANS ADMINISTRATION MEDICAL CENTER, TEMPLE, TEXAS

It is mutually agreed by The University of Texas Medical Branch, School of Allied Health Sciences, Galveston, Texas, and the Veterans Administration Medical Center (VAMC), Temple, Texas, that practical and didactic experiences for students in the Occupational Therapy Bachelor's Degree Program will be provided at this VAMC.

The faculty of The University of Texas Medical Branch, School of Allied Health Sciences, will assume responsibility, in accordance with the VAMC staff, for the assignments of students. There will be coordinated planning by the VAMC and the faculty members. While in the VAMC students will be subject to and will conduct themselves in accordance with the rules and regulations of the VAMC.

The VAMC will retain full responsibility for the care of patients and will maintain administrative and professional supervision of the students insofar as their presence affects its operation and/or the direct or indirect care of the patients. The faculty is responsible for the supervision of the education of undergraduate and graduate students and residents.

Students will receive a thorough orientation to the VAMC. The VAMC faculty members and staff supervisors will evaluate the student's performance in mutual consultation and according to the guidelines outlined in the approved curriculum.

The University of Texas Medical Branch, School of Allied Health Sciences, complies with Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and Title II of the Older Americans Amendments of 1975, and all related regulations, and assures that it does not, and will not, discriminate against any person on the basis of race, color, sex, creed, national origin, age or handicap, under any program or activity receiving federal financial assistance.

Nothing in the Agreement is intended to be contrary to state or federal laws. In the event of conflict between terms of this Agreement and any applicable state or federal law, that state or federal law will supersede the terms of this Agreement. In the event of conflict between state and federal laws, federal laws will govern.

Protection for faculty members, students, interns, and residents of the affiliated institution from personal liability, when furnishing professional services covered by this agreement while at the VAMC health care facility will be that which is provided under the Federal Tort Claims Act as implemented by 38 U.S.C. 4116.

Periodic reviews of program and policies will be conducted under the auspices of the Office of Academic Affairs.

ATTEST:

UNIVERSITY

By: William C. Levin

(Title) William C. Levin, M.D.  
President

CONTENT APPROVED:

Charles B. Mullins, M.D.  
The University of Texas System  
Charles B. Mullins, M.D., Exec. Vice  
Chancellor for Health Affairs

FACILITY

By: E. A. Borrell

(Title) E. A. BORRELL  
Director

FORM APPROVED:

Ben L. Danouy  
Office of General Counsel  
The University of Texas System

By: \_\_\_\_\_

(Title)

BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM

By: Hans Ussak

(Title) Chancellor

CERTIFICATE OF APPROVAL

I hereby certify that the foregoing Agreement was approved by the Board of Regents of The University of Texas System on the 14th day of August, 1986, and that the person whose signature appears above is authorized to execute such agreement on behalf of the Board.

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

6. U. T. Health Science Center - San Antonio: Appointment of (a) James W. Maas, M.D., as Initial Holder of the Hugo A. Auler Professorship of Psychiatry Effective Immediately and (b) Ronald S. Gibbs, M.D., to the Jane and Roland Blumberg Professorship in Gynecology and Obstetrics Effective September 1, 1986.--Upon recommendation of the Health Affairs Committee, the Board approved the following appointments to endowed academic positions at The University of Texas Health Science Center at San Antonio:

- a. James W. Maas, M.D., Professor of Psychiatry and Pharmacology, as initial holder of the Hugo A. Auler Professorship of Psychiatry effective immediately
- b. Ronald S. Gibbs, M.D., Professor and Chief of the Obstetrics Division of the Department of Obstetrics and Gynecology, to the Jane and Roland Blumberg Professorship in Gynecology and Obstetrics effective September 1, 1986.

7. U. T. Cancer Center: Appointment of Initial Holders - (a) Dr. Ralph B. Arlinghaus to the Abell-Hanger Foundation Professorship, (b) Sidney Wallace, M.D., to the John S. Dunn, Sr., Chair in Diagnostic Imaging, (c) Frederick C. Ames, M.D., to The Robert F. Fly Professorship of Surgical Oncology, and (d) Dr. Darrell N. Ward to the Anise J. Sorrell Professorship Effective September 1, 1986.--The Board, upon recommendation of the Health Affairs Committee, approved the following appointments to endowed academic positions at The University of Texas System Cancer Center effective September 1, 1986:

- a. Dr. Ralph B. Arlinghaus, Professor of Pathology and Chairman of the Department of Molecular Pathology, as initial holder of the Abell-Hanger Foundation Professorship for five years
- b. Sidney Wallace, M.D., Professor of Radiology, as initial holder of the John S. Dunn, Sr., Chair in Diagnostic Imaging for five years

See Page 217 related to establishment of this Chair.

- c. Frederick C. Ames, M.D., Associate Professor of Surgery, as initial holder of The Robert F. Fly Professorship of Surgical Oncology
- d. Dr. Darrell N. Ward, Professor of Biochemistry, as initial holder of the Anise J. Sorrell Professorship

See Page 218 related to the establishment of this Professorship.



8. U. T. Cancer Center: Approval to Change Title of J. Leslie Smith, M.D., to Ashbel Smith Professor Emeritus and Appointment of (a) Dr. David E. Anderson, (b) James G. Butler, M.D., (c) Dr. Grady F. Saunders, and (d) Margaret P. Sullivan, M.D., to Ashbel Smith Professorships for Five Years Effective September 1, 1986.--Approval was given to change the title of J. Leslie Smith, M.D., from Ashbel Smith Professor to Ashbel Smith Professor Emeritus and to appoint the following as Ashbel Smith Professors at The University of Texas System Cancer Center effective September 1, 1986 for five years:

- a. Dr. David E. Anderson, Professor of Genetics and Chief, Section of Human Genetics
- b. James G. Butler, M.D., Professor of Pathology and Head of the Section of Hematopathology
- c. Dr. Grady F. Saunders, Professor of Biochemistry
- d. Margaret P. Sullivan, M.D., Professor of Pediatrics.

REPORT AND RECOMMENDATIONS OF THE BUILDINGS AND GROUNDS COMMITTEE (Pages 197 - 204).--Committee Chairman Rhodes reported that the Buildings and Grounds Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Buildings and Grounds Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Austin - Balcones Research Center: Approval to Name a Street in the West Tract "West Balcones Center Drive."--The Board, upon recommendation of the Buildings and Grounds Committee, approved the name "West Balcones Center Drive" for the street in the west tract of The University of Texas at Austin Balcones Research Center that serves the facilities for Microelectronics and Computer Technology Corporation (MCC).

In selecting the name "West Balcones Center Drive," every effort was made to avoid conflicts with street names already in use in Austin or which might be confusing with other areas of the city.

2. U. T. Austin - Balcones Research Center - Microelectronics, Materials Science, and Related Research Areas: Authorization for Project Analysis and Appropriation Therefor.--Following a detailed discussion and upon recommendation of the Buildings and Grounds Committee, the Board:

- a. Authorized a project analysis for a new facility at The University of Texas at Austin Balcones Research Center for microelectronics, materials science, and related research areas
- b. Authorized the Office of Facilities Planning and Construction and U. T. Austin Administration to prepare the project analysis with their own staffs together with such outside professional consulting services as may be required
- c. Appropriated \$60,000 from balances on hand from U. T. Austin General Fees for administrative expenses for preparation of the project analysis.

The study would be the initial step toward a second phase of facilities development at the Balcones Research Center. Adequate new facilities for research and instruction in the fields of microelectronics, materials science, and related areas are essential for the education and training of students, the recruitment of outstanding faculty, and the further expansion of grant and contract research program funding from the government and the private sector.

The facility analysis will enable U. T. Austin to develop recommendations for future Board consideration under the Capital Improvement Program or other funding sources for construction needs in these areas.

3. U. T. Austin - Balcones Research Center: Authorization to Grant a Roadway Easement and Right-of-Way Involving 4.744 Acres to Travis County, Texas, for the Extension of Stonelake Boulevard Across the West Tract.--It was reported that the Travis County Commissioners and several property owners near The University of Texas at Austin Balcones Research Center West Tract had requested that the University grant a roadway easement and right-of-way approximately 120 feet in width and 1700 feet in length across the Balcones Research Center West Tract for a proposed extension of Stonelake Boulevard south of Braker Lane.

During consideration of this item in the Thursday meeting of the Buildings and Grounds Committee, action was deferred to allow the Board to be briefed in further detail on this easement by President Cunningham and his staff.

On Friday, following the Report of the Executive Session, the Board again considered this item. Upon recommendation of the Buildings and Grounds Committee, the Board granted a roadway easement and right-of-way to Travis County, Texas, involving 4.744 acres for the extension of Stonelake Boulevard south of Braker Lane across the Balcones Research Center West Tract as shown on the map set out on Page 199. This is subject to further approval of the metes and bounds and the easement document by the U. T. Austin Administration and the Office of General Counsel, and the concurrence of the three Austin-based Regents acting as a Special Committee of the Board.

The Stonelake Boulevard extension is a part of the recently created Northwest Travis County Road District No. 3, or the "Golden Triangle County Road District." The cost of the improvements for the roadway will be paid by the Northwest Travis County Road District No. 3, Austin, Texas. The Balcones Research Center West Tract lies within the road district, but U. T. Austin will not be subject to taxation.

U. T. Austin will reserve the right to ask for curb cuts to serve University property, as well as the right to install underground utilities within the easement.



4. U. T. Austin - Biological Sciences: Authorization for Project Analysis and Appropriation Therefor.--Following a detailed discussion and upon recommendation of the Buildings and Grounds Committee, the Board:

- a. Authorized a project analysis for facilities at The University of Texas at Austin to meet critical needs in the biological sciences
- b. Authorized the Office of Facilities Planning and Construction and U. T. Austin Administration to prepare the project analysis with their own staffs together with such outside professional consulting services as may be required
- c. Appropriated \$75,000 from balances on hand from U. T. Austin General Fees for administrative expenses for preparation of the project analysis.

Adequate new and renovated facilities for research and instruction in the Biological sciences areas are essential for the education and training of students, the recruitment of outstanding faculty, and the further expansion of grant and contract research program funding from the government and the private sector. The facilities analysis will enable U. T. Austin to develop the most effective recommendations for future Board consideration under the Capital Improvement Program or other appropriate sources of funding relative to construction and renovation needs to meet this critical instruction and research need.

5. U. T. El Paso - Mass Communications Building: Approval to Designate as Jack C. Vowell Hall.--Upon recommendation of the Buildings and Grounds Committee, approval was given to rename the Mass Communications Building at The University of Texas at El Paso as Jack C. Vowell Hall, in honor of a long time supporter of the University, who died in 1969.

6. U. T. Medical Branch - Galveston - Gail Borden Building - M. D. Anderson Analytical Chemistry Center/Human Biological Chemistry and Genetics Department Renovation: Authorization for Project; Appointment of Hightower-Alexander, Bellaire, Texas, Project Architect to Prepare Final Plans; Authorization for Submission to Coordinating Board; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Appropriation Therefor.--The Buildings and Grounds Committee recommended and the Board:

- a. Authorized a project for the renovation of space in the Gail Borden Building at The University of Texas Medical Branch at Galveston to provide facilities for the M. D. Anderson Analytical Chemistry Center and the Department of Human Biological Chemistry and Genetics at an estimated total project cost of \$480,000
- b. Appointed the firm of Hightower-Alexander, Bellaire, Texas, as Project Architect to prepare final plans and specifications
- c. Authorized submission of the project to the Coordinating Board, Texas College and University System

- d. Subject approval by the Coordinating Board, authorized the U. T. Medical Branch - Galveston Administration to advertise for bids, in consultation with the Office of Facilities Planning and Construction, and the Executive Committee to award construction contracts within the authorized total project cost
- e. Appropriated \$480,000 from Permanent University Fund Bond Proceeds for total project funding.

This project will consist of the renovation of approximately 3,660 square feet on the third and fourth floors of the Gail Borden Building. The M. D. Anderson Foundation has provided U. T. Medical Branch - Galveston with \$1,000,000 for equipment to establish the M. D. Anderson Analytical Chemistry Center as a central resource for investigators at the U. T. Medical Branch - Galveston. An NMR spectrometry facility and a High Pressure Liquid Chromatography facility have been established using U. T. Medical Branch - Galveston funds. An X-ray diffractometer has also been purchased and is operating in inadequate space in the hospital complex. This project would provide adequate space for the X-ray diffractometer and the faculty member who operates this machine.

This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985, and the allocation of Permanent University Fund Bond Proceeds for repair and rehabilitation projects approved in June 1986.

7. U. T. Medical Branch - Galveston - John Sealy Hospital - New Emergency Department and Trauma Center Facility: Authorization for Project; Appointment of Pierce Goodwin Alexander, Houston, Texas, Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--The Board, upon recommendation of the Buildings and Grounds Committee:

- a. Authorized a project to construct a New Emergency Department and Trauma Center Facility for John Sealy Hospital at The University of Texas Medical Branch at Galveston at a total project cost of \$10,000,000
- b. Appointed the firm of Pierce Goodwin Alexander, Houston, Texas, Project Architect to prepare preliminary plans, specifications, and cost estimate to be presented to the U. T. Board of Regents at a future meeting
- c. Appropriated \$10,000,000 from a grant awarded by The Sealy & Smith Foundation for the John Sealy Hospital designated for this project and payable over the period ending December 1988.

See Page 216 related to acceptance of a grant from The Sealy & Smith Foundation for the John Sealy Hospital.



8. U. T. Medical Branch - Galveston - Keiller Building - Development of Laboratory Space for Division of Nutrition: Authorization for Project; Appointment of Hightower-Alexander, Bellaire, Texas, Project Architect to Prepare Final Plans; Authorization for Submission to Coordinating Board; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Appropriation Therefor.--Upon recommendation of the Buildings and Grounds Committee, the Board:

- a. Authorized a project for the renovation of space in the Keiller Building at The University of Texas Medical Branch at Galveston to provide research laboratories for the Division of Nutrition of the Department of Preventive Medicine and Community Health at an estimated total project cost of \$750,000
- b. Appointed the firm of Hightower-Alexander, Bellaire, Texas, as Project Architect to prepare final plans and specifications
- c. Authorized submission of the project to the Coordinating Board, Texas College and University System
- d. Subject to approval by the Coordinating Board, authorized the Office of Facilities Planning and Construction to advertise for bids and the Executive Committee to award construction contracts within the authorized total project cost
- e. Appropriated \$750,000 from Permanent University Fund Bond Proceeds for total project funding.

This project, which will consist of the renovation of approximately 5,160 assignable square feet on the third floor of the Keiller Building, is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985, and the allocation of Permanent University Fund Bond Proceeds for repair and rehabilitation projects approved in June 1986.

9. U. T. Medical Branch - Galveston - Libby Moody Thompson Basic Science Building - Renovation for Department of Physiology: Authorization for Project; Appointment of Hightower-Alexander, Bellaire, Texas, Project Architect to Prepare Final Plans; Authorization for Submission to Coordinating Board; Authorization to Advertise for Bids and for Executive Committee to Award Contracts; and Appropriation Therefor.--The Buildings and Grounds Committee recommended and the Board:

- a. Authorized a project for the renovation of space in the Libby Moody Thompson Basic Science Building at The University of Texas Medical Branch at Galveston for the Department of Physiology at an estimated total project cost of \$400,000
- b. Appointed the firm of Hightower-Alexander, Bellaire, Texas, as Project Architect to prepare final plans and specifications
- c. Authorized submission of the project to the Coordinating Board, Texas College and University System

- d. Subject to approval by the Coordinating Board, authorized the U. T. Medical Branch - Galveston Administration to advertise for bids, in consultation with the Office of Facilities Planning and Construction, and the Executive Committee to award construction contracts within the authorized total project cost
- e. Appropriated \$400,000 from Permanent University Fund Bond Proceeds for total project funding.

This project, which will consist of the renovation of approximately 4,300 square feet of space in the Libby Moody Thompson Basic Science Building assigned to the Department of Physiology, will allow consolidation of the department's administrative functions and enlarge the laboratory areas.

This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985, and the allocation of Permanent University Fund Bond Proceeds for repair and rehabilitation projects approved in June 1986.

10. U. T. Medical Branch - Galveston - Expansion of Thermal Energy Plant: Authorization for Project; Appointment of Lockwood, Andrews and Newnam, Inc., Houston, Texas, Project Engineer to Prepare Preliminary Plans and Cost Estimate; and Appropriation Therefor.--The Board, following a detailed discussion and upon recommendation of the Buildings and Grounds Committee:

- a. Authorized a project for an addition to the existing Thermal Energy Plant at The University of Texas Medical Branch at Galveston and additions to the campus thermal energy distribution system in order to serve anticipated future buildings at a preliminary construction cost of \$7,950,000
- b. Appointed the engineering firm of Lockwood, Andrews and Newnam, Inc., Houston, Texas, as Project Engineer to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$100,000 from U. T. Medical Branch - Galveston Local Funds for fees and related expenses through the preparation of preliminary plans.

With the completion of the Building for the School of Allied Health Sciences and School of Nursing and the ongoing remodeling of John Sealy Hospital, the cooling loads on the existing thermal energy plant are nearing maximum production capability. Several of the existing chillers are twenty-five years old, inefficient and costly to operate, and require continual maintenance, potentially exposing U. T. Medical Branch - Galveston to a deficient cooling capacity. It is important to increase the cooling capacity of the plant by at least 3,000 tons, and preferably 6,000 tons, in the near future.

This expansion will provide a unique opportunity to install cogeneration equipment at the same time that the additional chilling equipment is added. Cogeneration would improve the efficiency of the thermal plant and substantially reduce electrical operating costs.



Funding for design and preliminary planning will be provided by the U. T. Medical Branch - Galveston from local funds and the project will be resubmitted at a later date for further Regental authorization for continued development.

11. U. T. Health Science Center - San Antonio - Basic Science Building Fifth Level Completion (Project No. 402-608): Presentation of Preliminary Plans; Authorization for Submission to Coordinating Board; Authorization to Complete Final Plans; and Additional Appropriation Therefor.-- Mr. Vaughan Bomberger, representing the Project Architect Phelps Garza Bomberger, San Antonio, Texas, presented the preliminary plans for the Basic Science Building Fifth Level Completion at The University of Texas Health Science Center at San Antonio to the Buildings and Grounds Committee.

Based upon this presentation, the Board:

- a. Approved the preliminary plans and specifications for the Basic Science Building Fifth Level Completion at the U. T. Health Science Center - San Antonio at an estimated total project cost of \$3,400,000
- b. Authorized submission of the project to the Coordinating Board, Texas College and University System
- c. 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
- d. Appropriated \$75,000 from Permanent University Fund Bond Proceeds for fees and administrative expenses through completion of final plans. Previous appropriations had been \$100,000 from the same source.

This project, which will complete approximately 30,000 gross square feet of existing shell space constructed in 1979-80 at the Fifth Level of the Basic Science Building, will provide laboratories and offices for basic science teaching and research.

This project is within the scope of the Capital Improvement Program approved by the U. T. Board of Regents in October 1985.

12. U. T. Cancer Center (U. T. Science Park): Approval to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 and to Name the Research Animal Facility the A. Clark Griffin Research Facility.-- Upon recommendation of the Buildings and Grounds Committee, Subsection 1.1 of Section 1 of Chapter VIII, Part One of the Regents' Rules and Regulations, which requires that persons in whose honor a building is to be named "shall have been deceased at least five years," was waived and the Research Animal Facility at the Research Division of the U. T. Science Park at The University of Texas System Cancer Center was named the A. Clark Griffin Research Facility in honor of Dr. Griffin's distinguished service to the U. T. Cancer Center and in recognition of his fight against cancer.

REPORT AND RECOMMENDATIONS OF THE LAND AND INVESTMENT COMMITTEE (Pages 205 - 226).--Committee Chairman Milburn reported that the Land and Investment Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Land and Investment Committee and approved in open session and without objection by the U. T. Board of Regents.

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

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

I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTERS

Report on Clearance of Monies to Permanent University Fund for May and June 1986, and Report on Oil and Gas Development as of June 30, 1986.--The following reports with respect to (a) certain monies cleared to the Permanent University Fund for May and June 1986, and (b) Oil and Gas Development as of June 30, 1986, were submitted by the Executive Vice Chancellor for Asset Management:

<u>Permanent University Fund</u>	<u>May 1986</u>	<u>June 1986</u>	<u>Cumulative Through June of this Fiscal Year (1985-1986)</u>	<u>Cumulative Through June of Preceding Fiscal Year (1984-1985)</u>	<u>Per Cent Change</u>
<u>Royalty</u>					
Oil	\$ 4,711,411.63	\$ 4,070,402.50	\$ 71,617,476.67	\$ 84,962,081.78	(15.71%)
Gas	2,049,758.55	1,885,075.35	25,285,259.46	27,182,579.81	(6.98%)
Sulphur	10,000.00	10,000.00	194,561.84	457,476.43	
Water	75,883.66	78,280.06	583,097.34	345,940.21	
Brine	2,781.17	1,620.88	73,175.24	83,461.45	
<u>Rental</u>					
Oil and Gas Leases	(6,459.55)	857.55	806,739.97	1,729,399.38	
Other	1,970.10	6,461.90	10,666.00	24,110.67	
Sale of Sand, Gravel, Etc.	-0-	1,964.40	37,318.70	18,142.00	
Gain or (Loss) on Sale of Securities	6,781,633.87	16,792,393.68	124,823,167.49	80,114,813.86	
Subtotal	13,626,979.43	22,847,056.32	223,431,462.71	194,918,005.59	14.63%
<u>Bonuses</u>					
Oil and Gas Lease Sales	-0-	28,858.05	5,942,458.05	-0-	
Amendments and Extensions to Mineral Leases	(2,425.88)	(5,041.13)	196,916.66	227,270.46	
Total Bonuses	(2,425.88)	23,816.92	6,139,374.71	227,270.46	
<u>TOTAL CLEARANCES</u>	<u>\$13,624,553.55</u>	<u>\$22,870,873.24</u>	<u>\$229,570,837.42</u>	<u>\$195,145,276.05</u>	<u>17.64%</u>

Oil and Gas Development - June 30, 1986

Acres Under Lease - 766,073

Number of Producing Acres - 570,440

Number of Producing Leases - 2,285

II. TRUST AND SPECIAL FUNDS

A. GIFTS, BEQUESTS AND ESTATES

1. U. T. System: Acceptance of Transfer of Funds and Establishment of the Chancellor's Endowment.--Upon recommendation of the Land and Investment Committee, the Board accepted an \$11,589.85 transfer of current restricted funds and established the Chancellor's Endowment at The University of Texas System.

Income from the endowment will be used at the discretion of the Chancellor.

2. U. T. Arlington: Acceptance of Transfer of Funds and Establishment of the Richard Jack Marquis Physics Scholarship Fund.--The Board accepted a \$10,574.37 transfer of current restricted funds and established the Richard Jack Marquis Physics Scholarship Fund at The University of Texas at Arlington.

Income from the endowment will be used to provide one or more scholarships to outstanding students enrolled at U. T. Arlington with a major in physics. Selection is to be determined by the Awards Committee from applications of entering students and nominations by the faculty of the Department of Physics.

3. U. T. Austin: Acceptance of Gift and Pledge from The Effie and Wofford Cain Foundation, Dallas, Texas, and Establishment of the Effie Marie Cain Regents Chair in Fine Arts in the College of Fine Arts; Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program; Establishment of the Effie Marie Cain Regents Chair in Art in the College of Fine Arts and Addition to the Endowment of the Effie Marie Cain Regents Chair in Fine Arts.--Approval was given to accept a \$300,000 gift and a \$300,000 pledge, payable prior to December 31, 1986, from The Effie and Wofford Cain Foundation, Dallas, Texas, for a total of \$600,000 and to establish the Effie Marie Cain Regents Chair in Fine Arts in the College of Fine Arts at The University of Texas at Austin.

Further, the gift and pledge, as received, will be matched under The Regents' Endowed Teachers and Scholars Program and the matching allocation will be used to establish the Effie Marie Cain Regents Chair in Art in the Department of Art in the College of Fine Arts with \$500,000 of the matching funds and the remaining \$100,000 will be used to increase the endowment of the Effie Marie Cain Regents Chair in Fine Arts in the College of Fine Arts.

See Page 166 related to an appointment to this Chair.

4. U. T. Austin: Approval to Accept Transfer of Funds and to Establish the Barbara Conrad Endowed Scholarship in Fine Arts in the College of Fine Arts.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$10,000 transfer of previously reported gifts from current restricted funds and established the Barbara Conrad Endowed Scholarship in Fine Arts in the College of Fine Arts at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarships to outstanding and deserving students in the College of Fine Arts.

5. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Establishment of the Walter Cronkite Regents Chair in Communication in the College of Communication; Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program; Addition to the DeWitt Carter Reddick Centennial Professorship in Journalism Education in the College of Communication and Redesignation as the DeWitt C. Reddick Regents Chair in Communication.--Upon recommendation of the Land and Investment Committee, the Board accepted gifts of \$226,999 and pledges of \$275,000, payable prior to August 31, 1989, from various donors for a total of \$501,999 and established the Walter Cronkite Regents Chair in Communication in the College of Communication at The University of Texas at Austin.

Further, the gifts and pledges, as received, will be matched under The Regents' Endowed Teachers and Scholars Program. Matching funds of \$358,000 will be used to increase the endowment of the DeWitt Carter Reddick Centennial Professorship in Journalism Education in the College of Communication for a total endowment exceeding \$500,000 and this professorship will be redesignated the DeWitt C. Reddick Regents Chair in Communication. The remaining funds of \$143,999 will be designated at a later date.

6. U. T. Austin: Acceptance of Pledge from Mr. Robert W. Hughes, Austin, Texas, and Establishment of the Jack R. Crosby Regents Chair in Business Administration in the College of Business Administration and the Graduate School of Business and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program and Establishment of the Joanne Crosby Regents Chair.--The Board accepted a \$500,000 pledge, payable prior to August 31, 1989, from Mr. Robert W. Hughes, Austin, Texas, and established the Jack R. Crosby Regents Chair in Business Administration in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin.

Further, the pledge, as received, will be matched under The Regents' Endowed Teachers and Scholars Program and the matching allocation will be used to establish the Joanne Crosby Regents Chair with the college to be designated at a later date.

7. U. T. Austin: Acceptance of Gift and Pledge from Dow Chemical U.S.A., Freeport, Texas, and The Dow Chemical Company Foundation, Midland, Michigan, and Establishment of the Dow Chemical Endowment for Computer Process Control and The Dow Chemical Company Foundation Process Control Laboratory Endowment in the College of Engineering.--Approval was given to accept a \$50,000 gift and \$50,000 pledge, payable prior to December 31, 1988, from Dow Chemical U.S.A., Freeport, Texas, and The Dow Chemical Company Foundation, Midland, Michigan, and to establish the Dow Chemical Endowment for Computer Process Control and The Dow Chemical Company Foundation Process Control Laboratory Endowment in the College of Engineering at The University of Texas at Austin for a total of \$50,000 in each endowment.

Income from the endowments will be used to maintain computer process control equipment and to support the activities and facilities necessary for the research and teaching functions of the designated room to be named in honor of the donor.

See Page 168 related to naming a room in the new Chemical and Petroleum Engineering Building.

8. U. T. Austin: Earnest F. Gloyna Scholarship in Environmental and Water Resources Engineering - Approval to Redesignate as the Earnest and Agnes Gloyna Endowed Presidential Scholarship in Environmental and Water Resources Engineering.--In accordance with the donor's request, the Earnest F. Gloyna Scholarship in Environmental and Water Resources Engineering in the Department of Civil Engineering in the College of Engineering at The University of Texas at Austin was redesignated the Earnest and Agnes Gloyna Endowed Presidential Scholarship in Environmental and Water Resources Engineering.

9. U. T. Austin: Acceptance of Transfer of Funds and Establishment of the Corrie Herring Hooks Publications Endowment Fund.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$44,609.99 transfer of previously reported gifts from current restricted funds and established the Corrie Herring Hooks Publications Endowment Fund at The University of Texas at Austin.

Income earned from the endowment will be used to subsidize books in the natural sciences published by the U. T. Press.

10. U. T. Austin: Acceptance of Bequest from the Estate of Lloyd A. Jeffress, Austin, Texas, and Transfer of Funds and Establishment of the Lloyd A. Jeffress Memorial Fellowship Fund in the College of Liberal Arts.--Approval was given to accept a \$10,000 bequest from the Estate of Lloyd A. Jeffress, Austin, Texas, and a \$29,980.71 transfer of previously reported gifts from current restricted funds for a total of \$39,980.71, and to establish the Lloyd A. Jeffress Memorial Fellowship Fund in the Department of Psychology, College of Liberal Arts, at The University of Texas at Austin.

Income earned from the endowment will be used for awards to graduate students in the Department of Psychology.

11. U. T. Austin: Acceptance of Gift of Securities from Ms. Carolyn Frost Keenan, Houston, Texas, and Establishment of the Carolyn Frost Keenan Endowed Scholarship in the College of Natural Sciences.--The Board accepted a gift of 185 shares of Anderson Clayton common stock valued at approximately \$10,001.56 from Ms. Carolyn Frost Keenan, Houston, Texas, and established the Carolyn Frost Keenan Endowed Scholarship in the Department of Home Economics, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarships for students entering their senior year in home economics pursuing a degree in child development.

12. U. T. Austin: Acceptance of Gift of Real Estate Being 2719 Mountain Laurel Lane (Lot 33, Mountain Laurel Addition) in Austin, Travis County, Texas, from Mr. and Mrs. James A. Michener, Austin, Texas.--The Board, upon recommendation of the Land and Investment Committee, accepted a gift of real estate being 2719 Mountain Laurel Lane (Lot 33, Mountain Laurel Addition) in Austin, Travis County, Texas, from Mr. and Mrs. James A. Michener of Austin, Texas, for the benefit of The University of Texas at Austin. Mr. and Mrs. Michener have retained the right to full possession, use and benefit of the property for Mr. Michener's life plus one year in the event that Mr. Michener should predecease Mrs. Michener.

A recommendation regarding the use of the proceeds from the sale of the property will be submitted at a later date.

13. U. T. Austin: The George M. Oliver Charitable Trust - Report of Termination of Charitable Trust and Establishment of The Leaton Thomas Oliver Scholarship Fund in Chemical Engineering in the College of Engineering (No Publicity).--It was reported that with the death of Mr. George M. Oliver on February 4, 1986, The George M. Oliver Charitable Trust was terminated with a book value in excess of \$100,000. Whereupon, The Leaton Thomas Oliver Scholarship Fund in Chemical Engineering in the College of Engineering at The University of Texas at Austin was established with the funds as prescribed by the trust agreement.

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



14. U. T. Austin: Acceptance of Gift and Pledge from Phillips Petroleum Foundation, Inc., Bartlesville, Oklahoma, and Establishment of the Phillips Petroleum Drilling Fluids Properties Laboratory Endowment and the Phillips Chemical Engineering Projects Laboratory Endowment in the College of Engineering.--The Board accepted a \$25,000 gift and a \$25,000 pledge, payable prior to December 31, 1988, from Phillips Petroleum Foundation, Inc., Bartlesville, Oklahoma, and established the Phillips Petroleum Drilling Fluids Properties Laboratory Endowment and the Phillips Chemical Engineering Projects Laboratory Endowment in the College of Engineering at The University of Texas at Austin for a total of \$25,000 in each endowment.

Income earned from the endowments will be used to maintain and improve equipment and to support the research and teaching functions of rooms to be named in honor of the donor.

See related item on Page 168.

15. U. T. Austin: Audre and Bernard Rapoport Centennial Chair in Economics and Public Affairs in the College of Liberal Arts and Lyndon B. Johnson School of Public Affairs - Acceptance of Pledge from Mr. Bernard Rapoport, Waco, Texas; Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program; Addition to the First Rapoport Centennial Professorship of Liberal Arts in the College of Liberal Arts and Redesignation as the Audre and Bernard Rapoport Regents Chair of Liberal Arts.--Approval was given to accept a pledge of \$300,000, payable prior to December 31, 1988, from Mr. Bernard Rapoport, Waco, Texas, for addition to the Audre and Bernard Rapoport Centennial Chair in Economics and Public Affairs in the College of Liberal Arts and Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin.

The pledge, as received, will be matched under The Regents' Endowed Teachers and Scholars Program and the matching allocation will be used to increase the first Rapoport Centennial Professorship of Liberal Arts in the College of Liberal Arts for a total endowment of \$500,000; and the professorship will be redesignated the Audre and Bernard Rapoport Regents Chair of Liberal Arts.

16. U. T. Austin: Acceptance of Pledge from the Sid W. Richardson Foundation, Fort Worth, Texas, and Establishment of the Sid W. Richardson Regents Chair in Community College Leadership in the College of Education and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$500,000 pledge, payable prior to August 31, 1989, from the Sid W. Richardson Foundation, Fort Worth, Texas, and established the Sid W. Richardson Regents Chair in Community College Leadership in the College of Education at The University of Texas at Austin.

Further, the pledge, as received, will be matched under The Regents' Endowed Teachers and Scholars Program and the matching allocation will be used to double the endowment.

17. U. T. Austin: William T. Stokes Centennial Teaching Fellowship in Geological Sciences in the College of Natural Sciences - Acceptance of Additional Gift from William T. and Fiona D. Stokes, Dallas, Texas; Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program; and Addition to the Fiona D. Stokes Centennial Teaching Fellowship in Petroleum Land Management in the College of Business Administration.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$10,000 gift from William T. and Fiona D. Stokes, Dallas, Texas, for addition to the William T. Stokes Centennial Teaching Fellowship in Geological Sciences in the Department of Geological Sciences, College of Natural Sciences, at The University of Texas at Austin for a total endowment of \$100,000.

The gift will be matched under The Regents' Endowed Teachers and Scholars Program with funds used to increase the Fiona D. Stokes Centennial Teaching Fellowship in Petroleum Land Management in the College of Business Administration for a total endowment of \$60,000.

18. U. T. Austin: Fleet and Chester Wynne Endowed Scholarship in the College of Education - Redesignated as the Fleet and Chester Wynne Endowed Presidential Scholarship in Education.--Approval was given to redesignate the Fleet and Chester Wynne Endowed Scholarship in the College of Education at The University of Texas at Austin as the Fleet and Chester Wynne Endowed Presidential Scholarship in Education.

This redesignation was made in accordance with the donor's request.

19. U. T. Austin: Establishment of the Richard W. Yarborough Native American Indian Scholarship in the School of Law.--At the request of the Law School Foundation (an external foundation), the Richard W. Yarborough Native American Indian Scholarship was established in the School of Law at The University of Texas at Austin in accordance with the Regents' Rules and Regulations. The funding for this Scholarship (\$10,000) will be retained by the Law School Foundation and will be administered per the agreement between the Foundation and the U. T. Board of Regents.

The funds for the endowment will assist American Indians attending the School of Law.

20. U. T. Dallas: Acceptance of Pledge from Mr. Michael Jaffe, New York, New York, and Establishment of the Arnold A. Jaffe Holocaust Collection Endowment Fund.--The Board accepted a \$10,000 pledge from Mr. Michael Jaffe, New York, New York, and established the Arnold A. Jaffe Holocaust Collection Endowment Fund at The University of Texas at Dallas.

21. U. T. El Paso: Acceptance of Gifts from Mr. and Mrs. Harry O. Rearick, El Paso, Texas, and DeWitt and Rearick, Inc., El Paso, Texas, and Establishment of the Patrick H. DeWitt Memorial Presidential Scholarship Fund.--Approval was given to accept gifts of \$10,000 from Mr. and Mrs. Harry O. Rearick, and \$15,000 from DeWitt and Rearick, Inc., both of El Paso, Texas, for a total endowment of \$25,000 and to establish the Patrick H. DeWitt Memorial Presidential Scholarship Fund at The University of Texas at El Paso.

Income earned from the endowment will be used to award an annual scholarship of \$1,500 or more per academic year, renewable for four years, in accordance with the U. T. El Paso Presidential Endowed Scholarship Program to a qualified student majoring in real estate in the College of Business Administration.

22. U. T. El Paso: Acceptance of Transfer of Funds and Establishment of the C. H. Gladman Scholarship Fund.--The Land and Investment Committee recommended and the Board accepted a \$10,200.39 transfer of current restricted funds and established the C. H. Gladman Scholarship Fund at The University of Texas at El Paso.

Income earned from the endowment will be used to provide scholarships for outstanding undergraduate mathematics students at U. T. El Paso.

23. U. T. El Paso: Helen O'Shea Keleher Presidential Scholarship Fund - Acceptance of Bequest from the Estate of Helen O'Shea Keleher, El Paso, Texas, and Redesignation as the Helen O'Shea Keleher Memorial Presidential Endowed Scholarship Fund.--The Board accepted a distribution of \$600,000 from the Estate of Helen O'Shea Keleher, El Paso, Texas, for addition to the Helen O'Shea Keleher Presidential Scholarship Fund at The University of Texas at El Paso for a total endowment of \$625,143.75 and redesignated the fund as the Helen O'Shea Keleher Memorial Presidential Endowed Scholarship Fund. Additional distributions are anticipated at a later date.

24. U. T. El Paso: Acceptance of Gift from Mrs. M. Lorraine Montiel, El Paso, Texas, and Establishment of the Ruben Montiel, Jr. Memorial Scholarship Fund for Civil Engineering.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$10,500 gift from Mrs. M. Lorraine Montiel, El Paso, Texas, and established the Ruben Montiel, Jr. Memorial Scholarship Fund for Civil Engineering at The University of Texas at El Paso.

Income earned from the endowment will be used to award an annual scholarship of \$750 or more per academic year, renewable for four years, to a qualified student recommended by the Civil Engineering Department in accordance with the U. T. El Paso Presidential Scholarship Program.

25. U. T. Tyler: Approval to Accept and Sell Gift from Mr. Ancel E. Nunn, Palestine, Texas, and to Establish the Art Department Endowed Fund for Academic Enrichment.--Approval was given to accept a gift of 100 lithographs valued at \$155 each from Mr. Ancel E. Nunn, Palestine, Texas, and to sell the lithographs and establish the Art Department Endowed Fund for Academic Enrichment at The University of Texas at Tyler with the proceeds. Proceeds of \$15,500, less projected sales expenses of \$2,000, for an approximate yield of \$13,500 are anticipated.
26. U. T. Tyler: Acceptance of Gift of Securities from Mr. and Mrs. Robert Rogers, Tyler, Texas, and Establishment of the George S. Rogers Endowed Presidential Scholarship.--The Board accepted 1,350 shares of TCA Cable TV, Inc. common stock valued at \$25,650 from Mr. and Mrs. Robert Rogers, Tyler, Texas, and established the George S. Rogers Endowed Presidential Scholarship at The University of Texas at Tyler.
27. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): Dr. Charles T. Ashworth Professorship in Pathology, William Kemp Clark Chair of Neurological Surgery, Robert W. Lackey Visiting Professorship, and Robert L. Moore Chair in Pediatrics - Acceptance of Additional Gifts from Various Donors and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Land and Investment Committee recommended and the Board accepted additional gifts from various donors as set forth below for previously established endowed academic positions at the U. T. Southwestern Medical School - Dallas of The University of Texas Health Science Center at Dallas:

<u>Endowed Academic Position</u>	<u>Additional Gifts</u>	<u>Total Endowment</u>
Dr. Charles T. Ashworth Professorship in Pathology	\$1,375	\$103,585.00
William Kemp Clark Chair of Neurological Surgery	\$2,700	\$249,712.65
Robert W. Lackey Visiting Professorship	\$1,040	\$ 70,329.14
Robert L. Moore Chair in Pediatrics	\$1,000	\$501,000.00

The actual income which will be earned by these gifts will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code.

28. U. T. Health Science Center - Dallas: Acceptance of Gift from Mr. and Mrs. Henri L. Bromberg, Jr., Dallas, Texas, and Establishment of The Jan and Henri Bromberg Professorship in Internal Medicine and Eligibility for Matching Funds Under the Texas Eminent Scholars Program (No Publicity).--The Board accepted a \$100,000 gift from Mr. and Mrs. Henri L. Bromberg, Jr., Dallas, Texas, through The Brookview Foundation, and established The Jan and Henri Bromberg Professorship in Internal Medicine at The University of Texas Health Science Center at Dallas.

Further, the actual income which will be earned on the \$100,000 gift will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code.

See Page 191 related to an appointment to this Professorship.

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

29. U. T. Health Science Center - Dallas: Establishment of the Golden Charity Guild Charles R. Baxter, M.D. Chair.-- At the request of the Southwestern Medical Foundation (an external foundation), the Golden Charity Guild Charles R. Baxter, M.D. Chair was established at The University of Texas Health Science Center at Dallas in accordance with the Regents' Rules and Regulations with the discipline to be defined at a later date.

The funding for this Chair (\$500,000) will be retained by the Southwestern Medical Foundation and will be administered per the agreement between the Foundation and the U. T. Board of Regents.

30. U. T. Health Science Center - Dallas: Acceptance of Gift and Pledge from the Haggar Foundation, Dallas, Texas, and Establishment of the Rosemary Haggar Professorship in Urology and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.-- Upon recommendation of the Land and Investment Committee, the Board accepted a \$20,000 gift and an \$80,000 pledge payable over five years for a total of \$100,000 from the Haggar Foundation, Dallas, Texas, and established the Rosemary Haggar Professorship in Urology at The University of Texas Health Science Center at Dallas.

Further, the actual income earned on the gift and pledge totaling \$100,000 will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code.

31. U. T. Health Science Center - Dallas (U. T. Southwestern Medical School - Dallas): The Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases - Acceptance of Additional Gifts from Various Donors and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.-- The Board accepted additional gifts totaling \$55,705 from various donors for addition to The Berta M. and Cecil O. Patterson Professorship for Research in Digestive Diseases at the U. T. Southwestern Medical School - Dallas of The University of Texas Health Science Center at Dallas for a total endowment of \$205,705.

The actual income which will be earned on the gifts of \$55,705 will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code.

32. U. T. Medical Branch - Galveston: Acceptance of Grant from The Sealy & Smith Foundation for the John Sealy Hospital to Fund Construction of an Emergency Department and Trauma Center Facility.--The Land and Investment Committee recommended and the Board accepted a \$10,000,000 grant from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, to fund construction of a new Emergency Department and Trauma Center facility at The University of Texas Medical Branch at Galveston.

See Page 201 related to construction of a new Emergency Department and Trauma Center facility.

33. U. T. Medical Branch - Galveston: Acceptance of Gifts from Various Donors and Establishment of the Curtis W. Lambert Scholarship Fund.--Approval was given to accept \$12,469.53 in gifts from various donors and to establish the Curtis W. Lambert Scholarship Fund at The University of Texas Medical Branch at Galveston.

Income earned from the endowment will be used to provide scholarships of at least \$200 to students from the U. T. Medical School - Galveston or the U. T. G.S.B.S. - Galveston on the basis of superior academic merit and financial need.

34. U. T. Medical Branch - Galveston: Acceptance of Gift from Dr. Ray E. Santos, Lubbock, Texas, and Establishment of the Josefina Santos Lectureship in Orthopaedics.--The Board accepted a gift of \$22,000 from Dr. Ray E. Santos, Lubbock, Texas, and established the Josefina Santos Lectureship in Orthopaedics at The University of Texas Medical Branch at Galveston.

35. U. T. Health Science Center - Houston: Acceptance of Gift from the Harris County Medical Society Auxiliary, Christmas Collection Fund, Houston, Texas, and Establishment of The Harris County Medical Society Auxiliary Award for Clinical Excellence in Nursing.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$10,000 gift from the Harris County Medical Society Auxiliary, Christmas Collection Fund, Houston, Texas, and established The Harris County Medical Society Auxiliary Award for Clinical Excellence in Nursing at The University of Texas Health Science Center at Houston.

Income earned from the endowment will be used to award an outstanding student, selected by faculty and classmates, who exemplifies excellence in clinical nursing. Awards will be given three times a year at each Nursing School graduation ceremony.

36. U. T. Cancer Center (U. T. M.D. Anderson Hospital - Houston): Acceptance of Property and Mineral Interests Being 2,350 Acres, More or Less, in Cameron County, Texas, from Mrs. Virginia Jones Mullin, Tucson, Arizona.--Approval was given to accept a donation of property and mineral interests in Cameron County, Texas, from Mrs. Virginia Jones Mullin, Tucson, Arizona, for the benefit of the U. T. M.D. Anderson Hospital - Houston of The University of Texas System Cancer Center. The donation deed conveys all of Mrs. Mullin's interest in 2,350 acres, more or less, together with all present and future accretions, relictions, and other alluvial additions to said donated lands on the eastern boundary thereof, and her 22.5 percent interest in



the mineral rights for this tract. The deed includes a 1,600 acre tract of land which was previously donated to the U. T. M.D. Anderson Hospital - Houston and clarifies the University's ownership of the entire 2,350 acres and its 22.5 percent mineral interest.

The 1986 tax assessed value of this property is \$500 per acre which equals a total book value on the 2,350 acres of \$1,175,000.

At its April 1982 meeting, the U. T. Board of Regents accepted a gift of an undivided 11.25 percent interest in the surface of approximately 10,200 acres of land located in Cameron County, Texas, from Mrs. Virginia Jones Mullin, Tucson, Arizona, for the benefit of the U. T. M.D. Anderson Hospital - Houston. This property was subsequently partitioned in June 1982 and U. T. M.D. Anderson Hospital - Houston received ownership in the surface rights of approximately 1,600 acres. The mineral rights for the original gift were reserved by Mrs. Mullin.

37. U. T. Cancer Center: Acceptance of Gift from the John S. Dunn Research Foundation, Houston, Texas, and Transfer of Funds and Establishment of the John S. Dunn, Sr., Chair in Diagnostic Imaging and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$500,000 gift from the John S. Dunn Research Foundation, Houston, Texas, and a \$500,000 transfer from the Anderson Clinical Professorships Account for a total endowment of \$1,000,000 and established the John S. Dunn, Sr., Chair in Diagnostic Imaging at The University of Texas System Cancer Center.

The actual income earned on the \$500,000 gift will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code.

See Page 195 related to an appointment to this Chair.

38. U. T. Cancer Center - Amanda Marie Whittle Professorship in Tumor Virology: Acceptance of Additional Gift from the Paul and Mary Haas Foundation, Corpus Christi, Texas, and Transfer of Funds and Redesignation as the Paul and Mary Haas Chair in Honor of Amanda Marie Whittle and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Approval was given to accept an additional gift of \$135,000 from the Paul and Mary Haas Foundation, Corpus Christi, Texas, and a transfer of \$149,862.22 from Anderson Clinical Professorships Fund, plus \$134,519.09 in interim earnings, for addition to the Amanda Marie Whittle Professorship in Tumor Virology at The University of Texas System Cancer Center for a total endowment of \$800,000 and the Professorship was redesignated the Paul and Mary Haas Chair in Honor of Amanda Marie Whittle.

Further, the actual income earned on the \$135,000 gift will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I, of the Texas Education Code.



39. U. T. Cancer Center: Acceptance of Gift of Securities from Mr. and Mrs. Ben Rogers and Their Daughter Regina Rogers, Beaumont, Texas, and Establishment of the Julie and Ben Rogers Award for Excellence.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$150,000 Certificate of Deposit bearing 6.45% simple interest payable quarterly, issued by the Parkdale Bank of Beaumont, Texas, maturing on April 25, 1987, from Mr. and Mrs. Ben Rogers and their daughter Regina Rogers, all of Beaumont, Texas, and established the Julie and Ben Rogers Award for Excellence at The University of Texas System Cancer Center.

Income earned from the endowment will be used to annually award \$10,000 in cash and a Certificate of Merit to recognize employees of the U. T. Cancer Center who have demonstrated excellence in the area of patient care, education, cancer research, prevention or administration. The award will rotate among the five areas and will be presented at The University Cancer Foundation Board of Visitors Annual Dinner. The recipient will be selected by a committee of the institutional vice presidents.

40. U. T. Cancer Center: Approval to Accept Transfer of Funds and to Establish the Anise J. Sorrell Professorship.--Approval was given to accept a \$200,000 transfer of current restricted funds and to establish the Anise J. Sorrell Professorship at The University of Texas System Cancer Center.

At the June 1986 meeting, the U. T. Board of Regents accepted a report of a sale of 425 acres of land in Montgomery County, Alabama, from the Estate of Anise J. Sorrell, Pike County, Alabama, with net proceeds of \$192,520.97. Funds provided from the sale, plus earnings, bring the current balance in the designated account to \$200,632.50.

See Page 195 related to an appointment to this Professorship.

B. REAL ESTATE MATTERS

1. U. T. Austin: Gift of Real Estate from Mrs. Charlotte M. Brown, Ladue, Missouri, and Mr. Paul H. Myer, Chesterfield, Missouri - Authorization to Sell Real Property Being the West 60 Feet of Lot 1, Block D, Westmoreland Estates #2, City of Dallas, Dallas County, Texas, to the City of Dallas, and Authorization for the Executive Vice Chancellor for Asset Management to Execute Documents.--The Board authorized the Office of Asset Management to sell the property being the West 60 feet of Lot 1, Block D, Westmoreland Estates #2, City of Dallas, Dallas County, Texas (Gift of Real Estate from Mrs. Charlotte M. Brown, Ladue, Missouri, and Mr. Paul H. Myer, Chesterfield, Missouri - The University of Texas at Austin), to the City of Dallas for \$2,700 with closing costs to be paid by the buyer. The market value of the property is 43 cents per square foot or \$2,148. The 4,995 square foot lot is adjacent to a newly designated aircraft approach zone at Redbird Airport and if the property is not considered for sale, it may be subject to condemnation proceedings.

Further, the Executive Vice Chancellor for Asset Management was authorized to execute all documents required for the transaction.

Proceeds from the sale of the lot are to be for the unrestricted use of The University of Texas at Austin.

2. U. T. Austin: E. W. and Helen Franke Fund - Approval to Grant an Oil and Gas Lease Covering an Undivided 50 Percent Interest in 640 Mineral Acres, Being All of Section 12, G. C. Gifford Survey, H&TCRR Company Survey, A-662, Wharton County, Texas, to Ladd Petroleum Corporation, Houston, Texas.--Approval was given to grant an oil and gas lease covering an undivided 50 percent interest in 640 mineral acres, being all of Section 12, G. C. Gifford Survey, H&TCRR Company Survey, A-662, Wharton County, Texas, to Ladd Petroleum Corporation, Houston, Texas. This mineral interest is held in trust for The University of Texas at Austin - E. W. and Helen Franke Fund.

The terms of the lease provide for a \$50 per acre bonus, a 1/5 royalty, a \$10 per acre rental and a three-year term. The total bonus for the lease is \$16,000.

3. U. T. Austin: W. C. Hogg Memorial Fund - Approval to Grant Four Oil and Gas Leases Covering an Undivided 3/16 Interest in 189.498375 Net Mineral Acres Out of 1010.658 Acres Out of 3-1/6 Leagues Grant, A-2, Wharton County, Texas, to Hagen-Greenbriar Exploration Corp., Houston, Texas.--Approval was given to grant four oil and gas leases covering an undivided 3/16 interest in 189.498375 acres out of 1010.658 acres out of 3-1/6 Leagues Grant, A-2, Wharton County, Texas, to Hagen-Greenbriar Exploration Corp., Houston, Texas. This mineral interest is held in trust for the W. C. Hogg Memorial Fund - The University of Texas at Austin.

The terms of the leases provide for a \$50 per acre bonus, a \$25 per acre rental, a two-year term, a 22.5 percent royalty and a 180 day continuous development provision. Gas pooling of 320 acres is included in each lease. The total bonus for the lease is \$9,474.96.

4. U. T. El Paso: Estate of Josephine Clardy Fox - Authorization to Lease the Land and Improvements Located at 5020-5036 Paisano, El Paso, Texas, to Calvary Chapel of El Paso, Inc., El Paso, Texas.--Upon recommendation of the Land and Investment Committee, the Board approved a lease covering the land and improvements at 5020-5036 Paisano, El Paso, Texas (Estate of Josephine Clardy Fox - The University of Texas at El Paso), to Calvary Chapel of El Paso, Inc., El Paso, Texas.

Terms of the lease provide for a rental of \$900 per month for a one-year term and the tenant will pay all insurance. Taxes will be paid from the rents collected.

5. U. T. El Paso: Estate of Josephine Clardy Fox - Approval to Renew Lease Covering the Land and Improvements at 5040 Paisano, El Paso, Texas, to the Circle K Corporation, Phoenix, Arizona.--Approval was given to a lease covering the land and improvements at 5040 Paisano, El Paso, Texas (Estate of Josephine Clardy Fox - The University of Texas at El Paso), to the Circle K Corporation, Phoenix, Arizona.

The terms of the lease provide for a one-year term effective July 8, 1986, at a rental of \$700 per month plus two percent of gross sales in excess of \$420,000 per year. The lessee is responsible for payment of all taxes and insurance on the property.

6. U. T. Cancer Center: Acceptance of a Partnership Interest in Pfeiffer Road-Hwy 87 Partnership, Kendall County, Texas, from Mr. and Mrs. Philip M. Timmins, Boerne, Texas, Authorization for Office of Asset Management to Negotiate a Fair Market Value Sale and Authorization for Executive Vice Chancellor for Asset Management to Execute All Appropriate Documents.--The Board accepted an undivided five percent interest of an undivided fifty percent interest in Pfeiffer Road-Hwy 87 Partnership owning seven lots of Townsend Crossing in Kendall County, Texas, from Mr. and Mrs. Philip M. Timmins, Boerne, Texas, for the benefit of The University of Texas System Cancer Center. These lots have been independently appraised at \$1,463,000 with the donative interest having a value of \$36,575.

Further, the Office of Asset Management was authorized to negotiate for the sale of the interest at fair market value and the Executive Vice Chancellor for Asset Management was authorized to execute all documents pertaining to the transaction.

At its April 1986 meeting, the U. T. Board of Regents accepted a similar gift of interest in another partnership from Mr. and Mrs. Timmins. The proceeds from the sale of the lots owned by both partnerships will be used to establish a professorship to be used solely for research in children's leukemia in the name of their daughter, Shannon Timmins.

III. OTHER MATTERS

U. T. System: Approval to (a) Adopt Medical Malpractice Self-Insurance Fund Investment Policy Statement and (b) Amend Regents' Rules and Regulations, Part Two, Chapter IX, Section 3, Subsection 3.1.--The Board, upon recommendation of the Land and Investment Committee:

- a. Adopted the following policy statement with regard to management and investment of the Medical Malpractice Self-Insurance Fund:

MEDICAL MALPRACTICE SELF-INSURANCE FUND  
INVESTMENT POLICY STATEMENT

FUND CHARACTERISTICS

The University of Texas System Professional Medical Malpractice Self-Insurance Plan, authorized by Chapter 59 of the Texas Education Code, went into effect on April 1, 1977, to provide malpractice insurance coverage for staff physicians, medical students, residents, and fellows at the U. T. System health components. The Self-Insurance Plan's assets, excluding the assets held in an operating account, constitute the "Medical Malpractice Self-Insurance Fund." Internal growth of the Fund may occur through capital appreciation and retention of income in excess of settlement payments.

RESPONSIBILITY AND MANAGEMENT OF THE FUND

Fiduciary responsibility for the Plan and the Fund rests with the Board of Regents of The University of Texas System. Pursuant to the Board of Regents Order of April 15, 1977, and the Regents' Rules and Regulations, the Office of General Counsel administers the Plan. As administrator of the Plan, the Office of General Counsel has the responsibility for interpretation and implementation of the Plan; investigation of all medical malpractice claims; decisions regarding the trial or settlement of claims; retention of outside defense counsel for malpractice litigation; selection of insurance actuaries and consultants to review and make recommendations regarding premium changes, reserve procedures, and loss experiences; coordinating and participating in all risk management programs at health components; and performing such other functions as are appropriate for administration of the Plan. The Office of Finance and Administration has responsibility for the accounting for the Plan, the Plan's operating account monies, and the cash receipts and disbursements of the Plan.

The Office of the Executive Vice Chancellor for Asset Management administers the investment of the Self-Insurance Fund. Specific investment decisions are handled by the investment staff of the Asset Management Office as well as unaffiliated investment managers, who are employed from time to time. The Board retains an Investment Advisory Committee to provide counsel concerning portfolio and economic issues affecting the Fund.

## CONFLICT OF INTEREST

Members of the Board and the Investment Advisory Committee are frequently persons of wide-ranging business interests. Therefore, a prudent, independent investment decision process may result in investments in firms or organizations with which a member of the Board or the Investment Advisory Committee is affiliated. Affiliation shall be interpreted within this section to mean an employee, officer, director, or owner of five percent or more of the voting stock of a firm or organization. The investment staff or an unaffiliated investment manager may invest in such securities. However, the following restrictions shall apply:

- A member of the Board or the Investment Advisory Committee shall not direct nor participate in the decision to purchase or sell securities of a firm with which such member is affiliated.
- Investments will not be purchased from or sold to a member of the Board or the Investment Advisory Committee.
- All members of The University of Texas System investment and administrative staff must report any affiliation with another firm or organization to the Regents' Land and Investment Committee. On an annual basis the staff will report the nature and extent of any investments in or business transacted with such firms.

## INVESTMENT OBJECTIVES

The primary investment objective is to appreciate the total value of the Fund, over time, through capital appreciation and income generation. Management of the Fund attempts to meet this objective by maximizing the return on the Fund's investments, consistent with an appropriate level of risk and subject to maintaining adequate cash equivalent-short term investments to meet potential near-term settlement payments. Additionally, the Fund shall be diversified at all times to provide reasonable assurance that investment in a single security, a class of securities, or industry will not have an excessive impact on the Fund.

## ASSET MIX

Asset mix is the primary determinant of Fund performance, and is the responsibility of the Regents' Land and Investment Committee. Asset mix may be changed from time to time based on the economic and security market outlook.

In establishing asset mix, recognition of the role of short term investments must be considered. Cash equivalent-short term investments provide current income, but their principal purposes are to store purchasing power to fund longer term investments and to store the ability to meet potential near-term settlement payments. In order to insure that the Fund is able to meet settlement payments without suffering principal exposure, the following levels of short term investments will be maintained:

- A minimum of 2 times the difference between the maximum and the minimum amount to be maintained in the operating account will be held in cash equivalent-short term investments.
- A minimum of .50 times the total of the reserves for legal expenses plus the reserves for claim liabilities will be held in investments with a maturity of six months or less.

Other investments will be held based on their potential risk-adjusted total return.

#### PERFORMANCE GOALS

To accomplish the investment objectives for the Fund and recognizing the critical role of asset mix, specific performance goals exist for the total Fund as well as separate categories of assets. Achievement of these goals is most appropriately determined over a full market cycle time period ... generally four to five years.

Specific performance goals for the Fund are:

- Common Stocks - Performance equal to or greater than the Standard & Poor's 500 Index.
- Bonds - Performance equal to or greater than the Shearson Lehman Government/Corporate Bond Index or other appropriate bond index.
- Total Fund Return - Performance equal to or greater than that of other comparable funds.

Active trading of bonds is necessary to prevent deterioration of portfolio market value and may result in the realization of book losses from time to time.

#### PERFORMANCE MEASUREMENT

The investment performance of the Fund will be measured by an unaffiliated organization with recognized expertise in this field, and compared against the stated investment objectives of the Fund. Such measurement will occur at least annually, and will contain data on the results of the total Fund, major classes of investment assets, and individual management organizations.

#### INVESTMENT GUIDELINES

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

Investment restrictions include the following:

- All investments must be U. S. dollar denominated unless held by an investment manager retained to manage an international portfolio.
- No investments may be made in securities of the South African government, government agencies, or firms.
- Commercial paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2), or Standard & Poor's Corporation (A1 or A2).
- Negotiable certificates of deposit must be with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.

- Repurchase Agreements and Reverse Repurchase Agreements must be with a domestic dealer selected by the Federal Reserve as a primary dealer in U. S. Treasury securities; or a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1. or better by Duff & Phelps.
- Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by the Executive Director for Investments and Trusts and the Executive Vice Chancellor for Asset Management prior to investment of Fund monies in such liquid investment fund. No requirement exists that such funds conform to the above restrictions on money market instruments.
- Corporate bonds and preferred stocks must be rated a minimum of Baa3 by Moody's Investors Service, Inc., or BBB- by Standard & Poor's Corporation, respectively, when purchased. Bonds rated below A3 and A- shall not constitute an excessive portion of the total bond portfolio. Unrated bonds or preferred stocks may be purchased prior to review by the Land and Investment Committee if, in the opinion of the System's investment staff, they are at least equal in quality to publicly offered securities eligible for purchase. The cost of unrated bonds and preferred stocks which have not been reviewed by the Land and Investment Committee may not exceed 1% of the book value of the Fund.
- No more than five percent of the voting securities of a corporation may be owned.
- No securities may be purchased or held which would jeopardize the Fund's tax exempt status.
- No securities may be purchased on margin or leverage.
- No transactions in short sales will be made.
- Transactions in financial futures and options (other than those received as part of an investment unit) may only occur as part of a hedging program authorized by the Land and Investment Committee.
- Unaffiliated investment managers transacting solely within their assigned assets:
  - shall hold no more than 25% of their managed portfolio in any one industry at cost unless the manager was retained to concentrate in an industry or industries.
  - shall hold no more than 10% of their managed portfolio in the securities of one corporation at cost.
  - shall not hold investment in real estate, partnerships, and other such illiquid assets unless retained to manage this type of asset and shall hold no more than 10% of their managed portfolio in any other asset category different than the type they were retained to manage. Short-term liquid investments are excluded from this limitation. Convertible securities are considered to be equity equivalents for purposes of this restriction.
  - shall hold no securities traded only in foreign markets unless they were retained to manage an international portfolio.

#### INVESTMENT MANAGEMENT FIRMS

Unaffiliated investment managers may be hired from time to time to provide the Fund with increased diversity through their unique style and approach to investing. Their purpose is to improve the Fund's return and to alter its volatility. Other than as limited by this Policy, investment managers



shall have complete investment discretion. In addition to performance, investment managers shall be monitored for adherence to their investment style, and shall be available as reasonably requested for open communication with the Board of Regents and The University of Texas System's investment and administrative staff.

#### FUND ADMINISTRATION

Administration of the Fund is recognized as vital to Fund stability and fulfillment of objectives. Areas of emphasis shall include record keeping, internal controls, protection of assets, cash management and processing efficiency.

Transaction and accounting records shall be complete and prepared on a timely basis with consideration at all times to the adequacy of an audit trail.

Internal controls will assure responsible separation of duties and diminish the real and prospective burden on individual employees.

Custody of the Fund's assets shall be in compliance with applicable law and arranged to provide as much security, trading speed and flexibility as possible. Adequate insurance levels will be maintained by any custodian or transportation agent employed by the Fund.

The daily cash position will be monitored to insure that non-interest bearing cash is minimized. The collection time of all dividend and interest payments will be accelerated to the extent possible.

Operational efficiency is imperative, and computer capabilities shall be extensively used to reduce manual processing and duplication of activities.

System investment and administrative staff will conduct business for the Fund with organizations which, after review, are believed to exercise professional integrity and have financial substance judged adequate in light of the size and nature of the business involved. Normal business entertainment of the staff is recognized as a customary medium for conducting this type of business. Acceptance of material gifts from unaffiliated vendors is prohibited.

Additionally, transactions to purchase or sell securities shall be entered into on the basis of "best execution," which normally means best realized net price for the security. Commissions may be paid for investment services rendered to the Fund including securities research.

#### INVESTOR RESPONSIBILITY

The Fund provides financial support to activities related to higher education institutions which have a special and unique role in society. It follows that, subject to the "Prudent Person Rule," investment of the Fund must be sensitive to major issues affecting its constituency including the State of Texas and supporters of higher education.

As a significant shareholder, the Fund has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the Fund.

The primary basis for all investment decisions is the "Prudent Person Rule" (see Investment Guidelines). The Fund shall not be invested to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

b. Amended the Regents' Rules and Regulations, Part Two, Chapter IX, Section 3, Subsection 3.1 to read as follows:

Sec. 3. Policy for Investment and Management of Trust and Special Funds.

3.1 Unless otherwise limited by the terms of the instrument by which the fund was created, trust and special funds under the control of the Board shall be invested and reinvested in such securities and investments as are permitted by the Texas Trust Code (Subtitle B, Title 9, Texas Property Code) as legal investments for funds held by trustees. The policies for the investment of funds for the Professional Medical Malpractice Self-Insurance Plan shall be those outlined in the Medical Malpractice Self-Insurance Fund Investment Policy Statement.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

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

Report

The Board for Lease of University Lands has not met since the Regents' meeting on June 5-6, 1986. The School Land Board plans to have an oil and gas lease sale of Public School Lands on October 7, 1986, and the list of tracts being offered indicates that this will be a small sale of less than 80,000 acres.

No State tracts are offered in the nineteen counties where Permanent University Fund lands are located, except for three small Pecos River bed tracts.

The State sale will be monitored closely by University staff to determine whether there is a slight upswing in the drilling and leasing activities in the oil industry.

At the present time, there has been no indication in the Permian Basin of a need for an oil and gas lease sale of University lands.

OTHER MATTERS

1. U. T. System: Report by Chancellor Hans Mark on Response to Executive Order MW-36.--Chairman Hay called on Chancellor Mark for a report on The University of Texas System response to Executive Order MW-36 regarding a reduction in expenditures.

Chancellor Mark noted that the U. T. System continued to be very mindful of the fact that it has a commitment to reduce expenditures by \$91 million by the end of the biennium. He distributed to the Board a Summary of General Revenue Savings as of August 31, 1986, a copy of which is on file in the Office of the Board of Regents.

In summary, the report indicated that the U. T. System would achieve the savings that had been proffered for the 1986 fiscal year and that procedures and safeguards were in place to assure the fiscal 1987 savings.

Chancellor Mark briefly commented on the issuance of Executive Order MW-39 which placed a hiring freeze on all State agencies and specified the procedures by which exceptions to this employment restriction should be processed in certain limited categories of personnel. He commended the System staff and Governor's Office for

dealing effectively with those situations where prior employment commitments had been made and for the understanding manner in which replacement personnel for essential services had been authorized.

In closing, Chancellor Mark stated that he would continue to report on this situation as long as the hiring freeze lasts.

2. U. T. Board of Regents: Certificate of Appreciation to Charles C. Sprague, M.D., President of The University of Texas Health Science Center at Dallas.--Chairman Hay recognized Regent Briscoe who noted that on July 11, 1986, the Board hosted a special tribute to Dr. Charles C. Sprague on his impending retirement from the presidency of The University of Texas Health Science Center at Dallas. During that evening, Dr. Sprague's extraordinary role in the growth and development of that health science center to its present national and international stature was appropriately recognized.

In recognition of President Sprague's many years of devoted service to The University of Texas System, Regent Briscoe read and presented the following Certificate of Appreciation:

CERTIFICATE OF APPRECIATION

The Board of Regents

Express to

CHARLES C. SPRAGUE, M.D.

Its Deep Appreciation for his Distinguished Service to  
The University of Texas System

In Particular, it is especially grateful  
for his wise counsel and exceptional leadership of

The University of Texas Health Science Center at Dallas

as

Dean and Professor of Internal Medicine  
The University of Texas Southwestern Medical School at Dallas  
1967 - 1972

and

President  
The University of Texas Health Science Center at Dallas  
1972 - 1986

Adopted by unanimous vote this 14th day of August 1986.

(signed by all members of the Board)

President Sprague graciously accepted this accolade and expressed his sincere appreciation to the Board for the opportunity to serve The University of Texas System. He stated that he would continue to watch the steady progress of the U. T. System and would anticipate the same impressive record to be maintained.

SCHEDULED MEETINGS.--It was ordered that the meetings of the U. T. Board of Regents for the calendar year 1987 be scheduled as set forth below:

<u>Dates</u>	<u>Locations</u>
February 12-13, 1987	Regents' Room, Austin
April 9-10, 1987	U. T. Science Park, Smithville
June 11-12, 1987	Regents' Room, Austin
August 13-14, 1987	U. T. Tyler
October 8-9, 1987	Regents' Room, Austin
December 3-4, 1987	U. T. Dallas
	U. T. El Paso

Chairman Hay announced that the next meeting of the U. T. Board of Regents would be held at The University of Texas Health Science Center at Dallas on October 9-10, 1986.

RECESS.--At 12:30 p.m., Chairman Hay announced that, since representatives of the U. T. System and other colleges and universities were scheduled to appear before the Senate Finance Committee that afternoon to discuss the State's fiscal crisis related to higher education, the Board would recess to convene at 9:00 a.m. on Friday, August 15, 1986, in executive session with an open session to follow.

\* \* \* \* \*

Friday, August 15, 1986

At 9:00 a.m. on Friday, August 15, 1986, the members of the Board reconvened in Executive Session in the Regents' Conference Room on the ninth floor of Ashbel Smith Hall to discuss matters in accordance with Article 6252-17, Sections 2(e), (f) and (g) of Vernon's Texas Civil Statutes: Litigation, Land Acquisition and Personnel Matters.

RECONVENE.--At 11:55 a.m., the Board reconvened in open session for the purpose of acting on items discussed in Executive Session.

#### EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Hay reported that the Board had met in Executive Session in the Regents' Conference Room on Friday morning (August 15) 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 Hay's inquiry regarding the wishes of the Board, the following actions were taken:

1. Permanent University Fund: Consideration of Matters Related to Collection of Royalties on Permanent University Fund Oil and Gas Leases.--Chairman Hay reported that the Board heard a report from the Executive Vice Chancellor for Asset Management and the General Counsel related to the collection of royalties on Permanent University Fund oil and gas leases and no action by the U. T. Board of Regents was necessary or appropriate at this time.
2. U. T. Medical Branch - Galveston: Settlement of Medical Malpractice Litigation - Ms. Christina Salinas.--Regent Yzaguirre moved that the Office of the Chancellor and the Office of General Counsel be authorized to settle on behalf of The University of Texas Medical Branch at Galveston, et al, the medical malpractice litigation filed by Ms. Christina Salinas in accordance with the proposal presented in Executive Session.  
  
Vice-Chairman Ratliff seconded the motion which carried without objection.
3. U. T. System: Authorization to Complete Negotiations Related to Disposition of Certain Real Estate in Travis County, Texas (Brackenridge Tract), and to Report Results of Negotiations to the Board.--Regent Milburn moved that the Office of the Chancellor and the Office of General Counsel be authorized for the benefit of The University of Texas System to complete negotiations with regard to the disposition of an interest in certain real estate in Travis County, Texas (associated with the Brackenridge Tract), and that the results of the negotiations be reported to the Board in an appropriate manner.

Regent Yzaguirre seconded the motion which prevailed by unanimous vote.

4. U. T. Health Science Center - Dallas: Rejection of the Tendered Resignation of Dr. Murray D. Smigel and Approval of Findings and Recommendation of the Special Hearing Tribunal for Termination of Employment.--Regent Yzaguirre moved that the Board reject the tendered resignation of Research Assistant Professor Murray D. Smigel and approve the findings and recommendation of the Special Hearing Tribunal that good cause exists for his termination as a member of the faculty at The University of Texas Health Science Center at Dallas. He further moved that the termination be effective as of this date.

Vice-Chairman Ratliff seconded the motion which carried by unanimous vote.

#### OTHER BUSINESS

1. U. T. Board of Regents - Report of Santa Rita Award Committee: Presentation of Award to Mr. Peter O'Donnell, Dallas, Texas.--Regent Milburn reported that the Santa Rita Award Committee (composed of Regents Briscoe, Milburn and Rhodes) had recommended to the Board that the 1986 Santa Rita Award be presented to Mr. Peter O'Donnell of Dallas, Texas.

Regent Milburn pointed out that the award would recognize Mr. O'Donnell's long and distinguished record of public service and more importantly, his dedication, understanding and steadfast support of Texas higher education and The University of Texas System. Mr. O'Donnell's recognition of the value of higher education, his leadership to keep it as one of the State's highest priorities, and his generous contributions of time and resources to enhance the quality of the academic and research programs at several U. T. components exemplify and fulfill beyond all measure the criteria for this highest recognition which may be awarded by the U. T. Board of Regents.

Upon motion of Regent Milburn, seconded by Vice-Chairman Baldwin, the recommendation of the Santa Rita Award Committee was approved with the understanding that an appropriate award program would be arranged at the convenience of Mr. O'Donnell.

2. U. T. Medical Branch - Galveston: Recognition of Mr. V. E. Thompson, Executive Vice President for Administration and Business Affairs.--Executive Vice Chancellor for Health Affairs Mullins recognized Mr. V. E. Thompson, Executive Vice President for Administration and Business Affairs at The University of Texas Medical Branch at Galveston, who is retiring effective August 31, 1986.

Dr. Mullins expressed appreciation for Mr. Thompson's twenty three years of service to The University of Texas System and wished him well on his future endeavors.



3. U. T. Medical Branch - Galveston: Announcement of Resignation of President William C. Levin Effective August 31, 1987, and Appointment of Advisory Committee for the Selection of a Chief Administrative Officer (President). --Chairman Hay reported that President William C. Levin had indicated to the U. T. Board of Regents his wish to retire from The University of Texas Medical Branch at Galveston effective August 31, 1987.

Chairman Hay noted that it is the responsibility of the Board to continue the record of accomplishment so well advanced by President Levin and to initiate the search process for his successor.

In accordance with the Regents' Rules and Regulations, Part One, Chapter II, Section 17, Chairman Hay appointed the following as members of the Advisory Committee for the Selection of a Chief Administrative Officer (President) of The University of Texas Medical Branch at Galveston:

Advisory Committee for the  
Selection of a Chief Administrative Officer  
for  
The University of Texas Medical Branch at Galveston

System Administration Representatives

Executive Vice Chancellor for Health Affairs  
Charles B. Mullins, M.D. (Chairman)  
Chancellor Hans Mark

Board of Regents

Regent Janey Slaughter Briscoe  
Regent Shannon H. Ratliff  
Regent Mario Yzaguirre

Chief Administrative Officers

Charles C. Sprague, M.D., President, The University of Texas Health Science Center at Dallas  
Charles A. LeMaistre, M.D., President, The University of Texas System Cancer Center  
Dr. William H. Cunningham, President, The University of Texas at Austin

Alumni Association Representative - U.T.M.B.

Dr. Jack D. Ramsey, Abilene

Galveston Community and Development Board

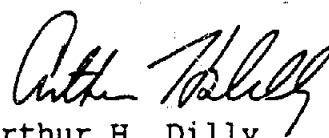
Mr. Ballinger Mills, Galveston  
Mr. Harris L. Kempner, Jr., Galveston  
Courtney M. Townsend, Sr., M.D., Paris

The Regents' Rules and Regulations also specify that five faculty members and two students be selected by appropriate campus procedures to serve on this Advisory Committee. Chairman Hay requested President Levin to initiate these selection procedures immediately and to advise Executive Vice Chancellor Mullins of these campus representatives at the earliest possible date.

Chairman Hay pointed out that it shall be the responsibility of this Advisory Committee to present to the U. T. Board of Regents a recommended list of not less than five or more than ten candidates with no preference indicated and the list should be developed and submitted without regard to the Advisory Committee's assessment of the potential availability of any candidate.

Chairman Hay requested that the Advisory Committee begin work soon so that the Board will be able to make an appointment well before Dr. Levin's retirement.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 12:05 p.m.



Arthur H. Dilly  
Executive Secretary

August 21, 1986