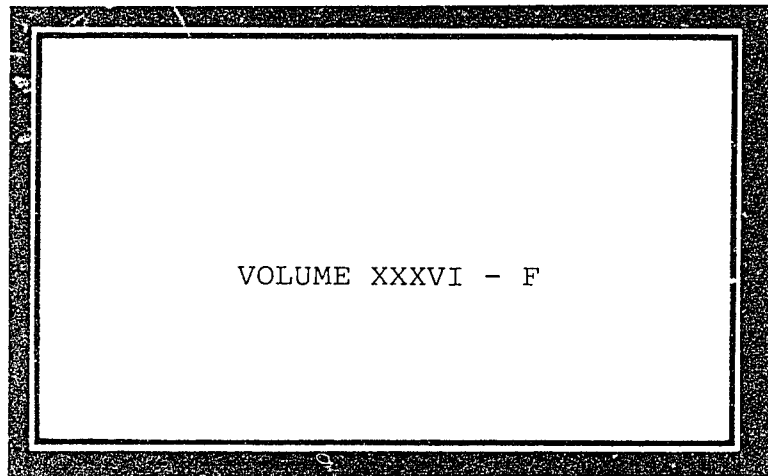


Meeting No. 842

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



Pages 1 - 139

August 10, 1989

Austin, Texas

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 OF  
 THE UNIVERSITY OF TEXAS SYSTEM  
 AUGUST 10, 1989

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MEETING NO. 842

THURSDAY, AUGUST 10, 1989.--The members of the Board of Regents of The University of Texas System convened in regular session at 12:08 p.m. on Thursday, August 10, 1989, in the Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Beecherl, presiding	
Vice-Chairman Barshop	
Vice-Chairman Roden	
Regent Blanton	
Regent Cruikshank	
Regent Loeffler	
Regent Moncrief	
Regent Ramirez	
Regent Ratliff	
Executive Secretary Dilly	
Chancellor Mark	
Executive Vice Chancellor Duncan	
Executive Vice Chancellor Mullins	
Executive Vice Chancellor Patrick	

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

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

RECONVENE.--At 1:40 p.m., the Board reconvened in open session.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON JUNE 8, 1989.--Upon motion of Regent 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 8, 1989, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XXXVI, Pages 3109 - 3917.

SPECIAL ITEMS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Approval of Amendments to Chapter II, Section 12, Subsection 12.1 (Chief Administrative Officers of Component Institutions).--Upon recommendation of the Executive Committee, the Board amended the Regents' Rules and Regulations, Part One, Chapter II, Section 12, Subsection 12.1 concerning the selection process for chief administrative officers of component institutions of The University of Texas System to read as set forth below:

Sec. 12. Chief Administrative Officers of Component Institutions.

- 12.1 The Board selects the chief administrative officer of each component institution.

- 12.11 When there is a vacancy or it is known that there is to be a vacancy in the office of a chief administrative officer of a component institution having faculty and students and the Board does not have candidate(s) from recent searches at other component institutions, from within the U. T. System, and/or of national prominence from outside the U. T. System to advance for consideration, an Advisory Committee shall be established to recommend candidates to the Board. The Executive Vice Chancellor having responsibility for the operation of the institution where the vacancy has occurred or is to occur shall be chairman of the Advisory Committee. In circumstances where this Executive Vice Chancellor may be a candidate for the office, the chairman of the Advisory Committee shall be the Chancellor or the Chancellor's designee. In addition to the chairman, committee membership is as follows:

- The Chancellor;
- Two Chief Administrative Officers;
  - (to be appointed by the Chairman of the Board from two of the component institutions)

- Two Regents;
  - (to be appointed by the Chairman of the Board)

Three Faculty members of the institution involved, at least two of whom shall have the rank of associate professor or higher; (method of selection to be determined by the General Faculty of the campus)

One Dean;

(for academic institutions to be selected by Dean's Council of the institution involved) (for health-related institutions to be the Dean of the Medical School involved or in the absence of that position a senior representative of the teaching program of the component selected by the chief administrative officer)

Two Students from the institution involved; (method of selection to be determined by the Student Government of the campus involved or, if there be no Student Government, by the chief administrative officer of the institution; if the component does not have students, this category of representation shall be omitted)

President of the Ex-Students' Association of the campus involved; (if institution does not have an active alumni organization, then an alumnus of the component selected by the Chairman of the Board of Regents; if the component does not have degree granting authority, this category shall be omitted)

Not more than two representatives of the component's external constituency who have demonstrated a deep interest in and support of the institution, its programs and its role in community activities to be appointed by the Chairman of the Board of Regents.

12.12 The Advisory Committee shall set up selection criteria that relate to the needs of the individual component, initiate mechanisms to develop an appropriate candidate pool, seek information on the several candidates and inquire from competent sources as to the

candidates' academic, administrative and business ability. The Committee may also interview candidates as a part of its selection process keeping in mind that the confidentiality of the process is important to its ultimate success.

- 12.13 Finally, the Advisory Committee shall submit, through its Chairman, a recommended list of not less than five or more than ten candidates with no preference indicated. Candidates submitted shall have received a majority vote of the Committee. The recommended list should be developed and submitted without regard to the Advisory Committee's assessment of the potential availability of any candidate. If none of the names submitted in the report of the Advisory Committee is satisfactory to the Board, then the Board in its discretion may either name a new committee or proceed to select a chief administrative officer under such other procedures as in its discretion it may deem proper and appropriate.
- 12.14 When the Board has candidate(s) from recent searches at other component institutions, from within the U. T. System, and/or of national prominence from outside the U. T. System to advance for consideration, the Chairman of the Board of Regents shall appoint a Special Committee to provide the Board of Regents with advice and evaluation consistent with that usually provided by an Advisory Committee. The Special Committee shall be composed as specified above for the Advisory Committee but will not include members of the Board of Regents. The advice of the Special Committee shall be provided to the Board through the appropriate Executive Vice Chancellor and the Chancellor. The Special Committee shall not extend its consideration beyond those nominees referred to it by the U. T. Board of Regents without specific concurrence from the Board.

Essentially, these changes will reduce the size of the presidential selection advisory committee from 20 to 15 while retaining its diversity of membership. An alternative method of selection, when there is a preexisting slate of potential candidates, will retain advisory input from faculty, student and community groups.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter VI, Section 6, Subsection 6.14 (Use of University-Owned Facilities).--Approval was given to amend the Regents' Rules and Regulations, Part One, Chapter VI, Section 6, Subsection 6.14 relating to use of University-owned facilities to read as follows:

6.14 Use of Physical Facilities of the System by Registered Student, Faculty or Staff Organizations or Officially Recognized Alumni Associations.--Registered student, faculty or staff organizations or any officially recognized alumni association that qualifies under Subdivision 6.12(9) of this Section and whose fund-raising activities are dedicated to the benefit of any component institution may use an institution's buildings and/or grounds in compliance with reasonable and nondiscriminatory institutional regulations that shall specify the procedures under which such organizations may reserve the institution's buildings and/or grounds for their use. Groups of students, faculty or staff who are not registered or groups of alumni other than officially recognized alumni associations whose fund-raising activities are dedicated to the benefit of any component institution may not use an institution's buildings and/or grounds. Registered student, faculty or staff organizations or alumni associations may not enter into joint sponsorship of any on-campus project or program with individuals, groups, or students that are not registered.

3. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Approval of Amendments to Chapter VIII, Section 4 (Institutions and Entities Composing the System).--The Board, upon recommendation of the Executive Committee, amended the Regents' Rules and Regulations, Part One, Chapter VIII, Section 4 (Institutions and Entities Composing the System) as set forth below:

- a. Subdivision 4.31 of Subsection 4.3 was amended to read as follows:

4.31 The University of Texas  
at Arlington School  
of Architecture

- b. Subsection 4.5 was amended by renumbering present Subdivisions 4.52 through 4.57 as Subdivisions 4.53 through 4.58, respectively; adding a new Subdivision 4.52; and amending the renumbered Subdivision 4.55 to read as follows:

4.52 The University of Texas  
at Dallas Erik Jonsson  
School of Engineering  
and Computer Science

4.55 The University of Texas  
at Dallas School of  
Management

c. Present Subsection 4.(10) was deleted and present Subsections 4.7 through 4.9 and 4.(11) through 4.(17) were renumbered as Subsections 4.9 through 4.(18), respectively.

d. A new Subsection 4.7 was added to read as follows:

	<u>Full Title</u>	<u>Short Title</u>
4.7	The University of Texas - Pan American	U. T. Pan American
4.71	The University of Texas - Pan American College of Arts and Sciences	
4.72	The University of Texas - Pan American School of Business Administration	
4.73	The University of Texas - Pan American School of Education	
4.74	The University of Texas - Pan American Division of Health Related Professions	

e. A new Subsection 4.8 was added to read as follows:

	<u>Full Title</u>	<u>Short Title</u>
4.8	The University of Texas - Pan American at Brownsville	U. T. Pan American (Brownsville)

f. Renumbered Subsection 4.9 was amended as follows:

	<u>Full Title</u>	<u>Short Title</u>
4.9	The University of Texas of the Permian Basin	U. T. Permian Basin
4.91	The University of Texas of the Permian Basin Division of Behavioral Science and Physical Education	
4.92	The University of Texas of the Permian Basin Division of Business	
4.93	The University of Texas of the Permian Basin Division of Education	
4.94	The University of Texas of the Permian Basin Division of Humanities and Fine Arts	
4.95	The University of Texas of the Permian Basin Division of Science and Engineering	

- g. Renumbered Subdivision 4.(10)5 was amended to read as follows:

<u>Full Title</u>	<u>Short Title</u>
4.(10)5 The University of Texas Institute of Texan Cultures at San Antonio	U. T. Institute of Texan Cultures - San Antonio

4. U. T. Board of Regents: Election of Vice-Chairman Sam Barshop to Serve as a Member of the Board of Trustees of the Texas Growth Fund.--The amendment to the Texas Constitution which established the Texas Growth Fund provides that it be managed by a Board of Trustees composed of an elected representative from The University of Texas System Board of Regents, The Texas A&M University System Board of Regents, the trustees of the Teacher Retirement System, the Employees Retirement System, the State Board of Education and four public members appointed by the Governor.

At the suggestion of Chairman Beecherl and upon motion of Regent Blanton, seconded by Vice-Chairman Roden, the Board unanimously elected Vice-Chairman Sam Barshop to serve as the Regental representative on the Board of Trustees of the Texas Growth Fund.

5. U. T. System: Approval of Requirement to Offer a Three Installment Payment Plan for Tuition and Fees Effective with the Fall Semester 1989 and Authorization for Certain Institutions to Continue the Four Installment Payment Plan for the Fall Semester 1989 Only.--The 71st Legislature, Regular Session, 1989, adopted House Bill 558 which amends Section 54.007 of the Texas Education Code to require public institutions to offer students only a three installment payment plan for tuition and certain fees rather than the previously authorized two and four installment payment plans. In compliance with the requirements of House Bill 558, the Board:

- a. Required The University of Texas System component institutions to offer only a three installment payment plan option for tuition and fees with one-half payment of tuition and fees due in advance of the beginning of the fall and spring semesters and one-quarter payments due prior to the start of the sixth and eleventh class weeks effective with the Fall Semester 1989
- b. Authorized the U. T. System component institutions listed below to extend the current four installment payment plan option for tuition and fees for the Fall Semester 1989 only:

The University of Texas at Arlington  
The University of Texas at Tyler  
The University of Texas Southwestern  
Medical 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.



6. U. T. System: Authorization to Amend Policy Related to Tuition Set-Asides for Texas Public Educational Grants and Emergency Loans and Guidelines for Awarding Grants Through the Texas Public Educational Grants Program (TPEG).--Pursuant to House Bill 558 passed by the 71st Legislature, Regular Session, 1989, and Section 56.033 of the Texas Education Code, the Board amended the policy adopted in June 1985, and amended in August 1987, related to the percentage of tuition to be used for the Texas Public Educational Grants Program (TPEG) and Emergency Loans at The University of Texas System degree-granting component institutions as set forth below:

Establishing the percentage of tuition to be set-aside for Texas Public Educational Grants and Emergency Loans

The U. T. Board of Regents authorizes each degree-granting component institution to set aside from each resident student's tuition charge the percentage specified by the General Appropriations Act for the applicable academic year as provided by Section 56.033(a)(1) of the Texas Education Code and 3% of each non-resident's tuition charge for use as Texas Public Educational Grants and Emergency Loans. In allocating the set-aside funds, the allocation shall reflect the legislatively mandated parameter that "not less than 90 percent [of the set-aside funds] shall be used for Texas Public Educational Grants and not more than 10 percent [of the set-aside funds] shall be used for emergency loans...." Within this parameter, each institution may adjust the allocation in accordance with its needs after consultation with the appropriate Executive Vice Chancellor. Each institution shall establish administrative procedures to insure that Texas Public Educational Grants and Emergency Loans are awarded on the basis of projected set-aside revenues for each semester or annual academic term.

In addition, the "Guidelines for Awarding Grants Through the Texas Public Educational Grants Program" approved by the U. T. Board of Regents in October 1985, were amended to read as follows effective with the Fall Semester 1989:

Guidelines for Awarding Grants Through the Texas Public Educational Grants Program

- a. In order to provide a program to supply grants of money to students of component institutions, each degree-granting component institution of The University of Texas System shall set aside for use as Texas Public Educational Grants a percentage of each resident student's tuition and a percentage of each nonresident or foreign student's tuition as authorized in Section 54.051 of the Texas Education Code and specified by the Legislature in the General Appropriations Act.

b. Criteria for Awarding Grants

- (1) Grants are to be made only to students who have been accepted for enrollment and who actually enroll in the term or terms for which the grant is awarded.
- (2) Grants are to be awarded based upon the financial need of the applicant.
- (3) Financial need is to be determined by use of accepted needs analysis procedures generally in use in other "needs based" financial assistance programs. Deviation from such procedures shall be properly documented.
- (4) Awards to residents may only be funded through funds set aside from resident student tuition revenues. Awards to nonresident and foreign students may only come from funds set aside from the tuition revenues of such students. After the end of the sixth class week of each semester, an institution may transfer any excess funds set aside from tuition paid by resident or nonresident students to the funds set aside for grants awarded to the other class of students. Priority for awarding grants from any excess funds set aside from tuition paid by resident students shall be given to resident students.
- (5) Beginning with the Fall Semester 1989, interest earned from the funds set aside for Texas Public Educational Grants may be spent only for grants to students under the Texas Public Educational Grants Program.
- (6) Any or all of the funds set aside for making Texas Public Educational Grants may be transferred to the Texas Higher Education Coordinating Board to be used for matching federal or other grant funds for awarding to students at each U. T. System institution. Generally only such amounts as can be equally matched by funds held by the Coordinating Board shall be transferred to the Coordinating Board and any unencumbered funds transferred to the Coordinating Board shall be returned to each institution upon request of the chief administrative officer.

(7) At the end of a fiscal year, if the total amount of unencumbered funds that has been set aside under this program by each U. T. System institution, together with the total amount of unencumbered funds transferred to the Texas Higher Education Coordinating Board exceeds 150 percent of the amount of funds set aside by that institution in the fiscal year, each institution within the U. T. System shall transfer the excess amount to the Coordinating Board for the purpose of awarding scholarships as provided by law to students at institutions other than the institution that transferred funds.

c. These guidelines shall be submitted to the Texas Higher Education Coordinating Board for review and approval and shall be effective upon such approval.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 1:45 p.m., the Board recessed for the meetings of the Standing Committees and Chairman Beecherl announced that at the conclusion of each committee meeting, the Board would reconvene to approve the report and recommendations of that committee.

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

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 11 - 18).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Beecherl reported to the Board for ratification and approval all actions taken by the Executive Committee since the last meeting. Unless otherwise indicated, the recommendations of the Executive Committee were in all things approved as set forth below:

1. U. T. System: Approval of 1989-90 Budget Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations (Exec. Com. Letter 89-22).--Upon recommendation of the Executive Committee, the Board adopted the following Budget Policies and Limitations and Calendar for preparation of the 1989-90 Operating Budgets for The University of Texas System:

1989-90 Budget Policies and Limitations

for General Operating Budgets,  
Auxiliary Enterprises, Contracts  
and Grants, Restricted Current Funds,  
Designated Funds, and Service and  
Revolving Funds Activities.

In preparing the draft of the Fiscal 1990 operating budget, the Chief Administrative Officer of each component institution should adhere to guidelines and policies as detailed below. Overall budget totals, including reasonable reserves, must be limited to the funds available for the year from:

- General Revenue Appropriations
  - Estimates of Local Income
  - Limited Use of Institutional Unappropriated Balances.
- a. The recommendations for salary increases for personnel are subject to the current regulations and directives included in the General Appropriations Bill. This Bill states in part:  
Article III, Sec. 7. Salary and Benefit Provisions
    7. MERIT AUTHORIZATION. It is expressly provided that institutional administrators may grant merit salary increases to employees whose job performance and productivity is consistently above that normally expected or required.
    8. MERIT REQUIREMENT FOR FACULTY AND PROFESSIONAL POSITIONS. Salary increases for faculty in the general academic universities and technical institutes; professional positions in the Texas A&M University Services; and faculty and professional positions in the health science centers and other medical education programs shall be awarded on the basis of merit and performance in accepted activities

including teaching, research and service. This shall not be interpreted so as to preclude salary adjustments designed to avoid salary inequities.

9. NON-CLASSIFIED, FACULTY EQUIVALENT POSITION SALARY INCREASES AS MERIT. All agencies of higher education are authorized to award salary increases for non-classified, faculty-equivalent positions on the basis of merit.
10. NON-FACULTY SALARY INCREASE. All non-faculty positions in all public institutions and agencies of higher education shall receive a salary increase of at least 5% with a minimum increase of \$60/month/employee beginning September 1, 1989.

Article V, Sec. 72. SALARIES TO BE PROPORTIONAL BY FUND

It is the intent of the Legislature that unless otherwise restricted payment for salaries, wages and benefits paid from appropriated funds shall be proportional to the source of funds.

Article V, Sec. 130. SALARY INCREASE

There is hereby appropriated to the Comptroller of Public Accounts from the general revenue fund an amount estimated to be \$140 million, and from special funds an amount estimated to be \$110.0 million for the purpose of providing an additional 5% salary increase for state employees and officials effective September 1, 1989, subject to the following provisions:

- (1) The salaries of faculty and non-faculty employed by institutions of higher education shall be determined by appropriations made elsewhere in this Act, and shall be excluded from the salary increase authorized by this section, except however the amounts necessary to finance a minimum increase of \$60 per month are included in appropriations made by this section.
- (2) The Comptroller of Public Accounts shall promulgate rules and regulations as necessary to administer this provision. Funds appropriated above shall be allocated to each agency in accordance with such rules and regulations, and may be used only for the purposes of providing a salary increase.
- (3) Increased costs for matching benefits shall be paid from funds appropriated elsewhere in this Act for such purposes. Provisions requiring salaries and benefits to be proportional to the source of funds shall apply to all sums allocated under this section. Each state agency, board, commission, department or institution shall pay the increase in compensation from its funds in the state treasury and from local funds in the same proportion as the employee's regular compensation.
- (4) Except for salary rates contained in the Classification Salary Schedule, and as provided in this section, all salary amounts expressed as a specific rate or amount elsewhere in this Act shall

be increased by 5% above the rate shown for September 1, 1989. The increased salary amount shall continue at the same rate for fiscal year 1991 unless another more specific provision provides a higher rate.

b. General Salary Policy

In addition to the salary provisions mandated in the Appropriations Bill, selective merit salary increases may be provided for the faculty, administrative/professional staff and classified staff subject to available resources. This policy applies to all fund sources.

(1) Faculty Salary Policy - Merit increases or advances in rank are to be on the basis of teaching effectiveness, research and public service. Recognizing the expectations of the legislative leadership, the institutions should sustain faculty salary levels reached in 1988-89 and provide merit faculty salary increases for 1989-90 within available funds. Faculty equivalent position increases are to be awarded on the basis of merit and should parallel average increases available for faculty personnel.

(2) Administrative and Professional Salary Policy - Merit salary increases over and above the 5% salary adjustments provided in the Appropriations Bill may be granted to administrative and professional staff and are to be based on evaluation of performance in areas appropriate to work assignments. Combined merit and salary adjustment increases for administrative and professional staff should, in general, parallel those available for faculty.

(3) Classified Personnel Salary Policy - Merit salary increases over and above the 5% salary adjustments provided in the Appropriations Bill may be granted to classified personnel. Merit salary increases for classified staff are to be based on evaluation of performance in areas appropriate to work assignments. Merit increases may be given only to individuals who will have been employed by the institution for at least six months as of August 31, 1989, and should be given in full step increments in accordance with the institutional pay plan.

- c. New faculty positions are to be based on conservative estimates of enrollment increases. Total faculty staffing should be reviewed in terms of planned increases in work load and within funds available after merit increases are granted.
- d. New Administrative/Professional positions are to be requested only when justified by increased work loads and from funds available after mandated salary increases are granted.
- e. New classified positions are to be requested only when justified by increased work loads and from funds available after mandated salary increases are granted.

- f. Maintenance, Operation and Equipment items can be increased only as justified by expanded work loads, inflation or newly developing programs.
- g. Travel funds are to be shown as separate line items.

1989-90 OPERATING BUDGET CALENDAR

June 1989	U. T. Board of Regents' Approval of Budget Policies and Limitations (Executive Committee Letter)
June 16, 1989	<u>Seven</u> draft copies (bound) of Budgets due to System Administration (including 7 copies of supplemental data)
June 26-July 7, 1989	Budget Hearings with System Administration
July 14, 1989	<u>Fifteen</u> copies of Budgets (bound) due to System Administration (with 7 copies of adjusted supplemental data as applicable)
July 31, 1989	Budgets mailed to the U. T. Board of Regents
August 10, 1989	U. T. Board of Regents' Budget Meeting
August 24, 1989	<u>Forty-five</u> copies of Budgets (unbound) due to System Administration for binding

2. U. T. Austin - Central Chilling Station No. 5 - Phase III Building Construction and Equipment Installation (Project No. 102-551): Appointment of Judge James R. Meyers as Hearing Officer for All Disputed Claims Regarding the Construction Contract with Kunz Construction Company, Inc., San Antonio, Texas; and Authorization for Hearing Officer to Adopt Rules of Procedure and Employ Personnel to Conclude Such Hearings and Present Findings to the Board (Exec. Com. Letter 89-24).--The Board, upon recommendation of the Executive Committee:

- a. Appointed Judge James R. Meyers as Hearing Officer to represent the Board to hear disputed claims concerning questions of fact and law with regard to a construction contract with Kunz Construction Company, Inc., San Antonio, Texas, for Phase III Building Construction and Equipment Installation of Central Chilling Station No. 5 at The University of Texas at Austin
- b. Empowered the Hearing Officer to adopt such rules of procedure for the hearing as he deems necessary and, with the concurrence of

General Counsel Farabee, authorized the Hearing Officer to employ any consultants and office personnel necessary to conclude such hearing in an expeditious manner

- c. Instructed the Hearing Officer, upon completion of testimony and receipt of all pertinent data, to present his findings and recommendations to the U. T. Board of Regents for a decision regarding the validity of the claims.

On June 14, 1984, the U. T. Board of Regents awarded a construction contract in the amount of \$5,512,202 to Kunz Construction Company, Inc., San Antonio, Texas, for the construction and installation of equipment in Central Chilling Station No. 5 at U. T. Austin. During the course of construction, Kunz experienced delays which are alleged to have been the University's responsibility. The University maintains that, for the most part, the delays were the contractor's fault. Kunz's claims consist primarily of extended overhead and profit based upon the delays and are in excess of \$370,000. The claims were denied by the Director of the Office of Facilities Planning and Construction and the Chancellor and were brought before the U. T. Board of Regents on appeal from these denials.

3. U. T. Austin: Authorization to Sell Approximately 62,726.40 Square Feet of Land (Superior Dairies/Borden, Inc. Property) in Austin, Travis County, Texas, to City of Austin for Convention Center Site (Exec. Com. Letter 89-25).--As a result of the passage of a City of Austin bond election to build a Convention Center, the Board agreed to sell to the City of Austin approximately 62,726.40 square feet of land in Austin, Travis County, Texas (Superior Dairies/Borden, Inc. property), at a price of \$25 per square foot for a total consideration of \$1,568,160. Proceeds from the sale shall be for the unrestricted use of The University of Texas at Austin.

The purchase of this acreage by the City of Austin will be either cash or a ten percent note secured by a Deed of Trust and Vendor's Lien and additional security as is necessary to collateralize the note and protect the interest of U. T. Austin.

4. U. T. Medical Branch - Galveston - John Sealy Hospital - New Emergency Department and Trauma Center Facility (Project No. 601-658): Award of Construction Contract to Manhattan Construction Company, Houston, Texas (Exec. Com. Letter 89-22).--Upon recommendation of the Executive Committee, the Board awarded a construction contract for the New Emergency Department and Trauma Center Facility for the John Sealy Hospital at The University of Texas Medical Branch at Galveston to the lowest responsive bidder, Manhattan Construction Company, Houston, Texas, for the Base Bid and Add Alternate Bid Nos. 1, 2, 3, 4, 5B, 5D, 5F, 6A and 7 in the total amount of \$15,575,850.



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

Trauma Center Facility Construction Cost	\$15,575,850
Fees and Administrative Expenses	1,530,974
Furniture and Equipment	237,576
Future Work (Testing, FCMS and Utilities)	346,000
Miscellaneous Expenses	66,000
Project Contingency	<u>315,000</u>
Sub-Total	\$18,071,400
Services Building and Equipment	<u>10,000,000</u>
Total Project Cost	\$28,071,400

5. U. T. Health Science Center - San Antonio - Basic Science Building Fifth Level Completion (Project No. 402-608): Appointment of Mr. George W. Overshiner as Hearing Officer for All Disputed Claims Regarding Construction Contract with Peco Construction Company, San Antonio, Texas; Authorization for Hearing Officer to Adopt Rules of Procedure; and Authorization for Hearing Officer to Employ Personnel to Conclude Such Hearings and Present Findings to the Board (Exec. Com. Letter 89-24).--At its meeting in April 1987, the U. T. Board of Regents awarded a construction contract in the amount of \$2,923,000 to Peco Construction Company, San Antonio, Texas, for completing shelled space on the fifth level of the Basic Science Building at The University of Texas Health Science Center at San Antonio. Peco finished the project late and was assessed liquidated damages in accordance with the terms of the contract. Peco and its mechanical contractor dispute the assessment, and in addition, seek to recover costs and damages allegedly stemming from poor plans and specifications. The sum demanded on appeal exceeds \$564,000. The Director of the Office of Facilities Planning and Construction and the Chancellor rejected the claims based upon lack of timeliness, one of the basic conditions of the contract.

In accordance with the "Disputes" clause in the contract, the Board:

- a. Appointed Mr. George W. Overshiner to represent the Board to hear the disputed claims concerning questions of fact and law with regard to a construction contract with Peco Construction Company, San Antonio, Texas, for completion of shelled space on the fifth level of the Basic Science Building at the U. T. Health Science Center - San Antonio
- b. Empowered the Hearing Officer to adopt such rules of procedure for the hearing as he deems necessary and, with the concurrence of General Counsel Farabee, authorized the Hearing Officer to employ any consultants and office personnel necessary to conclude such hearing in an expeditious manner

c. Instructed the Hearing Officer, upon completion of testimony and receipt of all pertinent data, to present his findings and recommendations to the U. T. Board of Regents for a decision regarding the validity of the claims.

6. U. T. M.D. Anderson Cancer Center: Approval of Transfer of Funds Requiring Advance Regental Approval Under Budget Rules and Procedures No. 2 (Exec. Com. Letter 89-21).--Approval was given to the following transfer of funds at The University of Texas M.D. Anderson Cancer Center:

Educational and General Funds

Amount of Transfer - \$16,847,230

From: Unappropriated Balance 1987-88 - \$2,767,100  
Estimated Income 1988-89 - \$14,080,130

To:	Patient Care Operations	\$ 6,525,000
	Patient Care Equipment	3,555,130
	Renovation and Remodeling	2,767,100
	Telecommunications	2,000,000
	Purchased Utilities	<u>2,000,000</u>

Total	<u>\$16,847,230</u>
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(RBC #114)

7. U. T. M.D. Anderson Cancer Center - U. T. M.D. Anderson Hospital - Upgrading of Mechanical Systems - Phase II (Project No. 703-689): Award of Construction Contract for First Segment to Tellepsen Corporation, Houston, Texas (Exec. Com. Letter 89-23).--The Executive Committee recommended and the Board awarded a construction contract for the first segment of the Upgrading of Mechanical Systems - Phase II in the U. T. M.D. Anderson Hospital of The University of Texas M.D. Anderson Cancer Center to the lowest responsive bidder, Tellepsen Corporation, Houston, Texas, for the Base Bid and Add Alternate Bid Nos. 1, 2, 3 and 4 in the total amount of \$1,580,000.

The Phase II project for the upgrading of mechanical systems has been divided into two segments. The contract award to Tellepsen Corporation is for the first segment and the second segment will be bid at a future date.

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

Construction Cost	\$1,580,000
Fees and Administrative Expenses	258,330
Future Work (Air Balancing, FCMS and Utility Chases)	471,170
Miscellaneous Expenses	18,500
Project Contingency	<u>72,000</u>
First Segment Project Cost	\$2,400,000
Estimated Second Segment Cost	<u>2,300,000</u>
Total Project Cost	\$4,700,000

8. U. T. M.D. Anderson Cancer Center - R. E. "Bob" Smith Research Building - Upgrading and Expansion of Mechanical Systems (Project No. 703-691): Award of Construction Contract to Har-Con Corporation, Houston, Texas (Exec. Com. Letter 89-23).--The Board awarded a construction contract for the upgrading and expansion of mechanical systems in the R. E. "Bob" Smith Research Building at The University of Texas M.D. Anderson Cancer Center to the lowest responsive bidder, Har-Con Corporation, Houston, Texas, for the Base Bid and Add Alternate Nos. 1 through 10 and 12 in the total amount of \$1,398,507.

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

Construction Cost	\$1,398,507
Fees and Administrative Expenses	259,174
Future Work (Air Balancing, Air Side Survey, Transformer Supports and Sprinkler Hookup)	56,000
Miscellaneous Expenses	15,000
Project Contingency	<u>271,319</u>
Total Project Cost	\$2,000,000

REPORT AND RECOMMENDATIONS OF THE PERSONNEL AND AUDIT COMMITTEE (Page 19 ).--Committee Chairman Roden reported that the Personnel and Audit Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the action set forth in the Minute Order which follows was recommended by the Personnel and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Proposed Amendments to Chapter III, Section 31 (Retirement and Modified Service) (Deferred).--Committee Chairman Roden reported that Chancellor Mark had requested that the item related to proposed amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 31 (Retirement and Modified Service) be deferred for consideration at a future meeting to permit staff to consider the need for additional amendments to other sections of the Regents' Rules and Regulations.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 20 - 33).--Committee Chairman Barshop reported that the Academic Affairs Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents: Adoption of Resolution Acknowledging Transfer of Pan American University and Pan American University at Brownsville into The University of Texas System Effective September 1, 1989, and Approval for U. T. System Administration to Distribute Resolution to Both Institutions.--Committee Chairman Barshop called on Regent Ramirez who read the following resolution acknowledging the transfer of Pan American University including Pan American University at Brownsville into The University of Texas System effective September 1, 1989:

#### RESOLUTION

WHEREAS, The Honorable William P. Clements, Jr., Governor of Texas, signed Senate Bill 47 on May 26, 1989, transferring Pan American University including Pan American University at Brownsville into The University of Texas System effective September 1, 1989; now, therefore, be it

RESOLVED, That the U. T. Board of Regents hereby acknowledges and accepts the administrative responsibility placed upon the U. T. Board of Regents by the legislative and gubernatorial actions creating The University of Texas - Pan American as a component institution within the U. T. System and renaming the upper-level educational center in Brownsville as The University of Texas - Pan American at Brownsville; be it further

RESOLVED, That the U. T. Board of Regents commends and supports the cooperative efforts of representatives from Pan American University and Pan American University at Brownsville and the U. T. System for effecting a smooth transition into the U. T. System; be it further

RESOLVED, That the U. T. Board of Regents adopts the Role and Mission Statement and Tables of Programs for Pan American University and Pan American University at Brownsville as approved by the Pan American University Board of Regents and the Texas Higher Education Coordinating Board and supports the role of these institutions in continued service to the State of Texas and to the South Texas region; be it further

RESOLVED, That the U. T. Board of Regents will continue existing academic programs at U. T. Pan American and U. T. Pan American (Brownsville) and will consider new academic programs as well as expansion and refinement of existing programs recommended by institutional faculty and administration; be it further

RESOLVED, That the U. T. Board of Regents accepts and continues the general institutional policies of Pan American University and Pan American University at Brownsville not in conflict with the Regents' Rules and Regulations and directs that appropriate statements regarding implementation of policies and regulations of the U. T. Board of Regents be provided for insertion in existing institutional policy and procedure manuals, catalogs and official publications effective September 1, 1989; be it further

RESOLVED, That the U. T. Board of Regents accepts for implementation effective September 1, 1989, the non-personnel and personnel aspects of the 1989-90 operating budgets for Pan American University and Pan American University at Brownsville as approved by the Board of Regents of Pan American University prior to September 1, 1989, including auxiliary enterprises, grants and contracts, designated funds, and current restricted funds as the 1989-90 operating budgets for U. T. Pan American and U. T. Pan American (Brownsville) and instructs the U. T. System Budget Office to work with institutional officials to reformat budget documents as may be required for information and review by the U. T. Board of Regents at its regular meeting in October 1989; be it further

RESOLVED, That the U. T. Board of Regents acknowledges the contributions made to Pan American University and Pan American University at Brownsville by faculty, administration, and Regents and extends its official welcome to all faculty, administration and students as members of the U. T. System; be it further

RESOLVED, That the U. T. Board of Regents acknowledges with great appreciation the work of the Joint Committee on Higher Education in South Texas established by the 70th Legislature and the broad and effective support of the greater South Texas community and the Legislative delegation contributing to the successful passage of Senate Bill 47; and be it further

RESOLVED, That the U. T. Board of Regents recognizes and applauds the significant support and service rendered by the distinguished current and former members of the Board of Regents of Pan American University and their unselfish support for the actions of the Texas Legislature and the Governor in transferring Pan American University and Pan American University at Brownsville to the U. T. System.

Upon motion of Regent Ramirez, seconded by Regent Blanton, the Board unanimously adopted the foregoing resolution and authorized the U. T. System Administration to distribute copies of the resolution to Pan American University and Pan American University at Brownsville for further distribution as appropriate.

Dr. Ramirez pointed out the importance of this merger to the Valley, U. T. System and Texas in general and noted the Board's enthusiasm about this new relationship.

Committee Chairman Barshop recognized Dr. Mike Nevarez, President of Pan American University, and Dr. Homer Pena, President of Pan American University at Brownsville, and welcomed them into the U. T. System. He noted that the Board looked forward to an extended and productive working relationship.

2. U. T. System: Approval of Institutional Memberships in Texas International Education Consortium (TIEC), Austin, Texas, and Authorization for Chief Administrative Officers to Execute Membership Agreements and to Serve on TIEC Board of Directors.--Upon recommendation of the Academic Affairs Committee, each academic component institution of The University of Texas System electing to participate was authorized to become an institutional member of the Texas International Education Consortium (TIEC), Austin, Texas, a not-for-profit corporation, incorporated to coordinate international educational activities in Texas for institutions of higher education and to engage in the pursuit of international educational exchange.

Further, the Board authorized the chief administrative officer of each institution seeking to participate to execute a TIEC membership agreement and to serve on the Board of Directors of TIEC following administrative approval by the Executive Vice Chancellor for Academic Affairs.

TIEC has recently amended its bylaws to reorganize as an organization of public institutions of higher education and will constitute a Board of Directors comprised of the presidents of all member institutions. This reorganization makes the consortium a more participatory venture and should expand the opportunities for international academic programs.

3. U. T. System: Approval of Programs for Faculty Proficiency in English Including Proficiency Testing.--The 71st Legislature, Regular Session, 1989, enacted House Bill 638 (Section 51.917 of the Texas Education Code) which requires all institutions of higher education, except medical or dental units, to establish programs or short courses to assist faculty members whose primary language is not English to become proficient in English before teaching courses for credit. In addition, House Bill 638 requires proficiency testing by the "Test of Spoken English" produced by the Educational Testing Service or a similar test approved by an institution's governing board.

In compliance therewith, the Board approved the continuation of programs for assuring faculty proficiency in English originally established by The University of

Texas System general academic institutions to comply with a provision of the General Appropriations Act enacted in the 1987 biennium and required each general academic institution to include testing of proficiency in English for faculty members whose primary language is not English.

The Board also adopted as an acceptable proficiency test the "Test of Spoken English" of the Educational Testing Service and authorized the Executive Vice Chancellor for Academic Affairs to approve administratively additional alternative tests of English proficiency as authorized by House Bill 638.

Following administrative approval, each institution will be required to submit a description of the program or short course to the Texas Higher Education Coordinating Board for approval.

4. U. T. Arlington: Authorization to Submit a Proposal for a Doctoral Degree Program (Ph.D.) in Quantitative Biology to the Coordinating Board for Approval (Catalog Change).--In order to meet the increasing demand for scientists in biological research with sophisticated mathematical and statistical skills, the Board, upon recommendation of the Academic Affairs Committee, authorized the submission of a proposal for a Ph.D. degree in Quantitative Biology at The University of Texas at Arlington to the Texas Higher Education Coordinating Board for review and appropriate action.

The Ph.D. degree program in Quantitative Biology will be administered by the Department of Biology in the College of Science as an extension of the current graduate program which offers a Master of Science degree in Biology. The program will also expand on the existing Ph.D. program in mathematical sciences which allows for specialization in biology and is offered jointly with The University of Texas at Dallas.

Over the first five years of the program, a total of only \$103,000 of additional institutional funds will be required. Any new faculty will be hired as replacements for retiring faculty. Existing faculty will be assigned to teach the seven new courses which will be added to the current course inventory. Library resources, classrooms and laboratories are all adequate to begin the program. New research equipment is expected to be funded through the usual commitment of set-up funds for new faculty and through extramural grants. This new program will not require new administrative structures.

A similar proposal for a Ph.D. degree in Biological Sciences was originally approved by the U. T. Board of Regents in June 1979, revised in April 1983 as a Ph.D. in Quantitative Biology and disapproved by the Coordinating Board in July 1984. The course content and goals of the new program are similar to those of the 1983 proposal. However, since 1984 great strides have been made in strengthening the program through the addition of a new chairman and faculty and further development of the research program.



This program is consistent with U. T. Arlington's strategic plan and its role and scope statement approved by the U. T. Board of Regents in June 1984.

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

5. U. T. Austin: Approval of Amendments to the Guidelines for Matching Grants Under The Regents' Endowed Teachers and Scholars Program and The Regents' Endowed Student Fellowship and Scholarship Program Effective September 1, 1989.--In order to allow The University of Texas at Austin to extend the effective dates for matching grants under The Regents' Endowed Teachers and Scholars Program and The Regents' Endowed Student Fellowship and Scholarship Program as authorized in the General Appropriations Act passed by the 71st Legislature, Regular Session, 1989, the Board amended the guidelines for these Programs effective September 1, 1989, as set forth below:

GUIDELINES FOR MATCHING GRANTS UNDER  
THE REGENTS' ENDOWED TEACHERS AND SCHOLARS PROGRAM  
THE UNIVERSITY OF TEXAS AT AUSTIN

Subject to the availability of matching funds, the President of U. T. Austin, the Executive Vice Chancellor for Academic Affairs and the Chancellor of the U. T. System shall make recommendations to the U. T. Board of Regents for the matching of individual private grants to endow faculty positions with Available University Fund monies under The Regents' Endowed Teachers and Scholars Program pursuant to the following guidelines:

- (1) that matching monies be available only for grants from private sources in amounts that will, at a minimum, fully fund one of the endowed academic positions provided for in Section 3, Chapter I, Part Two of the Regents' Rules and Regulations as the section now reads or as it later may be amended;
- (2) that once the condition in (1) above is met, the Board of Regents agrees to match on a variable ratio (which ratio may not exceed one dollar of matching funds for each dollar of gift funds) as recommended by the President of The University of Texas at Austin. The President's recommended rate of matching will be on the basis of institutional priorities as well as an evaluation of the developmental needs for colleges and schools;
- (3) that matching in an academic year is to be limited to the amount budgeted for that year with eligible gifts beyond the budgeted amount to have priority for matching in subsequent years;

- (4) that, other than the matching of private grants with Available University Fund monies, all provisions of Section 3, Chapter I, Part Two of the Regents' Rules and Regulations, as that section now reads or as it later may be amended, will be in full force and effect;
- (5) that the investment procedures for the endowments established under The Regents' Endowed Teachers and Scholars Program be the same as those established for other endowments of academic positions;
- (6) that The Regents' Endowed Teachers and Scholars Program be effective for gifts or pledges received on or after September 1, 1989, and except as provided in (7) below, on or before August 31, 1991;
- (7) that matching monies made available under The Regents' Endowed Teachers and Scholars Program be available for matching pledges made on or before August 31, 1991, if the pledges are to be fulfilled during the two-year period following August 31, 1991;
- (8) that matching monies made available under The Regents' Endowed Teachers and Scholars Program be available for matching testamentary grants, insofar as the terms of the last will and testament of the donor, the wishes of the donor as determined by the last will and testament, and these guidelines are in harmony;
- (9) that payments of pledges for the establishment of endowed positions be matched as received if the first amount paid is at least equivalent to the value of the smallest endowed academic position provided for in the Regents' Rules and Regulations with the provision that, should any subsequent pledge not be received, the endowed academic position established pursuant to the original pledge will be reduced to a level or levels equivalent to the value of payments received and in hand at the time the pledges cease to be paid; and
- (10) that potential donors be informed that for such time as an endowed professorship is unfilled by regular appointment, annual or semester appointments in the same academic area may be made to a fellowship that bears the name of the endowed professorship.

GUIDELINES FOR MATCHING GRANTS UNDER  
THE REGENTS' ENDOWED STUDENT FELLOWSHIP  
AND SCHOLARSHIP PROGRAM  
THE UNIVERSITY OF TEXAS AT AUSTIN

Subject to the availability of matching funds, the President of U. T. Austin, the Executive Vice Chancellor for Academic Affairs and the Chancellor of the U. T. System may make recommendations to the U. T. Board of Regents for the matching of individual private grants to endow graduate and undergraduate student fellowships and scholarships with Available University Fund monies under The Regents' Endowed Student Fellowship and Scholarship Program pursuant to the following guidelines:

- (1) matching monies will be available only for grants that will fund from private sources a new student fellowship or scholarship endowment at a minimum level of \$25,000, or that will add from private sources a minimum of \$10,000 to an existing student fellowship or scholarship endowment;
- (2) the ratio of matching to gift funds for each new endowment or addition to an existing endowment will be recommended to the U. T. Board of Regents by the President of U. T. Austin with the concurrence of the Executive Vice Chancellor of Academic Affairs and the Chancellor but in no case will the ratio of matching to gift funds exceed one dollar for two dollars;
- (3) matching funds available in an academic year are limited to the amount budgeted for that year;
- (4) subject to the institutionally established academic objectives of the school or college, the U. T. Board of Regents agrees to match all eligible gifts to a school or college until the funds used to match these eligible gifts to the school or college reach a level which shall be determined annually by the President of U. T. Austin, at which point, eligible gifts beyond this amount to a school or college will have priority for matching as may be recommended by the President of U. T. Austin;
- (5) matching funds shall be used to increase the size of the grant for establishing or adding to a student fellowship or scholarship endowment;
- (6) to the extent possible, the wishes of the donor will be considered within these overall guidelines;
- (7) the income from endowments established pursuant to these guidelines shall be distributed to eligible students pursuant to the provisions of Section 3, Chapter I, Part Two of the Regents' Rules and Regulations, as that section now reads or as it later may be amended;

- (8) the investment procedures for the endowments established under The Regents' Endowed Student Fellowship and Scholarship Program will be administered through the U. T. System Common Trust Fund and will be the same as those established for other endowments for scholarships and fellowships;
  - (9) The Regents' Endowed Student Fellowship and Scholarship Program shall be effective for gifts or pledges received on or after September 1, 1989, and except as provided in (10) below, on or before August 31, 1991;
  - (10) matching monies made available under this program will be available to match pledges made on or before August 31, 1991, if the pledges are to be fulfilled during the two-year period following August 31, 1991;
  - (11) payment of pledges for the establishment of fellowship or scholarship endowments will be matched as received if an initial fungible gift of at least \$10,000 is received; and
  - (12) private grants and matching funds in The Regents' Endowed Student Fellowship and Scholarship Program and those in The Regents' Endowed Teachers and Scholars Program shall be separate and distinct, with income earned from funds in one program not to be used in aid of the other program.
6. U. T. Austin: Permission for Dr. William Glade to Serve as Associate Director for Bureau of Educational and Cultural Affairs of the U. S. Information Agency (USIA) and Approval of Leave of Absence Without Pay [Regents' Rules and Regulations, Part One, Chapter III, Section 13, Subsections 13.(10) and 13.(11) and Section 16, Subsection 16.4].--Permission was given for Dr. William Glade, Professor of Economics at The University of Texas at Austin, to serve as Associate Director for the Bureau of Educational and Cultural Affairs of the U. S. Information Agency (USIA), and an annual leave of absence without pay from U. T. Austin was granted through 1992.

The Bureau of Educational and Cultural Affairs is one of USIA's most important areas of responsibility and manages a wide variety of academic and cultural exchange programs. It is responsible for all federally-funded international educational exchange programs including the Fulbright Program as well as exchange programs in the arts.

Dr. Glade's appointment to this Agency is of benefit to the State of Texas, creates no conflict with his position 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) and Section 16, Subsection 16.4 of the Regents' Rules and Regulations related to leaves of absence.

7. U. T. Austin: Initial Appointments to Endowed Academic Positions in the (a) School of Architecture, (b) College of Communication, (c) College of Education, (d) College of Liberal Arts, (e) College of Natural Sciences, (f) School of Nursing and (g) College of Pharmacy Effective September 1, 1989.--The Board approved the following initial appointments to endowed academic positions at The University of Texas at Austin effective September 1, 1989, with the understanding that the individuals would vacate any currently held endowed positions on the effective date of the new appointment unless otherwise indicated:

a. School of Architecture

Professor J. Sinclair Black, School of Architecture, to the Roberta P. Crenshaw Centennial Professorship in Urban Design and Environmental Planning

b. College of Communication

Dr. Emile G. McAnany, Amon G. Carter Centennial Professor in Communication, to the Ben F. Love Regents Professorship in Communication

c. College of Education

Dr. Jay D. Scribner, Professor, Department of Educational Leadership and Policy Studies at Temple University in Philadelphia, Pennsylvania, to the Melissa Elizabeth Stuart Centennial Professorship in Education

d. College of Liberal Arts

(1) Dr. William H. Goetzmann, The Raymond Dickson, Alton C. Allen and Dillon Anderson Centennial Professor, to the Jack S. Blanton, Sr. Chair in History

(2) Dr. Betty Sue Flowers, Associate Professor, Department of English, to the Hayden W. Head Regents Chair in the Plan II Honors Program

e. College of Natural Sciences

(1) Dr. William R. Muehlberger, William Stamps Farish Chair in Geology, to the Peter T. Flawn Centennial Chair in Geology

(2) Dr. Jon D. Robertus, Professor, Department of Chemistry, to the Benjamin Clayton Centennial Professorship in Biochemistry

(3) Dr. William F. Schelter, Professor, Department of Mathematics, to the Pennzoil Company Regents Professorship in Mathematics

f. School of Nursing

Dr. Dolores Sands, Joseph H. Blades Centennial Memorial Professor in Nursing, to the Laura Lee Blanton Chair in Nursing

Dr. Sands will retain her appointment to the Joseph H. Blades Centennial Memorial Professorship in Nursing.

g. College of Pharmacy

Dr. Daniel Acosta, Jr., Alcon Centennial Professor in Pharmacy, to the Johnson & Johnson Centennial Professorship in Pharmacy.

8. U. T. Austin: Approval to Name Room 2.105 in Goldsmith Hall in the School of Architecture the Mike and Maxine K. Mebane Gallery (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 Room 2.105 in Goldsmith Hall in the School of Architecture at The University of Texas at Austin the Mike and Maxine K. Mebane Gallery.

The naming of this room is in recognition of gifts received from Mr. Mike Mebane and The Mike and Maxine K. Mebane Arts and Architecture Foundation, San Angelo, Texas, to establish an endowed scholarship in the School of Architecture.

See Page 78 related to the establishment of the Mike and Maxine K. Mebane Endowed Traveling Scholarship in Architecture.

9. U. T. Austin: Establishment of the Winedale Historical Center Advisory Council and Approval of Initial Nominees Thereto (Regents' Rules and Regulations, Part One, Chapter VII, Section 3).--Upon recommendation of the Academic Affairs Committee, the Board established the Advisory Council for the Winedale Historical Center at The University of Texas at Austin pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, and approved initial nominees thereto.

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

10. U. T. Dallas: Endorsement of Legislation Authorizing the Admission of Freshman and Sophomore Students Effective with Summer Session 1990, and Development of an Implementation Plan for Submission to the Coordinating Board (Catalog Change).--The Board, upon recommendation of the Academic Affairs Committee, endorsed the provisions of House Bill 42 (Texas Education Code, Section 70.08) as passed by the 71st Legislature, First Called Session, 1989, authorizing the admission of freshman and sophomore students at The University of Texas at Dallas effective with the Summer Session 1990.

In anticipation of the enrollment of students in Summer 1990, the Board further authorized the U. T. Dallas Administration to develop an implementation plan for expansion of the lower-division enrollment, in accordance with parameters of the approved legislation, for early submission to the Texas Higher Education Coordinating Board for review and approval, subject to prior approval by the Executive Vice Chancellor for Academic Affairs and the Executive Committee of the U. T. Board of Regents.

A review of Coordinating Board statutory authority and House Bill 42 suggests the following plan elements and, thereby, issues for consideration by the Coordinating Board:

- (a) Enrollment Limits -- House Bill 42 limits admission and enrollment of entering freshmen to 2,000 and limits the total number of freshmen and sophomores, including lower-division transfer students, to 5,200, except that no more than 1,040 lower-division students may be admitted and enrolled in the first two years of operation. The Bill also specifies admissions criteria for freshmen and lower-division transfer students, thus Coordinating Board review need focus only on compliance with House Bill 42.
- (b) Role and Mission Statement and Associated Table of Programs -- The addition of lower-division students at U. T. Dallas will not require changes in the Table of Programs or in the basic mission of the institution. However, minor editorial changes in the Coordinating Board approved Role and Mission Statement removing the restriction on the enrollment of lower-division students will be required.
- (c) New Degree Programs and Organizational Units -- The admission of lower-division students does not require establishment of any new organizational units nor the creation of any new degree programs at this time for U. T. Dallas.
- (d) Approval of Lower-Division Courses -- Several new lower-division courses will need to be added to the approved course inventory at U. T. Dallas. In accordance with normal administrative procedures for addition of courses, these can be approved at the Coordinating Board staff level.
- (e) Core Curriculum -- The curriculum for freshmen and sophomores will need to be consistent with the Coordinating Board's approved core curriculum. Such consistency will be demonstrated by identifying required and elective courses and should be approved at the Coordinating Board staff level.
- (f) Remedial Education -- With the admission of lower-division students, U. T. Dallas will need to add remedial education for any admitted students who fail any part of the Texas Academic Skills Program (TASP) examination, in accordance with Coordinating Board and statutory requirements.

- (g) Facilities -- It is anticipated that lower-division students added in the first two years will be primarily day students and can be accommodated in existing space since presently classrooms are not fully utilized in the daytime.
- (h) Funding Requirements -- Initial additional funding requirements for the lower-division expansion are to be met with local resources and specifically appropriated funds, so Coordinating Board review is most likely to focus on the availability of resources needed to cover the subsequent years of the implementation plan when lower-division enrollments may exceed 1,040 students. Such review may impact the rate of growth above 1,040 but should not impact the operation of the first two years. The statute does provide for the establishment, prior to the next legislative session, of a funding formula that recognizes the predominantly upper-division nature of U. T. Dallas.

Upon Coordinating Board approval of the implementation plan, the next appropriate catalogs published at U. T. Dallas will be amended to conform to this action.

11. U. T. Permian Basin: Approval to Increase the Compulsory Student Services Fee Effective with the Fall Semester 1989 (Catalog Change). -- Approval was given to increase the Compulsory Student Services Fee at The University of Texas of the Permian Basin from \$6.50 per semester credit hour with a maximum of \$78.00 per semester or summer session for a student taking twelve or more semester credit hours to \$7.50 per semester credit hour with a maximum of \$90.00 per semester or summer session for a student taking twelve or more semester credit hours effective with the Fall Semester 1989.

This fee provides support for the Mesa Journal, gym/pool program, Student Senate, student activities, Programs Assisting Student Study (PASS) Office, and the Program Board/Cultural Committee. This fee increase will fund increased costs in the existing programs and will not support any new program areas.

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



12. U. T. San Antonio: Approval to Increase Parking Fees Effective with the Fall Semester 1989 (Catalog Change). --  
 In order to fund repairs and maintenance for existing parking lots and to cover increased costs for traffic enforcement personnel, the Board approved increases in the parking fees for The University of Texas at San Antonio effective with the Fall Semester 1989 as set out below:

	<u>1989-90</u> <u>Fees</u>
<u>Executive Officers Permits</u>	
Class O (reserved)	\$110.00
<u>Faculty/Staff Permits</u>	
Class A (reserved)	82.00
Class B (general)	42.00
Class C (motorcycles)	13.00
Class E (dual parking)	42.00
Class H (handicapped)*	42.00
Class K (mini-car)	32.00
Class P (carpool)	42.00
Class W (bicycles)	3.00
<u>Student Permits</u>	
Class C (motorcycles)	13.00
Class D (student resident) (orange and white)	27.00
Class D (student resident) (brown and white)	27.00
Class F (dual parking)	27.00
Class G (general)	27.00
Class H (handicapped)*	27.00
Class M (mini-car)	20.00
Class S (carpool)	27.00
Class W (bicycles)	3.00
<u>Other</u>	
Class T (vendors, sales- person, technical representatives, other servicing personnel, and persons regularly using campus facilities)	15.00

\* No parking fee is charged for permanently disabled persons or disabled veterans with 60% or more disability.

Annual parking permit fees are prorated if purchased for the Spring and Summer or Summer session only.

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

13. U. T. Austin: Presentations by Mr. John Cobb and Mr. Jon Morter Regarding Status of Graduate Student Employee Benefits for Fiscal Year 1990.--Committee Chairman Barshop reported that Chairman Beecherl had responded positively to a request from graduate students at The University of Texas at Austin for an opportunity to make a presentation related to graduate student employee benefits for Fiscal Year 1990.

Committee Chairman Barshop called on President Cunningham for brief comments on this issue. Dr. Cunningham noted that the matter of premium sharing for graduate student employees had been a difficult decision for the Administration. He stated that the \$90 premium sharing payments for the graduate student employees proposed in the budget for the 1989-90 Fiscal Year are the most the University can afford. Increasing those payments would require trade-offs in less money for other budget items such as salaries and libraries. He acknowledged that the students had spent a great deal of time on this issue and had been very effective in their communications with the Legislature and with his office.

Dr. Cunningham then introduced Mr. John Cobb, a graduate student in the Department of Physics, and Mr. Jon Morter, a graduate student in the Department of Anthropology, who addressed the importance of full restoration of premium sharing for graduate student employees in order to maintain the present levels of excellence in teaching and research in The University of Texas System. Both Messrs. Cobb and Morter emphasized the importance of increasing the health insurance benefits to \$130 a month, the minimum that will be received by employees who are not students.

Mr. Morter indicated that the University would find it difficult to recruit graduate students next year because of the level of insurance benefits but Dr. Cunningham said he anticipated no problem in continuing to attract outstanding students to the graduate program.

Dr. Cunningham stated that the problem of the funding disparity would be resolved by the next biennium since the Legislature has authorized funding for graduate student premium sharing at the same level as for other employees beginning with the 1991-93 biennium.

Following a brief discussion, Regent Blanton commended the graduate students on their presentation and stated that the students should know that this Board has deep appreciation for the quality of work and contributions that these students make to the campuses.

Committee Chairman Barshop thanked the students for sharing their concerns and recommendations with the Academic Affairs Committee. He stated that, since the ultimate impact of the students' request was on the operating budget, final judgment would be left with the Finance and Facilities Committee which was to take action on the 1989-90 Operating Budgets later in the meeting.

[A copy of the Graduate Student Presentation is on file in the Office of the Board of Regents.]

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 34 - 51).--Committee Chairman Blanton reported that the Health Affairs Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Southwestern Medical Center - Dallas: Appointment of Initial Holders - (a) A. James Hudspeth, Ph.D., M.D., to the Distinguished Chair in Neuroscience, (b) Joseph L. Goldstein, M.D., to the Distinguished Chair in Biomedical Science and (c) Michael S. Brown, M.D., to the Distinguished Chair in Biomedical Science Effective Immediately.--The Board approved the following initial appointments to endowed academic positions at The University of Texas Southwestern Medical Center at Dallas effective immediately:
  - a. A. James Hudspeth, Ph.D., M.D., Professor and Chairman of the Department of Cell Biology and Anatomy, to the Distinguished Chair in Neuroscience
  - b. Joseph L. Goldstein, M.D., Professor and Chairman of the Department of Molecular Genetics and holder of the Paul J. Thomas Chair in Medicine, to the Distinguished Chair in Biomedical Science
  - c. Michael S. Brown, M.D., Professor in the Department of Molecular Genetics, Director of the Center for Genetic Diseases and holder of the Paul J. Thomas Chair in Medicine, to the Distinguished Chair in Biomedical Science.

Drs. Goldstein and Brown will retain their present appointments as Regental Professors and joint holders of the Paul J. Thomas Chair in Medicine.

See Page 85 related to the establishment of the Distinguished Chairs in Biomedical Science.

2. U. T. Southwestern Medical Center - Dallas: Approval of Association Agreement Among Children's Medical Center of Dallas, Dallas County Hospital District (Parkland Memorial Hospital), St. Paul Medical Center and University Medical Center, Inc. (Zale-Lipshy University Hospital), All of Dallas, Texas, and Authorization for the Executive Vice Chancellor for Health Affairs to Approve Such Agreement.--Approval was given to the Association Agreement set forth on Pages 35 - 40 by and among The University of Texas Southwestern Medical Center at Dallas (including its Aston Ambulatory Care Center), Children's Medical Center of Dallas, Dallas County Hospital District (Parkland Memorial Hospital), St. Paul Medical Center, and University Medical Center, Inc. (Zale-Lipshy University Hospital), all of Dallas, Texas, and the Executive Vice Chancellor for Health Affairs was authorized to approve such agreement on behalf of the U. T. Board of Regents.

This agreement, executed by the appropriate officials of the institution and facility to be effective upon approval by the U. T. Board of Regents, will associate the named institutions under a common name, the University Medical Center of Dallas Association, for the purposes of coordinating the creation of medical programs and informing the public about such programs.

UNIVERSITY MEDICAL CENTER OF DALLAS

ASSOCIATION AGREEMENT

This Association Agreement is made and entered into on \_\_\_\_\_, 1988 (the "effective" date), by and between Children's Medical Center of Dallas; Dallas County Hospital District (Parkland Memorial Hospital); St. Paul Medical Center; University Medical Center, Inc. (Zale-Lipshy University Hospital); The University of Texas Southwestern Medical Center at Dallas (including its Aston Ambulatory Care Center); hereinafter collectively referred to as the "Parties".

WHEREAS, the Parties are all organizations devoted to the provision of health care related services and education; and

WHEREAS, the Parties are all centrally located in Dallas, Texas, in close proximity to each other.

WHEREAS, the Parties desire to associate together and use a common name, the University Medical Center of Dallas Association (the "Association"), in an effort to accomplish the common purposes and goals set out herein.

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, the Parties hereto agree as follows:

I.

PURPOSES

1.1. The purpose of the Parties to the Agreement is to develop and implement an organized effort by the Parties to coordinate the creation and planning of programs and services relating to the most advanced medical knowledge, skills, and facilities for the diagnosis, treatment, and prevention of illness, disease, and injury.

II.

GOALS

2.1. The Parties to the Agreement will cooperate in efforts designed to inform the public of the common purposes of the Association and the programs and services which are provided by the institutions as a regional and national referral center for patient care services.

III.

PROGRAMS AND SERVICES

3.1. The initial programs and services under consideration by the Parties for coordinated efforts include, but are not limited to, the following:

- a. Transplantation Services (including heart, lung, liver, kidney, pancreas, and bone marrow); and
- b. Kidney and Gallstone Lithotripsy; and
- c. Center for Aging and Health; and
- d. Affiliated Education Programs (undergraduate, graduate, continuing medical education, and allied health programs); and
- e. Air and Ground Patient Transportation Service; and
- f. Public Information Programs; and
- g. Nurse Retention Programs; and
- h. Day Care Services for Employees' Children; and

3.2. The Parties may, from time to time, mutually agree to add or delete any particular program or service from consideration of coordinated efforts.

IV.

REPRESENTATION OF PARTIES

4.1. Each Party to this Agreement shall, from time to time, designate one (1) representative from its organization to act as that Party's official representative. Each Party's representative shall attend meetings on behalf of that Party, and shall vote on Association matters requiring a vote. Each Party's representative shall have the authority to bind his/her organization in regard to coordinated efforts of the Parties within predetermined limits, and shall be responsible for obtaining his/her Party's approval/disapproval in regard to coordinated efforts of the Parties which are beyond the predetermined limits. The term "predetermined limits" applies to both the nature of projects and the financial responsibility incumbent therewith.

4.2. If a Party's representative is unavailable or unable to attend an Association meeting, each Party shall designate an alternative individual to act in the representative's place, subject to Section 4.1.

4.3. Each Party's representative may invite a reasonable number of guests and/or consultants to attend all or part of the Parties meetings, unless another Party's representative voices an objection to such attendance by guests and/or consultants.

V.

VOTING

5.1. All matters of substance which could have the effect of binding a Party to either participation in a coordinated program or service, or to material financial responsibility, shall be made the subject of an Association vote. The term "material financial responsibility" refers to any matter wherein the financial obligation of any one Party shall equal or exceed \$500.00.

5.2. Approval of a particular coordinated project or a material financial responsibility of the Parties shall require the unanimous affirmative vote of the Parties who are present, voting, and not abstaining, after a quorum of the Parties has first been established. A quorum of the Parties shall mean that each Parties representative is present at a meeting of the Parties. Financial responsibility for the particular coordinated project shall be allocated equally amongst the Parties, unless the Parties unanimously agree otherwise.

5.3. In special circumstances, where at least two (2), but less than all, of the Parties vote affirmatively to conduct a coordinated project in the name of the Association, they may do so only if all of the following are met:

- a. All of the Parties voting against the particular coordinated project agree to allow the other Parties to conduct the particular coordinated project in the Association's name;
- b. The Parties so conducting the particular coordinated project in the Association's name shall bear the full financial responsibility of that particular coordinated project; and
- c. The Parties voting for a particular coordinated project agree that the Parties voting against the particular coordinated project or abstaining shall bear no financial responsibility for it.

VI.

FINANCIAL RESPONSIBILITIES

6.1. Each Party shall be responsible for its respective share of the Parties authorized expenses as set forth herein.

Each Party warrants that it shall cooperate with the other Parties in making a timely response to its financial obligations herein.

6.2. By a vote pursuant to Article V., the Parties may elect to handle the payment of authorized expenses in any of the following ways:

- a. The Parties may allocate to each Party its allocated share of any authorized expense, and such Party shall promptly remit such amount to the appropriate Party or other institution or person, as the case may be; or
- b. The Parties may designate one or more of the Parties to advance such an expense on behalf of the Parties, in which case the other Parties shall remit their allocated share of said expense to the Party or Parties advancing said expense; or
- c. In any other manner the Parties agree upon from time to time.

6.3. The Parties shall keep accurate books and records of all authorized expenses of the Parties and reimbursements by each party and of all funds.

#### VII.

##### REPRESENTATIVES

7.1. The Parties shall, from time to time, elect a representative who shall preside over meetings of the Parties and shall perform such other duties as are from time to time agreed upon by the Parties.

7.2. The Parties shall, from time to time, elect a representative who shall keep accurate minutes of the meetings and business affairs of the Parties and shall provide such minutes to the Parties.

7.3. The Parties shall, from time to time, elect a representative who shall keep the financial books and records of the Parties and shall make regular reports to the Parties.

#### VIII.

##### MISCELLANEOUS

8.1. All notices under this Agreement shall be provided to the Party to be notified in writing, either by personal delivery or by United States mail. All notices under this Agreement shall be deemed given to a Party when received by such Party's representative.

8.2. All of the agreements between the Parties on the subject matter hereof have been reduced to writing herein. No amendments to this Agreement shall be valid unless in writing and signed by the duly authorized representatives of the Parties.

8.3. The rights, duties, responsibilities, and obligations under this Agreement are not assignable without the express written consent of all the Parties.

8.4. Each Party to this Agreement shall be solely responsible for its own actions and that of its representatives. Each Party to this Agreement shall maintain adequate liability insurance or self insurance to protect its interest in the event of a suit against it or the Parties.

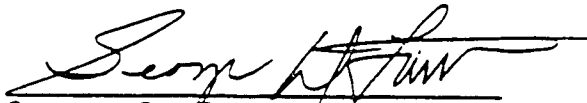
8.5. This Agreement shall continue until terminated by a vote of the Parties. However, any Party may withdraw from the Agreement upon reasonable notice to the Parties and upon payment of any allocated expenses previously incurred by the Parties upon that Party's behalf.

8.6. Upon termination of this Agreement any funds or property of the Parties relating to this Agreement shall be distributed to the Parties in their allocated interests or as the Parties shall otherwise agree upon.

8.7. The Agreement shall not be construed to be an exclusive agreement. Each Party is free to engage in its regular course of business unrestricted.

IN WITNESS HEREOF, each of the Parties acknowledges this Association Agreement by its representative's signatures below.

CHILDREN'S MEDICAL CENTER OF DALLAS  
1935 Motor Street  
Dallas, TX 75235

By:   
George D. Farr  
President & Chief Executive Officer

Date: \_\_\_\_\_



DALLAS COUNTY HOSPITAL DISTRICT,  
PARKLAND MEMORIAL HOSPITAL  
5201 Harry Hines Boulevard  
Dallas, TX 75235

By: *Ron Anderson*  
Ron J. Anderson, M.D.  
President & Chief Executive Officer

Date: \_\_\_\_\_

ST. PAUL MEDICAL CENTER  
5909 Harry Hines Boulevard  
Dallas, TX 75235

By: *Anthony L. Bunker*  
Anthony L. Bunker  
President & Chief Executive Officer

Date: 2-14-89

UNIVERSITY MEDICAL CENTER, INC.  
(ZALE-LIPSHY UNIVERSITY HOSPITAL)  
5323 Harry Hines Boulevard  
Dallas, TX 75235-9073

By: *Ronald F. Garvey*  
Ronald F. Garvey, M.D., M.B.A.  
President & Chief Executive Officer

Date: 2-10-89

THE UNIVERSITY OF TEXAS SOUTHWESTERN  
MEDICAL CENTER AT DALLAS  
5323 Harry Hines Boulevard  
Dallas, TX 75235-9002

By: \_\_\_\_\_  
C. Kern Wildenthal, M.D., Ph.D.  
President

Date: \_\_\_\_\_

3. U. T. Southwestern Medical Center - Dallas: Authorization to Establish The Frank M. Ryburn, Jr. Cardiac Center.--The Board, upon recommendation of the Health Affairs Committee, established The Frank M. Ryburn, Jr. Cardiac Center at The University of Texas Southwestern Medical Center at Dallas in recognition of Mr. Ryburn's leadership and support of this institution.

The purpose of the Center will be to provide research in basic cardiovascular function, cardiac disease, cholesterol metabolism and cardiac transplantation.

See Page 85 related to acceptance of gift to fund the Center.

4. U. T. Health Science Center - San Antonio: Approval of Agreement with the Santa Rosa Health Care Corporation, San Antonio, Texas.--Upon recommendation of the Health Affairs Committee, the Board approved the agreement set out on Pages 41 - 45 by and between the Board of Regents of The University of Texas System, for and on behalf of The University of Texas Health Science Center at San Antonio, and the Santa Rosa Health Care Corporation, San Antonio, Texas.

This agreement, executed by the appropriate officials of the institution and facility to be effective upon approval by the U. T. Board of Regents, renews for another ten years a program which has been in existence since 1979.

#### SANTA ROSA HEALTH CARE CORPORATION

#### AGREEMENT

THE STATE OF TEXAS:

COUNTY OF BEXAR:

This AGREEMENT made and entered into this 27th day of June, 1989, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM on behalf of The University of Texas Health Science Center at San Antonio, hereinafter sometimes called "University", and the SANTA ROSA HEALTH CARE CORPORATION of San Antonio, hereinafter sometimes called "Corporation",

WITNESSETH:

WHEREAS, during the past half century advances in medicine have been more significant and rapid than in any other previous period of history, and over the past two decades the pace has increased dramatically and appears to be accelerating; and

WHEREAS, in recognition of contemporary trends and likely future requirements, University and Corporation agree on the desirability of establishing a closer working relationship between the two institutions, who share a common commitment to offer the people of San Antonio, Texas, and the Southwest a program of excellence in health care education and also share the desire to coordinate all health care resources for the benefit of improved patient care and the further development of San Antonio as a health science center:

NOW, THEREFORE, with these objectives in mind and with an intent to develop both institutions to the maximum extent consistent with the interests of each, University and Corporation hereby agree as follows:

1. EXTENT OF AFFILIATION AT THE DEPARTMENTAL LEVEL

The purpose of this agreement is to establish a broad framework of policy to facilitate cooperation between University and Corporation. It is agreed that the initiative for establishing definitive relationships will be vested in the respective department heads of the departments within institutions of University and the corresponding departments or division of Corporation hospitals. It is further understood that individual departments of University may or may not establish affiliations with the hospitals, depending upon their needs and circumstances and subject to appropriate action by the respective governing bodies.

2. PROVISION FOR FACULTY APPOINTMENTS FOR HOSPITAL STAFF MEMBERS

Both parties agree that academic status is a strong inducement for attracting well qualified individuals for teaching positions at hospitals, and the academic appointment made by University for individuals in full-time key positions at Corporation hospitals should include tenure or assurances of continuation of employment, if possible. This will be granted on an individual basis subject to the approval of University and hospitals. In order to achieve satisfactory financial arrangements, the fiscal alternatives for obtaining appointments in this category are:

(1) Unqualified Tenure Appointment:

Guarantee by hospital for all future salary costs for any tenure appointments by University

There will be a contract negotiated between the individual physician and hospital with the approval of the University, whereby hospital will guarantee to pay University the salary provided by said contract. These payments would continue as long as University is required to maintain these personnel under the terms of said contract.

(2) **Qualified Tenure Appointment:**

Guarantee by hospital of the future salary costs for a limited term tenure appointment of a period of time to be agreed upon following termination or discontinuation of a hospital position

Under this agreement the faculty member would receive a tenure guarantee covering a period of time to be contracted for between hospital and physician, and so long as the physician occupies a full-time faculty position at University. Thus, if his position were discontinued at hospital, he would receive salary from hospital for the period agreed upon, but only if he continued as a full-time faculty member of University.

(3) **Hospital Staff without Compensation:**

Rules and procedures established by hospital will be used in appointment of medical staff of hospital without teaching assignment, faculty designation, or compensation through University.

(4) **Hospital Staff with Partial Compensation and/or University Faculty Appointment:**

Mutual agreement between hospital and University is required for appointment in either category in this section with definition of faculty title, duties, amount of compensation (if any), and term of appointment (annual unless otherwise agreed upon).

3. COMPENSATION ARRANGEMENTS FOR FULL- AND PART-TIME FACULTY AND SERVICES

(1) Physicians employed full- or part-time by University and based at hospital with academic appointments will be subject to The University of Texas System policy regarding salary plan.

(2) Special Services desired by Corporation hospitals, not now in place, and agreed upon by University will be provided as delineated in separate agreements between University and Corporation hospitals specifying arrangements in respect to funding, personnel, time, location, and other related matters.

4. JOINT SPONSORSHIP OF RESEARCH ACTIVITIES

Corporation will provide research facilities for physicians who are geographically full time on its campus. Research projects at Corporation may be jointly sponsored by University. In such cases there will be prior agreement as to the extent of the responsibility of each institution in the administration of research funds, provision of staff and facilities and ownership of equipment purchased with research funds.

5. INDEMNIFICATION

- (1) University shall, to the extent authorized under the constitution and laws of the State of Texas, hold Corporation harmless from liability resulting from University's acts or omissions within the terms of this Agreement; provided, however, University shall not hold Corporation harmless from any claims, demands, or causes of action arising in favor of any person or entity, growing out of, incident to, or resulting directly or indirectly from negligence (whether sole, joint, concurring or otherwise) of Corporation, its officers, agents, representatives, or employees, or any person or entity not subject to University's supervision or control.
- (2) Corporation shall hold University harmless from liability resulting from Corporation's acts or omissions within the terms of this Agreement; provided, however, Corporation shall not hold University harmless from any claims, demands, or causes of action arising in favor of any person or entity, growing out of, incident to, or resulting directly or indirectly from negligence (whether sole, joint, concurring or otherwise) of University, its officers, agents, representatives, or employees, or any person or entity not subject to Corporation's supervision or control.

6. PROVISION FOR REVIEW OF RELATIONSHIP

Both parties agree that a productive and harmonious relationship between the two institutions depends upon maintaining effective channels of communication. The parties anticipate that routine matters will be handled and decided mutually through continuous contracts at the department level. At least annually, and more frequently if necessary, a group representing each institution shall review and discuss over-all relationships and policies and other matters of common concern.

If any aspect of this agreement becomes unsatisfactory, a joint committee shall be responsible for discussing and resolving the questions involved. If a change in the

agreement is necessary, the committee shall make recommendations to the authorities in each institution. If problems develop which are sufficiently serious and cannot be resolved, dissolution of the agreement may be indicated. Effective date of such dissolution shall be mutually agreed upon with adequate time to allow each institution to make necessary arrangements in an orderly manner.

It is agreed that Santa Rosa Health Care Corporation shall retain all jurisdictional powers incident to separate ownership, including the power to determine the general and fiscal policy of the institution, selection of the directing head of the hospitals and the determination of the acceptability and desirability of hospital professional staff.

This agreement shall be for a term of ten (10) years from and after its effective date and may be terminated at any time upon mutual consent of the parties. It may also be amended in writing to include such provisions as the parties may agree upon.

EXECUTED by the parties on the day and year first above written.

ATTEST:

*Jack Park*  
(Title) Executive Director of  
Institutional Services

UNIVERSITY

By: *John P. Howe, III*  
(Title) John P. Howe, III, M.D.  
President

ATTEST:

*Karen M. Cook*  
(Title) Admin. Assistant

FACILITY

*J. H. Adams*  
(Title) President & Chief Executive  
Officer

FORM APPROVED:

*John L. Danoynt*  
(Title)  
Office of General Counsel  
The University of Texas System

CONTENT APPROVED:

By: *Bob McLaughlin*  
(Title)  
Office of the Chancellor  
The University of Texas System

5. U. T. M.D. Anderson Cancer Center: Appointment of (a) David T. Carr, M.D., as Initial Holder of The Clifton D. Howe Professorship in Pulmonary Medicine and (b) Dr. Howard D. Thames as Initial Holder of the Helen Buchanan and Stanley Joseph Seeger Research Professorship Effective September 1, 1989.--Approval was given to the following initial appointments to endowed academic positions at The University of Texas M.D. Anderson Cancer Center effective September 1, 1989:

- a. David T. Carr, M.D., Professor of Medicine, to The Clifton D. Howe Professorship in Pulmonary Medicine
- b. Dr. Howard D. Thames, Professor of Biomathematics, to the Helen Buchanan and Stanley Joseph Seeger Research Professorship.

See Page 86 related to the redesignation of this Professorship.

6. U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, U. T. M.D. Anderson Cancer Center and U. T. Health Center - Tyler: Approval of Revisions to Appendices A and B of the Standard Format for Bylaws of the Medical Service, Research and Development Plan/Physician Referral Service (MSRDP/PRS) Effective September 1, 1989.--To update the guidelines utilized for the expenditure of MSRDP/PRS income, the Board, upon recommendation of the Health Affairs Committee, amended Appendices A and B of the standard format for Bylaws of the Medical Service, Research and Development Plan/Physician Referral Service (MSRDP/PRS) for The University of Texas Southwestern Medical 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 M.D. Anderson Cancer Center and The University of Texas Health Center at Tyler effective September 1, 1989, as set forth on Pages 47 - 51.

These revisions are in compliance with the Rider in the current Appropriations Bill. Each MSRDP/PRS plan will have an annual audit of its collections and expenditures which will be provided to the U. T. Board of Regents within 90 days of the end of each fiscal year.

APPENDIX A

MSRDP/PRS AUTHORIZED FRINGE BENEFITS  
FOR MEMBERS; ANY OTHER PERSONS BY APPROVED EXCEPTION

Effective September 1, 1989

<u>Authorized Benefit</u>	<u>Maximum</u>
1. Medical Insurance	UT Plan A for member and family <u>OR</u> UT HMO Plan for member and family <u>NOTE: Deductibles, copayments, and coinsurance do not qualify for reimbursement</u>
2. Dental Insurance	UT Plan for member and family <u>AND</u> Supplemental "umbrella" coverage for member and family <u>NOTE: Deductibles, copayments, and coinsurance do not qualify for reimbursement</u>
3. Long-Term Disability Insurance	UT Plan for member <u>AND</u> Supplemental "umbrella" coverage <u>AND</u> TMA Plan for member
4. Term Life Insurance	UT Plan, maximum of four (4) times annual total compensation
5. Accidental Death	UT Plan for member and family
6. College-Educational Allowance	In accordance with approved yearly limits, established by the Chancellor's office, per dependent in post-high school educational institution, not to exceed eight years. To include only tuition and fees for part-time enrollment.
7. Membership Dues	Memberships in Faculty Clubs, Medical Center Clubs, or equivalent as approved by President
8. Auto Lease Allowance	In accordance with U. T. System policy as may be amended by the Chancellor's office
9. Supplemental Retirement	In accordance with U. T. System policy



<u>Authorized Benefit</u>	<u>Maximum</u>
10. Parking Fees	At U. T. institution(s) and teaching hospital(s)
11. Travel Expense	In accordance with approved limits for official institutional business, not to exceed actual expense. With prospective presidential approval, travel expense for spouse or family member if on official institutional business. Reimbursement requires written justification and documentation of expenditures.
12. Allowance for Special Education-Training	In accordance with yearly limits, established by the Chancellor's office and President, per dependent in special education or training program necessitated by physical or mental impairment, not to exceed eight years.

- NOTES:
- No MSRDP/PRS funds may be expended for the benefit of any single individual person or member except as herein approved.
  - Classified plan employees may receive only the basic state-approved benefits paid from MSRDP/PRS.
  - Benefits specifically not approved include:
    - personal liability insurance
    - life insurance with accumulated cash value
    - estate planning
    - tax service
    - accounting service.
  - Authorized fringe benefits may not exceed thirty (30) percent of total salary.
  - This list of authorized fringe benefits and yearly limits may be periodically amended by action of the Chancellor's office.

APPENDIX B

MSRDP/PRS AUTHORIZED PROFESSIONAL  
BUSINESS EXPENDITURES

Effective September 1, 1989

INSTITUTIONAL TRUST FUNDS AND CLINICAL DEPARTMENT FUNDS

<u>Authorized Benefit</u>	<u>Maximum</u>
1. Malpractice Insurance	UT Self-insurance rates
2. Official travel, including policy registration fees and established by tuition (see No. 17, Official Institutional Functions and Official Entertainment)	In accordance with policy and limits, established by U. T. System and institution not to exceed actual expense
3. Faculty Development Leave	In accordance with the Regents' <u>Rules and Regulations</u> and institutional policy
4. Uniforms or Lab Coats	Through institutional purchasing
5. Membership Dues in Professional Scientific Organizations	In accordance with institutional policy
6. Texas State Board of Medical Examiners License	Annual fee; reimbursement expenditure only
7. Medically-Related Educational Aids (such as books, journals, slides, audiotapes, videotapes)	In accordance with institutional policy
8. Salary or Augmentation of Salary for Faculty and/or Staff	In accordance with U. T. System policy
9. Purchase, maintenance and operation of equipment and maintenance and operation of U. T. System facilities	In accordance with institutional policy
10. Ordinary and necessary business expenses incurred by the member in earning the professional fees charged by said member, excluding entertainment (see No. 17, Official Institutional Functions and Official Entertainment)	In accordance with institutional policy
11. Registration fees and tuition incident to attendance at meetings and courses as <u>requested or approved by institution</u>	In accordance with institutional policy

<u>Authorized Benefit</u>	<u>Maximum</u>
12. Consultant fees and expenses including guest speakers at official institutionally sponsored or sanctioned meetings	In accordance with U. T. System and institutional policy
13. Expenses incident to faculty or staff recruitment (see No. 17, Official Institutional Functions and Official Entertainment)	In accordance with institutional policy
14. Establishment or endowment of lectureships, professorships or chairs	In accordance with U. T. System policy
15. Support of academic programs and projects involving education, research or patient care	In accordance with institutional policy
16. Institutional participation in community, organizations or events	In accordance with institutional policy
17. Official Institutional Functions and Official Entertainment. Official entertainment is defined as business-related events or expenditures which are of documented benefit to the institution or The University of Texas System	Prior presidential approval required for any expenditures greater than \$2,500. A quarterly report of all expenditures approved in this category shall be filed with the Executive Vice Chancellor for Health Affairs.

- NOTES:
- No MSRDP/PRS funds may be expended for the benefit of any single individual person or member except as herein approved.
  - All requests for reimbursement must contain adequate documentation and must be signed by the person seeking reimbursement.
  - Previous sections "Additional Expenditures" and Appendix B, "Expenditures Allowable from Clinical Department Fund" are merged into this new Appendix B, "Authorized Professional Business Expenditures."
  - All expenditures are subject to the Rules and Regulations of the Board of Regents of The University of Texas System and applicable institutional regulations and procedures. This list of authorized expenditures may be periodically amended by action of the Chancellor's office.

Accounting/Auditing Guidelines for  
MSRDP/DSRDP/PRS

Reference: Business Procedure Memorandum No. 31-04-89

Normal institutional purchasing procedures should be followed whenever possible.

All requests for reimbursements should be signed by the employee seeking reimbursement. The voucher, if prepared by a staff member, should be reviewed for accuracy before the voucher is signed.

Special care with the use of individual credit cards, club memberships, and charges to facilities for entertaining business associates should be exercised, and care should be taken to document each use, indicating the number of persons, function, title or name of people entertained.

All requests for reimbursement should be fully supported with documentation. The documentation should include who was involved and state the benefit to the institution.

A report to the President should be prepared annually, detailing by each approved expenditure category how much has been spent. Specifically, entertainment expenses need to be reviewed, and any questionable expenditures should be investigated.

Each institution shall insure that MSRDP/PRS income and expenditures are audited annually and a report made to the MSRDP Board, the President, the Executive Vice Chancellor for Health Affairs and the U. T. Board of Regents within 90 days of the end of each fiscal year.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND FACILITIES COMMITTEE (Pages 52 - 65).--Committee Chairman Moncrief reported that the Finance and Facilities Committee had met in open session to consider those items on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Finance and Facilities Committee and approved in open session and without objection by the U. T. Board of Regents:

I. FINANCE MATTERS

1. U. T. System: Approval of Chancellor's Docket No. 47 (Catalog Change).--Upon recommendation of the Finance and Facilities Committee, the Board approved Chancellor's Docket No. 47 in the form distributed by the Executive Secretary. It is attached following Page 139 in the official copies of the Minutes and is made a part of the record of this meeting.

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

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

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

Regent Beecherl refrained from voting on the contract between the YWCA and The University of Texas at Dallas as listed on Page D-8, Item 2, because he serves as a member of the YWCA Board of Directors.

2. U. T. System: Approval to Add First City National Bank of San Antonio, San Antonio, Texas, as a Depository Bank.--The Board approved First City National Bank of San Antonio, San Antonio, Texas, as an additional depository bank for The University of Texas System, subject to the bank being willing to execute the standard Bank Depository Agreement.
3. U. T. System: Approval of Non-Personnel Aspects of the 1989-90 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Service, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein.--Committee Chairman Moncrief called on Chancellor Mark who presented a comprehensive overview of the 1989-90 proposed Operating Budgets for The University of Texas System. A copy of Chancellor Mark's report is on file in the Office of the Board of Regents.

Following Chancellor Mark's presentation and upon recommendation of the Finance and Facilities, Academic Affairs and Health Affairs Committees, the Board approved the non-personnel aspects of the 1989-90 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Service, Research and Development Plans for The University of Texas System as listed below and authorized the Chancellor to make editorial corrections in these budgets with subsequent adjustments to be reported to the Board through the institutional dockets:

The University of Texas System Administration (including the Available University Fund)  
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 (including The University of Texas Institute of Texan Cultures at San Antonio)  
The University of Texas at Tyler  
The University of Texas Southwestern Medical 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 M.D. Anderson Cancer Center  
The University of Texas Health Center at Tyler

These budgets are a part of the Minutes of this meeting and the official copy is in bound Volume XLIV entitled Annual Budget for 1989-90.

See Page 135 for approval of personnel aspects of the 1989-90 Operating Budgets.

4. U. T. System: Authorization to Transfer Funds Between Legislative Appropriation Items During the Biennium Beginning September 1, 1989 (Article III, S. B. 222, 71st Legislature, Regular Session, 1989).--The Board adopted the following resolution (Page 54) to provide for the most effective utilization of the General Revenue Appropriations for The University of Texas System during the biennium beginning September 1, 1989.

RESOLUTION

Pursuant to the appropriate transfer provisions of Article III, S. B. 222, 71st Legislature, Regular Session, 1989, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations from the General Revenue Fund for each of the following components as authorized by the Chief Financial Officers of The University of Texas System institution concerned:

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 - Pan American  
and The University of Texas - Pan American at Brownsville  
The University of Texas of the Permian Basin  
The University of Texas at San Antonio (including The University of Texas Institute of Texan Cultures at San Antonio)  
The University of Texas at Tyler  
The University of Texas Southwestern Medical 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 M.D. Anderson Cancer Center  
The University of Texas Health Center at Tyler

5. U. T. System: Approval of Rules and Regulations for the Administration of Line Item Scholarships (General Appropriations Bill, Section 14, Article III, 71st Legislature, Regular Session, 1989).--In compliance with Section 14, Article III of the General Appropriations Bill of the 71st Legislature, Regular Session, 1989, the following rules and regulations for the administration of line item scholarships were adopted for implementation at all component institutions of The University of Texas System for the biennium beginning September 1, 1989:

Rules and Regulations for Administration of Line Item Scholarships

- a. Scholarships
1. Scholarships from said fund may be awarded only to students who have been accepted for enrollment and who actually enroll on at least a half-time basis in the term or terms for which the scholarship is awarded.
  2. Scholarships are to be awarded based on the financial need of the applicant as determined by the component institution

and based on accepted need analysis procedures generally in use in other "need based" financial assistance programs.

3. Each student shall first use any other grant funds for support of educational expenses for which the student may reasonably be eligible before receiving state scholarship funds.
  4. The amount of the scholarship award, when combined with all other grant or gift funds awarded to the student, shall not exceed 70% of the reasonable expenses to be incurred by the student in the semester or term for which the scholarship is awarded.
  5. No student shall receive an amount in excess of demonstrated need.
  6. No more than 10% of total scholarship funds awarded through the program in a fiscal year shall be awarded to nonresident students.
- b. Institutional matching share of earnings in the Federal College Work-Study Program
1. Any or all of the scholarship funds appropriated may be used for the institutional matching share of earnings in the College Work-Study Program.
  2. Funds used in this manner will not be subject to the restriction governing the scholarship.
- c. No funds appropriated in this Act for scholarships to institutions of higher education may be used to provide athletic scholarships.

## II. FACILITIES MATTERS

1. U. T. System: Permanent University Fund (PUF) Bond Proceeds Capital Improvement Program - Allocation of PUF Bond Proceeds Reserved for Institutional Equipment and Library Purchases and Major Repair and Rehabilitation Projects for Fiscal Year 1990.--  
The Board, upon recommendation of the Finance and Facilities, Academic Affairs and Health Affairs Committees, allocated Permanent University Fund (PUF) Bond Proceeds reserved in The University of Texas System Capital Improvement Program to component institutions in the amount of \$10 million for Institutional Equipment and Library Purchases and \$10 million for Major Repair and Rehabilitation Projects for Fiscal Year 1990 as detailed on Pages 57 - 62.

Further, the Board authorized the component institutions to purchase approved equipment items and library materials following standard purchasing procedures and within approved PUF Bond Proceeds dollar limits or, where appropriate, a combination of allocated bond proceeds and other funds. Substitute equipment purchases are to receive prior



approval by the Chancellor and appropriate Executive Vice Chancellor and, where required, the U. T. Board of Regents. Transfer by U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements.

Final approval of specific repair and rehabilitation projects will be in accordance with Board established procedures for construction projects.

These project allocations are also incorporated as Part B of the Fiscal Year 1990 U. T. System Capital Budget on Page 62.

#### Selection Process

The following major factors influenced the selection of these projects:

- a. The need to protect the current investment in buildings and laboratories which support important ongoing programs;
- b. The desire to take advantage of opportunities to enhance the University's budget through energy conservation, obtaining matching grants, and increasing the prospects for obtaining competitive research contracts and grants;
- c. The desire to implement selected strategic plans and enhance the strength of selected academic areas; and
- d. The desire to equip laboratories with advanced instrumentation and computational power in order that scholars and students working in those laboratories will have maximum opportunity to make significant contributions in their fields of inquiry.

#### Special Considerations

Because all institutions have a continuing need for additional resources and because the exact cost of implementing any project is unknown until completion of design and the end of a competitive bidding process, it is authorized that all institutions be permitted with appropriate System Administration approval to redistribute funds among authorized projects as needed to adjust for the uncertainty associated with initial cost estimates. Authorization to use remaining funds in this way creates incentives to implement the projects in the most cost effective manner.

In a few cases the lump sum amount for appropriation is less than the funds requested for the set of authorized projects. In these cases, partial funding of a project is anticipated and the institution is encouraged to seek additional funding from other sources to implement as much of the project as possible or in some cases to consider project phasing options.

In some cases total funding requirements for a project exceed the amount of PUF Bond Proceeds requested. In such cases the institution has identified other sources of funding which will be combined with the PUF Bond

Proceeds to implement the total project. If a matching grant is not obtained, the institution will have the option to apply the appropriated funds to partially fund the project, hold those funds until matching funds can be found from another source or use the funds on other authorized projects, if appropriate. The dollar amount shown for each project is the best estimate available at the present stage of project planning. Slight adjustments will be necessary as equipment bids are received and repair and rehabilitation designs are refined.

It is anticipated that several energy conservation projects [designated by asterisk (\*) in II. Major Repair and Rehabilitation Projects] will be at least partially funded by the "LoanStar" Revolving Loan Fund administered by the Office of the Governor. PUF Bond Proceeds are to be used to cover costs not eligible for "LoanStar" funding.

#### Appropriation Explanations

"Project Cost" includes costs to be funded both from PUF Bond Proceeds and institutional sources. In many cases, partial funding is to come from matching grants, budgeted institutional funds and savings from prior appropriations.

The "Estimated PUF" column represents the institutions' estimates of PUF Bond Proceeds required to support the project. Lump sum appropriations are shown under "PUF Appropriation" rather than specific amounts for each individual project. In some cases, limits to PUF Bond Proceeds or the scope of the project prevent full funding. With at least partial funding and project approval in principle, institutions will either partially fund a project or exercise discretion on which projects in a list of approved projects will be funded.

#### I. Institutional Equipment and Library Purchases

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>1989-90 PUF Appropriation</u>
Brown and Goldstein - Equipment			<u>\$ 100,000</u>
U. T. Arlington			
Library Furnishings	\$ 150,000	\$ 150,000	
X-Ray Photoelectron Spectrometer	350,000	350,000	
Accounting Computer Laboratory	257,000	257,000	
Academic Computing Services Upgrade	263,717	221,117	
Optical Fiber Telecom- munications Link	556,000	200,000	
Fourier Mass Spectrometer	<u>200,000</u>	<u>150,000</u>	
TOTAL	\$1,776,717	\$1,328,117	\$1,200,000

I. Institutional Equipment and Library Purchases  
(continued)

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>1989-90 PUF Appropriation</u>
U. T. Dallas			
Computer Facility for Callier Center	\$ 365,544	\$ 203,000	
Instructional Computing Support for Academic Programs	275,000	230,000	
Laser Flash Photolysis System	195,500	107,500	
Acquisition of 2 Dual Frequency GPS Satellite Receivers	138,700	79,800	
Raman and Photolumi- nescence Spectroscopy	120,500	120,500	
Perception and Learning in Early Infancy	113,800	88,800	
High Resolution Graphics Facility	180,000	150,000	
Scanning Electron Microscope	<u>200,000</u>	<u>120,000</u>	
TOTAL	\$1,589,044	\$1,099,600	\$1,000,000
U. T. El Paso			
Campus Communications System	\$ 596,000	\$ 298,000	
Computer and Engineer- ing Lab	1,300,000	100,000	
Thin Film Devices	375,000	85,000	
Library/Computer Upgrade	200,000	200,000	
Materials Science Research Equipment	395,000	95,000	
Transmission Electron Microscope	318,000	318,000	
Laboratories in Psychology	<u>183,496</u>	<u>183,496</u>	
TOTAL	\$3,367,496	\$1,279,496	\$1,100,000
U. T. Permian Basin			
Renovation of Teaching Labs-Phase I	\$ 691,600	\$ 691,600	
Upgrade Computer Hardware	111,600	111,600	
Classroom Refurbishing	90,000	90,000	
Library Equipment and Materials	<u>60,000</u>	<u>60,000</u>	
TOTAL	\$ 953,200	\$ 953,200	\$ 810,000
U. T. San Antonio			
Student Computing Lab	\$ 685,000	\$ 500,000	
Library Enhancement	149,000	125,000	
ITC-Computer Replace- ment	91,800	91,800	
ITC-Library Photo Storage	48,267	48,267	
Computer Hardware & Software to Support Teaching & Research	<u>275,000</u>	<u>275,000</u>	
TOTAL	\$ 1,249,067	\$1,040,067	\$ 821,390

I. Institutional Equipment and Library Purchases  
(continued)

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>1989-90 PUF Appropriation</u>
U. T. Tyler			
Library Materials	\$ 138,500	\$ 138,500	
Library Materials and Media Service	<u>105,825</u>	<u>105,825</u>	
TOTAL	\$ 244,325	\$ 244,325	\$ 150,000
U. T. Southwestern Medical Center - Dallas			
New Cytometric & Sorting Technology & Renovation of Exist- ing Equipment	<u>\$ 1,086,000</u>	<u>\$ 886,000</u>	
TOTAL	\$ 1,086,000	\$ 886,000	\$ 886,000
U. T. Medical Branch - Galveston			
Animal Resources Center Equipment	<u>\$ 825,000</u>	<u>\$ 725,000</u>	
TOTAL	\$ 825,000	\$ 725,000	\$ 725,000
U. T. Health Science Center - Houston			
Replacement of Out-of- Date Equipment	3,143,931	600,000	
Student Dental Instruments	<u>1,196,720</u>	<u>500,000</u>	
TOTAL	\$ 4,340,651	\$1,100,000	\$1,100,000
U. T. Health Science Center - San Antonio			
Library Enhancement	\$ 300,000	\$ 300,000	
Orthopaedic Research	438,610	438,610	
Student Dental Instruments	<u>2,540,000</u>	<u>500,000</u>	
TOTAL	\$ 3,278,610	\$1,238,610	\$1,238,610
U. T. M.D. Anderson Cancer Center			
Laser	\$ 250,000	\$ 250,000	
Locally Based Bibliographic Database	<u>238,000</u>	<u>238,000</u>	
TOTAL	\$ 488,000	\$ 488,000	\$ 488,000
U. T. Health Center - Tyler			
Library Enhancement and Automation	\$ 31,000	\$ 31,000	
Macromolecular Analyti- cal Core Facility	<u>350,000</u>	<u>350,000</u>	
TOTAL	\$ 381,000	\$ 381,000	\$ 381,000
Total Institutional Equipment and Library Purchases	<u>\$19,579,110</u>	<u>\$10,763,415</u>	<u>\$10,000,000</u>

II. Major Repair and Rehabilitation Projects

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>1989-90 PUF Appropriation</u>
U. T. Arlington			
Central Library			
Renovation Phase II	\$ 605,000	\$ 605,000	
Removal of PCBs from			
Campus	383,900	383,900	
* Thermal Energy Plant -			
Free Cooling	345,000	345,000	
* Thermal Energy Plant -			
Small Boiler	390,000	390,000	
TOTAL	\$1,723,900	\$1,723,900	\$1,000,000
U. T. Austin			
Asbestos Removal			
(Phase IV)	\$ 190,000	\$ 190,000	
Fire Safety	270,000	270,000	
Building Egress			
Improvements	250,000	250,000	
Elevator Safety Project	250,000	250,000	
Plaza Repairs-Press Bldg.	250,000	250,000	
Roof Replacements	620,000	620,000	
Exterior Restorations	625,000	625,000	
TOTAL	\$2,455,000	\$2,455,000	\$2,000,000
U. T. Dallas			
* Callier Center-Safety			
and Energy			
Conservation	\$ 300,000	\$ 300,000	
Service Building	293,000	293,000	
McDermott Library			
Renovation	184,000	184,000	
TOTAL	\$ 777,000	\$ 777,000	\$ 750,000
U. T. El Paso			
Installation of Fire			
Alarm System	\$ 285,435	285,435	
Create Developmental			
Education Laboratory	100,000	100,000	
Campus Asbestos Study	150,598	150,598	
Refurbish Liberal			
Arts Building	297,930	297,930	
* Modify HVAC	295,000	260,000	
TOTAL	\$ 1,128,963	\$1,093,963	\$ 525,000
U. T. San Antonio			
Roof Repair	\$ 80,000	\$ 60,000	
* Refurbish Air Condi-			
tioning Equipment-ITC	400,000	400,000	
Power Systems Laboratory	250,000	235,000	
Renovation of Research			
Laboratory/Faculty			
Office Space/Studio			
Space	265,000	230,000	
Carpet Replacement and			
Lecture Hall Seats	450,000	400,000	
TOTAL	\$ 1,445,000	\$1,325,000	\$ 900,000

\* At least partial funding from the "LoanStar" Revolving Loan Fund is anticipated.

II. Major Repair and Rehabilitation Projects  
(continued)

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>1989-90 PUF Appropriation</u>
U. T. Tyler			
Domestic Water System	\$ 800,000	\$ 800,000	
Power Plant Repairs	30,000	30,000	
* Electric Peak Shaving	<u>153,280</u>	<u>153,280</u>	
TOTAL	\$ 983,280	\$ 983,280	\$ 153,000
U. T. Southwestern Medical Center - Dallas			
Replacement of Electrical Transformers Con- taining PCBs	<u>\$ 1,500,000</u>	<u>\$1,150,000</u>	
TOTAL	\$ 1,500,000	\$1,150,000	\$1,150,000
U. T. Medical Branch - Galveston			
Animal Resources Center Renovation	\$ 200,000	\$ 200,000	
* Modifications to Air Conditioning System to Save Energy in the Basic Science Building	<u>253,000</u>	<u>-0-</u>	
TOTAL	\$ 453,000	\$ 200,000	\$ 200,000
U. T. Health Science Center - Houston			
Retrofit Reverse Osmosis Water Systems and Seal Roof and Floor Pene- trations in Roof of the Mechanical Room	\$ 315,000	\$ 315,000	
Preclinical Dental Laboratory and Student Lockers	2,200,000	500,000	
* Power Factor Correction & High Efficiency Lighting	487,026	-0-	
Retrofit Chilled Water System in the Medical School, Phase II	<u>473,000</u>	<u>473,000</u>	
TOTAL	\$ 3,475,026	\$ 1,288,000	\$ 1,288,000
U. T. Health Science Center - San Antonio			
Energy Conservation Project	\$ 467,470	\$ 233,700	
Dog Pen Facility	121,300	121,300	
Occupational Therapy Laboratory	100,000	100,000	
Dental Laboratory Technology Lab (Phase I)	<u>175,000</u>	<u>175,000</u>	
TOTAL	\$ 863,770	\$ 630,000	\$ 630,000

\* At least partial funding from the "LoanStar" Revolving Loan Fund is anticipated.

II. Major Repair and Rehabilitation Projects  
(continued)

	<u>Project Cost</u>	<u>Estimated PUF</u>	<u>1989-90 PUF Appropriation</u>
U. T. M.D. Anderson Cancer Center			
Upgrade Sewage Treatment Plant - Science Park Research Division	\$ 120,000	\$ 120,000	
Rehabilitate Water System Bates- Freeman Building	52,000	52,000	
Research Animal Holding Facilities - Science Park Vet Division	<u>463,000</u>	<u>463,000</u>	
TOTAL	\$ 635,000	\$ 635,000	\$ 635,000
U. T. Health Center - Tyler			
Roof Repair of Main Campus Buildings	\$ 240,000	\$ 240,000	
Facility Systems Replacement	<u>529,000</u>	<u>529,000</u>	
TOTAL	\$ 769,000	\$ 769,000	\$ 769,000
Total Major Repair and Rehabilitation Projects	<u>\$16,208,939</u>	<u>\$13,030,143</u>	<u>\$10,000,000</u>

A detailed description and justification for each of the component purchases and/or repair and rehabilitation projects was presented in the Material Supporting the Agenda for this meeting. This document is a matter of public record and is available through the Office of the Board of Regents.

2. U. T. System: Approval of the Capital Budget for the Fiscal Year Ending August 31, 1990.--Upon recommendation of the Finance and Facilities Committee, the Board approved The University of Texas System Capital Budget, Part A (Major Construction Projects) and Part B (Reserve Allocation for Repair and Equipment Projects) for the fiscal year ending August 31, 1990. The Capital Budget was presented in a separate document labeled U. T. System FY 1990 Capital Budget which is on file in the Office of the Board of Regents.

The U. T. System FY 1990 Capital Budget appropriates funds from all sources to those capital projects which, in keeping with the Capital Improvement Program approved by the U. T. Board of Regents in June 1989, involve any expenditures during the fiscal year ending August 31, 1990. It is understood that approval of the Capital Budget involves approval of funds to be expended for projects in the fiscal year and that other phases of these projects will continue to be reviewed by the Board as required by appropriate provisions of the Regents' Rules and Regulations. The Capital Budget document

includes current summary information on each project for both Part A (Major Construction Projects) and Part B (Reserve Allocation for Repair and Equipment Projects).

See Pages 57 - 62 related to project allocations.

3. U. T. Austin - Balcones Research Center, West Tract: Approval to Grant .724 and .312 Acre Easements to the State Department of Highways and Public Transportation for Highway 183 Expansion.--The Board granted .724 and .312 acre easements from the Balcones Research Center, West Tract of The University of Texas at Austin to the State Department of Highways and Public Transportation for Highway 183 expansion for a consideration of \$704,743.

These easements will provide improved circulation to University property along the Highway 183 corridor. The loss of future opportunity to develop the land for income producing uses justifies the University's receiving payments for the easements.

4. U. T. Austin - Biological Sciences - Molecular Biology Building: Authorization for Project; Appointment of Harper Kemp Clutts and Parker, Inc., Dallas, Texas, as Project Architect to Prepare Preliminary Plans; and Appropriation Therefor.--The Finance and Facilities Committee recommended and the Board:

- a. Authorized a project for construction of a new Molecular Biology Building on the campus of The University of Texas at Austin at an estimated total project cost of \$25,000,000
- b. Appointed the firm of Harper Kemp Clutts and Parker, Inc., Dallas, Texas, as Project Architect to prepare preliminary plans and a detailed cost estimate to be presented to the U. T. Board of Regents for consideration at a future meeting
- c. Appropriated \$450,000 from U. T. Austin General Fee Balances for fees and administrative expenses through completion of preliminary plans. Previous appropriations had been \$75,000 from the same source for the preparation of the project analysis. (The appropriation of \$450,000 and the previous appropriation of \$75,000 are included in the estimated total project cost of \$25,000,000 and are included in any appropriations that may be provided for this project in the Capital Improvement Program.)

In accordance with authorization of the U. T. Board of Regents in August 1986, a project analysis was undertaken to address facility needs in biological and other life sciences at U. T. Austin. The completed analysis indicated a need for (a) construction of new facilities totaling approximately 330,000 gross square feet, (b) construction of an annex of 20,000 gross square feet to the Animal Resources Center and (c) renovation of the Experimental Science Building. The first step toward providing the needed facilities will be construction of a new Molecular Biology Building of approximately 180,000 gross square feet. Construction of approximately 150,000 gross square feet for additional biological



sciences facilities will be accomplished at a future time when funds become available. Construction of the Animal Resources Center Annex and renovation of the Experimental Science Building will be accomplished as soon as practicable.

The Molecular Biology Building will contain administrative offices, support space, specialized labs and conference rooms as well as space dedicated for research center and research institute functions. The majority of the space, however, will be modular research laboratories with shared core functions.

The Molecular Biology Building was approved by the U. T. Board of Regents at the June 1989 meeting for addition to the Capital Improvement Program.

5. U. T. Medical Branch - Galveston: Acceptance of Gift of Real Property Located at 3502 Galvez Avenue, Galveston, Galveston County, Texas, from the Children and Grandchildren of Dr. and Mrs. Edward Randall, Jr., to be Used as the Residence for Future Presidents.--Approval was given to accept a gift of real property being the family home of the deceased Dr. and Mrs. Edward Randall, Jr., located at 3502 Galvez Avenue, Galveston, Galveston County, Texas, from the children and grandchildren of Dr. and Mrs. Edward Randall, Jr., to be used as the residence for future presidents of The University of Texas Medical Branch at Galveston.

Dr. Edward Randall, Sr. served as one of the original faculty members of the U. T. Medical Branch - Galveston. His son, Dr. Edward Randall, Jr., joined the faculty at the U. T. Medical Branch - Galveston in 1927 and taught until his retirement in 1959 when he was made Emeritus Professor of Medicine.

Mrs. Edward Randall, Jr. was a member of the Development Board and the President's Club of the U. T. Medical Branch - Galveston and a member of The Chancellor's Council.

6. U. T. Health Science Center - San Antonio: Approval to Waive the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.1 (Naming of Buildings) and to Name the Institute of Biotechnology Building as The Hayden Head Building.--Upon recommendation of the Finance and Facilities Committee, Subsection 1.1 of Section 1 of Chapter VIII of 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 Institute of Biotechnology Building of The University of Texas Health Science Center at San Antonio now under construction in the Texas Research Park in San Antonio, Texas, was named The Hayden Head Building.

The naming of this building is in honor of Mr. Hayden Wilson Head who was a distinguished attorney from Corpus Christi, Texas, and recognizes his many accomplishments and service to The University of Texas System. In particular, this distinction symbolizes his leadership role in the private fund development program which resulted in the construction of this specialized research facility.

7. U. T. M.D. Anderson Cancer Center - U. T. M.D. Anderson Hospital - Modifications and Renovations - Phase III (Project No. 703-695): Approval of Final Plans for First Segment (Phase III-A); Authorization for Completion of Final Plans for Second Segment (Phase III-B); and Authorization to Advertise for Bids for Both Segments and for the Executive Committee to Award Contracts.--The Board, upon recommendation of the Finance and Facilities Committee:

- a. Approved final plans and specifications for the first segment (Phase III-A) of modifications and renovations to the U. T. M.D. Anderson Hospital at The University of Texas M.D. Anderson Cancer Center and authorized completion of final plans and specifications for Phase III-B at an estimated combined total project cost of \$6,900,000
- b. Authorized the Office of Facilities Planning and Construction to advertise for bids for both segments upon completion of final review
- c. Authorized the Executive Committee to award all contracts associated with this project within the authorized total project cost.

This project was divided into two segments primarily for sequencing purposes. One segment could be completed and functions and personnel could then be relocated prior to beginning the second segment. Further investigation has revealed that the sequencing can still be accomplished within a single construction contract and at the same time realize the economics of a single bid and one construction contract.

This project was approved by the Texas Higher Education Coordinating Board in April 1989.

REPORT AND RECOMMENDATIONS OF THE LAND AND INVESTMENT COMMITTEE (Pages 66 - 133).--Committee Chairman Ratliff reported that the Land and Investment Committee had met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, all actions set forth in the Minute Orders which follow were recommended by the Land and Investment Committee and approved in open session and without objection by the U. T. Board of Regents.

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

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

I. PERMANENT UNIVERSITY FUND

INVESTMENT MATTERS

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

	<u>May 1989</u>	<u>June 1989</u>	<u>Cumulative Through June of this Fiscal Year (1988-1989)</u>	<u>Cumulative Through June of Preceding Fiscal Year (1987-1988)</u>	<u>Per Cent Change</u>
Permanent University Fund					
Royalty					
Oil	\$ 4,795,576.31	\$ 4,857,338.41	\$ 38,134,314.18	\$ 45,197,922.77	-15.63%
Gas	1,643,263.97	1,547,977.53	17,182,284.47	18,635,609.18	-7.80%
Sulphur	23,696.35	21,957.82	234,567.65	65,091.65	260.37%
Water	109,474.45	104,021.39	730,068.12	509,272.94	43.35%
Brine	2,189.17	3,475.05	28,333.97	38,923.29	-27.21%
Trace Minerals	0.00	0.00	0.00	0.00	--
Rental					
Oil and Gas Leases	19,438.80	71,599.93	791,002.49	506,455.17	56.18%
Other	852.00	4,240.00	5,858.46	4,155.33	40.99%
Sale of Sand, Gravel, Etc.	442.80	270.83	35,601.08	24,721.26	--
Total University Lands Receipts Before Bonuses	<u>6,594,933.85</u>	<u>6,610,880.96</u>	<u>57,142,030.42</u>	<u>64,982,151.59</u>	<u>-12.07%</u>
Bonuses					
Oil and Gas Lease Sales	0.00	0.00	2,554,807.73	3,567,241.98	-28.38%
Amendments and Extensions to Mineral Leases	0.00	0.00	641.11	724.98	--
Total University Lands Receipts	<u>6,594,933.85</u>	<u>6,610,880.96</u>	<u>59,697,479.26</u>	<u>68,550,118.55</u>	<u>-12.91%</u>
Gain or (Loss) on Sale of Securities	<u>16,067,169.22</u>	<u>8,686,765.96</u>	<u>118,822,743.89</u>	<u>72,728,434.76</u>	<u>63.08%</u>
TOTAL CLEARANCES	<u>\$22,662,103.07</u>	<u>\$15,297,646.92</u>	<u>\$178,520,223.15</u>	<u>\$141,278,553.31</u>	<u>26.36%</u>

Oil and Gas Development - June 30, 1989  
Acreage Under Lease - 701,529

Number of Producing Acres - 543,811

Number of Producing Leases - 2,175

2. Permanent University Fund: Authorization for the Land and Investment Committee in Consultation with the Chairman of the Board of Regents to Reconsider Matters Related to the Master Trust Custodian for the Permanent University Fund and to Require a Board Decision on This Matter at the October Meeting.--Committee Chairman Ratliff reported that the Land and Investment Committee had discussed the proposed appointment of a Master Trust Custodian for the Permanent University Fund of The University of Texas System and moved the Committee's recommendation to the Board that, in view of the concerns expressed about the safety and advisability of securities lending, all bids in response to the Request for Proposal be rejected and a new Request for Proposal go out with the Master Trust Custodian divorced from securities lending so that the Board will be comfortable with securities lending no matter who is to do it.

Regent Blanton seconded the motion and discussion ensued regarding the merits of this recommendation.

Regent Loeffler then offered a substitute motion and moved:

- a. That NCNB, Texas National Bank, Dallas, Texas, be appointed the Master Trust Custodian for the Permanent University Fund and that the Executive Vice Chancellor for Asset Management be authorized to negotiate and execute a Master Trust Custodian contract with this bank after approval as to form by the Office of General Counsel
- b. That the Chairman appoint a Special Regental Committee to immediately undertake a study of the legality, fiduciary soundness and the most appropriate technical structure for securities lending, together with a review of the existing bids for this service
- c. That the Committee report back to the Board at the October meeting, and, if appropriate, include an item for action by the Board at that time.

The substitute motion was seconded by Regent Moncrief and further discussion ensued.

Regent Loeffler stated that this had been a rather arduous task for the Board and pointed out that the Land and Investment Committee and the members of the Board had worked very hard on this serious matter. He noted that the Board had received three excellent proposals which were thoroughly reviewed and in the final analysis two outstanding finalists were accepted, one being First City, Texas - Houston N.A., Houston, Texas, and the other NCNB, Texas National Bank, Dallas, Texas.

Following considerable discussion of Regent Loeffler's substitute motion, the motion was put to the Board by Chairman Beecherl with the result that the motion failed for lack of a majority:

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

There was discussion at length as to whether the same bank should be not only the Master Trust Custodian but also handle the securities lending program. It was suggested that these two aspects be considered separate and apart. There was some disagreement among the members of the Board as to whether these two aspects should be handled in tandem or if it was appropriate to separate the responsibility of the securities lending program from the Master Trust Custodian. Executive Vice Chancellor for Asset Management Mike Patrick assured the Board that it would be suitable to handle either way.

Regent Loeffler then reiterated that the Board was here to make a decision and there was no reason to delay on both the Master Trust Custodian and the securities lending situation beyond October. Regent Loeffler stated that he was not in favor of the motion made by Regent Ratliff to wipe the slate clean.

Regent Loeffler emphasized that the Board needed to make a decision on the Master Trust Custodian and this should be done in October. He stated that, while he was comfortable with moving forward, the Board should set up a deadline without equivocation in order to make a final decision in October. He indicated that the Board should obtain whatever information is necessary in the way of answers to its questions and have a recommendation available to vote on at the October 1989 meeting.

Regent Loeffler then offered a second substitute motion as follows:

- a. That the issue before the Board dealing with the Master Trust Custodian for the Permanent University Fund be handled appropriately by the Land and Investment Committee in consultation with the Chairman of the Board of Regents and U. T. System staff
- b. That the necessary information be made available to all members of the Board for it to consider and make a final determination
- c. That information be made available no less than 30 days before the next Board of Regents' meeting convenes in October and that a decision will be made at that time.

In response to Regent Blanton's inquiry as to whether the motion empowered the Land and Investment Committee to go out and get new Requests for Proposals, Regent Loeffler responded that the Land and Investment Committee needed to do whatever is necessary to bring pertinent information to the members of the Board 30 days prior to the next meeting as the Board will vote in October.

Regent Beecherl raised the question as to what would happen if the Board was still not fully satisfied or comfortable with the securities lending program and Regent Loeffler responded that securities lending is off the table now.

Regent Moncrief seconded the motion which was unanimously adopted by the Board.

II. TRUST AND SPECIAL FUNDS

Gifts, Bequests and Estates

1. U. T. Austin: Acceptance of Gift and Pledge from Arthur Andersen & Co., Dallas, Texas; Establishment of the Andersen Consulting Endowed Professorship in Manufacturing Systems Engineering in the College of Engineering; Allocation of Funds from the College of Engineering Challenge Grant and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--The Land and Investment Committee recommended and the Board accepted an \$18,168.75 gift and a \$54,506.25 pledge, payable by August 31, 1991, from Arthur Andersen & Co., Dallas, Texas, for a total of \$72,675.00 and established the Andersen Consulting Endowed Professorship in Manufacturing Systems Engineering in the College of Engineering at The University of Texas at Austin.

Further, \$104,650.00 will be allocated from the College of Engineering Challenge Grant and will be used to increase the endowment to a total of \$177,325.00.

Additionally, \$72,675.00 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of \$250,000.00.

2. U. T. Austin: Acceptance of Trust Distributions from the Estates of Harold C. and Mary D. Bold, Austin, Texas, and Establishment of the Mary D. Bold Scholarship Fund in the College of Fine Arts.--Upon recommendation of the Land and Investment Committee, the Board accepted distributions received to date totalling \$11,000 resulting from a one-fifth remainder interest in the Estates of Harold C. and Mary D. Bold, Austin, Texas, and established the Mary D. Bold Scholarship Fund in the Department of Music, College of Fine Arts, at The University of Texas at Austin.

Income earned from the endowment will be used for awarding scholarships to piano students in the Department of Music.

3. U. T. Austin: Hal Box Endowed Scholarship in Architecture in the School of Architecture - Acceptance of Additional Gifts and Pledges from Various Donors and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.--The Board accepted gifts from various donors of \$22,735 and pledges of \$2,265, payable by August 31, 1991, for a total of \$25,000 for addition to the Hal Box Endowed Scholarship in Architecture in the School of Architecture at The University of Texas at Austin.

Further, \$12,500 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment.

4. U. T. Austin: Approval to Accept Gift and Pledge from the Cullen Trust for Higher Education, Houston, Texas; Establishment of Eight Endowed Academic Positions Titled the Cullen Trust for Higher Education Endowed Professorships in Engineering in the College of Engineering; Allocation of Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--Approval was given to accept a \$193,800 gift and a \$387,600 pledge, payable by August 31, 1991, from the Cullen Trust for Higher Education, Houston, Texas, for a total of \$581,400 and to establish eight Cullen Trust for Higher Education Endowed Professorships in Engineering in the College of Engineering at The University of Texas at Austin.

Further, \$837,200 will be allocated from the College of Engineering Challenge Grant and will be used to increase the endowments to a total of \$1,418,600.

Additionally, \$581,400 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase each of the eight endowments to a total of \$250,000. The \$193,800 gift, \$279,066 in challenge grant funds, and \$193,800 of the matching funds will be used to establish the Cullen Trust for Higher Education Endowed Professorship in Engineering No. 1 and the Cullen Trust for Higher Education Endowed Professorship in Engineering No. 2 with \$250,000 each, and the Cullen Trust for Higher Education Endowed Professorship in Engineering No. 3 with initial funding of \$166,666. Subsequent pledge payments and the accompanying challenge grant and matching funds should first complete funding of the third Professorship at \$250,000 and then be applied to the fourth through eighth Professorships in turn.

5. U. T. Austin: Engineering Foundation Endowed Faculty Fellowship No. 1 in the College of Engineering - Acceptance of Additional Gift from Dr. Archie W. Straiton, Austin, Texas; Redesignation as the Archie W. Straiton Endowed Faculty Fellowship in Engineering; Allocation of Funds from the College of Engineering Challenge Grant; 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 \$15,000 gift from Dr. Archie W. Straiton, Austin, Texas, for addition to the Engineering Foundation Endowed Faculty Fellowship No. 1 in the College of Engineering at The University of Texas at Austin and redesignated the Fellowship as the Archie W. Straiton Endowed Faculty Fellowship in Engineering.

Further, \$21,600 will be allocated from the College of Engineering Challenge Grant funds and will be used to increase the endowment to a total of \$86,600.

Additionally, \$15,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of \$101,600.



6. U. T. Austin: Acceptance of Pledge from the T. L. L. Temple Foundation, Lufkin, Texas; Approval to Establish Four Endowments and to Increase Funding of Eight Previously Established Endowments in the College of Engineering; Allocation of Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program and The Regents' Endowed Student Fellowship and Scholarship Program.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$1,565,260 pledge, payable in equal annual installments by August 31, 1991, from the T. L. L. Temple Foundation, Lufkin, Texas, to benefit the College of Engineering at The University of Texas at Austin. From this pledge, a total of \$342,396 will be used at this time to establish or increase previously established student and faculty endowments. A request to utilize the remaining pledge for further endowment support and to provide supplemental research funding for selected areas in the College of Engineering will be submitted at a later date. A recommendation to name a center will be made at the October 1989 meeting of the U. T. Board of Regents to honor the Temple Foundation commitment.

Further, \$494,998 will be allocated from the College of Engineering Challenge Grant and combined with \$342,396 of the pledge for a total of \$837,394 and will be used to increase the new and previously established endowments. Challenge Grant funds in the amount of \$318,976 will also be reserved against the Temple Foundation pledge. A request for allocation of these funds will be submitted at a later date.

Additionally, \$202,896 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and \$139,500 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to further increase four new endowments and the eight existing endowments. Matching funds in the amount of \$222,864 from The Regents' Endowed Teachers and Scholars Program will also be reserved against the Temple Foundation pledge, allocations of which will be requested at a later date.

The four new endowments and their funding structures including, respectively, the Temple Foundation pledge, Challenge Grant, and matching funds from The Regents' Endowed Teachers and Scholars Program (RETSP) and The Regents' Endowed Student Fellowship and Scholarship Program (RESFSP) are set out below:

a.	Engineering Foundation Graduate Fellowship Fund	\$ 36,000
		53,000
	(RESFSP)	36,000
		<u>\$125,000</u>
b.	Endowed Graduate MCD Fellowships in Engineering	\$103,500
		149,000
	(RESFSP)	103,500
		<u>\$356,000</u>
c.	Engineering Foundation Endowed Faculty Fellowship No. 6	\$ 29,072
		41,856
	(RETSP)	29,072
		<u>\$100,000</u>
d.	Engineering Foundation Endowed Faculty Fellowship No. 7	\$ 29,072
		41,856
	(RETSP)	29,072
		<u>\$100,000</u>

The following previously established endowments will be increased as shown:

a.	Engineering Foundation Endowed Professorship No. 2	\$ 43,000 62,790 (RETSP) 43,000	\$148,790
b.	Engineering Foundation Endowed Faculty Fellowship No. 1	\$ 14,536 20,928 (RETSP) 14,536	\$ 50,000
c.	Engineering Foundation Endowed Faculty Fellowship No. 2	\$ 14,536 20,928 (RETSP) 14,536	\$ 50,000
d.	Engineering Foundation Endowed Faculty Fellowship No. 3	\$ 14,536 20,928 (RETSP) 14,536	\$ 50,000
e.	Engineering Foundation Endowed Faculty Fellowship No. 4	\$ 14,536 20,928 (RETSP) 14,536	\$ 50,000
f.	Engineering Foundation Endowed Faculty Fellowship No. 5	\$ 14,536 20,928 (RETSP) 14,536	\$ 50,000
g.	Engineering Foundation Centennial Teaching Fellowship in Engineering No. 1	\$ 14,536 20,928 (RETSP) 14,536	\$ 50,000
h.	Engineering Foundation Centennial Teaching Fellowship in Engineering No. 2	\$ 14,536 20,928 (RETSP) 14,536	\$ 50,000

7. U. T. Austin: Recommendation to Accept Gift to Establish the Engineering Foundation Endowed Undergraduate Scholarship Fund in the College of Engineering and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program (Deferred).--Committee Chairman Ratliff reported that the item related to a proposed gift from an anonymous donor to establish the Engineering Foundation Endowed Undergraduate Scholarship Fund in the College of Engineering at The University of Texas at Austin was deferred for consideration at a future meeting.
8. U. T. Austin: Report of Acceptance of Two Gift Annuities from Mr. and Mrs. Aubrey Fariss, Houston, Texas.--It was reported that The University of Texas Foundation, Inc. (an external foundation) had accepted two gift annuities totaling \$400,000 from Mr. and Mrs. Aubrey Fariss, Houston, Texas, for the benefit of The University of Texas at Austin. Upon the death of Mr. and Mrs. Fariss, the principal will be combined with a gift annuity previously given by Mr. and Mrs. Fariss and distributed to the U. T. Board of Regents to benefit the Department of Accounting, College of Business Administration and Graduate School of Business.

9. U. T. Austin: Geology Foundation Advisory Council Special Maintenance Fund in the College of Natural Sciences - Acceptance of Additional Gifts from Various Donors and Redesignation as the J. Ben Carsey, Sr. Special Maintenance Fund.--Upon recommendation of the Land and Investment Committee, the Board accepted \$10,945 in gifts from various donors for addition to the Geology Foundation Advisory Council Special Maintenance Fund in the Department of Geological Sciences, College of Natural Sciences, at The University of Texas at Austin and redesignated the Fund as the J. Ben Carsey, Sr. Special Maintenance Fund.

This redesignation was requested by the donors to recognize Mr. Carsey's many years of service to the Geology Foundation and the Department of Geological Sciences.

10. U. T. Austin: Acceptance of Additional Gift from Mr. J. Donald Langston, Kailua-Kona, Hawaii, and Redesignation of the Geology Foundation Advisory Council Special Operations Fund in the College of Natural Sciences as the J. Donald Langston Special Operations Fund.-- Authorization was given to accept a gift of Exxon Corporation common stock valued at \$107,187.50 from Mr. J. Donald Langston, Kailua-Kona, Hawaii, for addition to the Geology Foundation Advisory Council Special Operations Fund in the Department of Geological Sciences, College of Natural Sciences, at The University of Texas at Austin and to redesignate the Fund as the J. Donald Langston Special Operations Fund in recognition of Mr. Langston's gift.

11. U. T. Austin: Approval to Delete the Burton and Miriam Grossman Centennial Endowed Professorship (No Publicity).--Approval was given to delete the Burton and Miriam Grossman Centennial Endowed Professorship at The University of Texas at Austin from the record since funding will not be available.

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

12. U. T. Austin: Approval to Accept Gifts from Karl F. Hagemeyer, M.D., Kerrville, Texas, Ms. Jean Ann Hagemeyer, Austin, Texas, and Various Donors and to Establish the Karl Frederick Hagemeyer, Jr. Memorial Endowed Presidential Scholarship in the College of Natural Sciences.-- The Board accepted a \$21,000 gift from Karl F. Hagemeyer, M.D., Kerrville, Texas, a \$1,000 gift from Ms. Jean Ann Hagemeyer, Austin, Texas, and \$3,575 in gifts from various donors for a total of \$25,575 and established the Karl Frederick Hagemeyer, Jr. Memorial Endowed Presidential Scholarship in the Department of Geological Sciences, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to undergraduate and graduate geology students with first preference given to students from Brazoria and Kerr Counties, Texas. A second preference will be given to students from other areas of Texas and final preference given to nonresident students.

13. U. T. Austin: Acceptance of Gift from Mr. and Mrs. Ross H. Hemphill, Dallas, Texas, and Transfer of Funds and Establishment of the Ross H. and Annie Seymour Hemphill Endowed Presidential Scholarship in Law in the School of Law.--The Land and Investment Committee recommended and the Board accepted a \$12,500 gift from Mr. and Mrs. Ross H. Hemphill, Dallas, Texas, and a \$12,500 transfer of previously reported gifts from current restricted funds for a total of \$25,000 and established the Ross H. and Annie Seymour Hemphill Endowed Presidential Scholarship in Law in the School of Law at The University of Texas at Austin. Funds in the amount of \$12,500 will be held and administered by The University of Texas Law School Foundation (an external foundation) in accordance with the Regents' Rules and Regulations, and \$12,500 will be held and administered by the U. T. Board of Regents.

Income earned from the endowment will be used to award scholarships to students based on need or merit at the discretion of the Dean of the Law School.

14. U. T. Austin: Acceptance of Gifts from the Kalman & Ida Wolens Foundation, Corsicana, Texas, and Various Donors and Pledge of Corporate Matching Funds from Tenneco Inc., Houston, Texas; and Establishment of the George Herbert Endowed Scholarship in the School of Social Work.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$10,000 gift from the Kalman & Ida Wolens Foundation, Corsicana, Texas, \$7,500 in gifts from various donors, and a \$7,500 corporate matching pledge, payable by August 31, 1991, from Tenneco Inc., Houston, Texas, for a total of \$25,000 and established the George Herbert Endowed Scholarship in the School of Social Work at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to undergraduate or graduate students in the School of Social Work. Recipients may be chosen on the basis of merit or financial need, at the discretion of the Dean and on recommendation of the School of Social Work Scholarship Committee.

15. U. T. Austin: Acceptance of Gift from the Texas Exes of Home Economics and Transfer of Funds and Establishment of the Home Economics Special Activities Fund in the College of Natural Sciences.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$19,177.92 gift from the Texas Exes of Home Economics and a \$4,383.08 transfer of previously reported gifts from current restricted funds for a total of \$23,561.00 and established the Home Economics Special Activities Fund in the College of Natural Sciences, Department of Home Economics, at The University of Texas at Austin.

Income earned from the endowment will be used to fund the Home Economics Newsletter and other outreach activities of the Department of Home Economics.

16. U. T. Austin: Establishment of the Houston Endowment Library Fund in the School of Law.--At the request of the Law School Foundation (an external foundation), the Houston Endowment Library Fund 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 endowment (\$1,000,000) 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.

Income earned from the endowment will be used to support the Tarlton Law Library.

17. U. T. Austin: T. Brockett Hudson Professorship in Chemical Engineering in the College of Engineering - Acceptance of Additional Gift and Pledge from Mr. T. Brockett Hudson, Austin, Texas; Allocation of Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--The Land and Investment Committee recommended and the Board accepted a \$29,163.72 gift and a \$30,000 pledge, payable by December 31, 1992, from Mr. T. Brockett Hudson, Austin, Texas, for a total of \$59,163.72 for addition to the T. Brockett Hudson Professorship in Chemical Engineering in the College of Engineering at The University of Texas at Austin.

Further, \$62,790 will be allocated from the College of Engineering Challenge Grant and will be used to increase the endowment.

Additionally, \$43,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to further increase the endowment.

18. U. T. Austin: Approval to Accept Pledge from the League for Innovation in the Community College, Laguna Hills, California, and to Establish the W. K. Kellogg Professorship of Community College Leadership in the College of Education and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--Approval was given to accept a \$100,000 pledge, payable by August 31, 1991, from the League for Innovation in the Community College, Laguna Hills, California, and to establish the W. K. Kellogg Professorship of Community College Leadership in the College of Education at The University of Texas at Austin.

Further, \$50,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment.

Income earned from the endowment will be used to support the Professorship and programmatic efforts of the Community College Leadership Program.

19. U. T. Austin: Acceptance of Gift from Texas Instruments Incorporated, Dallas, Texas; Establishment of the Jack Kilby/Texas Instruments Endowed Faculty Fellowship in Computer Engineering in the College of Engineering; Allocation of Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--The Board accepted an \$87,210 gift from Texas Instruments Incorporated, Dallas, Texas, and established the Jack Kilby/Texas Instruments Endowed Faculty Fellowship in Computer Engineering in the College of Engineering at The University of Texas at Austin.

Further, \$125,580 will be allocated from the College of Engineering Challenge Grant received from an anonymous donor and will be used to increase the endowment to a total of \$212,790.

Additionally, \$87,210 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of \$300,000.

20. U. T. Austin: Acceptance of Gift and Pledge from Mr. and Mrs. David D. Lybarger, Rancho Santa Fe, California, and Corporate Matching Funds from BP America Inc., Cleveland, Ohio; Establishment of the David and Doris Lybarger Endowed Faculty Fellowship in Engineering in the College of Engineering; Allocation of Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--Authorization was given to accept a \$3,634 gift and a \$10,902 pledge, payable by August 31, 1991, from Mr. and Mrs. David D. Lybarger, Rancho Santa Fe, California, and a corporate matching pledge of \$14,536, payable by August 31, 1991, from BP America Inc., Cleveland, Ohio, for a total of \$29,072 and to establish the David and Doris Lybarger Endowed Faculty Fellowship in Engineering in the College of Engineering at The University of Texas at Austin.

Further, \$41,860 will be allocated from the College of Engineering Challenge Grant and will be used to increase the endowment to a total of \$70,932.

Additionally, \$29,072 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of \$100,004.

21. U. T. Austin: Acceptance of Gift of Real Property Located at 809 Rio Grande, Austin, Travis County, Texas, from Judge Oscar H. Mauzy and Anne Mauzy, Both of Austin, Texas, and Establishment of the Oscar and Anne Mauzy Regents Professorship for Educational Research and Development in the College of Education and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--Upon recommendation of the Land and Investment Committee, the Board accepted a gift of real property from Judge Oscar H. Mauzy and Anne Mauzy, both of Austin, Texas, for the benefit of The University of Texas at Austin. The property, located at 809 Rio Grande, Austin, Travis County, Texas, being the North 64' of Lot Eight (8) and the West 31' of the North 64' of Lot Seven (7), Block 103, Original City of Austin, Travis County, Texas, contains 6,400 square feet of land and 3,394 square feet of commercial office space which is currently leased. The appraised value of the property is \$250,000.

Proceeds from the rental or sale of the property will be used to establish the Oscar and Anne Mauzy Regents Professorship for Educational Research and Development in the College of Education at The University of Texas at Austin.

Income earned from the endowment will be used for salary supplementation and in support of educational research, development and school-related programs within the College. As a qualified gift under The Regents' Endowed Teachers and Scholars Program, matching funds will be based on the proceeds from the sale of the property, to a maximum of \$250,000, and allocated on a basis of \$1 of matching funds for every \$2 of donated funds and to be used to increase the endowment.

22. U. T. Austin: Acceptance of Gifts from Mr. Mike Mebane, San Angelo, Texas, The Mike and Maxine K. Mebane Arts and Architecture Foundation, San Angelo, Texas, and The President's Associates and Establishment of the Mike and Maxine K. Mebane Endowed Traveling Scholarship in Architecture in the School of Architecture.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$6,000 gift from Mr. Mike Mebane, San Angelo, Texas, a \$125,000 gift from The Mike and Maxine K. Mebane Arts and Architecture Foundation, San Angelo, Texas, and \$6,500 in gifts from The President's Associates for a total of \$137,500 and established the Mike and Maxine K. Mebane Endowed Traveling Scholarship in Architecture in the School of Architecture at The University of Texas at Austin.

Income earned from the endowment will be used to provide scholarships for School of Architecture students enrolled in architecture study abroad programs.

See Page 29 related to naming a room in Goldsmith Hall at U. T. Austin.

23. U. T. Austin: Approval to Accept Gift of Securities and Pledge from Mr. and Mrs. Thomas O. Miller, Corpus Christi, Texas, and to Establish The Thomas O. and Thelma Miller Charitable Remainder Trust.--Approval was given to accept a gift of American Brands common stock valued at \$41,041.87 and a \$40,000 pledge from Mr. and Mrs. Thomas O. Miller, Corpus Christi, Texas, for a total in excess of \$80,000 and to establish The Thomas O. and Thelma Miller Charitable Remainder Trust at The University of Texas at Austin.

The Trust Agreement provides for the payment of six and one-half percent of the annual net fair market value of the Trust assets to be paid quarterly to Thomas O. Miller and Thelma Miller for their joint lives and to the survivor for his or her life. In any year when the income is more than six and one-half percent of the market value, excess income will be added to the corpus of the Trust.

Upon the termination of the Trust, the corpus and any accumulated or undistributed income of the Trust will be used to establish the following endowments equally, or, if funding is insufficient, to establish as many as possible in the following order:

- a. Nancy Miller Pfeifer Endowed Presidential Scholarship in Education in the College of Education
  - b. Carol Miller Norwood Endowed Presidential Scholarship in Nursing in the School of Nursing
  - c. Thomas O. and Thelma Miller Endowed Presidential Scholarship in Social Work in the School of Social Work.
24. U. T. Austin: Paul V. Montgomery Centennial Memorial Professorship in Actuarial Science and Paul V. Montgomery Centennial Fellowship in Actuarial Science in the College of Business Administration - Acceptance of Transfer of Funds and Redesignation as the Paul V. Montgomery Centennial Memorial Professorship in Actuarial Mathematics and the Paul V. Montgomery Centennial Memorial Professorship in Mathematics in the College of Natural Sciences.--The Board accepted a \$150,000 transfer of funds from The Business School Foundation to be combined with funds totalling \$150,000 currently held by the U. T. Board of Regents for a total of \$300,000 to be divided equally and distributed to the Paul V. Montgomery Centennial Memorial Professorship in Actuarial Science and the Paul V. Montgomery Centennial Fellowship in Actuarial Science in the College of Business Administration at The University of Texas at Austin.

In accordance with the request of the Deans of the Colleges of Business Administration and Natural Sciences and U. T. Austin Administration, the Paul V. Montgomery Centennial Memorial Professorship in Actuarial Science and the Paul V. Montgomery Centennial Fellowship in Actuarial Science were redesignated as the Paul V. Montgomery Centennial Memorial Professorship in Actuarial Mathematics and the Paul V. Montgomery Centennial Memorial Professorship in Mathematics in the College of Natural Sciences. A change in the structure of the program for actuarial science studies is being effected at U. T. Austin and the program will be administered by the Department of Mathematics, College of Natural Sciences, rather than by the College of Business Administration.

25. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors; Establishment of the William J. (Bill) Murray, Jr. Endowed Chair of Engineering in the College of Engineering; Allocation of Funds from the College of Engineering Challenge Grant; and Eligibility for Matching Funds Under The Regents' Endowed Teachers and Scholars Program.--The Land and Investment Committee recommended and the Board accepted \$195,541 in gifts and \$94,459 in pledges, payable by August 31, 1991, from various donors for a total of \$290,000 and established the William J. (Bill) Murray, Jr. Endowed Chair of Engineering in the College of Engineering at The University of Texas at Austin.



Further, \$420,000 will be allocated from the College of Engineering Challenge Grant and will be used to increase the endowment to a total of \$710,000.

Additionally, \$290,000 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of \$1,000,000.

26. U. T. Austin: Acceptance of Gift of Securities from Mr. and Mrs. Robert Pulver, San Marcos, Texas, and Corporate Matching Funds from General Electric Foundation, Lake Buena Vista, Florida, and Establishment of the Eleanor and Robert Pulver Scholarship in the College of Communication.--Upon recommendation of the Land and Investment Committee, the Board accepted a gift of International Business Machines Corporation common stock valued at \$5,433.75 from Mr. and Mrs. Robert Pulver, San Marcos, Texas, \$5,428.50 in corporate matching funds from the General Electric Foundation, Lake Buena Vista, Florida, and \$1,199.90 in accrued interest for a total of \$12,062.15 and established the Eleanor and Robert Pulver Scholarship in the College of Communication at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to students in the College of Communication with preference given to senior level students majoring in advertising or public relations.

27. U. T. Austin: Acceptance of Gift and Pledge from Quantum Chemical Corporation, New York, New York; Establishment of the Quantum Chemical Corporation Endowed Faculty Fellowship in Engineering in the College of Engineering; Allocation of Funds from the College of Engineering Challenge Grant; 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 \$14,535 gift and a \$14,535 pledge, payable by August 31, 1991, from Quantum Chemical Corporation, New York, New York, for a total of \$29,070 and established the Quantum Chemical Corporation Endowed Faculty Fellowship in Engineering in the College of Engineering at The University of Texas at Austin.

Further, \$41,860 will be allocated from the College of Engineering Challenge Grant and will be used to increase the endowment to a total of \$70,930.

Additionally, \$29,070 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of \$100,000.

28. U. T. Austin: Recommendation to Accept Gift to Establish the Regents Endowed Graduate Fellowships in Mathematics in the College of Natural Sciences and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program (Deferred).--It was reported that the item related to a proposed gift from an anonymous donor to establish the Regents Endowed Graduate Fellowships in Mathematics in the College of Natural Sciences at The University of Texas at Austin was deferred for consideration at a future meeting.

29. U. T. Austin: Acceptance of Gift and Pledge from the Family of the Late Mr. Charles L. Sandahl, Jr., Austin, Texas, and the Weir Foundation, Washington, D. C., and Establishment of the Charles L. Sandahl, Jr. Endowed Scholarship for Physically Disabled Students.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$20,000 gift and a \$20,000 pledge, payable by August 31, 1991, from the family of the late Mr. Charles L. Sandahl, Jr., Austin, Texas, and the Weir Foundation, Washington, D. C., for a total of \$40,000 and established the Charles L. Sandahl, Jr. Endowed Scholarship for Physically Disabled Students at The University of Texas at Austin.

Income earned from the endowment will be divided equally between the College of Business Administration/Graduate School of Business and the School of Law to be used by each for one or more annual awards to physically disabled students who are Texas residents.

30. U. T. Austin: Acceptance of Gifts and Pledges from Various Donors and Dr. Stanley H. Simonsen, Austin, Texas, and Establishment of the Stanley H. and Kathleen F. Simonsen Fellowship in Chemistry in the College of Natural Sciences.--The Land and Investment Committee recommended and the Board accepted gifts of \$2,690 and pledges totalling \$8,310, payable by August 31, 1991, from various donors and a \$14,000 pledge, payable by August 31, 1991, from Dr. Stanley H. Simonsen, Austin, Texas, for a total of \$25,000 and established the Stanley H. and Kathleen F. Simonsen Fellowship in Chemistry in the Department of Chemistry, College of Natural Sciences, at The University of Texas at Austin.

Income earned from the endowment will be used to award fellowships to deserving undergraduate and graduate students in the Department of Chemistry.

31. U. T. Austin: Approval to Accept Gift from the Family of Mr. John Witherspoon Slaughter, Madisonville, Texas, and Corporate Matching Funds from the Halliburton Foundation, Inc., Dallas, Texas, and to Establish the John Witherspoon Slaughter Endowed Memorial Scholarship in the College of Business Administration.--Approval was given to accept a \$3,200 gift from the family of Mr. John Witherspoon Slaughter, Madisonville, Texas, \$6,400 in corporate matching funds from the Halliburton Foundation, Inc., Dallas, Texas, and \$400 in accrued interest for a total of \$10,000 and to establish the John Witherspoon Slaughter Endowed Memorial Scholarship in the College of Business Administration at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to undergraduate students in the College of Business Administration who have financial need.

32. U. T. Austin: Establishment of the Amy Gaston Smith and Beulah M. Smith Centennial Scholarship in Home Economics in the College of Natural Sciences.--The Board accepted a \$10,359 transfer of previously reported gifts from current restricted funds and established the Amy Gaston Smith and Beulah M. Smith Centennial Scholarship in Home Economics 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 award a scholarship, on the basis of financial need and academic performance, to a student in Home Economics majoring in nutrition and dietetics.

33. U. T. Austin: Establishment of the C. Aubrey Smith Center for Auditing Education and Research in the College of Business Administration and the Graduate School of Business.--The Land and Investment Committee recommended and the Board accepted a \$242,665 transfer of previously reported gifts from current restricted funds and established the C. Aubrey Smith Center for Auditing Education and Research in the College of Business Administration and the Graduate School of Business at The University of Texas at Austin.

Income earned from the endowment will be used to promote and improve auditing education and to conduct and disseminate research to advance the theory and practice of auditing.

34. U. T. Austin: Acceptance of Gift and Pledge from Southwestern Bell Foundation, Dallas, Texas; Establishment of the Southwestern Bell Foundation Endowed Professorship in Engineering in the College of Engineering; Allocation of Funds from the College of Engineering Challenge Grant; 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 \$24,230 gift and a \$48,460 pledge, payable by August 31, 1991, from the Southwestern Bell Foundation, Dallas, Texas, for a total of \$72,690 and established the Southwestern Bell Foundation Endowed Professorship in Engineering in the College of Engineering at The University of Texas at Austin.

Further, \$104,620 will be allocated from the College of Engineering Challenge Grant and will be used to increase the endowment to a total of \$177,310.

Additionally, \$72,690 in matching funds will be allocated under The Regents' Endowed Teachers and Scholars Program and will be used to increase the endowment to a total of \$250,000.

35. U. T. Austin: Robert S. Strauss Fellowship Fund in the Lyndon B. Johnson School of Public Affairs - Acceptance of Gifts from Mr. Robert S. Strauss, Dallas, Texas, and Corporate Matching Funds from PepsiCo Foundation, Purchase, New York, Archer-Daniels-Midland Foundation, Decatur, Illinois, Lone Star Industries, Inc., Greenwich, Connecticut, and MCA Inc., Universal City, California, and Eligibility for Matching Funds Under The Regents' Endowed Student Fellowship and Scholarship Program.-- Upon recommendation of the Land and Investment Committee, the Board accepted a \$35,000 gift from Mr. Robert S. Strauss, Dallas, Texas, and corporate matching funds of \$20,000 from PepsiCo Foundation, Purchase, New York, \$2,000 from Archer-Daniels-Midland Foundation, Decatur, Illinois, \$1,000 from Lone Star Industries, Inc., Greenwich, Connecticut, and \$1,000 from MCA Inc., Universal City, California, for a total of \$59,000 for addition to the Robert S. Strauss Fellowship Fund in the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin for a total of \$115,587.50.

Further, \$29,500 in matching funds will be allocated under The Regents' Endowed Student Fellowship and Scholarship Program and will be used to increase the endowment to a total of \$145,087.50.

36. U. T. Austin: Approval to Accept Gifts from Various Donors and Corporate Matching Pledge from Tenneco Inc., Houston, Texas, and to Establish the August "Gus" N. Swain Endowed Scholarship in the School of Social Work.-- Approval was given to accept \$17,500 in gifts from various donors and a corporate matching pledge of \$7,500, payable by August 31, 1991, from Tenneco Inc., Houston, Texas, for a total of \$25,000 and to establish the August "Gus" N. Swain Endowed Scholarship in the School of Social Work at The University of Texas at Austin.

Income earned from the endowment will be used to award scholarships to undergraduate or graduate students of the School of Social Work with preference given to minority students.

37. U. T. Austin: Acceptance of Gift and Pledge from an Anonymous Donor and Establishment of the Annie Whittenburg Walker Memorial Endowed Presidential Scholarship in the College of Business Administration (No Publicity).--The Board accepted a \$15,000 gift and a \$10,000 pledge, payable by February 1, 1990, from an anonymous donor for a total of \$25,000 and established the Annie Whittenburg Walker Memorial Endowed Presidential Scholarship in the College of Business Administration at The University of Texas at Austin.

Income from the endowment will be used to award an annual scholarship to a student in the College of Business Administration who has at least a 3.6 grade point average, with preference given to students who are members of the Phi Gamma Delta Fraternity.

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

38. U. T. Austin: Acceptance of Gifts and Pledges from the College of Fine Arts Foundation Advisory Council; Allocation of Pledged Funds and Matching Funds from the Graduate Fellowships in the Fine and Performing Arts; and Establishment of the J. Robert Wills Endowed Graduate Fellowship in the College of Fine Arts.--The Land and Investment Committee recommended and the Board accepted \$12,670 in gifts and \$2,330 in pledges from members of the College of Fine Arts Foundation Advisory Council for a total of \$15,000 and established the J. Robert Wills Endowed Graduate Fellowship in the College of Fine Arts at The University of Texas at Austin.

Further, \$30,000 in pledged funds and \$15,000 in matching funds will be allocated from the Graduate Fellowships in the Fine and Performing Arts and will be used to increase the endowment to a total of \$60,000.

Income earned from the endowment will be used to make awards based on merit to incoming and continuing graduate students who are U. S. citizens.

39. U. T. El Paso: Acceptance of Bequest from the Estate of Marshall G. Mustain, Contra Costa, California, and Establishment of the Marshall G. Mustain Scholarship Fund.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$10,000 specific bequest from the Estate of Marshall G. Mustain, Contra Costa, California, and established the Marshall G. Mustain Scholarship Fund at The University of Texas at El Paso.

Income earned from the endowment will be used to provide scholarships to worthy undergraduate students who are involved in chemical process studies in the Departments of Civil, Mechanical or Metallurgical Engineering in the College of Engineering.

40. U. T. El Paso: Acceptance of Gift from the El Paso Community Foundation, El Paso, Texas, and Establishment of the Dorrance D. Roderick Foundation Professorship in English.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$100,000 gift from the El Paso Community Foundation, El Paso, Texas, and \$3,722 in accrued interest for a total of \$103,722 and established the Dorrance D. Roderick Foundation Professorship in English at The University of Texas at El Paso.

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

41. U. T. San Antonio: Approval to Accept Gifts from Various Donors and to Establish the Bess Hieronymus Endowed Scholarship.--Approval was given to accept \$15,075 in gifts from various donors and to establish the Bess Hieronymus Endowed Scholarship at The University of Texas at San Antonio.

Income earned from the endowment will be used to award scholarships to promising students for the study of organ.

42. U. T. Southwestern Medical Center - Dallas: Acceptance of Gift from Anonymous Donor and Establishment of Two Distinguished Chairs in Biomedical Science and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Land and Investment Committee recommended and the Board accepted a \$2,000,000 gift from an anonymous donor and established two \$1,000,000 Distinguished Chairs in Biomedical Science at The University of Texas Southwestern Medical Center at Dallas. Specific names for these endowments will be submitted at a later date.

Further, the actual income which will be earned on the \$2,000,000 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 34 related to appointments to these Chairs.

43. U. T. Southwestern Medical Center - Dallas: Acceptance of Pledge from the Harry S. Moss Heart Trust, Dallas, Texas.--The Board accepted a pledge of an annual \$850,000 gift, payable each year through the year 2001, from the Harry S. Moss Heart Trust, Dallas, Texas, for use in support of research in basic cardiovascular function, cardiac disease, cholesterol metabolism, and cardiac transplantation at The University of Texas Southwestern Medical Center at Dallas.

See Page 41 related to establishment of The Frank M. Ryburn, Jr. Cardiac Center.

44. U. T. Medical Branch - Galveston: Acceptance of Bequest from the Estate of Bertha G. Miller, Temple, Texas; Establishment of the Clarence Ross Miller Professorship in Psychiatry; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--Upon recommendation of the Land and Investment Committee, the Board accepted a \$100,000 specific bequest from the Estate of Bertha G. Miller, Temple, Texas, and established the Clarence Ross Miller Professorship in Psychiatry at The University of Texas Medical Branch at Galveston.

Further, the actual income which will be earned on the \$100,000 bequest will be certified for matching under the Texas Eminent Scholars Program as set out in Chapter 51, Subchapter I of the Texas Education Code.

45. U. T. Medical Branch - Galveston: The John Sealy Memorial Endowment Fund for Biomedical Research (Part A and Part B) - Approval to Accept Additional Gift from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas.--Approval was given to accept a \$5,000,000 gift from The Sealy & Smith Foundation for the John Sealy Hospital, Galveston, Texas, for addition to Biomedical Fund - Part A and a \$5,000,000 transfer of institutional funds for addition to Biomedical Fund - Part B, for a total of \$10,000,000, for addition to The John Sealy Memorial Endowment Fund for Biomedical Research at The University of Texas Medical Branch at Galveston for a total endowment of \$30,000,000.

This transfer of U. T. Medical Branch - Galveston institutional funds is authorized by a Rider in the current Appropriations Bill.

Distributions from the Fund, as outlined in the previously established Endowment Agreement, will be used to support biomedical research defined as "all investigative endeavors into the biological and physical systems that relate to the understanding, prevention and treatment of human diseases and trauma."

46. U. T. Health Science Center - Houston: Acceptance of Gift from the Late Mr. J. Ralph Meadows, Columbus, Texas; Establishment of the J. Ralph Meadows Professorship in Internal Medicine; and Eligibility for Matching Funds Under the Texas Eminent Scholars Program.--The Land and Investment Committee recommended and the Board accepted a \$100,000 distribution from a gift annuity received from the late Mr. J. Ralph Meadows, Columbus, Texas, and established the J. Ralph Meadows Professorship in Internal Medicine at The University of Texas Health Science Center at Houston.

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.

47. U. T. Health Science Center - San Antonio: Acceptance of Transfer of Funds and Establishment of the Distinguished Professorship in Oral and Maxillofacial Surgery.--The Board, upon recommendation of the Land and Investment Committee, accepted a \$250,000 transfer of MSRDP funds and established the Distinguished Professorship in Oral and Maxillofacial Surgery at The University of Texas Health Science Center at San Antonio.

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

48. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest from the Estate of Dorothy Elizabeth Brown, Albuquerque, New Mexico.--Upon recommendation of the Land and Investment Committee, the Board accepted a residual bequest of approximately \$464,000 from the Estate of Dorothy Elizabeth Brown, Albuquerque, New Mexico, for use in research and hospital purposes at The University of Texas M.D. Anderson Cancer Center. A final report will be made at a later date.

49. U. T. M.D. Anderson Cancer Center: Approval to Redesignate the Helen Buchanan and Stanley Joseph Seeger Clinical Professorship as the Helen Buchanan and Stanley Joseph Seeger Research Professorship.--Approval was given to redesignate the Helen Buchanan and Stanley Joseph Seeger Clinical Professorship as the Helen Buchanan and Stanley Joseph Seeger Research Professorship at The University of Texas M.D. Anderson Cancer Center.

See Page 46 related to an appointment to this Professorship.

50. U. T. M.D. Anderson Cancer Center: Acceptance of Remainder Interest in the A. Lewis Jacobs Estate Trust, Houston, Texas.--The Board accepted a fifty percent remainder interest in the A. Lewis Jacobs Estate Trust, Houston, Texas, comprised of cash totalling \$124,279.27, for use in ovarian cancer research at The University of Texas M.D. Anderson Cancer Center.
51. U. T. M.D. Anderson Cancer Center: Acceptance of Bequest from the Estate of Samuel H. Kahn, Dallas, Texas.--The Land and Investment Committee recommended and the Board accepted a bequest of four percent of the residual Estate of Samuel H. Kahn, Dallas, Texas, comprised of cash in the amount of \$78,355.31, for use in cancer research at The University of Texas M.D. Anderson Cancer Center.

### III. INTELLECTUAL PROPERTY MATTERS

1. U. T. Austin: Approval of Patent and Technology License Agreement and Sponsored Research Agreement with Astec Industries, Inc. (Astec), Chattanooga, Tennessee, and Approval for Professor William F. Weldon to Continue to Serve on Board of Directors of Astec Industries, Inc.--Upon recommendation of the Land and Investment Committee, the Board approved the Patent and Technology License Agreement and the Sponsored Research Agreement set out on Pages 88 - 120 by and between the U. T. Board of Regents, for and on behalf of The University of Texas at Austin, and Astec Industries, Inc. (Astec), Chattanooga, Tennessee, for the development and licensing of technology related to electric power pulse consolidated tungsten carbide powder metal parts.

Further, the Board approved the continued service of Professor William F. Weldon, Director of the Center for Electromechanics (CEM) at U. T. Austin, on the Board of Directors of Astec Industries, Inc. concurrent with approval of the agreements.

Under the License Agreement, Astec is granted a royalty-bearing, exclusive, worldwide license to manufacture, have manufactured, and/or sell products made using U. T. Austin's currently existing rights, or those which may arise under the Sponsored Research Agreement, in patentable technology developed by Professor William F. Weldon and his colleagues at the U. T. Austin Center for Electromechanics (CEM) and which relate to the manufacture, use or sale of electric power pulse consolidated tungsten carbide powder metal parts for rock mining and/or asphalt milling applications or machinery. Astec would also be granted a royalty-bearing license in related unpatentable technical information and know-how which are necessary for practicing the licensed patentable technology.



Under the Sponsored Research Agreement, Astec will provide \$37,764 for a two-month project during which CEM will explore pulsed electrical sintering of powdered metals to produce complex shapes and to join tungsten carbide to a steel substrate during the consolidation process.

#### PATENT AND TECHNOLOGY LICENSE AGREEMENT

THIS AGREEMENT is made by and between the BOARD OF REGENTS (BOARD) OF THE UNIVERSITY OF TEXAS SYSTEM (SYSTEM), an agency of the State of Texas, whose address is 201 West 7th Street, Austin, Texas, 78701, and ASTEC INDUSTRIES, INC., (LICENSEE), a TENNESSEE corporation, having a principal place of business located at 4101 Jerome Avenue, Chattanooga, Tennessee, 37407.

#### WITNESSETH

Whereas, BOARD owns certain TECHNOLOGY RIGHTS related to LICENSED SUBJECT MATTER, which were developed at The University of Texas at Austin (UNIVERSITY), a component institution of The University of Texas System, and with sufficient development intends to file a related patent application;

Whereas, BOARD desires to have the LICENSED SUBJECT MATTER developed and used for the benefit of LICENSEE, the inventors, the Board, and the public as outlined in the Intellectual Property Policy promulgated by the BOARD; and

Whereas, LICENSEE wishes to obtain a license from BOARD to practice LICENSED SUBJECT MATTER;

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

#### I. EFFECTIVE DATE

This Agreement shall be effective as of August 10, 1989.

## II. DEFINITIONS

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

2.1 LICENSED SUBJECT MATTER shall mean inventions and discoveries covered by PATENT RIGHTS or TECHNOLOGY RIGHTS within the LICENSED FIELD, specifically, CONSOLIDATION OF TUNGSTEN CARBIDE POWDER METAL ALLOYS USING PULSED ELECTRIC POWER.

2.2 PATENT RIGHTS shall mean BOARD's currently existing rights or those which may arise under the RESEARCH AGREEMENT in information or discoveries covered by patents and/or patent applications, whether domestic or foreign, and all divisions, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon, developed at the Center for Electromechanics, The University of Texas at Austin, and which relate to the manufacture, use or sale of ELECTRIC POWER PULSE CONSOLIDATED TUNGSTEN CARBIDE POWDER METAL PARTS FOR ROCK MINING AND/OR ASPHALT MILLING APPLICATIONS OR MACHINERY.

2.3 TECHNOLOGY RIGHTS shall mean BOARD's currently existing rights or those which may arise under the RESEARCH AGREEMENT in any technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing or data relating to ELECTRIC POWER

PULSE CONSOLIDATED TUNGSTEN CARBIDE POWDER METAL PARTS FOR ROCK MINING AND/OR ASPHALT MILLING APPLICATIONS OR MACHINERY and developed by the Center for Electromechanics, The University of Texas at Austin, which is not covered by PATENT RIGHTS but which is necessary for practicing the invention at any time.

2.4 LICENSED FIELD shall mean the field of MANUFACTURE AND SALE OF PARTS EQUIPPED WITH TUNGSTEN CARBIDE FOR USE AS PARTS IN ROCK CRUSHING, TRENCHING, OR MINING MACHINERY AND/OR ASPHALT MILLING MACHINERY.

2.5 LICENSED TERRITORY shall mean the WORLD.

2.6 LICENSED PRODUCT shall mean any product SOLD by LICENSEE manufactured using LICENSED SUBJECT MATTER pursuant to this Agreement.

2.7 SALE or SOLD shall mean the transfer or disposition of a LICENSED PRODUCT for value to a party other than LICENSEE.

2.8 SUBSIDIARY shall mean any business entity more than 50% owned by LICENSEE, any business entity which owns more than 50% of LICENSEE, or any business entity that is more than 50% owned by a business entity that owns more than 50% of LICENSEE.

2.9 NET SALES shall mean the gross revenues received by LICENSEE from the SALE of LICENSED PRODUCTS less sales and/or use taxes actually paid, outbound transportation prepaid or allowed, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

2.10 RESEARCH AGREEMENT shall mean the Sponsored Research Agreement dated of even date herewith between LICENSEE and The

University of Texas at Austin which shall be incorporated herein by reference.

### III. WARRANTY: SUPERIOR RIGHTS

3.1 Except for the rights, if any, of the Government of the United States, as set forth hereinbelow, BOARD represents and warrants its belief that it is the owner of the entire right, title, and interest in and to LICENSED SUBJECT MATTER, and that it has the sole right to grant licenses thereunder, and that it has not knowingly granted licenses thereunder to any other entity that would restrict rights granted hereunder except as stated herein.

3.2 LICENSEE understands that the LICENSED SUBJECT MATTER may have been developed under a funding agreement with the Government of the United States of America and, if so, that the Government may have certain rights thereto. This Agreement is explicitly made subject to the Government's rights under any such agreement and any applicable law or regulation. To the extent that there is a conflict between any such agreement, applicable law or regulation and this Agreement, the terms of such Governmer' agreement, applicable law or regulation shall prevail.

### IV. LICENSE

4.1 BOARD hereby grants to LICENSEE a royalty-bearing, exclusive license under LICENSED SUBJECT MATTER to manufacture, have manufactured, and/or sell LICENSED PRODUCTS within LICENSED

TERRITORY for use within LICENSED FIELD. This grant shall be subject to the payment by LICENSEE to BOARD of all consideration as provided in this Agreement, and shall further be subject to rights retained by BOARD to:

- (a) Publish the general scientific findings from research related to LICENSED SUBJECT MATTER; and
- (b) Use any information contained in LICENSED SUBJECT MATTER for research, teaching and other education-related purposes.

4.2 LICENSEE shall have the right to extend the license granted herein to any SUBSIDIARY, provided that such SUBSIDIARY consents to be bound by this Agreement to the same extent as LICENSEE.

4.3 LICENSEE shall have the right to grant sublicenses consistent with this Agreement, provided that LICENSEE shall be responsible for the operations of its sublicensees relevant to this Agreement as if such operations were carried out by LICENSEE, including the payment of royalties whether or not paid to LICENSEE by a sublicensee. LICENSEE further agrees to deliver to BOARD a true and correct copy of each sublicense granted by LICENSEE, and any modification or termination thereof, within thirty (30) days after execution, modification, or termination. Upon termination of this Agreement, any and all existing sublicenses granted by LICENSEE shall be assigned to BOARD.

4.4 BOARD shall have the right at any time after two (2) years from the date of this Agreement, to terminate the

exclusivity of the license granted herein in any national political jurisdiction within LICENSED TERRITORY if LICENSEE, within ninety (90) days after written notice from BOARD as to such intended termination of exclusivity, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention hereunder within such jurisdiction. BOARD agrees to negotiate in good faith with LICENSEE for adjusting terms under such a nonexclusive arrangement. BOARD shall have the right at any time after three (3) years from the date of this Agreement to terminate the license completely in any national political jurisdiction if LICENSEE, within ninety (90) days after written notification from BOARD of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention licensed hereunder within such jurisdiction. Evidence provided by LICENSEE that it has an ongoing and active research, development, manufacturing, marketing or licensing program as appropriate, directed toward production and sale of products based on the invention disclosed and claimed in PATENT RIGHTS or incorporating TECHNOLOGY RIGHTS within such jurisdiction shall be deemed satisfactory evidence.

#### V. PAYMENTS AND REPORTS

5.1 In consideration of rights granted by BOARD to LICENSEE under this Agreement, LICENSEE agrees to pay BOARD the following:

(a) A running royalty equal to four percent (4%) of NET SALES, or if only TECHNOLOGY RIGHTS are licensed and no

PATENT RIGHTS are applicable a running royalty equal to two percent (2%) of NET SALES; and

(b) One half of the gross revenues received by LICENSEE from any sublicensee.

5.2 During the Term of this Agreement and for one (1) year thereafter, LICENSEE shall keep complete and accurate records of its and its sublicensees's SALES and NET SALES of LICENSED PRODUCTS under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. LICENSEE shall permit BOARD or its representatives, at BOARD's expense, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. In the event that the amounts due to BOARD are determined to have been underpaid, LICENSEE shall pay the cost of such examination and accrued interest at the highest allowable rate.

5.3 Within thirty (30) days after March 31, June 30, September 30, and December 31, LICENSEE shall deliver to BOARD at the address listed in paragraph 5.5 a true and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during the preceding three (3) calendar months under this Agreement as are pertinent to an account for payments hereunder. Such report shall include at

least (a) the quantities of LICENSED SUBJECT MATTER that it has produced; (b) the total SALES; (c) the calculation of royalties thereon; and (d) the total royalties so computed and due BOARD. Simultaneously with the delivery of each such report, LICENSEE shall pay to BOARD the amount, if any, due for the period of such report. If no payments are due, it shall be so reported.

5.4 Upon the request of BOARD but not more often than once per calendar year, LICENSEE shall deliver to BOARD a written report as to LICENSEE's efforts and accomplishments during the preceding year in commercializing LICENSED SUBJECT MATTER in various parts of the LICENSED TERRITORY and its commercialization plans for the upcoming year.

5.5 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees, or charges of any kind. Checks shall be made payable to The University of Texas at Austin and mailed to: Executive Vice President and Provost, The University of Texas at Austin, Main Building 201, Austin, Texas 78712-1111.

5.6 LICENSEE shall reimburse BOARD for all its out-of-pocket expenses thus far incurred in filing, prosecuting, enforcing and maintaining PATENT RIGHTS exclusively licensed hereunder and shall pay all such future expenses so long as and in such countries as its license remains exclusive.



VI. TERM AND TERMINATION

6.1 The term of this Agreement shall extend from the Effective Date set forth hereinabove to the full end of the term or terms for which Patent Rights have not expired, and if only TECHNOLOGY RIGHTS are licensed and no PATENT RIGHTS are applicable, for a term of fifteen (15) years.

6.2 This Agreement will earlier terminate:

- (a) automatically if LICENSEE shall become bankrupt or insolvent and/or if the business of LICENSEE shall be placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of LICENSEE or otherwise;
- (b) upon ninety (90) days written notice if LICENSEE shall breach or default on any obligation under this License Agreement; provided, however, LICENSEE may avoid such termination if before the end of such period LICENSEE notifies BOARD that such breach has been cured and states the manner of such cure.
- (c) Under the terms of paragraph 4.4, if invoked.

6.3 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either party of any obligation matured prior to the effective date of such termination. LICENSEE may, after the effective date of such termination, sell all LICENSED PRODUCT and parts therefore that

it may have on hand at the date of termination, provided that it pays earned royalty thereon as provided in this Agreement.

6.4 Upon and effective as of the date of termination of this Agreement pursuant to Paragraph 4.4 above, LICENSEE grants to BOARD a nonexclusive license with the right to sublicense others with respect to improvements made by LICENSEE in the LICENSED SUBJECT MATTER. BOARD's right to sublicense others hereunder shall be solely for purposes of permitting others to develop and commercialize the entire technology package.

#### VII. INFRINGEMENT BY THIRD PARTIES

7.1 LICENSEE shall have the obligation of enforcing at its expense any patent exclusively licensed hereunder against infringement by third parties and shall be entitled to retain recovery from such enforcement. LICENSEE shall pay BOARD royalty on any monetary recovery to the extent that such monetary recovery by LICENSEE is held to be a reasonable royalty or damages in lieu thereof. In the event that LICENSEE does not file suit against a substantial infringer of such patents within six (6) months of knowledge thereof, then BOARD shall have the right to enforce any patent licensed hereunder on behalf of itself and LICENSEE (BOARD retaining all recoveries from such enforcement) and/or reduce the license granted hereunder to nonexclusive.

7.2 In any suit or dispute involving an infringer, the parties shall cooperate fully, and upon the request and at the

expense of the party bringing suit, the other party shall make available to the party bringing suit, at reasonable times and under appropriate conditions, all relevant personnel, records, papers, information, samples, specimens, and the like which are in its possession.

#### VIII. ASSIGNMENT

This Agreement may not be assigned by LICENSEE without the prior written consent of BOARD.

#### IX. PATENT MARKING

LICENSEE agrees to mark permanently and legibly all products and documentation manufactured or sold by it under this Agreement with such patent notice as may be permitted or required under Title 35, United States Code.

#### X. INDEMNIFICATION

LICENSEE shall hold harmless and indemnify BOARD, SYSTEM, UNIVERSITY, its Regents, officers, employees, and agents from and against any claims, demands, or causes of action whatsoever, including without limitation those arising on account of any injury or death of persons or damage to property caused by or arising out of, or resulting from, the exercise or practice of the license granted hereunder by LICENSEE or its officers, employees, agents or representatives.

XI. USE OF BOARD AND COMPONENT'S NAME

LICENSEE shall not use the name of UNIVERSITY, SYSTEM, BOARD or Regents without express written consent.

XII. CONFIDENTIAL INFORMATION

12.1 BOARD and LICENSEE each agree that all information contained in documents marked "confidential" which are forwarded to one by the other shall be received in strict confidence, used only for the purpose of this Agreement, and not discussed by the recipient party (except as required by law or court order), its agents or employees without the prior written consent of the other party, unless such information (a) was in the public domain at the time of disclosure; (b) later became a part of the public domain through no act or omission of the recipient party, its employees, agents, successors or assigns; (c) was lawfully disclosed to the recipient party by a third party having the right to disclose it; (d) was already known by the recipient party at the time of disclosure; (e) was independently developed by the recipient party or (f) is required to be submitted to a government agency pursuant to any preexisting obligation.

12.2 Each party's obligation of confidence hereunder shall be fulfilled by using at least the same degree of care with the other party's confidential information it uses to protect its own confidential information. This obligation shall exist while this Agreement is in force and for a period of three (3) years thereafter.

XIII. PATENTS AND INVENTIONS

13.1 LICENSEE shall reimburse BOARD for all expenses incurred by BOARD in searching, preparing, filing, prosecuting and maintaining patent applications and patents relating to PATENT RIGHTS. If after consulting with LICENSEE it is agreed by BOARD and LICENSEE that a patent application should be filed for LICENSED SUBJECT MATTER, BOARD will prepare and file appropriate patent applications, and LICENSEE will pay the cost of searching, preparing, filing, prosecuting and maintaining same. If LICENSEE notifies BOARD that it does not intend to pay the cost of an application, or if LICENSEE does not respond or make an effort to agree with BOARD on the disposition of rights of the subject invention, then BOARD may file such application at its own expense, and LICENSEE shall have no rights to such invention.

XIV. GENERAL

14.1 This Agreement and the RESEARCH AGREEMENT constitute the entire and only agreement between the parties for LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

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

BOARD OF REGENTS  
The University of Texas System  
201 West 7th Street  
Austin, Texas 78701  
ATTENTION: System Intellectual Property Office

and with copy to:

EXECUTIVE VICE PRESIDENT AND PROVOST  
The University of Texas at Austin  
Main Building 201  
Austin, Texas 78712-1111

or in the case of LICENSEE to:

CHIEF EXECUTIVE OFFICER  
Astec Industries, Inc.  
4101 Jerome Avenue  
Chattanooga, Tennessee 37407

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

14.3 LICENSEE shall comply with applicable federal, state and local laws and regulations in connection with its activities pursuant to this Agreement.

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

14.5 Failure of the BOARD to enforce a right under this Agreement shall not act as a waiver of that right or the ability to later assert that right relative to the particular situation involved.

14.6 Headings included herein are for convenience only and shall not be used to construe this Agreement.

14.7 If any provision of this Agreement shall be found by a court to be void, invalid or unenforceable, the same shall be

reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement.

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

ATTEST:

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By Arthur H. Dilly  
Executive Secretary  
Arthur H. Dilly

By M. E. Patrick  
Michael E. Patrick  
Executive Vice Chancellor for  
Asset Management

APPROVED AS TO FORM:

By Dudley R. Dobbie, Jr.  
Dudley R. Dobbie, Jr.  
Office of General Counsel

APPROVED AS TO CONTENT:

By Gerhard J. Fonken  
Gerhard J. Fonken  
Executive Vice President and Provost  
The University of Texas at Austin

ASTEC INDUSTRIES, INC.

By J. Don Brock  
President 7/13/89

**SPONSORED RESEARCH AGREEMENT**

This Sponsored Research Agreement (hereinafter referred to as AGREEMENT) is made by and between The University of Texas at Austin, Austin, Texas, 78712, a State agency governed by the Board of Regents of The University of Texas System (hereinafter referred to as UNIVERSITY) and Astec Industries, Inc., 4101 Jerome Avenue, Chattanooga, Tennessee, a Corporation in the State of Tennessee (hereinafter referred to as SPONSOR).

WHEREAS, SPONSOR desires that UNIVERSITY perform certain research work hereinafter described and is willing to advance funds to sponsor such research;

WHEREAS, SPONSOR has entered into a Patent and Technology License Agreement with the BOARD of REGENTS of THE UNIVERSITY OF TEXAS SYSTEM which grants to SPONSOR an exclusive, royalty-bearing license for the commercialization of patents and technology related to such research, whether developed during the course of such research or existing prior to this research, with a view to profitable commercialization of such patents and technology for the SPONSOR's benefit; and

WHEREAS, UNIVERSITY is willing to perform such research and to grant rights to such patents and technology;

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

I. EFFECTIVE DATE

This Agreement shall be effective as of August 10, 1989.



## II. RESEARCH PROGRAM

2.1 UNIVERSITY shall use its best efforts to conduct the Research Program (herein so called) described in Attachment A, "Statement of Research Activities and Objectives," attached hereto and incorporated herein, and will furnish the facilities necessary to carry out said Research Program. The Research Program will be under the direction of Professor William F. Weldon (hereinafter referred to as "Principal Investigator"), Director, Center for Electromechanics, a research center within the Bureau of Engineering Research, College of Engineering, The University of Texas at Austin, and will be conducted by the Center for Electromechanics.

2.2 The Research Program will be performed during the period from September 1, 1989, through October 31, 1989. SPONSOR shall have the option of extending the Research Program under mutually agreeable support terms.

2.3 SPONSOR understands that UNIVERSITY's primary mission is education and advancement of knowledge, and, consequently, the Research Program will be designed to carry out that mission. The manner of performance of the Research Program shall be determined solely by the Principal Investigator. UNIVERSITY does not guarantee specific results and the Research Program will be conducted only on a best efforts basis.

2.4 UNIVERSITY will keep accurate financial and scientific records relating to the Research Program and will make such records available to SPONSOR or its authorized representative throughout the Term of the Agreement during normal business hours upon reasonable notice.

2.5 SPONSOR understands that UNIVERSITY may be involved in similar research through other researchers on behalf of itself and others. UNIVERSITY shall be free to continue such research provided that it is conducted separately and by different investigators from the Research Program hereinafter defined, and SPONSOR shall not gain any rights via this Agreement to such other research.

2.6 UNIVERSITY does not guarantee that any patent rights will result from the Research Program, that the scope of any patent rights obtained will cover SPONSOR's commercial interests, or that any such patent rights will be free of dominance by other patents, including those based on inventions made by other inventors in The University of Texas System independent of the Research Program.

### III. COMPENSATION

3.1 As consideration for performance by UNIVERSITY of its obligations under this Agreement, SPONSOR will pay UNIVERSITY an amount equal to its expenditures and overhead at the University's established rate of forty-six percent (46%), modified total direct costs, in conducting the Research Program subject to a

maximum expenditure limitation of \$37,764.00. An initial payment of \$18,882.00 shall be made at the time of execution of this Agreement. A final invoice for remaining funds due UNIVERSITY shall be made to SPONSOR after completion of all tasks in the Research Program and shall be paid to UNIVERSITY within thirty (30) days.

3.2 UNIVERSITY shall maintain all Research Program funds in a separate account and shall expend such funds for wages, supplies, equipment, travel, and other operational expenses in connection with the Research Program.

3.3 UNIVERSITY shall retain title to all equipment purchased and/or fabricated by it with funds provided by SPONSOR under this Agreement.

#### IV. CONSULTATION AND REPORTS

4.1 SPONSOR's designated representative for consultation and communication with the Principal Investigator shall be Dr. Don Brock or such other person as SPONSOR may designate from time to time in writing to UNIVERSITY and Principal Investigator.

4.2 During the Term of Agreement, SPONSOR's representative may consult informally with UNIVERSITY's representatives regarding the project, both personally and by telephone. Access to work carried on in University laboratories in the course of these investigations shall be entirely under the control of UNIVERSITY personnel and shall be available on a reasonable basis.

4.3 The Principal Investigator will make as many as one oral report each month as requested by the SPONSOR's Designated Representative. At the conclusion of the Research Program, the Principal Investigator shall submit to the SPONSOR a written report summarizing the research which shall contain:

- (a) A summary of income and expenses of the Research Program; and,
- (b) A report of all activities undertaken and accomplishments achieved through the Research Program.

#### V. PUBLICITY

Except as required by the Texas Open Records Act or other law or regulation, no press release or other written statements in connection with work performed under this Agreement for use in the public media making any reference to one party hereunder shall be made by the other party. UNIVERSITY, however, shall have the right to acknowledge SPONSOR's support of the investigations under this Agreement in scientific or academic publications and other scientific or academic communications, without SPONSOR's prior approval. In any such statements, the parties shall describe the scope and nature of their participation accurately and appropriately.

#### VI. PUBLICATION AND ACADEMIC RIGHTS

6.1 UNIVERSITY and the Principal Investigator have the right to publish or otherwise publicly disclose information

gained in the course of this Agreement. In order to avoid loss of patent rights as a result of premature public disclosure of patentable information, UNIVERSITY will submit any prepublication materials to SPONSOR for review and comment at least sixty (60) days prior to planned submission for publication. SPONSOR shall notify UNIVERSITY within thirty (30) days of receipt of such materials whether it desires UNIVERSITY to file patent applications on any inventions contained in the materials and, if UNIVERSITY agrees to do so, UNIVERSITY will proceed to file the patent application(s) in due course. UNIVERSITY shall have the final authority to determine the scope and content of any publications.

6.2 It is understood that UNIVERSITY investigators may discuss the research being performed under this Agreement with other investigators but shall not reveal information which is SPONSOR's confidential information under Article VII hereof. In the event that any joint inventions result, UNIVERSITY shall grant to SPONSOR the rights outlined in Article VIII to this Agreement, to the extent that these are not in conflict with obligations to another party as a result of the involvement of the other investigator(s). In this latter case, UNIVERSITY shall, in good faith, exercise reasonable efforts to enable SPONSOR to obtain the rights to the joint invention.

#### VII. CONFIDENTIALITY OF INFORMATION

The parties may wish, from time to time, in connection with work contemplated under this Agreement, to disclose confidential

information to the other party. The receiving party shall use reasonable efforts to prevent the disclosure of any of the disclosing party's confidential information to third parties for a period of three (3) years from receipt thereof provided that the obligation hereunder shall not apply to information that:

- (1) is not disclosed in writing or reduced to writing and so marked with an appropriate confidentiality legend within thirty (30) days of disclosure thereof;
- (2) is already in the receiving party's possession at the time of disclosure thereof;
- (3) is or later becomes part of the public domain through no fault of the receiving party;
- (4) is received from a third party having no obligations of confidentiality to the disclosing party;
- (5) is independently developed by the receiving party; or,
- (6) is required by law or regulation to be disclosed.

#### VIII. PATENTS, COPYRIGHTS, AND TECHNOLOGY RIGHTS

Title to all inventions and discoveries made by UNIVERSITY resulting from the research performed hereunder shall reside in UNIVERSITY. Notwithstanding the foregoing, however, UNIVERSITY agrees to grant a royalty-bearing, exclusive license to licensed subject matter relevant to or resulting from the research performed hereunder in accordance with the existing Patent and Technology License Agreement between SPONSOR and the BOARD OF

REGENTS of THE UNIVERSITY OF TEXAS SYSTEM, such Agreement made effective on August 10, 1989.

IX. LIABILITY

9.1 SPONSOR agrees to indemnify and hold harmless THE UNIVERSITY OF TEXAS SYSTEM (SYSTEM), UNIVERSITY, their Regents, officers, agents and employees from any liability, loss or damage they may suffer as a result of claims, demands, costs or judgments against them arising out of the activities to be carried out pursuant to the obligations of this Agreement, and the use by SPONSOR of the results obtained from the activities performed by UNIVERSITY under this Agreement; provided, however, that any such liability, loss or damage resulting from the following Subsections (a) or (b) is excluded from this Agreement to indemnify and hold harmless:

- (a) the negligent failure of UNIVERSITY to substantially comply with any applicable FDA or other governmental requirements; or
- (b) the negligence or willful malfeasance of any Regent, officer, agent or employee of UNIVERSITY or SYSTEM.

9.2 Both parties agree that upon receipt of a notice of claim or action arising out of the activities to be carried out pursuant to the project described in Attachment A, the party receiving such notice will notify the other party promptly. SPONSOR agrees, at its own expense, to provide attorneys to defend against any actions brought or filed against UNIVERSITY,

SYSTEM, their Regents, officers, agents and/or employees with respect to the subject of the indemnity contained herein, whether such claims or actions are rightfully brought or filed, and subject to the statutory duty of the Texas Attorney General, UNIVERSITY agrees to cooperate with SPONSOR in the defense of such claim or action.

#### X. INDEPENDENT CONTRACTOR

For the purpose of this Agreement and all services to be provided hereunder, the parties shall be, and shall be deemed to be, independent contractors and not agents or employees of the other party. Neither party shall have authority to make any statements, representations or commitments of any kind, or to take any action which shall be binding on the other party, except as may be expressly provided for herein or authorized in writing.

#### XI. TERM AND TERMINATION

11.1 This Agreement shall begin with the Effective Date hereof and extend until the end of the Research Program as described hereinabove, unless sooner terminated in accordance with the provisions of this Article.

11.2 This Agreement may be terminated by the agreement of both Parties.

11.3 In the event that either party shall be in default of its material obligations under this Agreement and shall fail to remedy such default within sixty (60) days after receipt of



written notice thereof, this Agreement shall terminate upon expiration of the sixty (60) day period.

11.4 Termination or cancellation of this Agreement shall not affect the rights and obligations of the parties accrued prior to termination. SPONSOR shall pay UNIVERSITY for all reasonable expenses incurred or committed to be expended as of the effective termination date, including salaries for appointees for the remainder of their appointment.

11.5 Any provisions of this Agreement which by their nature extend beyond termination thereof shall survive such termination.

#### XII. ATTACHMENTS

Attachment A is incorporated herein and made of a part hereof for all purposes.

#### XIII. GENERAL

13.1 This Agreement may not be assigned by either party without the prior written consent of the other party; provided, however, that subject to the approval of UNIVERSITY, which may not be unreasonably withheld, SPONSOR may assign this Agreement to any purchaser or transferee of all or substantially all of SPONSOR's assets or stock upon prior written notice to UNIVERSITY, and UNIVERSITY may assign its right to receive payments hereunder.

13.2 This Agreement and the Patent and Technology License Agreement dated of even date herewith constitute the entire and

only agreements between the parties related to the Research Program, and all prior negotiations, representations, agreements and understandings are superseded hereby. No agreements altering or supplementing the terms hereof shall be made except by means of a written document signed by the duly authorized representatives of the parties.

13.3 No provision of this Agreement shall be construed to replace, modify or supersede any provision of the Patent and Technology License Agreement made effective on August 10, 1989, between the BOARD OF REGENTS of THE UNIVERSITY OF TEXAS SYSTEM and SPONSOR. In the event that any provision of this Agreement is deemed to be in conflict with or not compatible with any provision of said Patent License Agreement, then such latter provision shall dominate.

13.4 Any notice and other communication regarding the day-to-day administration and operations of this agreement shall be mailed or delivered, addressed in the case of University to:

THE UNIVERSITY OF TEXAS AT AUSTIN  
Office of Sponsored Projects  
Post Office Box 7726  
Austin, Texas 78713-7726  
ATTENTION: Mr. W. K. Kuenstler, Director

with a copy to:

Professor William F. Weldon  
Center for Electromechanics  
The University of Texas at Austin  
10100 Burnet Road  
Austin, Texas 78712

or in the case of SPONSOR to:

ASTECH INDUSTRIES, INC.  
4101 Jerome Avenue  
Chattanooga, Tennessee 37404  
ATTENTION: Dr. Don Brock

Any notice required by paragraphs VIII, IX, or XI shall be given by prepaid, first class, certified mail, return receipt requested, addressed in the case of University to:

The University of Texas at Austin  
Executive Vice President and Provost  
Main Building 201  
Austin, Texas 78712-1111

with a copy to:

The University of Texas System  
Office of General Counsel  
201 West 7th Street  
Austin, Texas 78701  
ATTENTION: System Intellectual Property Office

or in the case of Sponsor to:

ASTECH INDUSTRIES, INC.  
4101 Jerome Avenue  
Chattanooga, Tennessee 37404  
ATTENTION: Dr. Don Brock

or at such other addresses as may be given from time to time in accordance with the terms of this notice provision.

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

IN WITNESS WHEREOF, the parties have caused this Agreement to become executed by their duly authorized representatives.

ASTEC INDUSTRIES, INC.

THE UNIVERSITY OF TEXAS  
AT AUSTIN

By J. Don Brock  
Title President

By G. J. Fonken  
G. J. Fonken  
Executive Vice President  
and Provost

Date 7-13-89

Date July 12, 1989

FOR: THE UNIVERSITY OF TEXAS  
SYSTEM

Approved as to Content:

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

Approved as to Form:

Dudley R. Doble, Jr.  
Dudley R. Doble, Jr.  
Office of General Counsel

Attested:

Arthur H. Dilly  
Arthur H. Dilly  
Executive Secretary to the  
Board of Regents

ATTACHMENT A TO SPONSORED RESEARCH AGREEMENT

PROPOSAL FOR THE PRODUCTION OF  
SAMPLES OF TUNGSTEN CARBIDE COATED ROCK MINING TEETH

Presented to:  
ASTEC INDUSTRIES

CENTER FOR ELECTROMECHANICS  
The University of Texas at Austin  
10100 Burnet Road, Building 133  
Austin, TX 78758-4497

512/471-4496

May 1989

## ASTEC INDUSTRIES

### INTRODUCTION

The Center for Electromechanics at The University of Texas at Austin (CEM-UT) is a not-for-profit contract research center. The University of Texas at Austin is a component of The University of Texas System and an agency of the State of Texas. Costs reflected in the budget are direct charges. G&A and fee are not applicable.

CEM-UT will provide research and technical support in accordance with Attachment A for the production of samples of tungsten carbide coated rock mining teeth for testing by Astec.

All work performed will be under the direction of William F. Weldon, Principal Investigator.

### METHOD OF COST BUILDUP

Following is an explanation of each cost/price buildup element.

#### Salaries and Wages

A principal investigator at UTA must hold a faculty position or equivalent status and may authorize purchases and direct research. Research engineers, technical staff assistants, and student assistants are assigned directly to the project in a technical capacity.

Labor rates are governed by the Office of Management and Budget (OMB) Circular No. A-21, Cost Principles for Educational Institutions (FAR 31.3). Salaries paid from grant funds at The University of Texas at Austin conform to rates approved by the Board of Regents for salaries paid from regular University funds. Administrative support includes secretarial assistance for purchasing, accounting, contract monitoring and laboratory supervision.

#### Fringe Benefits

Rates established for fringe benefits have been approved by DHHS. The current rate used for estimating purposes is 24.8 percent of direct salaries and wages for employees eligible for all fringe benefits, and 16.0 percent of direct salaries and wages for employees not eligible for group insurance, retirement, vacation and sick leave.

#### Operating Expenses

CEM-UT has no access to overhead funds. The operating costs are a direct charge and typically include office supplies, telephones, long-distance charges, office machine lease/rental, photo-processing, reproduction, vugraphs, hand tools, oil and lubricants, maintenance of machine tools, gases, and cleaning solutions.

Travel

CEM-UT utilizes travel rates based on the Joint Travel Regulations (JTRs).

Overhead

The University's current negotiated overhead rate is 46% of modified total direct costs (DHHS) for government contracts.

**PUBLICATIONS**

UT has the right to publish or otherwise publicly disclose information gained in the course of this agreement. UT will provide sponsor with an advance copy of any intended publication resulting from research under this agreement (30 days prior to planned submission to publisher).

**CONFIDENTIALITY**

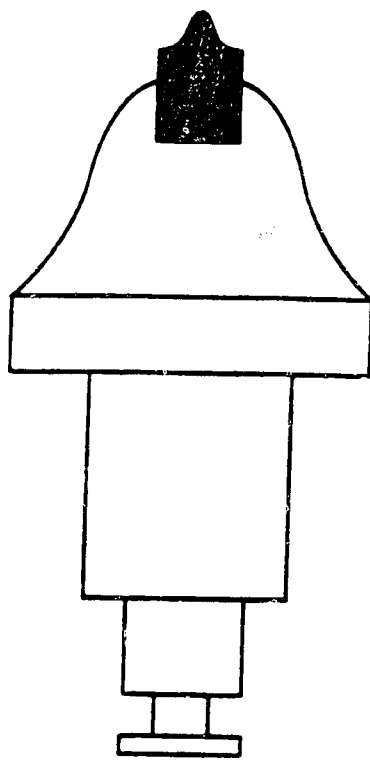
CEM-UT agrees to keep confidential any technical information or data and information concerning the business and research plans and activities of Astec Industries, its affiliates or third parties, which is made available to CEM-UT by Astec Industries or its affiliates. CEM-UT also agrees not to use said information or data except for the purpose of performing the work specified by Attachment A.

**STATEMENTS**

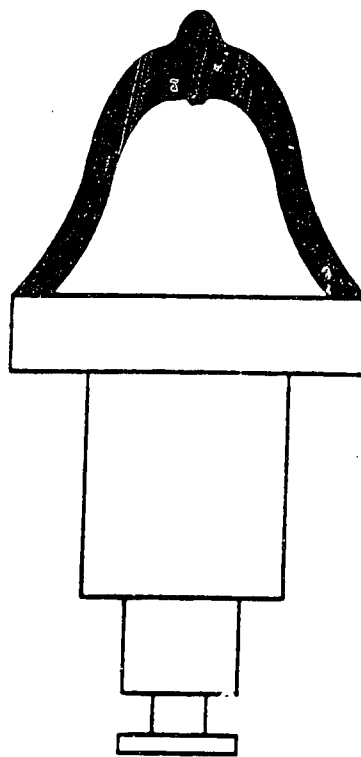
Budgetary figures quoted in this proposal are valid for 150 days beyond the submission deadline.

ATTACHMENT A

The Center for Electromechanics of The University of Texas at Austin (CEM-UT) will, on a best effort basis, attempt to produce twelve samples of tungsten carbide coated rock mining teeth for testing by Astec.



**PRESENT  
CONFIGURATION**



**PROPOSED  
CONFIGURATION**

1001.0172

The cost estimate is based upon two weeks to design and make dies and procure materials, two weeks to produce samples for our own testing, and two weeks to produce samples for Astec. A detailed cost estimate is attached.



ASTEC INDUSTRIES  
COST ESTIMATE

CATEGORY	PERCENT	MONTHS	TOTAL
ENGINEERING			\$10,141
Co-principal Investigator	5.00	1.50	
Co-principal Investigator	5.00	1.50	
Research Associate	25.00	1.50	
Research Engineer III	100.00	1.50	
TECHNICAL			1,969
Technical Staff Assistant IV	100.00	1.00	
ADMINISTRATIVE			2,162
Contract Specialist	5.00	1.50	
Administrative Associate	10.00	1.50	
Word Processing Supervisor	10.00	1.50	
Word Processing	30.00	1.50	
Accounting	15.00	1.50	
Procurement	15.00	1.50	
SALARIES & WAGES			\$14,272
FRINGE BENEFITS (24.8% S&W)			3,539
MATERIALS			3,000
OPERATING			3,000
MODIFIED TOTAL DIRECT COSTS			\$23,811
OVERHEAD (46% MTDC)			10,953
HPG USAGE			3,000
TOTAL			\$37,764

ENGINEERING MANHOURS	351.00
TECHNICAL MANHOURS	173.33
ADMINISTRATIVE MANHOURS	221.00

2. U. T. Austin: Approval of Patent and Technology License Agreement with Research Applications, Inc. (RAI), Austin, Texas, and Approval for Professor G. Barrie Kitto to Serve as an Officer and Director of Biotect Corporation (Biotect), Austin, Texas, and to Hold Equity Ownership in Biotect Corporation.--The Board, upon recommendation of the Land and Investment Committee:

- a. Approved the Patent and Technology License Agreement set out on Pages 122 - 133 by and between the U. T. Board of Regents, for and on behalf of The University of Texas at Austin, and Research Applications, Inc. (RAI), Austin, Texas, for the development and licensing of insect assay technology to detect insects and insect fragments
- b. Authorized Professor G. Barrie Kitto of the Department of Chemistry at U. T. Austin to serve as an officer and director of Biotect Corporation, Austin, Texas (a subsidiary of RAI), and approved Professor Kitto's equity ownership in Biotect Corporation.

Under the agreement, RAI will receive a royalty-bearing, exclusive, worldwide license under U. T. Austin's currently existing patent and technology rights, or those which may arise under a companion sponsored research agreement in inventions by Professor G. Barrie Kitto which relate to the manufacture, use or sale of insect assay technology to detect insects and insect fragments. The license grant is restricted to the field of uses and applications of the patent and technology rights to whole and milled grain and to herbs and spices. U. T. Austin is completing a license agreement with the U. S. Department of Agriculture (USDA) under its co-ownership rights in the technology; therefore, the grant to RAI will be exclusive in the licensed field, subject only to U. T. Austin's right to use the technology for educational/research purposes and the USDA's retention of a nonexclusive, royalty-free license to use the technology for government purposes.

RAI will not manufacture or sell products using the technology but will sublicense its rights to a new company named Biotect Corporation (Biotect), a Texas corporation, Austin, Texas, that will be formed around this technology. The U. T. Board of Regents and RAI will own equal amounts of stock in Biotect, initially forty-two and nine tenths percent (42.9%) each. While the U. T. Board of Regents will not have a seat on the Biotect Board of Directors, it will have the right to have a representative present for all discussions and meetings of the Biotect Board.

PATENT AND TECHNOLOGY LICENSE AGREEMENT

THIS AGREEMENT is made by and between the BOARD OF REGENTS (BOARD) OF THE UNIVERSITY OF TEXAS SYSTEM (SYSTEM), an agency of the State of Texas, whose address is 201 West 7th Street, Austin, Texas 78701, on behalf of THE UNIVERSITY OF TEXAS AT AUSTIN, and RESEARCH APPLICATIONS, INC. (LICENSEE), a Texas corporation having its principal place of business at 400 West 15th Street, Suite 1003, Austin, Texas 78701.

W I T N E S S E T H:

Whereas BOARD owns certain PATENT RIGHTS and TECHNOLOGY RIGHTS related to LICENSED SUBJECT MATTER, which were developed at The University of Texas at Austin, a component institution of The University of Texas System;

Whereas BOARD desires to have the LICENSED SUBJECT MATTER developed and used for the benefit of LICENSEE, the inventor, BOARD, and the public as outlined in the Intellectual Property Policy promulgated by the BOARD; and

Whereas LICENSEE wishes to obtain a license from BOARD to practice LICENSED SUBJECT MATTER;

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

I. EFFECTIVE DATE

This Agreement shall be effective as of August 10, 1989.

II. DEFINITIONS

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

2.1 LICENSED SUBJECT MATTER shall mean inventions and discoveries covered by PATENT RIGHTS or TECHNOLOGY RIGHTS within LICENSED FIELD.

2.2 PATENT RIGHTS shall mean BOARD'S rights in presently existing information or discoveries and all future improvements and discoveries created as the result of the research sponsored through and funded by the SPONSORED RESEARCH AGREEMENT covered by patents and/or patent applications whether domestic or foreign,

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and all divisions, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon, which name Professor G. Barrie Kitto as either sole or joint inventor and which relate to the manufacture, use or sale of insect assay technology to detect insects and insect fragments in or on plant material.

2.3 TECHNOLOGY RIGHTS shall mean BOARD'S rights in presently existing technical information, know-how, process, procedure, composition, device, method, formula, protocol, technique, software, design, drawing or data relating to insect assay technology to detect insects and insect fragments in or on plant material which is not covered by PATENT RIGHTS but which is necessary for practicing the invention at any time covered by PATENT RIGHTS, and any future improvements and discoveries created as the result of and funded by the research sponsored through the SPONSORED RESEARCH AGREEMENT.

2.4 LICENSED FIELD shall mean all uses and applications of the PATENT RIGHTS and the TECHNOLOGY RIGHTS to whole and milled grain and to herbs and spices and any other applications of the PATENT RIGHTS and the TECHNOLOGY RIGHTS discovered or developed as the result of research sponsored through the SPONSORED RESEARCH AGREEMENT. BOARD shall be free to license other parties in all other fields of use.

2.5 LICENSED TERRITORY shall mean the entire world.

2.6 LICENSED PRODUCT shall mean any product SOLD by LICENSEE comprising LICENSED SUBJECT MATTER pursuant to this Agreement.

2.7 SALE or SOLD shall mean the transfer or disposition of a LICENSED PRODUCT for value to a party other than LICENSEE or a SUBSIDIARY.

2.8 SPONSORED RESEARCH AGREEMENT shall mean the Sponsored Research Agreement dated of even date herewith between BOARD and LICENSEE.

2.9 NET SALES shall mean the gross revenues received by LICENSEE from the SALE of LICENSED PRODUCTS less sales and/or use taxes actually paid, import and/or export duties actually paid, outbound transportation prepaid or allowed, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

2.10 NET PROFIT BEFORE TAXES of a sublicensee for any fiscal year shall mean the net profit of such sublicensee for such fiscal year before payment or provision for payment of federal, state or local income taxes, determined in accordance with Generally Accepted Accounting Principles, consistently applied.

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2.11 AVAILABLE CASH FLOW of Biotect for any fiscal year shall mean the NET PROFIT BEFORE TAXES of Biotect for such fiscal year, less (a) federal, state and local income taxes actually paid during the current year, (b) capital expenditures actually incurred, and (c) principal actually paid in respect of any loan or capitalized obligation, in such fiscal year, plus depreciation and amortization expenses in such fiscal year.

2.12 GROSS REVENUE shall mean (i) revenue actually received by LICENSEE or any person claiming any right under LICENSEE (including, but not limited to any revenue received by any employee of LICENSEE, but excluding salary received for services rendered) in respect of any sublicense to be granted to a sublicensee as contemplated hereunder, (ii) the value of securities or the property actually received from or in connection with the creation of a sublicensee other than Biotect, and (iii) any dividends or other distributions actually received by LICENSEE in respect of any such securities or property.

### III. WARRANTY; SUPERIOR-RIGHTS

3.1 Except for the rights, if any, of United States Department of Agriculture ("USDA"), as set forth hereinbelow, BOARD represents and warrants its belief that it is the owner of the entire right, title, and interest in and to LICENSED SUBJECT MATTER, and that it has the sole right to grant licenses thereunder, and that it has not knowingly granted licenses thereunder to any other entity that would restrict rights granted hereunder except as stated herein.

3.2 LICENSEE understands that the LICENSED SUBJECT MATTER may have been developed in cooperation with an employee of the USDA under funding provided by the USDA and, if so, that the USDA may have certain rights relative thereto. BOARD represents that it has obtained a valid and enforceable exclusive worldwide license from the USDA to exploit the LICENSED SUBJECT MATTER for all commercial uses and applications, subject only to any rights retained by the United States Government by law and pursuant to the agreement between BOARD and USDA license. BOARD further represents that it has the right to grant the licenses to LICENSEE hereunder pursuant to its agreement with the USDA, subject only to any rights retained by the United States Government by law and pursuant to the USDA license. BOARD has furnished LICENSEE with a complete copy of each license agreement with USDA as in effect on the date hereof. BOARD will not modify or amend the terms of any license agreement with USDA or waive or release any rights thereunder without the prior written consent of LICENSEE. This Agreement is expressly made subject to the USDA's rights under any applicable law or regulation.

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#### IV. LICENSE

4.1 BOARD hereby grants to LICENSEE a royalty-bearing, exclusive license under LICENSED SUBJECT MATTER to manufacture, have manufactured, and/or sell LICENSED PRODUCTS within LICENSED TERRITORY for use within LICENSED FIELD. This license shall be subject to any right retained by the USDA by law and in its license to BOARD. This grant shall be subject to the payment by LICENSEE to BOARD of all consideration as provided in this Agreement, and shall be further subject to rights retained by BOARD to:

(a) Publish the general scientific findings from research related to LICENSED SUBJECT MATTER; and

(b) Use any information contained in LICENSED SUBJECT MATTER for research, teaching and other educationally-related purposes.

4.2 LICENSEE shall have the right to grant sublicenses consistent with this Agreement provided that LICENSEE shall be responsible for the operations of its sublicensees relevant to this Agreement as if such operations were carried out by LICENSEE. LICENSEE further agrees to deliver to BOARD a true and correct copy of each sublicense granted by LICENSEE, and any modification or termination thereof, within thirty (30) days after execution, modification, or termination. Upon termination of this Agreement, any and all existing sublicenses granted by LICENSEE shall be assigned by LICENSEE to BOARD.

4.3 BOARD shall have the right at any time after two (2) years from the date of this Agreement, to terminate the exclusivity of the license granted herein in any national political jurisdiction within LICENSED TERRITORY if LICENSEE, within ninety (90) days after written notice from BOARD as to such intended termination of exclusivity, fails to provide written evidence that it has commercialized or is attempting to commercialize LICENSED SUBJECT MATTER within such jurisdiction. BOARD agrees to negotiate in good faith with LICENSEE for adjusting terms under such a non-exclusive arrangement. BOARD shall have the right at any time after three (3) years from the date of this Agreement to terminate the license completely in any national political jurisdiction if LICENSEE, within ninety (90) days after written notice from BOARD of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize an invention licensed hereunder within such jurisdiction. Satisfactory evidence that LICENSEE has commercialized or is attempting to commercialize LICENSED SUBJECT MATTER shall be: (i) evidence provided by LICENSEE that it has an ongoing and active research, development, manufacturing, marketing or licensing program directed toward production and sale of products based on LICENSED SUBJECT MATTER

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within such jurisdiction, and (ii) that LICENSEE has met its minimum royalty payment obligation pursuant to paragraph 5.3 herein.

#### V. PAYMENTS AND REPORTS

5.1 It is not contemplated that LICENSEE will manufacture or sell LICENSED PRODUCTS; instead it is contemplated that LICENSEE will sublicense Biotect or other sublicensees to manufacture and sell LICENSED PRODUCTS and will receive royalties from Biotect or such other sublicensees based on their SALES or NET SALES. In consideration of rights granted by BOARD to LICENSEE under this Agreement, LICENSEE agrees to pay BOARD one-half of: (i) royalties received by LICENSEE from Biotect based upon SALES or NET SALES of LICENSED PRODUCTS by Biotect, and (ii) GROSS REVENUES received by LICENSEE from all sublicensees other than Biotect. There shall be credited against any royalty payable hereunder one-half of the amount of expenses paid by LICENSEE as provided in part XIV hereof.

5.2 The terms of any sublicense by LICENSEE shall provide that sublicensee shall pay LICENSEE a running royalty equal to five percent (5%) of NET SALES of LICENSED PRODUCTS provided, however, that if no patent issues in respect of the LICENSED SUBJECT MATTER, (i) the royalty shall be reduced to two and one-half percent (2.5%) beginning with the sixth anniversary of the date of the original patent application, and (ii) continuing royalty obligations (except for royalties previously accrued) shall terminate on the tenth anniversary thereof. Each sublicense to Biotect shall further provide that Biotect may defer (without interest or penalty) the payment to LICENSEE of the amount by which royalties payable to LICENSEE based on NET SALES during a fiscal year of Biotect exceed NET PROFIT BEFORE TAXES of Biotect for such fiscal year; when Biotect defers payment of royalties in respect of any fiscal year it shall pay such royalties to the extent of one-third of its AVAILABLE CASH FLOW in each such subsequent fiscal year until the full amount of royalties deferred have been paid.

5.3 If for 1991 or any calendar year thereafter LICENSEE does not pay royalties hereunder to BOARD at least equal to the greater of \$2,500 or one-half percent (.5%) of NET SALES by Biotect of LICENSED PRODUCTS during such calendar year, BOARD may terminate the exclusivity of the license granted hereunder ninety (90) days after written notice from BOARD of such termination. BOARD agrees to negotiate in good faith with LICENSEE for adjusting terms under such a non-exclusive arrangement.

5.4 During the term of this Agreement and for one (1) year thereafter, LICENSEE shall keep complete and accurate records of its sublicensees' SALES and NET SALES of LICENSED PRODUCTS to enable the royalties payable hereunder to be determined. LICENSEE

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shall permit BOARD, at BOARD'S expense, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this Agreement. In the event that the amounts due to BOARD are determined to have been underpaid, LICENSEE shall pay the cost of such examination, and accrued interest at a rate of ten percent (10%) per annum.

5.5 Within thirty (30) days after each March 31, June 30, September 30 and December 31 during the term hereof, LICENSEE shall deliver to BOARD at the address listed in paragraph 5.7, below, a true and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during the preceding six (6) calendar months under this Agreement as are pertinent to an account for payments hereunder. Such report shall include at least (a) the quantities of LICENSED SUBJECT MATTER that it has produced; (b) the total SALES and a computation of NET PROFIT BEFORE TAXES and AVAILABLE CASH FLOW; (c) the calculation of royalties thereon; and (d) the total royalties so computed and due BOARD. Simultaneously with the delivery of each such report, LICENSEE shall pay to BOARD the amount, if any, due for the period of such report pursuant to part V herein. If no payments are due, it shall be so reported.

5.6 Upon the request of BOARD but not more often than once per calendar year, LICENSEE shall deliver to BOARD a written report as to LICENSEE'S efforts and accomplishments during the preceding year in commercializing LICENSED SUBJECT MATTER in various parts of the LICENSED TERRITORY and its commercialization plans for the upcoming year.

5.7 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees, or charges of any kind. Checks shall be made payable to The University of Texas at Austin and mailed to: Executive Vice President and Provost, The University of Texas at Austin, Main Building 201, Austin, Texas 78712-1111.

#### VI. COMMON STOCK; EQUITY OWNERSHIP

6.1 LICENSEE has organized Biotect to facilitate the commercialization of LICENSED SUBJECT MATTER. LICENSEE will provide Biotect with business and marketing support through LICENSEE'S personnel and will provide initial capital in the amount of \$113,700 to Biotect as follows: (i) \$69,860 in funding pursuant to the SPONSORED RESEARCH AGREEMENT, and all funding provided by LICENSEE under the SPONSORED RESEARCH AGREEMENT shall be deemed to be capital provided to Biotect hereunder; and (ii) \$43,840 to be contributed to Biotect on the Effective Date of this Agreement. LICENSEE agrees to provide up to an additional \$10,000 to Biotect to fund start-up expenses if Biotect requires such

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additional cash prior to obtaining additional equity financing. LICENSEE shall not be required to provide additional funding under the SPONSORED RESEARCH AGREEMENT, but if LICENSEE provides any additional funding, Biotect shall reimburse LICENSEE in full for such amounts. LICENSEE will use commercially reasonable efforts to obtain at least \$250,000 in additional equity financing within four months after the correlation of LICENSED SUBJECT MATTER laboratory tests with current USDA/FDA standard tests has been established through research funded by the SPONSORED RESEARCH AGREEMENT. If LICENSEE is unsuccessful in obtaining such financing, it will use commercially reasonable efforts to obtain additional research funding for The University of Texas at Austin. In consideration of this Agreement, LICENSEE agrees that Common Stock of Biotect shall be issued and outstanding in the amounts set forth on Attachment A hereto at the time a sublicense is granted by LICENSEE to Biotect hereunder.

6.2 BOARD shall have the right to notice of and to attend all meetings of the board of directors of Biotect.

#### VII. TERM AND TERMINATION

7.1 The term of this Agreement shall extend from the Effective Date set forth above to the full end of the term or terms for which PATENT RIGHTS have not expired, and if only TECHNOLOGY RIGHTS are licensed and no PATENT RIGHTS are applicable, for a term of ten (10) years from the Effective Date.

7.2 This Agreement will earlier terminate:

(a) automatically if LICENSEE shall become bankrupt or insolvent and/or if the business of LICENSEE shall be placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of LICENSEE or otherwise; or

(b) upon ninety (90) days written notice if LICENSEE shall breach or default on any obligation under this License Agreement; provided, however, LICENSEE may avoid such termination if before the end of such period LICENSEE notifies BOARD that such breach has been cured and states the manner of such cure.

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

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## VIII. INFRINGEMENT BY THIRD PARTIES

8.1 LICENSEE shall have the right, but not the obligation, of enforcing at its expense any patent exclusively licensed hereunder against infringement by third parties and shall be entitled to retain recovery from such enforcement. LICENSEE shall pay BOARD royalty on any monetary recovery actually received by LICENSEE (after deduction of all costs and expenses, including attorneys' fees) to the extent that such monetary recovery by LICENSEE is held to be a reasonable royalty or damages in lieu thereof. In the event that LICENSEE does not file suit against a substantial infringer of such patents within six (6) months of knowledge thereof, then BOARD shall have the right to enforce any patent licensed hereunder on behalf of itself and LICENSEE (BOARD retaining all recoveries from such enforcement) and/or reduce the license granted hereunder to nonexclusive. BOARD shall notify LICENSEE and LICENSEE shall notify BOARD of any infringement of PATENT RIGHTS which may come to the attention of BOARD or LICENSEE.

8.2 In any suit or dispute involving an infringer, the parties shall cooperate fully, and upon the request and at the expense of the party bringing suit, the other party shall make available to the party bringing suit at reasonable times and under appropriate conditions all relevant personnel, records, papers, information, samples, specimens, and the like which are in its possession.

## IX. ASSIGNMENT

This Agreement may not be assigned by LICENSEE without the prior written consent of BOARD. This paragraph shall not be construed to require the consent of BOARD in order for LICENSEE to grant sublicenses consistent with this Agreement.

## X. PATENT MARKING

LICENSEE agrees to mark permanently and legibly all products and documentation manufactured or sold by it under this Agreement with such patent notice as may be permitted or required under Title 35, United States Code.

## XI. INDEMNIFICATION

LICENSEE shall hold harmless and indemnify BOARD, SYSTEM, UNIVERSITY, its Regents, officers, employees and agents from and against any claims, demands, or causes of action whatsoever, including without limitation those arising on account of any injury or death of persons or damage to property caused by, or

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arising out of, or resulting from, the exercise or practice of the license granted hereunder by LICENSEE or its officers, employees, agents or representatives.

#### XII. USE OF BOARD'S AND COMPONENT'S NAME

LICENSEE shall not use the name of The University of Texas at Austin, SYSTEM, BOARD, or Regents without express written consent.

#### XIII. CONFIDENTIAL INFORMATION

13.1 BOARD and LICENSEE each agree that all information contained in documents marked "confidential" which are forwarded to one by the other shall be received in strict confidence, used only for the purposes of this Agreement, and not disclosed by the recipient party (except as required by law or court order), its agents or employees without the prior written consent of the other party, unless such information (a) was in the public domain at the time of disclosure, (b) later became part of the public domain through no act or omission of the recipient party, its employees, agents, successors or assigns, (c) was lawfully disclosed to the recipient party by a third party having the right to disclose it, (d) was already known by the recipient party at the time of disclosure, (e) was independently developed or (f) is required to be submitted to a government agency pursuant to any preexisting obligation.

13.2 Each party's obligation of confidence hereunder shall be fulfilled, by using at least the same degree of care with the other party's confidential information as it uses to protect its own confidential information. This obligation shall exist while this Agreement is in force and for a period of two (2) years thereafter.

#### XIV. PATENTS AND INVENTIONS

LICENSEE shall reimburse BOARD for all reasonable expenses actually incurred by BOARD in searching, preparing, filing, prosecuting and maintaining patent applications and patents relating to PATENT RIGHTS. If after consultation with LICENSEE it is agreed by BOARD and LICENSEE that a patent application should be filed for LICENSED SUBJECT MATTER, BOARD will prepare and file appropriate patent applications, and LICENSEE will pay the cost of searching, preparing, filing, prosecuting and maintaining same. If LICENSEE notifies BOARD that it does not intend to pay the cost of an application, or if LICENSEE does not respond or make an effort to agree with BOARD on the disposition of rights in the subject invention, then BOARD may file such application at its own expense and LICENSEE shall have no rights to such invention.

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BOARD will give LICENSEE a copy of any applications on which LICENSEE has paid the costs of filing, as well as copies of any documents received or filed during prosecution thereof. Reimbursements due BOARD hereunder shall be paid by LICENSEE within thirty (30) days of its receipt of a bill from BOARD. Amounts paid to BOARD by LICENSEE hereunder in excess of an aggregate of \$5,000 shall be advances against royalties due or to become due under paragraph 5.1 hereof.

XV. GENERAL

15.1 This Agreement and the SPONSORED RESEARCH AGREEMENT constitute the entire and only agreements between the parties for LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

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

BOARD OF REGENTS  
The University of Texas System  
201 West 7th Street  
Austin, Texas 78701  
ATTENTION: System Intellectual  
Property Office

with a copy to:

Executive Vice President and Provost  
The University of Texas at Austin  
Main Building 201  
Austin, Texas 78712

or in the case of LICENSEE to:

Research Applications, Inc.  
400 West 15th Street, Suite 1003  
Austin, Texas 78701  
ATTENTION: Dale M. Mosier, President

with a copy to:

Shapiro, Edens & Cook  
2200 One American Center  
600 Congress Avenue  
Austin, Texas 78701  
ATTENTION: William R. Volk

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

15.3 LICENSEE shall comply with all applicable federal, state and local laws and regulations in connection with its activities pursuant to this Agreement.

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

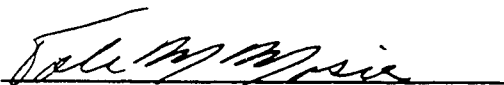
15.5 Failure of either party to enforce a right under this Agreement shall not act as a waiver of that right or the ability to later assert that right relative to the particular situation involved.

15.6 Headings included herein are for convenience only and shall not be used to construe this Agreement.


15.7 If any provision of this Agreement shall be found by a court to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of the remainder of this Agreement.

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

RESEARCH APPLICATIONS, INC.

By:   
Dale M. Mosier  
President

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

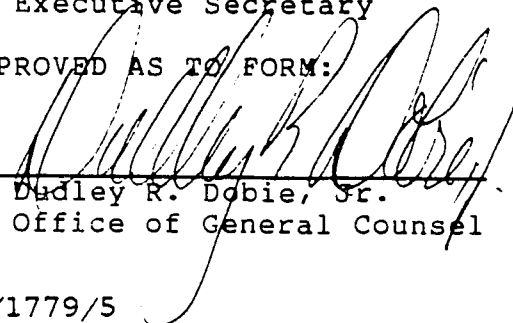
By:   
Michael E. Patrick  
Executive Vice Chancellor  
for Asset Management

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

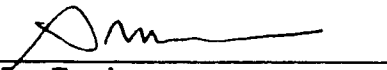
ATTEST:

By:   
Arthur H. Dilly  
Executive Secretary

APPROVED AS TO FORM:

By:   
Dudley R. Dobie, Sr.  
Office of General Counsel

APPROVED AS TO CONTENT:

By:   
G. J. Fonken  
Executive Vice President  
and Provost  
The University of Texas  
at Austin

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ATTACHMENT A

Outstanding Capital Stock  
of  
Biotect Corporation

	<u>shares</u> <u>Common Stock (1)</u>	<u>% ownership</u>
Research Applications, Inc.	300,000	42.9%
Board of Regents	300,000	42.9%
Professor G. Barrie Kitto	100,000 (2)	14.3%
	<hr/>	<hr/>
Total:	700,000	100.0%

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(1) 300,000 additional shares of Common Stock will be reserved for issuance to management and by employees pursuant to options, stock bonus, stock purchase or other incentive compensation plans or arrangements.

(2) The shares issued to Dr. Kitto will "vest" pursuant to a shareholder agreement over a four-year period.

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RECONVENE.--At 3:40 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

ITEM FOR THE RECORD

U. T. Austin and U. T. Medical Branch - Galveston: Report for the Record on Cooperative Venture in Doctoral Nursing Education.--It was reported that The University of Texas at Austin and The University of Texas Medical Branch at Galveston have established a cooperative venture in support of doctoral students in the U. T. Austin School of Nursing.

Under this cooperative agreement, students enrolled in the U. T. Austin program may arrange to conduct dissertation research in Galveston under the supervision of U. T. Medical Branch - Galveston faculty members who will be cross-appointed to the U. T. Austin faculty. Students may also arrange for courses taken in Galveston to be included in the U. T. Austin doctoral program as residential credit at U. T. Austin. For now, the effect of this agreement is to allow students to gain research experience in a clinical setting and to meet residency requirements in Galveston as well as in Austin. It is also expected that this cooperative arrangement will ultimately lead to development of an independent Ph.D. in nursing at the U. T. Medical Branch - Galveston. The two institutions have agreed to use faculty from the other institution to teach courses on their respective campuses via adjunct faculty appointments whenever appropriate. Since no new degree is proposed and no new funds are needed, additional approvals are not required.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

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

1. U. T. Health Science Center - Houston: Settlement of Medical Liability Litigation - (a) Roberta Elizabeth Connery, et al, (b) Celestino Monreal, Jr., et al, (c) Rebecca Wathen and (d) Dean and Ava Earley.--Regent Blanton reported that there were four potential medical liability lawsuits on the agenda, each originating at The University of Texas Health Science Center at Houston. Since the recommendation for action by the Board was the same in each case, Regent Blanton indicated that he would include all four in one motion.

Regent Blanton then moved that the Chancellor and the Office of General Counsel be authorized to settle on behalf of the U. T. Health Science Center - Houston the medical liability lawsuits filed by

Roberta Elizabeth Connery, et al  
Celestino Monreal, Jr., et al  
Rebecca Wathen, and  
Dean and Ava Earley

in accordance with the proposal presented for each case in Executive Session.

Regent Ratliff seconded the motion which carried by unanimous vote.

2. U. T. El Paso: Authorization for Manager of Endowment Real Estate to Negotiate the Purchase of a 4.667 Acre Tract of Land and Improvements at 3333 North Mesa, El Paso, Texas; Authorization for Vice President for Finance and Administration at U. T. El Paso to Execute All Documents Pertaining Thereto; and Approval to Fund Acquisition from General Revenue Subordinate Lien Notes.-- Upon motion of Vice-Chairman Barshop, seconded by Regent Ratliff and Vice-Chairman Roden, the Board:
  - a. Authorized the Manager of Endowment Real Estate to negotiate on behalf of The University of Texas at El Paso the purchase of a 4.667 acre tract of land and improvements at 3333 North Mesa in El Paso, Texas, under the terms and conditions outlined in Executive Session and as provided for in Article 69.21 of the Texas Education Code
  - b. Upon successful completion of negotiations, authorized the Vice President for Finance and Administration at U. T. El Paso to execute all documents pertaining to the sale following review and approval by the Executive Vice Chancellor for Academic Affairs and the Office of General Counsel
  - c. Authorized funding for this acquisition from U. T. System General Revenue Subordinate Lien Notes which will be repaid from interest income on designated fund balances (U. T. El Paso Account Number 195-95-980-03), with any costs and expenses attributable to the project paid from note proceeds and interest income on designated fund balances authorized as additional pledged revenues for repayment of the bonds.
  
3. U. T. System: Approval of Personnel Aspects of the 1989-90 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Service, Research and Development Plans and Authorization for Chancellor to Make Appropriate Editorial Corrections Therein.--Regent Moncrief moved that the personnel aspects of the 1989-90 Operating Budgets, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Service, Research and Development Plans for The University of Texas System be approved.



Regent Moncrief further moved that the Chancellor be authorized to make editorial corrections in these budgets and that subsequent adjustments be reported to the U. T. Board of Regents through the institutional Dockets.

Regent Blanton seconded the motions which prevailed without objection.

See Page 52 for approval of non-personnel aspects of the 1989-90 Operating Budgets.

4. U. T. Health Science Center - Houston: Morton David Low, M.D., Appointed President (Chief Administrative Officer) and Advisory Committee for the Selection of a President Discharged.--Regent Blanton moved that Morton David Low, M.D., currently the Coordinator of Health Sciences and Professor of Medicine at the University of British Columbia in Vancouver, B. C., Canada, be elected President of The University of Texas Health Science Center at Houston effective at a date and compensation to be negotiated with Executive Vice Chancellor Mullins and reported to the Board via the usual budgetary procedures. Dr. Low was one of the candidates recommended to the Board by the Advisory Committee for the Selection of a President for that component.

Regent Blanton further moved that the Board discharge the Advisory Committee for the Selection of a Chief Administrative Officer for the U. T. Health Science Center - Houston with the sincere appreciation of the Board for the diligence and careful thought it had brought to this search process.

Vice-Chairman Barshop seconded the motions which carried by unanimous vote.

On behalf of the Board, Regent Blanton expressed sincere thanks to Dr. John Ribble for his service and contributions as Interim President of the U. T. Health Science Center - Houston during the past two years and pointed out that the Board understood the challenges and responsibilities that Dr. Ribble assumed when he took office and appreciated the energy and enthusiasm which he brought to it.

Regent Blanton then recognized Dr. Low who was in the audience.

#### REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

Regent Barshop, a member of the Board for Lease of University Lands, reported that The University of Texas System staff had issued notice to the oil and gas industry of a possible lease sale in December 1989, and had requested the industry to nominate tracts to be included in the December sale.

If there is a sufficient demand for an oil and gas lease sale, the Board for Lease will meet in mid-September to set the date for the sale, approve the tracts to be leased and determine the lease terms.

FOUNDATION MATTER

Winedale Stagecoach Inn Fund: Approval of Minutes of Meeting Held on April 6, 1989, and Authorization to Name a Portion of the Grounds at the Winedale Historical Center as Wayne Bell Park.--In accordance with Section 5, Chapter VII of Part One of the Regents' Rules and Regulations, the U. T. Board of Regents recessed its meeting to meet independently in its capacity as the Board of Trustees for the Winedale Stagecoach Inn Fund.

Following opening remarks by President Cunningham, in his capacity as Secretary-Treasurer of the Fund, the actions shown below were taken by the Trustees for the Winedale Stagecoach Inn Fund:

- a. Upon motion of Regent Ratliff, seconded by Regent Barshop, the Minutes of the preceding meeting held on April 6, 1989, were approved.
- b. Upon motion of Regent Barshop, seconded by Regents Roden and Cruikshank, a portion of the grounds at the Winedale Historical Center, located between the Wagner House and Lake Winedale, was named Wayne Bell Park.

This action is in honor of Mr. Wayne Bell, Professor of Architecture and Planning in the School of Architecture at U. T. Austin and in commemoration of his 25 years of service to Winedale. Professor Bell has been Director of the Winedale Historical Center since 1975.

OTHER MATTERS

1. U. T. Board of Regents: Certificate of Appreciation to Dr. James W. Wagener, President of The University of Texas at San Antonio.--Chairman Beecherl recognized Vice-Chairman Barshop who presented the following statement:

Statement by Vice-Chairman Barshop

Mr. Chairman, it is my personal pleasure this afternoon to express the gratitude and appreciation of the Board of Regents to President Jim Wagener of The University of Texas at San Antonio who will retire from that administrative position effective August 31, 1989.

For nearly twelve years, Dr. Wagener has presided over U. T. San Antonio with diligence, wisdom, dedication and a vision for the future. During those important years in the maturing of that institution, he has provided the leadership, challenge, spirit and sense of academic progress which has moved that campus to an important place in the San Antonio and South Texas communities.

In a little more than a decade, his accomplishments have been impressive:

- Enrollment growth to nearly 14,000 students
- The institution's first endowed chair
- New masters and doctoral programs
- The development of the engineering program
- The first on-campus student housing, and
- The initiation of intercollegiate athletics.

When news of Dr. Wagener's retirement from the presidency circulated in San Antonio, the Express News editorialized his accomplishments as "solid" and described him as "thoughtful and hardworking." The editorial concluded:

We salute President Wagener's achievements at U. T. San Antonio, wish him well and hope his successor, yet to be named, can match him.

Jim, those are exactly the sentiments of this Board, and it is my personal pleasure to present you with this Certificate of Appreciation, and our gratitude for your decision to remain on the campus to continue your academic career.

In recognition of Dr. Wagener's many years of devoted service to The University of Texas System, the following Certificate of Appreciation was presented to him:

CERTIFICATE OF APPRECIATION

The Board of Regents  
of  
The University of Texas System

Expresses to

JAMES W. WAGENER, Ph.D.

Sincere Appreciation for His Leadership  
and Distinguished Service as

President  
of  
The University of Texas at San Antonio

1978 - 1989

Adopted by unanimous vote this 10th day of August 1989

(signed by all members of the Board)

President Wagener graciously accepted this accolade and expressed his sincere appreciation to the Board for the opportunity to serve The University of Texas System.

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2. U. T. System: Report by Chancellor Mark on (a) Pan American University Founders Day Celebration and (b) Development of Systemwide Faculty and Student Advisory Committees.--At the request of Chairman Beecherl, Chancellor Mark reported that the Pan American University Founders Day Celebration would be held on September 7 and 8, 1989, with a series of events scheduled in McAllen, Edinburg and Brownsville, to celebrate the merger of Pan American University with The University of Texas System.

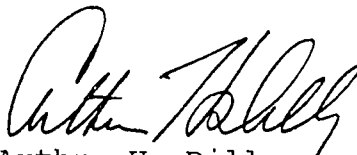
Chancellor Mark noted that at the April 1989 meeting of the Board there had been discussion about the interaction of the Board with faculty and student leaders at the component institutions, and the Board had instructed him to look into the establishment of Faculty and Student Advisory Committees in order to bring about this interaction properly. Dr. Mark pointed out that discussions with appropriate campus groups throughout the System were underway and that a formal recommendation for the establishment of such committees would be made at the October meeting of the Board.

SCHEDULED MEETINGS.--Chairman Beecherl announced that the next meeting of the U. T. Board of Regents would be held on October 13, 1989, at The University of Texas at Dallas.

It was ordered that the meetings of the U. T. Board of Regents for the calendar year 1990 be scheduled as set forth below:

<u>Dates</u>	<u>Locations/Hosts</u>
February 8, 1990	U. T. Pan American
April 12, 1990	U. T. Health Center - Tyler
June 14, 1990	Austin
August 9, 1990	U. T. Permian Basin
October 12, 1990 (Friday)	U. T. Southwestern Medical Center - Dallas
December 6, 1990	U. T. M.D. Anderson Cancer Center

ADJOURNMENT.--There being no further business, the meeting was adjourned at 4:00 p.m.

  
Arthur H. Dilly  
Executive Secretary

August 17, 1989

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