

# OMISSION

Pages 111 - 388

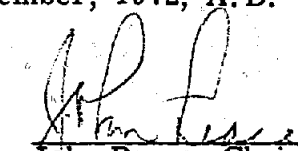
*A. Ruth Baker*

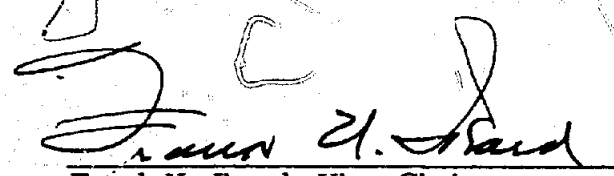
SIGNATURE OF OPERATOR

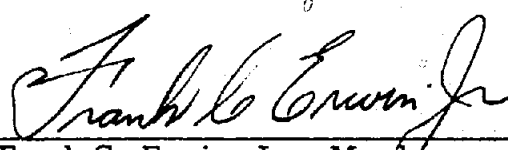
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We, the undersigned members of the Board of Regents of The University of Texas System, hereby ratify and approve all actions taken at this meeting (September 11, 1972) to be reflected in the Minutes.

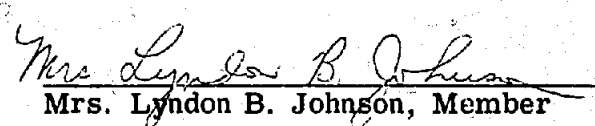
Signed this the 11th day of September, 1972, A. D.

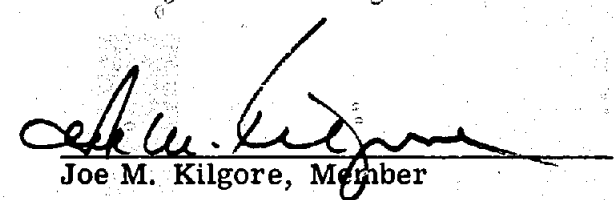
  
John Peace, Chairman

  
Frank N. Ikard, Vice-Chairman

  
Frank C. Erwin, Jr., Member

  
Jenkins Garrett, Member

  
Mrs. Lyndon B. Johnson, Member

  
Joe M. Kilgore, Member

  
A. G. McNeese, Jr., Member

  
Joe T. Nelson, M. D., Member

  
Dan C. Williams, Member

Meeting No. 703

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

Pages 1-17, 17a-17z, 18-84

September 11, 1972

Dallas, Texas

' 9-11-72

## MEETING NO. 703

MONDAY, SEPTEMBER 11, 1972. --In the cafeteria on the first floor of Founders North Building at The University of Texas at Dallas, the Board of Regents of The University of Texas System convened in regular session at 9:00 a. m. with the Chairman presiding and the attendance as set out below.

## ATTENDANCE. --

Present

Chairman Peace, Presiding  
 Vice-Chairman Ikard  
 Regent Erwin  
 Regent Garrett  
 Regent (Mrs.) Johnson  
 Regent Kilgore  
 Regent McNeese (See Pages 2, 18 .)  
 Regent Nelson  
 Regent Williams (See Page 18 .)

Absent

None

Betty Anne Thedford, Secretary

Chancellor LeMaistre  
 Chancellor Emeritus Ransom  
 Deputy Chancellor Walker

Chairman Peace called the meeting to order.

**CHAIRMAN PEACE'S OPENING REMARKS.** --In his opening remarks, Chairman Peace said, "We are here on a historic occasion as far as The University of Texas at Dallas is concerned as this is the first Board of Regents' meeting that has been held on this campus at U. T. Dallas. We are delighted to have this opportunity to be here. As all of you saw when you arrived, things are well underway here. I am delighted as Chairman of the Board of Regents and I am sure the members of the Board are delighted to see the progress that has been made and to see the pictures on the wall depicting the campus to be."

As the first special order of business, he asked President Jordan for a brief presentation on the development of The University of Texas at Dallas.

**U. T. DALLAS: REPORT BY PRESIDENT JORDAN ON DEVELOPMENT.** -- President Jordan reviewed the establishment of The University of Texas at Dallas since the first presentation of a request for this institution to the Coordinating Board, Texas College and University System on November 11, 1968. In this review President Jordan indicated that the programs of the Southwest Center for Advanced Studies had been continued and had

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grown significantly; that the curriculum had been broadened to include nonscience areas; that cooperative efforts are now underway with other institutions in the North Texas area; that plans are being made to receive undergraduate students by September 1975, and that the campus is being built, as is evidenced by the construction going on, to accommodate 3,000 to 4,000 students.

As of September 1, 1972, the total acreage of the campus is 608. Of this acreage, The Excellence in Education Foundation has given to the University 333 acres (the former Southwest Center for Advanced Studies and the temporary Administration Building site) and the Texas Research Foundation has donated 275 acres. The acreage and buildings including those under construction are valued at \$48,000,000. President Jordan emphasized the consequential impact that U. T. Dallas should have on the economy in the Dallas area.

**CHAIRMAN'S RESPONSE TO PRESIDENT JORDAN'S STATEMENT.** -- Chairman Peace responded to the presentation of President Jordan as follows:

Thank you very much, Dr. Jordan, and let me congratulate you on the tremendous progress that has been made in the one year that you have been here as President of UT Dallas -- all of the progress that has been made, including the some 32 1/2 million dollar building program that is underway. One thing you did not mention of which I am aware is your bringing into being real cooperation between this institution and the community of Dallas and thereby making The University of Texas at Dallas a full member of this community, both in personal and financial support.

I would mention two other things which I think show outstanding leadership, and they are the addition of two distinguished members of the faculty -- that is, Nobel Laureate Polykarp Kusch, who is joining the physics staff here, coming from Columbia University; and Howard F. Van Zandt, Professor of International Studies and Management, coming here after serving in Japan as Vice President and Senior Officer for International Telephone and Telegraph Corporation. This really reflects upon your leadership as being outstanding in the time that you have been here as President of this new university.

**RECESS.** --The Board of Regents recessed in order that the Standing Committees and the Committee of the Whole could meet to consider their respective agenda.

\* \* \*

12:00 Noon

To consider the second special order of the agenda relating to bonds for The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston as set out below, the Board of Regents reconvened at 12 o'clock noon in the same place as the morning session and with the same attendance except Regent McNeese (See Page 18 .)

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M. D. ANDERSON: (1) RESOLUTION AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1972, \$16,000,000 AND AWARDING OF SALE OF BONDS TO A SYNDICATE HEADED BY HALSEY STUART & COMPANY, INC., REYNOLDS SECURITIES, INC., AND LEHMAN BROS. INC., (2) DESIGNATION OF THE AUSTIN NATIONAL BANK, AUSTIN, TEXAS, OR BANKERS TRUST COMPANY, NEW YORK, NEW YORK AS THE PAYING AGENT AND (3) AWARDING OF CONTRACT TO STECK-WARLICK COMPANY, THE STECK DIVISION, AUSTIN, TEXAS, FOR THE PRINTING OF THE BONDS. --The resolution set out on Pages 4-18 was duly introduced for the consideration of said Board and read in full. It was then duly moved by Regent Nelson and seconded by Vice-Chairman Ikard that said resolution be adopted; and, after due discussion, said motion carrying with it the adoption of said resolution, prevailed and carried by the following vote:

AYES: All members of said Board shown present on Page 2 voted "Aye."

NOES: None.

The adoption of this resolution authorized issuance of Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972, in the amount of \$16,000,000 and awarded the sale of the bonds to a syndicate headed by Halsey Stuart & Company, Inc., Reynolds Securities, Inc., and Lehman Bros. Inc. for the principal amount thereof and accrued interest to the date of delivery, plus a premium of \$24,320 (Page 18) and at the interest rates reflected on Page 4. The effective interest rate is 5.2577%.

Upon motion of Regent Williams, seconded by Regent Kilgore, the bid of The Austin National Bank, Austin, Texas, to serve as Paying Agent for the Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972, in the amount of \$16,000,000, was unanimously accepted. The Co-paying Agent designated was Bankers Trust Company, New York, New York (Pages 5, 7). The Paying Agent will make no charge for payment of bonds and coupons and will pay the Board of Regents the sum of \$251.

The Steck-Warlick Company, The Steck Division, Austin, Texas, was awarded by unanimous vote the contract to print the Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972, in the amount of \$16,000,000, upon motion of Vice-Chairman Ikard, seconded by Regent Williams. These bonds are to be printed according to specifications with lithographed borders for the sum of \$1,246.60, there being 7 interest rates.

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RESOLUTION AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1972, \$16,000,000

WHEREAS, the Board of Regents of The University of Texas System is authorized to issue the bonds hereinafter authorized pursuant to Chapter 55, Texas Education Code.

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

Section 1. That said Board's negotiable, serial, coupon bonds to be designated "BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1972," are hereby authorized to be issued, sold, and delivered in the principal amount of \$16,000,000, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE, CONSTRUCT, AND EQUIP A CLINIC AND AN APPROXIMATELY 288 BED HOSPITAL ADDITION (TO BE DESIGNATED AS THE LUTHERAN HOSPITAL-M. G. & LILLIE A. JOHNSON BUILDING) TO THE EXISTING APPROXIMATELY 250 BED HOSPITAL OF THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON.

Section 2. That said bonds shall be dated AUGUST 1, 1972, shall be numbered consecutively from 1 THROUGH 3,200, shall be in the denomination of \$5,000 EACH, and shall mature and become due and payable serially on AUGUST 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule:

<u>YEARS</u>	<u>AMOUNTS</u>	<u>YEARS</u>	<u>AMOUNTS</u>
1977	\$400,000	1988	\$ 760,000
1978	425,000	1989	805,000
1979	450,000	1990	855,000
1980	475,000	1991	905,000
1981	505,000	1992	960,000
1982	535,000	1993	1,015,000
1983	570,000	1994	1,075,000
1984	600,000	1995	1,140,000
1985	640,000	1996	1,210,000
1986	675,000	1997	1,285,000
1987	715,000		

Said bonds may be redeemed prior to their scheduled maturities, at the option of said Board, on the dates stated, and in the manner provided, in the FORM OF BOND set forth in this Resolution.

Section 3. That said bonds scheduled to mature during the years, respectively, set forth below shall bear interest at the following rates per annum:

- maturities 1977 through 1982, 6%
- maturities 1983, 5.40%
- maturities 1984 through 1989, 5.20%
- maturities 1990, 5.25%
- maturities 1991 through 1993, 5.30%
- maturities 1994 through 1996, 5.40%
- maturities 1997, 4.50%

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Said interest shall be evidenced by interest coupons which shall appertain to said bonds, and which shall be payable on the dates stated in the FORM OF BOND set forth in this Resolution.

Section 4. That said bonds, and the interest coupons appertaining thereto, shall be payable, shall have the characteristics, and shall be signed and executed (and said bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF BOND set forth in this Resolution.

Section 5. That the form of said bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on each of said bonds, and the form of the aforesaid interest coupons which shall appertain and be attached initially to each of said bonds, shall be, respectively, substantially as follows:

FORM OF BOND:

NO. \_\_\_\_\_

\$5,000

UNITED STATES OF AMERICA  
STATE OF TEXAS  
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY  
OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON,  
ENDOWMENT AND HOSPITAL REVENUE BOND,  
SERIES 1972

ON AUGUST 1, 19\_\_, the BOARD OF REGENTS OF THE UNIVERSITY  
OF TEXAS SYSTEM promises to pay to bearer the principal amount of

FIVE THOUSAND DOLLARS

and to pay interest thereon, from the date hereof, at the rate of  
\_\_\_\_% per annum, evidenced by interest coupons payable FEBRUARY 1,  
1973, and semi-annually thereafter on each AUGUST 1 and FEBRUARY 1  
while this bond is outstanding.

THE PRINCIPAL of this bond and the interest coupons appertaining hereto shall be payable to bearer, in lawful money of the United States of America, without exchange or collection charges to the bearer, upon presentation and surrender of this bond or proper interest coupon, at the following, which shall constitute and be defined as the "Paying Agent" for this Series of Bonds:

THE AUSTIN NATIONAL BANK, AUSTIN, TEXAS,  
OR, AT THE OPTION OF THE BEARER, AT  
BANKERS TRUST COMPANY, NEW YORK, NEW YORK.

THIS BOND is one of a Series of negotiable, serial, coupon bonds, dated AUGUST 1, 1972, issued in the principal amount of \$16,000,000, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE, CONSTRUCT, AND EQUIP A CLINIC AND AN APPROXIMATELY 288 BED HOSPITAL ADDITION (TO BE DESIGNATED AS THE LUTHERAN HOSPITAL-M. G. & LILLIE A. JOHNSON BUILDING) TO THE EXISTING APPROXIMATELY 250 BED HOSPITAL OF THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON.

ON AUGUST 1, 1979, OR ON ANY INTEREST PAYMENT DATE THEREAFTER, to and including FEBRUARY 1, 1982, the outstanding bonds of this Series may be redeemed prior to their scheduled maturities, at the option of said Board, for the purpose of being permanently retired and cancelled (but not for the purpose of being refunded), IN WHOLE, OR IN PART, for the principal amount thereof and accrued interest thereon to the date fixed for re-



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demption, plus a premium on the principal amount of each such bond as follows:

- 3% if redeemed August 1, 1979 through February 1, 1980
- 2-1/2% if redeemed August 1, 1980 through February 1, 1981
- 2% if redeemed August 1, 1981 through February 1, 1982.

ON AUGUST 1, 1982, OR ON ANY INTEREST PAYMENT DATE THEREAFTER, the outstanding bonds of this Series may be redeemed prior to their scheduled maturities, at the option of said Board, for any purpose, IN WHOLE, OR IN PART, for the principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium of 1-1/2% of the principal amount of each such bond if redeemed on or before FEBRUARY 1, 1990, and without premium if redeemed thereafter.

AT LEAST thirty days prior to the date fixed for any such redemption said Board shall cause a written notice of such redemption to be published at least once in a financial publication published in the City of New York, New York, or in the City of Austin, Texas. By the date fixed for any such redemption due provision shall be made with the "Paying Agent" for the payment of the required redemption price. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the bonds which are to be so redeemed there- by automatically shall be redeemed prior to their scheduled maturi- ties, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the purpose of being paid by the "Paying Agent" with the funds so provided for such payment.

IT IS HEREBY certified, recited, and covenanted that this bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be per- formed, exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; and that the interest on and princi- pal of this bond and the Series of which it is a part, are secur- ed by and payable from an irrevocable first lien on and pledge of the "Pledged Revenues", as defined and described in the Resolution authorizing this Series of bonds, which include the "Gross Revenues of the Hospital Facilities" of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, and the "Gross Proceeds from the Conveyance of Endowment Land", and other speci- fied revenues.

SAID BOARD has reserved the right, subject to the restrictions stated in said Resolution authorizing this Series of bonds, to issue additional parity revenue bonds which also may be secured by and made payable from an irrevocable first lien on and pledge of the aforesaid Pledged Revenues.

THE HOLDER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be rais- ed by taxation.

IN WITNESS WHEREOF, this bond and the interest coupons appertaining hereto have been signed with the facsimile signature of either the Chairman or the Vice-Chairman of said Board, and countersigned with the facsimile signature of the Secretary of

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said Board, and the official seal of said Board has been duly impressed, or placed in facsimile, on this bond.

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

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

FORM OF REGISTRATION CERTIFICATE:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

XXXXXXXXX  
Comptroller of Public Accounts of  
the State of Texas.

FORM OF INTEREST COUPON:

NO. \_\_\_\_\_ \$ \_\_\_\_\_  
ON \_\_\_\_\_ 1, 19\_\_

THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM promises to pay to bearer the amount shown on this interest coupon, in lawful money of the United States of America, without exchange or collection charges to the bearer, unless due provision has been made for the redemption prior to maturity of the bond to which this interest coupon appertains, upon presentation and surrender of this interest coupon, at the

THE AUSTIN NATIONAL BANK, AUSTIN, TEXAS,  
OR, AT THE OPTION OF THE BEARER, AT  
BANKERS TRUST COMPANY, NEW YORK, NEW YORK,

said amount being interest due that day on the bond, bearing the number hereinafter designated, of that issue of BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1972, DATED AUGUST 1, 1972. The holder hereof shall never have the right to demand payment of obligation out of any funds raised or to be raised by taxation. Bond No. \_\_\_\_\_.

XXXXXXXXX  
Secretary, Board of Regents

XXXXXXXXX  
Chairman, Board of Regents

Section 6. That as used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Board" shall mean the Board of Regents of The University of Texas System, in its own behalf, and as Trustees of the University Cancer Foundation.

The term "Bonds" shall mean the Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972, authorized by this Resolution.

The term "Additional Bonds" shall mean the additional parity revenue bonds permitted to be authorized in this Resolution.

The term "Institute" shall mean The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, and its substations, as defined and provided for in Sections 73.101 through 73.111, Texas Education Code.

The term "Hospital Facilities" shall mean all of the land, hospitals, clinics, substations, buildings, structures, equipment, services, and other facilities of every nature whatsoever owned or operated by the Institute, or by the Board, or The University of Texas System, for and on behalf of the Institute, which are used for or related to the diagnosis and/or treatment of patients, including specifically the existing clinic and the approximately 250 bed hospital located in the Texas Medical Center in the City of Houston, and the approximately 288 bed hospital addition and clinic which will be acquired, constructed, and equipped with the proceeds from the sale of the Bonds, together with all future improvements, enlargements, and additions thereto, and replacements thereof, acquired or constructed from any sources, including the issuance of the Bonds and any Additional Bonds.

The term "Gross Revenues of the Hospital Facilities" shall mean all of the revenues, income, rentals, rates, fees, and charges of every nature derived by the Institute, or by the Board, or The University of Texas System, from the operation and/or ownership of the Hospital Facilities (but specifically excluding any legislative General Revenue Fund appropriations from the State Treasury).

The term "Current Expenses" shall mean all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses incident to the operation and maintenance of the Hospital Facilities, but shall exclude depreciation and all general administrative, overhead, teaching, study, and research expenses of the Institute.

The term "Endowment Land" shall mean the approximately 51,860 acres of land, including the oil, gas, and other minerals contained in and under and that may be produced or mined therefrom, located in the Counties of Charlotte, De Soto, and Highlands, State of Florida, which land has been conveyed by the Board of Regents of The University of Texas System, in its own behalf, and as Trustees of the University Cancer Foundation, to Punta Gorda Isles, Inc., a Florida Corporation, and which land is described in deeds recorded in Official Records Book 392, page 132, of the Charlotte County Records, in Official Records Book 83, page 206, of the De Soto County Records, and in Official Records Book 406, page 929 of the Highlands County Records, respectively.

The term "Gross Proceeds from the Conveyance of Endowment Land" shall mean all of the gross income, payments, royalties, proceeds, and receipts of every nature derived, coming due to, or received by, the Board, in its own behalf, or as Trustees of the University Cancer Foundation, or The University of Texas System, from any sale, lease, rental, or other conveyance of any nature of the Endowment Land, including specifically the gross proceeds

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and receipts from the payments to be made to the Board in its own behalf, and as Trustees of the University Cancer Foundation, by Punta Gorda Isles, Inc., a Florida Corporation, pursuant to that certain Note dated June 20, 1972, in the principal amount of \$13,000,000, with interest on the unpaid balance at the rate of 7-1/2% per annum, secured by a purchase money Mortgage Deed dated June 20, 1972, executed by Punta Gorda Isles, Inc., which Mortgage Deed is recorded in Official Records Book 392, page 143, of the Charlotte County, Florida, Records, and in Official Records Book 83, page 541, of the De Soto County, Florida, Records, and in Official Records Book 408, page 388, of the Highlands County, Florida, Records; and also including the gross proceeds and receipts from any other sale, lease, rental, or conveyance of any nature of the Endowment Land made by the Board, in its own behalf, or as Trustees of the University Cancer Foundation, due to any foreclosure of the aforesaid Mortgage Deed, or otherwise. It is further specifically covenanted and agreed by the Board, in its own behalf, and as Trustees of the University Cancer Foundation, that it will enforce and collect the aforesaid Note, and foreclose the aforesaid Mortgage Deed if necessary; and that in such event it will sell and convey the Endowment Land as soon as practicable at the best price or prices reasonably obtainable.

The term "Pledged Revenues" shall mean collectively (a) the Gross Revenues of the Hospital Facilities, (b) the Gross Proceeds from the Conveyance of Endowment Land, and (c) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter may be pledged to the payment of the Bonds or the Additional Bonds.

Section 7. That the Bonds and any Additional Bonds, and the interest thereon, are and shall be secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Interest and Sinking Fund and the Reserve Fund as provided in this Resolution.

Section 8. That there is hereby created and there shall be established on the books of the Board a separate account or accounts which individually or collectively shall be known as the "Endowment and Hospital Revenue Bonds Revenue Fund" (herein called the "Revenue Fund"). All collections of the Gross Revenues of the Hospital Facilities shall be credited to the Revenue Fund immediately upon receipt.

Section 9. That to pay the principal of and interest on all outstanding Bonds and any Additional Bonds, as the same come due, there is hereby created and there shall be established at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the "Endowment and Hospital Revenue Bonds Interest and Sinking Fund" (herein called the "Interest and Sinking Fund").

Section 10. That there is hereby created and there shall be established at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the "Endowment and Hospital Revenue Bonds Reserve Fund" (herein called the "Reserve Fund"). The Reserve Fund shall be used finally in retiring the last of the outstanding Bonds and Additional Bonds, or for paying principal of and interest on any outstanding Bonds and Additional Bonds, when and to the extent the amount in the Interest and Sinking Fund is insufficient for such purpose.

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Section 11. That money in any Fund established pursuant to this Resolution may, at the option of the Board, be placed in time deposits or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of the last day of February and August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made and shall be used only for the purpose or purposes for which such Fund is required or permitted to be used. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

Section 12. That money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Board, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

Section 13. (a) That immediately after the delivery of the Bonds the Board shall deposit the amount of \$1,740,000, which is now on hand and available for such purpose, to the credit of the Interest and Sinking Fund.

(b) That the Board shall deposit all Gross Proceeds from the Conveyance of Endowment Land hereafter received, immediately upon receipt, directly to the credit of the Interest and Sinking Fund.

(c) That the Board shall transfer from the Gross Revenues of the Hospital Facilities in the Revenue Fund, or from any other available Pledged Revenues, and deposit to the credit of the Interest and Sinking Fund the amounts, at the times, as follows:

(1) on or before January 25, 1973, and semi-annually on or before each July 25th and January 25th thereafter, an amount which will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date; and

(2) on or before January 25, 1977, and semi-annually on or before each July 25th and January 25th thereafter, an amount sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay one-half of the principal scheduled to mature and come due on the Bonds on the next succeeding August 1.

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(d) That if at any time there is on deposit in the Interest and Sinking Fund an amount in excess of that required to pay all principal of and interest on the Bonds and any Additional Bonds through the next succeeding August 1, the Board may use such excess to purchase and cancel Bonds or Additional Bonds at a price not exceeding the redemption price on the next succeeding date upon which any Bonds or Additional Bonds are subject to redemption prior to maturity, or, if any Bonds or Additional Bonds are subject to redemption on the next succeeding interest payment date, the Board may use such excess to redeem Bonds or Additional Bonds on the next succeeding interest payment date, or the Board may use such excess to make any deposit required to be made into the Reserve Fund.

Section 14. That immediately after the delivery of the Bonds the Board shall deposit the amount of \$1,500,000, which is now on hand and available for such purpose, to the credit of the Reserve Fund. So long as the money and investments in the Reserve Fund are not less in market value than a required amount equal to the average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, no additional deposits need be made into the Reserve Fund; but if the Reserve Fund should be depleted to less than said required amount in market value, then, subject to making the required deposits to the credit of the Interest and Sinking Fund, the Board shall transfer from the Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund (or from any excess in the Interest and Sinking Fund as permitted by Section 13(d) hereof), and deposit to the credit of the Reserve Fund, semi-annually, on or before each January 25th and July 25th thereafter, a sum at least equal to 1/10th of the average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, until the Reserve Fund is restored to said required amount. So long as the Reserve Fund contains said required amount, any surplus in the Reserve Fund over said required amount may be transferred and deposited into the Interest and Sinking Fund.

Section 15. (a) That if on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) That, subject to making the required deposits to the credit of the Interest and Sinking Fund and the Reserve Fund, when and as required by this Resolution, or any resolution authorizing the issuance of Additional Bonds, any surplus Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund shall be used by the Board for paying, to the extent not paid from other sources, the Current Expenses of the Hospital Facilities, and any remaining balance may be used for any other lawful purpose.

Section 16. On or before the last day of January, 1973, and semi-annually on or before the last day of each July and of each January thereafter while any of the Bonds or Additional Bonds are outstanding and unpaid, the Board shall make available to the paying agents therefor, out of the Interest and Sinking Fund, and/or the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Bonds and Additional Bonds as will accrue or mature on the February 1st or August 1st immediately following. The paying agents shall totally destroy all paid Bonds and Additional Bonds, and the coupons appertaining thereto, and shall furnish the Board with an appropriate certificate of destruction.

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Section 17. That at such times as the aggregate amount of money and investments in the Interest and Sinking Fund and the Reserve Fund are at least equal in market value to (1) the aggregate principal amount of all unpaid (unmatured and matured) outstanding Bonds and Additional Bonds, plus (2) the aggregate amount of all unpaid (unmatured and matured) outstanding interest coupons appertaining to such Bonds and Additional Bonds, no further deposits need be made into the Interest and Sinking Fund or Reserve Fund. In determining the amount of such Bonds and Additional Bonds, and interest coupons appertaining thereto, outstanding at any time, there shall be subtracted and excluded the amount of any such Bonds and Additional Bonds, and interest coupons appertaining thereto, which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents therefor sufficient, including any required redemption premium, for such redemption.

Section 18. That the Bonds and any Additional Bonds, and the interest coupons appertaining thereto, will constitute special obligations of the Board payable solely from the Pledged Revenues, and the holders of the Bonds and Additional Bonds, and the coupons appertaining thereto, shall never have the right to demand payment out of funds raised or to be raised by taxation.

Section 19. That the Board shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in any amounts, for any lawful purpose relating to the Hospital Facilities, and to refund any Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with this Resolution, shall be secured and payable equally and ratably on a parity with the Bonds, and all other outstanding Additional Bonds, by an irrevocable first lien on and pledge of the Pledged Revenues.

Section 20. (a) The Interest and Sinking Fund and the Reserve Fund established by this Resolution shall secure and be used to pay all Additional Bonds as well as the Bonds. However, each resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Sinking Fund, the Board shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same comes due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Board, by the deposit, from Pledged Revenues, of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in semi-annual installments, made on or before the 25th day of each January and July following the adoption of

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the resolution authorizing the issuance of the then proposed Additional Bonds, of not less than 1/10th of said required additional amount (or 1/10th of the balance of said required additional amount not deposited in cash as permitted above).

(b) All calculations of average annual principal and interest requirements made pursuant to this Section are made as of and from the date of the Additional Bonds then proposed to be issued.

(c) The principal of all Additional Bonds must be scheduled to be paid or mature on August 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on February 1 and August 1.

Section 21. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued or delivered unless:

(a) The senior financial officer of the Institute signs a written certificate to the effect that the Board is not in default as to any covenant, condition, or obligation in connection with all outstanding Bonds and Additional Bonds, and the resolutions authorizing same, and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be therein.

(b) The State Auditor of the State of Texas, or any certified public accountant, signs a written certificate to the effect that, during either the next preceding University of Texas System fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, the Pledged Revenues, excluding and excepting the Gross Proceeds from the Conveyance of Endowment Land, were at least equal to four times the average annual principal and interest requirements of all Bonds and Additional Bonds to be outstanding after the issuance of the then proposed Additional Bonds.

Section 22. The Board further covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and each resolution authorizing the issuance of Additional Bonds, and in each and every Bond and Additional Bond; that it will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on every Bond and Additional Bond, on the dates and in the places and manner prescribed in such resolutions and Bonds or Additional Bonds; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Pledged Revenues the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and any holder of the Bonds or Additional Bonds may require the Board, its officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Board, its officials and employees, or any appropriate official of the State of Texas.



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(b) It is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Board in accordance with their terms.

(c) It lawfully owns and is lawfully possessed of the lands, buildings, and facilities constituting the Hospital Facilities, and has a good and indefeasible estate in such lands, buildings, and facilities in fee simple, that it warrants that it has, and will defend, the title to all the aforesaid lands, buildings, and facilities, and every part thereof, for the benefit of the holders and owners of the Bonds and Additional Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

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

(e) That while the Bonds or any Additional Bonds are outstanding and unpaid it will continuously and efficiently operate and maintain the Hospital Facilities in good condition, repair, and working order, and at a reasonable cost. The Board also covenants and agrees that the Current Expenses of the Hospital Facilities shall be paid from surplus Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund, as provided by Section 15(b) hereof, to the extent such surplus Pledged Revenues are available, or paid from the general funds of the Institute in the same manner as the expenses of operation and maintenance of general facilities of the Institute, or paid from any other sources or funds lawfully available to the Institute or the Board for such purpose.

(f) That while the Bonds or any Additional Bonds are outstanding and unpaid, the Board shall not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution.

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(g) That while the Bonds or any Additional Bonds, are outstanding and unpaid, the Board shall not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of the Hospital Facilities, or any significant or substantial part thereof; provided that whenever the Board deems it necessary to dispose of any furnishings and equipment, it may sell or otherwise dispose of such furnishings and equipment when it has made arrangements to replace the same or provide substitutes therefor.

(h) That at all times hereafter the Board shall procure boiler explosion insurance on all boilers servicing the Hospital Facilities in an amount not less than \$50,000 against loss suffered by reason of a boiler explosion. Further, at all times hereafter the Board shall procure fire and extended coverage insurance on the Hospital Facilities. The foregoing boiler explosion and fire and extended coverage insurance shall be maintained so long as Bonds or Additional Bonds are outstanding and such fire and extended coverage insurance shall be in amounts at least sufficient to provide for full recovery to the extent that the damage does not exceed 80% of full insurable value. Such insurance shall be carried with a reliable insurance company or companies. In lieu of providing fire and extended coverage insurance as required above, the Board may, at its option, provide the equivalent of such insurance under its general System-wide Fire and Extended Coverage Insurance policy, subject to a deductible provision which is reasonable in amount, provided the Board establishes and maintains a special account containing funds which are at least sufficient to offset said deductible amount and which are immediately available for such purpose. Upon the happening of any loss or damage covered by such insurance from one or more of said causes, the Board shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Board. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Board for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the Hospital Facilities shall be used promptly as follows:

(1) for the redemption prior to maturity of the Bonds and Additional Bonds, if any, ratably in the proportion that the outstanding principal of each Series or issue of Bonds or Additional Bonds bears to the total outstanding principal of all Bonds and Additional Bonds; provided that if on any such occasion the principal of any such Series or issue is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(2) if none of the outstanding Bonds or Additional Bonds is subject to redemption, then for the purchase on the open market and retirement of said Bonds and Additional Bonds, in the same proportion as prescribed in the foregoing clause (1), to the extent practicable; provided that the purchase price for any such Bond or Additional Bonds shall not exceed the redemption price of such Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

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(3) to the extent that the foregoing clauses (1) and (2) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the Board, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (1) and/or (2) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(i) At all times when the Reserve Fund does not contain the maximum aggregate amount required to be on deposit therein, the Board shall procure and maintain use and occupancy insurance on all the facilities, buildings, and structures of the Hospital Facilities, to the extent obtainable, in an amount sufficient to enable the Board to deposit into the Interest and Sinking Fund and the Reserve Fund, out of the proceeds of such insurance, an amount equal to the sums that are required to be deposited into said Funds from the Pledged Revenues during the time the Hospital Facilities are wholly or partially unusable, as a result of loss of use or occupancy caused by the perils covered by fire and extended coverage insurance.

(j) The annual audit hereinafter required shall contain a section commenting on whether or not the Board has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(k) The Board will fix, establish, maintain, and collect such rentals, rates, charges, and fees for the use and availability of the Hospital Facilities as are necessary to produce Gross Revenues of the Hospital Facilities sufficient, together with any other available resources, to pay all Current Expenses of the Hospital Facilities, and sufficient, together with other Pledged Revenues, to make all payments and deposits required to be made into the Interest and Sinking Fund, and to maintain the Reserve Fund, in connection with all Bonds and Additional Bonds.

(l) Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the Pledged Revenues, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholder.

(m) That each year while any of the Bonds or Additional Bonds are outstanding, an audit will be made of its books and accounts relating to the Pledged Revenues by the State Auditor of the State of Texas, or any certified public accountant, such audit to be based on the fiscal year of The University of Texas System. As soon as practicable after the close of each such fiscal year, and when said audit has been completed and made available to the Board, a copy of such audit for the preceding fiscal year shall be mailed to all bondholders who shall so request in writing. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

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(n) That the Board covenants that it will not permit to be deposited to the credit of any of the Funds created by this Resolution, or applied to the payment of the principal of or interest on the Bonds or any Additional Bonds, any proceeds from any grant, subsidy, donation, or income received from the United States Government, whether pursuant to agreement or otherwise, if such deposit or application would result in interest payable on the Bonds or Additional Bonds being includable in whole or in part in gross income for Federal income tax purposes.

(o) That the Board covenants that it will comply with all of the terms and conditions of any and all grant or subsidy agreements applicable to the Bonds or Additional Bonds entered into between the Board and any governmental agency in connection with any grant or debt service subsidy; and the Board will take all action necessary to enforce said terms and conditions.

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

Section 23. That either the Chairman or the Vice-Chairman of the Board is hereby authorized to have control of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the bonds, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate printed and endorsed on each of the Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each of the Bonds.

Section 24. That it is hereby officially found and determined: that a case of emergency or urgent public necessity exists which requires the holding of the meeting at which this Resolution is adopted, such emergency or urgent public necessity being that the proceeds from the sale of said Bonds are required as soon as possible and without delay for necessary and urgently needed public improvements; and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Vernon's Ann. Civ. St. Article 6252-17.

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Section 25. That said Bonds are hereby sold and shall be delivered to a Syndicate headed by Halsey Stuart & Co., Inc., Reynolds Securities, Inc., and Lehman Bros. Inc., for cash for the par value thereof and accrued interest thereon to date of delivery, plus a premium of \$24,320.00.

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M. D. ANDERSON: AGREEMENT WITH BOARD OF DIRECTORS OF LUTHERAN HOSPITAL, TRUSTEES OF M. G. AND LILLIE A. JOHNSON FOUNDATION, INC., AND BOARD OF REGENTS AS TRUSTEES OF UNIVERSITY CANCER FOUNDATION. -- Upon motion of Vice-Chairman Ikard, seconded by Regent Williams, unanimous approval was given to the following agreement between the Board of Directors of the Lutheran Hospital, Houston, Texas, the Trustees of the M. G. and Lillie A. Johnson Foundation, Inc., and the Board of Regents of The University of Texas System (Trustees of the University Cancer Foundation). By the same motion, the Chairman of the Board of Regents was authorized to execute the agreement which had been prepared by the bond counsel:

AGREEMENT

THE STATE OF TEXAS :

COUNTY OF HARRIS :

WHEREAS, on March 28, 1969, the Board of Directors of the Lutheran Hospital of Houston, Texas (hereinafter sometimes called "Lutheran Hospital"), the Trustees of the M. G. & Lillie A. Johnson Foundation, Inc. (hereinafter sometimes called the "Johnson Foundation"), and the Board of Regents of The University of Texas System, acting in its own behalf, and as Trustees of the University Cancer Foundation (hereinafter sometimes called the "Board") entered into an Agreement (hereinafter sometimes called the "1969 Agreement"); and

WHEREAS, a copy of the 1969 Agreement is attached hereto, marked "Exhibit A", and made a part hereof for all purposes; and

WHEREAS, on November 17, 1971, an Extension Agreement (hereinafter sometimes called the "1971 Extension Agreement") was made and entered into by and between the Board and the Johnson Foundation, wherein the 1969 Agreement was extended to a period of six years commencing on March 28, 1969; and

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WHEREAS, a copy of the 1971 Extension Agreement is attached hereto, marked "Exhibit B", and made a part hereof for all purposes; and

WHEREAS, the approximately 51,700 acres of land situated in De Soto, Charlotte, and Highlands Counties, Florida, conveyed to the University Cancer Foundation pursuant to the 1969 Agreement has been conveyed by the Board to Punta Gorda Isles, Inc., a Florida Corporation; and

WHEREAS, the Board proposes to issue, pursuant to Chapter 55, Texas Education Code, its negotiable bonds to be designated the "Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972", in the principal amount of \$16,000,000, (hereinafter sometimes called the "Bonds"), for the purpose of providing funds to acquire, construct, and equip a clinic and an approximately 288 bed hospital addition (to be designated as the Lutheran Hospital-M. G. & Lillie A. Johnson Building) to the existing approximately 250 bed hospital of the University of Texas M. D. Anderson Hospital and Tumor Institute at Houston; and

WHEREAS, a copy of the resolution (hereinafter sometimes called the "Bond Resolution") proposed to be adopted by the Board authorizing the issuance of the Bonds, with the exception of the interest rates, the Paying Agent, the purchaser, and the premium, if any, is attached hereto, marked "Exhibit C", and made a part hereof for all purposes; and

WHEREAS, the Gross Proceeds from the Conveyance of Endowment Land, as defined in the Bond Resolution (hereinafter sometimes called the "Gross Proceeds from the Conveyance of Endowment Land") are pledged to the payment of the principal of and interest on the Bonds by the terms of the Bond Resolution; and

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WHEREAS, the Bonds are being issued for the purpose which satisfies the intent and meaning of the 1969 Agreement and the 1971 Extension Agreement; and

WHEREAS, it is essential to the issuance, sale, and delivery of the Bonds that the pledge of the Gross Proceeds from the Conveyance of Endowment Land be made free and clear of all restrictions and limitations, and that such pledge not be subject to defeasance, offset, counterclaim, or any other claim by Lutheran Hospital or the Johnson Foundation; and

WHEREAS, it is recognized by the parties hereto that without the execution of this Agreement it would not be feasible for the Board to market and sell the Bonds and finance the acquisition, construction, and equipment of the facilities for which the Bonds are to be issued.

NOW THEREFORE, in consideration of the mutual benefits to the parties hereto, it is hereby agreed as follows:

Section 1. That the authorization, sale, and delivery of the Bonds substantially in the manner set forth in the Bond Resolution, and the method of financing provided therein, will satisfy and comply with the terms, provisions, and conditions of the 1969 Agreement and the 1971 Extension Agreement.

Section 2. That upon the authorization, sale, and delivery of the Bonds to the purchaser or purchasers thereof, substantially in the manner set forth in the Bond Resolution, the lien on and pledge of the Gross Proceeds from the Conveyance of Endowment Land, created in favor and for the benefit of the holders of the Bonds as provided in the Bond Resolution, shall be absolute, unconditional, and final, and all right, title, interest, reversion, or claim of any nature of or on the part of Lutheran Hospital and the Johnson Foundation in and to said Gross Proceeds from the Conveyance of Endowment Land, or in and to the Endowment Land, automatically, and without further action, shall cease,

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terminate, and be released and void.

Section 3. That following the authorization, sale, and delivery of the Bonds as aforesaid, the Board agrees to acquire, construct, and equip the facilities for which the Bonds are being issued as soon as practicable, and to comply with the other provisions of the 1969 Agreement and the 1971 Extension Agreement which are not inconsistent with the provisions of this Agreement and the Bond Resolution; provided specifically, however, that after the delivery of the Bonds as aforesaid to the purchaser or purchasers thereof, any delay or failure in letting or completing any construction contract in connection with the facilities to be acquired, constructed, and equipped with the proceeds from the sale of the Bonds, or failure to comply with any other term, provision, or condition of the 1969 Agreement or the 1971 Extension Agreement, shall in no way affect the aforesaid absolute, unconditional, and final lien on and pledge of the Gross Proceeds from the Conveyance of Endowment Land created in favor of the holders of the Bonds, or the provisions of Sections 1 and 2 of this Agreement, and in all events the Gross Proceeds from the Conveyance of Endowment Land shall be used to pay the principal of and interest on the Bonds as provided in the Bond Resolution.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Agreement to be duly executed in several counterparts, each of which shall constitute an original, all as of the 11th day of September, 1972.

BOARD OF DIRECTORS OF THE LUTHERAN  
HOSPITAL, and  
LUTHERAN HOSPITAL OF HOUSTON, TEXAS  
BY *Stanley H. K... (Signature)*  
Chairman, Board of Directors

ATTEST:

*R. E. Woolfel*  
Secretary



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(SEAL)

TRUSTEES OF THE M. G. & LILLIE A. JOHNSON FOUNDATION, INC., and THE M. G. & LILLIE A. JOHNSON FOUNDATION, INC.

BY *Arnold Karp*  
President, Board of Trustees

ATTEST:

*R. M. H. Liberman*  
Secretary

(SEAL)

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, IN ITS OWN BEHALF, AND AS TRUSTEES OF THE UNIVERSITY CANCER FOUNDATION

BY \_\_\_\_\_  
Chairman, Board of Regents

ATTEST:

\_\_\_\_\_  
Secretary

(SEAL)

9-11-72

AGREEMENT

OFFICIAL COPY

No.

THE STATE OF TEXAS }  
COUNTY OF HARRIS }

This AGREEMENT made and entered into this 28<sup>th</sup> day of March, 1969, by and between the BOARD OF DIRECTORS OF THE LUTHERAN HOSPITAL of Houston, Texas, hereinafter sometimes called "Lutheran"; the TRUSTEES OF THE M. G. AND LILLIE A. JOHNSON FOUNDATION, INC., of Wharton County, Texas, hereinafter sometimes called "Johnson Foundation"; the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, hereinafter sometimes called "Board"; and the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, AS TRUSTEE OF THE UNIVERSITY CANCER FOUNDATION, hereinafter sometimes called "Cancer Foundation"; WITNESSETH:

WHEREAS, plans are being considered for the construction of a hospital facility which will be additive and contiguous to The University of Texas M. D. Anderson Hospital and Tumor Institute for research, education, and service related to patients with special diseases, such diseases being interpreted as the broad gamut of allied diseases related directly or indirectly to neoplastic diseases; and

WHEREAS, it is the desire of the parties to reduce to writing the obligations and responsibilities of each in connection with the planning, construction, operation, and administration of the said hospital:

NOW, THEREFORE, in consideration of the mutual benefits, the parties hereby agree:

1. For and in consideration of the conveyance by Johnson Foundation to Cancer Foundation of a tract of land situated in the Counties of De Soto, Charlotte, and Highlands of the State of Florida, consisting of approximately 51,700 acres of land, title to which shall be held in the name of

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the Board of Regents of The University of Texas System, as Trustee of the University Cancer Foundation, the Board hereby agrees to construct a hospital facility, wing, or pavilion for research, education, and service to patients with special diseases, related directly or indirectly to neoplastic diseases, on land owned or to be acquired by Board or Cancer Foundation within the Texas Medical Center as an entity physically adjacent to and identified with The University of Texas M. D. Anderson Hospital and Tumor Institute as an integral part thereof under the terms and conditions hereinafter set forth. The land to be conveyed by the Johnson Foundation to the Cancer Foundation is described in Exhibit A which is attached hereto and made a part of this agreement, to which reference is made.

2. It is understood and agreed that this instrument shall be executed simultaneously with the execution and delivery of a deed from Johnson Foundation to the Cancer Foundation conveying the approximate 51,700 acres described in Exhibit A. The Cancer Foundation will pay the remaining installments upon the loan upon said land, as same become due, but the same shall in no way be an obligation of or debt upon the State.

3. The Cancer Foundation shall have the right at any time to sell the land at such price as the Trustee of Cancer Foundation shall deem warranted, except that it is agreed by the Cancer Foundation that hereafter, and prior to the letting of a contract for construction, if the Johnson Foundation should contribute as much as \$50,000 annually, beginning January 1970, upon the payment of the loan against such land, then the Cancer Foundation will not sell said land without the consent of the Johnson Foundation until after a construction contract shall have been let. However, there shall be no obligation upon the Johnson Foundation to make such payments. The foregoing provisions shall not prohibit the Cancer Foundation from encumbering or mortgaging such land, without consent of the

Johnson Foundation. If said land as a whole should be sold for as much as \$165 per acre net, or for a lesser price plus enough supplemented by the Cancer Foundation and pledged to such construction to yield \$165 per acre net, then the Johnson Foundation will consent to any sale. In any event such consent shall not be unreasonably withheld. All proceeds from any sale or mortgage of the land shall be irrevocably pledged to the construction costs of the Lutheran Hospital, if it has not already been completed.

4. The Cancer Foundation shall proceed as soon as practicable with plans for the construction of a hospital for the treatment of diseases related directly or indirectly to neoplastic diseases.

5. The hospital, when completed, shall cost not less than Eight Million Dollars (\$8,000,000), and it is contemplated that upon the receipt of certain matching funds and other funds available to the Cancer Foundation the value of the facility will far exceed this amount, and it is anticipated will permit a building of not less than a 300-bed facility. In this connection if construction is not commenced within the specified period of three years from the date hereof, it is agreed and understood that the land, or if it be sold, then the proceeds from the sale of the land, plus any net revenues obtained from the investment of such proceeds, shall, at the option and request of Johnson Foundation, revert to and re-vest in the said Johnson Foundation, less reasonable costs incurred by Cancer Foundation in planning such facility, and the Cancer Foundation will execute such necessary reconveyances or transfers as may be proper or necessary. In such event Johnson Foundation will refund to the Cancer Foundation any payments on said loan which the latter may have made, plus interest on such payments at 5-3/4% per annum from date of payment thereof by the Cancer Foundation.

6. For the purpose of this agreement the acceptance of a bid or bids for the construction of a hospital will be tantamount to the commencement of construction and in full satisfaction of the requirements set forth above.

7. The hospital shall be known as "The Lutheran Hospital - M. G. & Lillie A. Johnson Building," with an appropriate plaque designating the same, and shall be owned by the Board of Regents of The University of Texas System and operated under the direction and control of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston who shall be responsible for all operating expenses of the facility. A commemorative plaque will be permanently placed in a prominent position in or on the building, and an appropriate dedication will be made to memorialize the contributions of the founders of the Johnson Foundation.

8. Permission is granted to Lutheran for the erection of a nondenominational chapel to be operated in conjunction with the hospital, which shall be constructed and operated by Lutheran without any financial obligation whatsoever on the part of Cancer Foundation and Johnson Foundation. Ordinary and necessary building maintenance, utilities, and janitorial service shall be assumed by Board.

9. By the execution and delivery of that certain deed conveying 51,700 acres of land situated in the State of Florida and described in Exhibit A, Lutheran hereby recognizes the conveyance as payment of the obligations of the Johnson Foundation in connection with the funding of the said hospital, and Lutheran hereby agrees to execute a full and complete release to Johnson Foundation evidencing the fact that its obligation has been fulfilled and discharged.

10. It is understood that Board shall be responsible for the planning and construction of the hospital, with concurrence of Lutheran, which concurrence shall not be unreasonably withheld. Lutheran will nominate and shall have a member or members on the Board of Visitors or a comparable

board which will operate within the framework of the hospital organization for the purpose of consulting with Cancer Foundation from time to time in connection with the planning, construction, operation, and administration of the said hospital.

11. After the conveyance of the 51,700 acre tract of land described in Exhibit A from Johnson Foundation to Cancer Foundation and while title is held by Cancer Foundation, it is agreed that any net revenues received from the property be and the same are hereby irrevocably pledged to the expenses necessary for the construction of the hospital, taxes, or such other purpose as may be mutually agreed upon by the parties. In this connection any income accruing from the land may be used for architectural fees or other incidental construction costs, but shall in no manner be categorized as business income.

IN WITNESS WHEREOF, the parties have executed this agreement on the date and year above stated.

ATTEST:

Reuben D. Wende  
Secretary

BOARD OF DIRECTORS OF  
THE LUTHERAN HOSPITAL

By Michael P. [Signature]  
Chairman

ATTEST:

R. M. H. [Signature]  
Secretary

TRUSTEES OF THE M. G. AND  
LILLIE A. JOHNSON FOUNDATION,  
INC.

By [Signature]  
President

ATTEST:

Betty Anne Theobald  
Secretary

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM  
AND BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM,  
AS TRUSTEE OF THE UNIVERSITY  
CANCER FOUNDATION

By Frank L. [Signature]  
Chairman

9-11-72

28

Approved as to Form:

*Lawrence Waldrop*  
University Attorney

Approved as to Content:

*Charles A. Masten, M.D.*  
Executive Vice-Chancellor  
for Health Affairs

*Carl Walker*  
Executive Vice-Chancellor  
for Business Affairs

*R. Lee Clark*  
President  
The University of Texas  
M. D. Anderson Hospital and  
Tumor Institute

EXTENSION AGREEMENT

9-11-72

THE STATE OF TEXAS    X  
COUNTY OF HARRIS     X

THIS AGREEMENT made and entered into this 17<sup>th</sup> day of November, 1971, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM AS TRUSTEES OF THE UNIVERSITY CANCER FOUNDATION, hereinafter sometimes called "Board", and the TRUSTEES OF THE M. G. AND LILLIE A. JOHNSON FOUNDATION, INC., of Wharton County, Texas, hereinafter sometimes called "Johnson Foundation", WITNESSETH:

WHEREAS, by deed dated March 28, 1969, Johnson Foundation conveyed to Board approximately 51,700 acres of land in De Soto, Charlotte, and Highlands Counties, Florida, and Board agreed to construct a hospital facility as an integral part of The University of Texas M. D. Anderson Hospital and Tumor Institute which is to be known as the Lutheran Hospital; and

WHEREAS, by agreement dated March 28, 1969, between the parties it was agreed, among other things, that if construction of the Lutheran Hospital was not commenced within a three-year period from March 28, 1969, such land, or if the land is sold then the proceeds from the sale, would revert to the Johnson Foundation, less reasonable costs; and

WHEREAS, the Board has requested the Johnson Foundation to extend said 3-year period with respect to said 51,700 acres of land; and

WHEREAS, the Johnson Foundation is of the opinion that the Board has made sustained and substantial progress toward construction of said hospital, and is of the opinion that it would be advantageous to extend the time beyond the 3-year period expressed in the agreement dated March 28, 1969, with respect to said land:

NOW THEREFORE, for and in consideration of the mutual benefits and other good and valuable consideration, the Board and



9-11-72

Johnson Foundation agree that with respect to said 51,700 acres of land the original limitation of three (3) years commencing on March 28, 1969, is hereby extended to a period of six (6) years commencing on March 28, 1969. If said 51,700-acre tract of land is not sold or construction of the Lutheran Hospital has not commenced on or before the termination of said 6-year period, then such land or proceeds from a sale shall revert to Johnson Foundation, in the same manner as expressed in that said agreement between the parties dated March 28, 1969.

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

ATTEST:

Billy Gene Redfern  
Secretary

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM  
AS TRUSTEES OF THE UNIVERSITY CANCER FOUNDATION

*OK*  
*CCM*

By [Signature]  
Chairman

ATTEST:

Rev. M. W. Lehmann  
Secretary

TRUSTEES OF THE M. G. AND LILLIE A. JOHNSON FOUNDATION

By [Signature]  
President

Approved as to Form:

Buness Waldrop  
University Attorney

Approved as to Content:

R. Lee Clark  
President  
The University of Texas M. D. Anderson Hospital and Tumor Institute

RESOLUTION AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1972, \$16,000,000

WHEREAS, the Board of Regents of The University of Texas System is authorized to issue the bonds hereinafter authorized pursuant to Chapter 55, Texas Education Code.

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

Section 1. That said Board's negotiable, serial, coupon bonds to be designated "BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1972," are hereby authorized to be issued, sold, and delivered in the principal amount of \$16,000,000, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE, CONSTRUCT, AND EQUIP A CLINIC AND AN APPROXIMATELY 288 BED HOSPITAL ADDITION (TO BE DESIGNATED AS THE LUTHERAN HOSPITAL-M. G. & LILLIE A. JOHNSON BUILDING) TO THE EXISTING APPROXIMATELY 250 BED HOSPITAL OF THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON.

Section 2. That said bonds shall be dated AUGUST 1, 1972, shall be numbered consecutively from 1 THROUGH 3,200, shall be in the denomination of \$5,000 EACH, and shall mature and become due and payable serially on AUGUST 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule:

<u>YEARS</u>	<u>AMOUNTS</u>	<u>YEARS</u>	<u>AMOUNTS</u>
1977	\$400,000	1988	\$ 760,000
1978	425,000	1989	805,000
1979	450,000	1990	855,000
1980	475,000	1991	905,000
1981	505,000	1992	960,000
1982	535,000	1993	1,015,000
1983	570,000	1994	1,075,000
1984	600,000	1995	1,140,000
1985	640,000	1996	1,210,000
1986	675,000	1997	1,285,000
1987	715,000		

Said bonds may be redeemed prior to their scheduled maturities, at the option of said Board, on the dates stated, and in the manner provided, in the FORM OF BOND set forth in this Resolution.

Section 3. That said bonds scheduled to mature during the years, respectively, set forth below shall bear interest at the following rates per annum:

maturities 1977 through 19__	, _____%
maturities 19__ through 19__	, _____%
maturities 19__ through 19__	, _____%
maturities 19__ through 19__	, _____%
maturities 19__ through 19__	, _____%
maturities 19__ through 19__	, _____%
maturities 19__ through 19__	, _____%
maturities 19__ through 19__	, _____%

Said interest shall be evidenced by interest coupons which shall appertain to said bonds, and which shall be payable on the dates stated in the FORM OF BOND set forth in this Resolution.

Section 4. That said bonds, and the interest coupons appertaining thereto, shall be payable, shall have the characteristics, and shall be signed and executed (and said bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF BOND set forth in this Resolution.

Section 5. That the form of said bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on each of said bonds, and the form of the aforesaid interest coupons which shall appertain and be attached initially to each of said bonds, shall be, respectively, substantially as follows:

FORM OF BOND:

NO. \_\_\_\_\_

\$5,000

UNITED STATES OF AMERICA  
STATE OF TEXAS  
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BOND,  
SERIES 1972

ON AUGUST 1, 1972, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM promises to pay to bearer the principal amount of

FIVE THOUSAND DOLLARS

and to pay interest thereon, from the date hereof, at the rate of \_\_\_\_\_% per annum, evidenced by interest coupons payable FEBRUARY 1, 1973, and semi-annually thereafter on each AUGUST 1 and FEBRUARY 1 while this bond is outstanding.

THE PRINCIPAL of this bond and the interest coupons appertaining hereto shall be payable to bearer, in lawful money of the United States of America, without exchange or collection charges to the bearer, upon presentation and surrender of this bond or proper interest coupon, at the following, which shall constitute and be defined as the "Paying Agent" for this Series of Bonds:

THIS BOND is one of a Series of negotiable, serial, coupon bonds, dated AUGUST 1, 1972, issued in the principal amount of \$16,000,000, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE, CONSTRUCT, AND EQUIP A CLINIC AND AN APPROXIMATELY 286 BED HOSPITAL ADDITION (TO BE DESIGNATED AS THE LUTHERAN HOSPITAL-M. G. & LILLIE A. JOHNSON BUILDING) TO THE EXISTING APPROXIMATELY 250 BED HOSPITAL OF THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON.

ON AUGUST 1, 1979, OR ON ANY INTEREST PAYMENT DATE THEREAFTER, to and including FEBRUARY 1, 1982, the outstanding bonds of this Series may be redeemed prior to their scheduled maturities, at the option of said Board, for the purpose of being permanently retired and cancelled (but not for the purpose of being refunded), IN WHOLE, OR IN PART, for the principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium on the principal amount of each such bond as follows:

- 3% if redeemed August 1, 1979 through February 1, 1980
- 2-1/2% if redeemed August 1, 1980 through February 1, 1981
- 2% if redeemed August 1, 1981 through February 1, 1982.

ON AUGUST 1, 1982, OR ON ANY INTEREST PAYMENT DATE THEREAFTER, the outstanding bonds of this Series may be redeemed prior to their scheduled maturities, at the option of said Board, for any purpose, IN WHOLE, OR IN PART, for the principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium of 1-1/2% of the principal amount of each such bond if redeemed on or before FEBRUARY 1, 1990, and without premium if redeemed thereafter.

AT LEAST thirty days prior to the date fixed for any such redemption said Board shall cause a written notice of such redemption to be published at least once in a financial publication published in the City of New York, New York, or in the City of Austin, Texas. By the date fixed for any such redemption due provision shall be made with the "Paying Agent" for the payment of the required redemption price. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the bonds which are to be so redeemed thereby automatically shall be redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the purpose of being paid by the "Paying Agent" with the funds so provided for such payment.

IT IS HEREBY certified, recited, and covenanted that this bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this bond and the Series of which it is a part, are secured by and payable from an irrevocable first lien on and pledge of the "Pledged Revenues", as defined and described in the Resolution authorizing this Series of bonds, which include the "Gross Revenues of the Hospital Facilities" of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, and the "Gross Proceeds from the Conveyance of Endowment Land", and other specified revenues.

SAID BOARD has reserved the right, subject to the restrictions stated in said Resolution authorizing this Series of bonds, to issue additional parity revenue bonds which also may be secured by and made payable from an irrevocable first lien on and pledge of the aforesaid Pledged Revenues.

THE HOLDER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

IN WITNESS WHEREOF, this bond and the interest coupons appertaining hereto have been signed with the facsimile signature of either the Chairman or the Vice-Chairman of said Board, and countersigned with the facsimile signature of the Secretary of said Board, and the official seal of said Board has been duly impressed, or placed in facsimile, on this bond.

XXXXXXXX

XXXXXXXX

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

FORM OF REGISTRATION CERTIFICATE:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this bond has been examined, certified as to validity, and approved by the Attorney General of the

State of Texas, and that this bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

XXXXXXXXX  
Comptroller of Public Accounts of  
the State of Texas.

FORM OF INTEREST COUPON:

NO. \_\_\_\_\_ \$ \_\_\_\_\_  
ON \_\_\_\_\_ 1, 19\_\_

THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM promises to pay to bearer the amount shown on this interest coupon, in lawful money of the United States of America, without exchange or collection charges to the bearer, unless due provision has been made for the redemption prior to maturity of the bond to which this interest coupon appertains, upon presentation and surrender of this interest coupon, at the

said amount being interest due that day on the bond, bearing the number hereinafter designated, of that issue of BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON, ENDOWMENT AND HOSPITAL REVENUE BONDS, SERIES 1972, DATED AUGUST 1, 1972. The holder hereof shall never have the right to demand payment of obligation out of any funds raised or to be raised by taxation. Bond No. \_\_\_\_\_.

XXXXXXXXX  
Secretary, Board of Regents                      XXXXXXXXX  
Chairman, Board of Regents

Section 6. That as used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Board" shall mean the Board of Regents of The University of Texas System, in its own behalf, and as Trustees of the University Cancer Foundation.

The term "Bonds" shall mean the Board of Regents of The University of Texas System, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, Endowment and Hospital Revenue Bonds, Series 1972, authorized by this Resolution.

The term "Additional Bonds" shall mean the additional parity revenue bonds permitted to be authorized in this Resolution.

The term "Institute" shall mean The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, and its substations, as defined and provided for in Sections 73.101 through 73.111, Texas Education Code.

The term "Hospital Facilities" shall mean all of the land, hospitals, clinics, substations, buildings, structures, equipment, services, and other facilities of every nature whatsoever owned or operated by the Institute, or by the Board, or The University of Texas System, for and on behalf of the Institute, which are used for or related to the diagnosis and/or treatment of patients, including specifically the existing clinic and the

approximately 350 bed hospital located in the Texas Medical Center in the City of Houston, and the approximately 288 bed hospital addition and clinic which will be acquired, constructed, and equipped with the proceeds from the sale of the Bonds, together with all future improvements, enlargements, and additions thereto, and replacements thereof, acquired or constructed from any sources, including the issuance of the Bonds and any Additional Bonds.

The term "Gross Revenues of the Hospital Facilities" shall mean all of the revenues, income, rentals, rates, fees, and charges of every nature derived by the Institute, or by the Board, or The University of Texas System, from the operation and/or ownership of the Hospital Facilities (but specifically excluding any legislative General Revenue Fund appropriations from the State Treasury).

The term "Current Expenses" shall mean all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses incident to the operation and maintenance of the Hospital Facilities, but shall exclude depreciation and all general administrative, overhead, teaching, study, and research expenses of the Institute.

The term "Endowment Land" shall mean the approximately 51,860 acres of land, including the oil, gas, and other minerals contained in and under and that may be produced or mined therefrom, located in the Counties of Charlotte, De Soto, and Highlands, State of Florida, which land has been conveyed by the Board of Regents of The University of Texas System, in its own behalf, and as Trustees of the University Cancer Foundation, to Punta Gorda Isles, Inc., a Florida Corporation, and which land is described in deeds recorded in Official Records Book 392, page 132, of the Charlotte County Records, in Official Records Book 83, page 206, of the De Soto County Records, and in Official Records Book 406, page 929 of the Highlands County Records, respectively.

The term "Gross Proceeds from the Conveyance of Endowment Land" shall mean all of the gross income, payments, royalties, proceeds, and receipts of every nature derived, coming due to, or received by, the Board, in its own behalf, or as Trustees of the University Cancer Foundation, or The University of Texas System, from any sale, lease, rental, or other conveyance of any nature of the Endowment Land, including specifically the gross proceeds and receipts from the payments to be made to the Board in its own behalf, and as Trustees of the University Cancer Foundation, by Punta Gorda Isles, Inc., a Florida Corporation, pursuant to that certain Note dated June 20, 1972, in the principal amount of \$13,000,000, with interest on the unpaid balance at the rate of 7-1/2% per annum, secured by a purchase money Mortgage Deed dated June 20, 1972, executed by Punta Gorda Isles, Inc., which Mortgage Deed is recorded in Official Records Book 392, page 143, of the Charlotte County, Florida, Records, and in Official Records Book 83, page 541, of the De Soto County, Florida, Records, and in Official Records Book 408, page 388, of the Highlands County, Florida, Records; and also including the gross proceeds and receipts from any other sale, lease, rental or conveyance of any nature of the Endowment Land made by the Board, in its own behalf, or as Trustees of the University Cancer Foundation, due to any foreclosure of the aforesaid Mortgage Deed, or otherwise. It is further specifically covenanted and agreed by the Board, in its own behalf, and as Trustees of the University Cancer Foundation, that it will enforce and collect the aforesaid Note, and foreclose the aforesaid Mortgage Deed if necessary; and that in such event it will sell and convey the Endowment Land as soon as practicable at the best price or prices reasonably obtainable.

The term "Pledged Revenues" shall mean collectively (a) the Gross Revenues of the Hospital Facilities, (b) the Gross Proceeds from the Conveyance of Endowment Land, and (c) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter may be pledged to the payment of the Bonds or the Additional Bonds.

Section 7. That the Bonds and any Additional Bonds, and the interest thereon, are and shall be secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Interest and Sinking Fund and the Reserve Fund as provided in this Resolution.

Section 8. That there is hereby created and there shall be established on the books of the Board a separate account or accounts which individually or collectively shall be known as the "Endowment and Hospital Revenue Bonds Revenue Fund" (herein called the "Revenue Fund"). All collections of the Gross Revenues of the Hospital Facilities shall be credited to the Revenue Fund immediately upon receipt.

Section 9. That to pay the principal of and interest on all outstanding Bonds and any Additional Bonds, as the same come due, there is hereby created and there shall be established at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the "Endowment and Hospital Revenue Bonds Interest and Sinking Fund" (herein called the "Interest and Sinking Fund").

Section 10. That there is hereby created and there shall be established at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the "Endowment and Hospital Revenue Bonds Reserve Fund" (herein called the "Reserve Fund"). The Reserve Fund shall be used finally in retiring the last of the outstanding Bonds and Additional Bonds, or for paying principal of and interest on any outstanding Bonds and Additional Bonds, when and to the extent the amount in the Interest and Sinking Fund is insufficient for such purpose.

Section 11. That money in any Fund established pursuant to this Resolution may, at the option of the Board, be placed in time deposits or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of the last day of February and August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made and shall be used only for the purpose or purposes for which such Fund is required or permitted to be used. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

Section 12. That money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Board, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

Section 13. (a) That immediately after the delivery of the Bonds the Board shall deposit the amount of \$1,740,000, which is now on hand and available for such purpose, to the credit of the Interest and Sinking Fund.

(b) That the Board shall deposit all Gross Proceeds from the Conveyance of Endowment Land hereafter received, immediately upon receipt, directly to the credit of the Interest and Sinking Fund.

(c) That the Board shall transfer from the Gross Revenues of the Hospital Facilities in the Revenue Fund, or from any other available Pledged Revenues, and deposit to the credit of the Interest and Sinking Fund the amounts, at the times, as follows:

(1) on or before January 25, 1973, and semi-annually on or before each July 25th and January 25th thereafter, an amount which will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date; and

(2) on or before January 25, 1977, and semi-annually on or before each July 25th and January 25th thereafter, an amount sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay one-half of the principal scheduled to mature and come due on the Bonds on the next succeeding August 1.

(d) That if at any time there is on deposit in the Interest and Sinking Fund an amount in excess of that required to pay all principal of and interest on the Bonds and any Additional Bonds through the next succeeding August 1, the Board may use such excess to purchase and cancel Bonds or Additional Bonds at a price not exceeding the redemption price on the next succeeding date upon which any Bonds or Additional Bonds are subject to redemption prior to maturity, or, if any Bonds or Additional Bonds are subject to redemption on the next succeeding interest payment date, the Board may use such excess to redeem Bonds or Additional Bonds on the next succeeding interest payment date, or the Board may use such excess to make any deposit required to be made into the Reserve Fund.

Section 14. That immediately after the delivery of the Bonds the Board shall deposit the amount of \$1,500,000, which is now on hand and available for such purpose, to the credit of the Reserve Fund. So long as the money and investments in the Reserve Fund are not less in market value than a required amount equal to the average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, no additional deposits need be made into the Reserve Fund; but if the Reserve Fund should be depleted to less than said required amount in market value, then, subject to making the required deposits to the credit of the Interest and Sinking Fund, the Board shall transfer from the Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund (or from any excess in the Interest and Sinking Fund as permitted by Section 13(d) hereof), and deposit to the credit of the Reserve Fund, semi-annually, on or before each January 25th and July 25th thereafter, a sum at



least equal to 1/10th of the average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, until the Reserve Fund is restored to said required amount. So long as the Reserve Fund contains said required amount, any surplus in the Reserve Fund over said required amount may be transferred and deposited into the Interest and Sinking Fund.

Section 15. (a) That if on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) That, subject to making the required deposits to the credit of the Interest and Sinking Fund and the Reserve Fund, when and as required by this Resolution, or any resolution authorizing the issuance of Additional Bonds, any surplus Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund shall be used by the Board for paying, to the extent not paid from other sources, the Current Expenses of the Hospital Facilities, and any remaining balance may be used for any other lawful purpose.

Section 16. On or before the last day of January, 1973, and semi-annually on or before the last day of each July and of each January thereafter while any of the Bonds or Additional Bonds are outstanding and unpaid, the Board shall make available to the paying agents therefor, out of the Interest and Sinking Fund, and/or the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Bonds and Additional Bonds as will accrue or mature on the February 1st or August 1st immediately following. The paying agents shall totally destroy all paid Bonds and Additional Bonds, and the coupons appertaining thereto, and shall furnish the Board with an appropriate certificate of destruction.

Section 17. That at such times as the aggregate amount of money and investments in the Interest and Sinking Fund and the Reserve Fund are at least equal in market value to (1) the aggregate principal amount of all unpaid (unmatured and matured) outstanding Bonds and Additional Bonds, plus (2) the aggregate amount of all unpaid (unmatured and matured) outstanding interest coupons appertaining to such Bonds and Additional Bonds, no further deposits need be made into the Interest and Sinking Fund or Reserve Fund. In determining the amount of such Bonds and Additional Bonds, and interest coupons appertaining thereto, outstanding at any time, there shall be subtracted and excluded the amount of any such Bonds and Additional Bonds, and interest coupons appertaining thereto, which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents therefor sufficient, including any required redemption premium, for such redemption.

Section 18. That the Bonds and any Additional Bonds, and the interest coupons appertaining thereto, will constitute special obligations of the Board payable solely from the Pledged Revenues, and the holders of the Bonds and Additional Bonds, and the coupons appertaining thereto, shall never have the right to demand payment out of funds raised or to be raised by taxation.

Section 19. That the Board shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in any amounts, for any lawful purpose relating to the Hospital Facilities, and to refund any Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with this Resolution, shall be secured and payable equally and ratably on a parity with the Bonds, and all other outstanding Additional Bonds, by an irrevocable first lien on and pledge of the Pledged Revenues.

Section 20. (a) The Interest and Sinking Fund and the Reserve Fund established by this Resolution shall secure and be used to pay all Additional Bonds as well as the Bonds. However, each resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Sinking Fund, the Board shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same comes due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Board, by the deposit, from Pledged Revenues, of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in semi-annual installments, made on or before the 25th day of each January and July following the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, of not less than 1/10th of said required additional amount (or 1/10th of the balance of said required additional amount not deposited in cash as permitted above).

(b) All calculations of average annual principal and interest requirements made pursuant to this Section are made as of and from the date of the Additional Bonds then proposed to be issued.

(c) The principal of all Additional Bonds must be scheduled to be paid or mature on August 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on February 1 and August 1.

Section 21. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued or delivered unless:

(a) The senior financial officer of the Institute signs a written certificate to the effect that the Board is not in default as to any covenant, condition, or obligation in connection with all outstanding Bonds and Additional Bonds, and the resolutions authorizing same, and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be therein.

(b) The State Auditor of the State of Texas, or any certified public accountant, signs a written certificate to the effect that, during either the next preceding University of Texas System fiscal year, or any twelve consecutive calendar month period ending not more than ninety days prior to the adoption of the resolution authorizing the issuance of the then proposed Additional Bonds, the Pledged Revenues, excluding and excepting the Gross Proceeds from the Conveyance of Endowment Land, were at least equal to four times the average annual principal and interest requirements of all Bonds and Additional Bonds to be outstanding after the issuance of the then proposed Additional Bonds.

Section 22. The Board further covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and each resolution authorizing the issuance of Additional Bonds, and in each and every Bond and Additional Bond; that it will promptly pay or cause to be paid from the Pledged Revenues the principal of and interest on every Bond and Additional Bond, on the dates and in the places and manner prescribed in such resolutions and Bonds or Additional Bonds; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited from the Pledged Revenues the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and any holder of the Bonds or Additional Bonds may require the Board, its officials and employees, and any appropriate official of the State of Texas, to carry out, respect, or enforce the covenants and obligations of this Resolution or any resolution authorizing the issuance of Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Board, its officials and employees, or any appropriate official of the State of Texas.

(b) It is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Board in accordance with their terms.

(c) It lawfully owns and is lawfully possessed of the lands, buildings, and facilities constituting the Hospital Facilities, and has a good and indefeasible estate in such lands, buildings, and facilities in fee simple, that it warrants that it has, and will defend, the title to all the aforesaid lands, buildings, and facilities, and every part thereof, for the benefit of the holders and owners of the Bonds and Additional Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

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

(e) That while the Bonds or any Additional Bonds are outstanding and unpaid it will continuously and efficiently operate and maintain the Hospital Facilities in good condition, repair, and working order, and at a reasonable cost. The Board also covenants and agrees that the Current Expenses of the Hospital Facilities shall be paid from surplus Gross Revenues of the Hospital Facilities or any other Pledged Revenues in the Revenue Fund, as provided by Section 15(b) hereof, to the extent such surplus Pledged Revenues are available, or paid from the general funds of the Institute in the same manner as the expenses of operation and maintenance of general facilities of

the Institute, or paid from any other sources or funds lawfully available to the Institute or the Board for such purpose.

(f) That while the Bonds or any Additional Bonds are outstanding and unpaid, the Board shall not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution.

(g) That while the Bonds or any Additional Bonds, are outstanding and unpaid, the Board shall not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of the Hospital Facilities, or any significant or substantial part thereof; provided that whenever the Board deems it necessary to dispose of any furnishings and equipment, it may sell or otherwise dispose of such furnishings and equipment when it has made arrangements to replace the same or provide substitutes therefor.

(h) That at all times hereafter the Board shall procure boiler explosion insurance on all boilers servicing the Hospital Facilities in an amount not less than \$50,000 against loss suffered by reason of a boiler explosion. Further, at all times hereafter the Board shall procure fire and extended coverage insurance on the Hospital Facilities. The foregoing boiler explosion and fire and extended coverage insurance shall be maintained so long as Bonds or Additional Bonds are outstanding and such fire and extended coverage insurance shall be in amounts at least sufficient to provide for full recovery to the extent that the damage does not exceed 80% of full insurable value. Such insurance shall be carried with a reliable insurance company or companies. In lieu of providing fire and extended coverage insurance as required above, the Board may, at its option, provide the equivalent of such insurance under its general System-wide Fire and Extended Coverage Insurance policy, subject to a deductible provision which is reasonable in amount, provided the Board establishes and maintains a special account containing funds which are at least sufficient to offset said deductible amount and which are immediately available for such purpose. Upon the happening of any loss or damage covered by such insurance from one or more of said causes, the Board shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Board. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Board for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the Hospital Facilities shall be used promptly as follows:

(1) for the redemption prior to maturity of the Bonds and Additional Bonds, if any, ratably in the proportion that the outstanding principal of each Series or issue of Bonds or Additional Bonds bears to the total outstanding principal of all Bonds and Additional Bonds; provided that if on any such occasion the principal of any such Series or issue is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(2) if none of the outstanding Bonds or Additional Bonds is subject to redemption, then for the purchase on the open market and retirement of said Bonds and Additional Bonds, in the same proportion as prescribed in the foregoing clause (1), to the extent practicable; provided that

the purchase price for any such Bond or Additional Bonds shall not exceed the redemption price of such Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

(3) to the extent that the foregoing clauses (1) and (2) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the Board, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (1) and/or (2) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(i) At all times when the Reserve Fund does not contain the maximum aggregate amount required to be on deposit therein, the Board shall procure and maintain use and occupancy insurance on all the facilities, buildings, and structures of the Hospital Facilities, to the extent obtainable, in an amount sufficient to enable the Board to deposit into the Interest and Sinking Fund and the Reserve Fund, out of the proceeds of such insurance, an amount equal to the sums that are required to be deposited into said Funds from the Pledged Revenues during the time the Hospital Facilities are wholly or partially unusable, as a result of loss of use or occupancy caused by the perils covered by fire and extended coverage insurance.

(j) The annual audit hereinafter required shall contain a section commenting on whether or not the Board has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(k) The Board will fix, establish, maintain, and collect such rentals, rates, charges, and fees for the use and availability of the Hospital Facilities as are necessary to produce Gross Revenues of the Hospital Facilities sufficient, together with any other available resources, to pay all Current Expenses of the Hospital Facilities, and sufficient, together with other Pledged Revenues, to make all payments and deposits required to be made into the Interest and Sinking Fund, and to maintain the Reserve Fund, in connection with all Bonds and Additional Bonds.

(l) Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the Pledged Revenues, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholder.

(m) That each year while any of the Bonds or Additional Bonds are outstanding, an audit will be made of its books and accounts relating to the Pledged Revenues by the State Auditor of the State of Texas, or any certified public accountant, such audit to be based on the fiscal year of The University of Texas System. As soon as practicable after the close of each such fiscal year, and when said audit has been completed and made available to the Board, a copy of such audit for the preceding fiscal year shall be mailed to all bondholders who shall so request in writing. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

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(n) That the Board covenants that it will not permit to be deposited to the credit of any of the Funds created by this Resolution, or applied to the payment of the principal of or interest on the Bonds or any Additional Bonds, any proceeds from any grant, subsidy, donation, or income received from the United States Government, whether pursuant to agreement or otherwise, if such deposit or application would result in interest payable on the Bonds or Additional Bonds being includable in whole or in part in gross income for Federal income tax purposes.

(o) That the Board covenants that it will comply with all of the terms and conditions of any and all grant or subsidy agreements applicable to the Bonds or Additional Bonds entered into between the Board and any governmental agency in connection with any grant or debt service subsidy; and the Board will take all action necessary to enforce said terms and conditions.

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

Section 23. That either the Chairman or the Vice-Chairman of the Board is hereby authorized to have control of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the bonds, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate printed and endorsed on each of the Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each of the Bonds.

Section 24. That it is hereby officially found and determined: that a case of emergency or urgent public necessity exists which requires the holding of the meeting at which this Resolution is adopted, such emergency or urgent public necessity being that the proceeds from the sale of said Bonds are required as soon as possible and without delay for necessary and urgently needed public improvements; and that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Vernon's Ann. Civ. St. Article 6252-17.

Section 25. That said Bonds are hereby sold and shall be delivered to a Syndicate headed by \_\_\_\_\_

\_\_\_\_\_, for cash for the par value thereof and accrued interest thereon to date of delivery, plus a premium of \$ \_\_\_\_\_.

RECESS. --The Board of Regents recessed at 12:30 p. m. for lunch and for the completion of unfinished committee meetings.

\* \* \*

3:35 P. M. , SEPTEMBER 11, 1972. --At 3:35 p. m. , on September 11, 1972, the Board of Regents reconvened at the same place as the other sessions and with the same attendance except Regents McNeese\* and Williams\* to receive the reports of the Standing Committees and the Committee of the Whole.

The meeting was called to order by Chairman Peace.

APPROVAL OF MINUTES OF JULY 21 AND AUGUST 11, 1972. --Upon motion duly made and seconded, the Minutes of the regular meetings of the Board of Regents of The University of Texas System held in San Antonio on July 21, 1972, and in Austin on August 11, 1972, were unanimously approved in the form distributed by the Secretary and recorded in Volume XIX, beginning with Pages 2855 and 3233, respectively.

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\* Regents McNeese and Williams were in attendance at the meetings of the Standing Committees, the Committee of the Whole and a portion of the Executive Session. However, because of conflicting engagements Regent McNeese was excused at 12 o'clock noon and Regent Williams was excused at 2:30 p. m.

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## REPORTS OF STANDING COMMITTEES

The meetings of the Standing Committees were conducted in open session, and the reports thereof are set out below:

REPORT OF SYSTEM ADMINISTRATION COMMITTEE (Pages 19-20). -- Vice-Chairman Ikard, Chairman of the System Administration Committee, filed the following report of the System Administration Committee. The report was unanimously approved and the actions therein were ratified:

Since the last report on July 21, 1972, of the System Administration Committee, the following recommendations of the Administration were circulated to the members of the Committee and no exceptions were registered. These recommendations are herewith submitted for formal approval:

1. U. T. Austin: Amendments to the Operating Budget for Student Publications (6-M-71). -- It is recommended by President Spurr, concurred in by System Administration, that approval be given to the actions taken on June 15, 1972, by the Board of Operating Trustees of student publications at The University of Texas at Austin regarding budgetary matters in Motion No. 6, as quoted below:

"Motion No. 6: Singer moved, and it was seconded, that the proposed amendments (set out in Item VII below) be adopted for the budgets, and the amendment to the 72-73 budgets be forwarded at the proper time. This motion passed with unanimous approval."

VII. CONSIDERATION OF BUDGET AMENDMENTS. Edmonds called the board's attention to a dittoed proposal of amendments to the 1971-72 budgets, which would only transfer money from one account to another and would leave the net balance the same. Following are the three items in the budget which require changes:

- "1. Transfer \$1,100 from Summer Texan, Summer Directory under "Other Operating Expenses" to a new account under Summer Texan wages called "Summer Directory" wages.
- "2. Transfer \$1,400 from The Daily Texan Newsprint Expenses under "Other Operating Expenses" to The Summer Texan "Wages" account, with \$1,000 for printing wages and \$400 for advertising commission.
- "3. Add the position "Secretary" to The Daily Texan Salary roster for July and August 1972 at a rate of \$382 per month. Transfer \$764 from Circulation wages to cover the salary for the two months.

"Edmonds also said that the 1972-73 budgets would need to be amended to add the new position of Secretary at a total cost of \$4,800."



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2. U. T. Austin - Balcones Research Center - Sub-Sonic Wind Tunnel Building: Revised Project Cost, Sources of Appropriation and Additional Appropriation Therefor (3-B&G-71). --

WHEREAS, The Board of Regents at its meeting held on June 9, 1972, authorized the construction of a Sub-Sonic Wind Tunnel Building of approximately 2,400 square feet to house previously purchased equipment at the Balcones Research Center at The University of Texas at Austin and appropriated \$12,500 for this project;

WHEREAS, The Department of Aerospace Engineering and Engineering Mechanics and U. T. Austin Physical Plant personnel have expedited efforts to obtain the materials and technical assistance necessary within the \$12,500;

WHEREAS, Three quotations were received, the lowest of which was \$14,533 and attempts to obtain lower quotations have been unsuccessful, and

WHEREAS, The appropriated funds are lapsible within the current fiscal year:

BE IT RESOLVED, That the project cost be increased to \$14,533 and the appropriations revised to come from the following sources:

College of Engineering Equipment Account No. 14-3095-2080	\$ 7,500
Aerospace Engineering Wind Tunnel MO&E - Account No. 14-3005-2150	3,423
Wind Tunnel Facility Renovation Account No. 14-3005-2155	<u>3,610</u>
<b>Total</b>	<u><u>\$14,533</u></u>

Committee Chairman Ikard reported that the System Administration Committee met in an informal session on September 10, 1972, to outline the Committee's activities. It was decided that the first formal meeting of the Committee will be held on Thursday, October 19, 1972, at 2:30 p. m. as a prelude to the next scheduled meeting of the Board of Regents on October 20. The Secretary was instructed to notify each member of the Committee, which includes all members of the Board, of the exact time and place.

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agreement is necessary. If after examination the agreement is found to be necessary and in order, then the Chairman of the Board is authorized to execute the proposed agreement on behalf of the Board of Regents; however, if it is found that this agreement is not necessary, then the Law Office is directed to prepare a memorandum agreement. The instrument finally executed will be recorded in the October 1972 Minutes.

4. U. T. Austin: Agreement for Academic Year 1972-73 with Travis County Legal Aid and Defender Society. --Upon recommendation of President Spurr, concurred in by System Administration, the agreement between the Board of Regents of The University of Texas System and the Travis County Legal Aid and Defender Society was extended for a one year period. Regents Erwin and McNeese voted "No."

The Chairman of the Board of Regents was authorized to execute this agreement when it has been approved as to content by the Vice-Chancellor for Academic Affairs and the Vice-President for Business Affairs, U. T. Austin, and as to form by a University attorney.

The purpose of this agreement (Pages 22-25 ) is to provide legal services for those people who cannot afford to pay for such services and to provide clinical services for second and third year students in Law School:

THE STATE OF TEXAS  
COUNTY OF TRAVIS

THIS MEMORANDUM AGREEMENT by and between the Board of Regents of The University of Texas System, for and on behalf of The University of Texas at Austin School of Law, hereinafter called University, and Travis County Legal Aid and Defender Society, hereinafter called LADS.

WITNESSETH:

WHEREAS, University recognizes that a law school of the first class should offer its students opportunities to obtain first-hand experience in handling legal problems of the public; and

WHEREAS, LADS represents that it can provide these services;

REPORT OF ACADEMIC AND DEVELOPMENTAL AFFAIRS COMMITTEE (Pages 21-34 ). --Committee Chairman Kilgore before filing the report of the Academic and Developmental Affairs Committee reported that the exceptions to Chancellor's Docket No. 58 referred to the Executive Session of the Committee of the Whole were approved except Item No. 23 on Page C-15. This item was deferred until the October meeting of the Board of Regents. He then moved that Chancellor's Docket No. 58 as set out in Item No. 1 below and the other actions in the following report of the Academic and Developmental Affairs Committee be ratified. This motion prevailed by unanimous vote:

1. U. T. System: Chancellor's Docket No. 58. --The exceptions to Chancellor's Docket No. 58 were referred to the Executive Session of the Committee of the Whole and were approved with the exception of Item No. 23 on Page C-15 which item was deferred until the October meeting of the Board of Regents, and the remainder of the Docket was approved in the form distributed by the Secretary prior to the meeting of the Board of Regents. Regent Nelson abstained from voting on Item No. 1, Page PH-2 under "Contracts and Agreements, Nongovernment Sponsored, Including Research Grants as Distinguishable from Gifts." Chancellor's Docket No. 58 (Attachment No. 1 ) is attached following Page 84 and made a part of these Minutes.
  
2. U. T. Austin: Authorization to Request Permission from Coordinating Board to Establish (a) Bachelor of Science in Advertising and Department of Advertising in School of Communication and (b) Ph. D. in Social Work. --Approval was given to request permission from the Coordinating Board, Texas College and University System to establish at The University of Texas at Austin the following:
  - a. A Department of Advertising in the School of Communication, and to offer a Bachelor of Science degree in Advertising. The creation of the Department of Advertising would involve funding not to exceed \$10,000, and the Bachelor of Science degree in Advertising would be a revision of the existing course sequence and would not involve new courses, library costs, or additional faculty for its inception.
  
  - b. A program leading to a Ph. D. in Social Work in the Graduate School of Social Work. Chairman Peace commented that only one other university in the south offers this degree, and that is Tulane University, New Orleans, Louisiana.
  
3. U. T. Austin: Affiliation Agreement with the Bexar County Hospital District for Clinical Training in Speech and Hearing Disorders. --After a discussion of the affiliation agreement between the Board of Regents of The University of Texas System on behalf of The University of Texas at Austin and the Bexar County Hospital District, San Antonio, Texas, for clinical training in speech and hearing disorders as proposed by President Spurr, concurred in by Chancellor LeMaistre, the Chairman of the Board of Regents was authorized to work with the Law Office of The University of Texas System in the examination of the general agreement now in existence between these two organizations to determine whether or not this

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

## I.

LADS agrees to furnish all services as may be required from time to time by the University for the purpose of providing clinical legal education and to perform such duties incidental to the clinical legal education program as are required for conforming to the policies and rules of the University. It is recognized that a good law school through the utilization of faculty and interested students must confront the problem of the poor and assist in bringing them into the world of the law and lawyers. It is universally recognized that such a program provides a laboratory for students in the law school for the development of practice skills. Of almost equal importance is the opportunity to contribute toward achieving the ancient and honored goal of the legal profession of equal justice for the poor. LADS, therefore, agrees to render such services as required by the University so that these functions can be adequately performed.

## II.

It is understood and agreed that LADS will conduct its programs and integrate its work in such a manner as to furnish the means by which legal education can be advanced and students better prepared for the practice of law, all of which is in the public interest and is an essential part of the law school function.

## III.

University agrees to pay LADS for the services to be rendered a sum not to exceed \$18,000 per year, which sum of

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money is to be paid to LADS upon invoices submitted to the University which shall be approved by the Dean of The University of Texas at Austin School of Law and the Vice-President for Business Affairs at The University of Texas at Austin. It is contemplated that such invoices shall be for services rendered-- legal and secretarial--and invoices will be submitted, normally on a monthly basis, by LADS to the Dean of The University of Texas at Austin School of Law, who shall forward such invoices for final approval to the Vice-President for Business Affairs at The University of Texas at Austin.

## IV.

There shall be a thorough review of "clinical" experience under the contract with LADS conducted by a committee appointed by the President of The University of Texas at Austin, taking into consideration such issues as those raised concerning such programs as discussed in the article, "Supervising Students in Legal Clinics Outside the Law School," by Arthur N. Frakt, in the April, 1971, issue of Student Lawyer Journal, with a written report on the evaluation submitted to the Chancellor and the Board of Regents not later than July 1, 1973.

## V.

This agreement shall become effective immediately upon its execution and shall extend through the 1972-73 academic year only, may be amended by mutual agreement of the parties, and may be terminated by either party upon giving ninety (90) days' written notice to the other.

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EXECUTED THIS \_\_\_\_\_ day of \_\_\_\_\_, 1972.

ATTEST: BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

Secretary By: Chairman

ATTEST: TRAVIS COUNTY LEGAL AID AND DEFENDER SOCIETY

By:

Approved as to form: Approved as to content:

University Attorney Vice-Chancellor for Academic Affairs

Vice-President for Business Affairs

- 5. U. T. El Paso: Authorization to Request Permission from Coordinating Board to Establish a Master of Business Administration Degree (MBA). --Approval was given to request permission from the Coordinating Board, Texas College and University System to establish a program leading to a Master of Business Administration degree in the School of Business Administration at The University of Texas at El Paso.
- 6. U. T. Dallas and Dallas Medical School: Affiliation Agreement with Callier Hearing and Speech Center of Dallas. --Upon recommendation of President Jordan and President Sprague, concurred in by Chancellor LeMaistre, approval was given to the following affiliation agreement (Pages 26-32 ) between the Board of Regents of The University of Texas System on behalf of The University of Texas at Dallas and The University of Texas Southwestern Medical School at Dallas and the Board of Trustees of Callier Hearing and Speech Center of Dallas, Texas. The Chairman of the Board of Regents was authorized to execute this agreement which had been approved as to content by the Deputy Chancellor for Administration, the Vice-Chancellor for Academic Affairs and the Vice-Chancellor for Health Affairs and as to form by a University attorney.

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THE STATE OF TEXAS }  
 COUNTY OF DALLAS }

This AGREEMENT is executed on \_\_\_\_\_, 1972, between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, for and on behalf of THE UNIVERSITY OF TEXAS AT DALLAS (hereinafter referred to as "University"), and for and on behalf of THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL SCHOOL AT DALLAS (hereinafter referred to as "Medical School"), and the BOARD OF TRUSTEES OF THE CALLIER HEARING AND SPEECH CENTER (hereinafter referred to as "Callier"), WITNESSETH:

WHEREAS, Callier has acquired an excellent faculty for teaching and research in the field of the advanced study of the science of the alleviation of human communication disorders through the study of language and language disorders, hearing and hearing disorders, and speech and speech disorders, and

WHEREAS, Callier has an excellent clinical facility including, in the field of Audiology: 8 audiology suites, 1 impedance room, 1 ENG room, 6 offices; in the field of Speech and Language: 5 therapy rooms, 1 diagnostic room, 4 offices, 1 conference room, 1 waiting room, 2 language labs; in the field of Psychology: 3 offices, 1 testing room; in the field of Deaf Education: 22 classrooms, 1 gym, 1 library, 2 art rooms, 1 teachers workroom, 1 audiovisual lab, 1 TV studio, 10 offices and 5 central areas; and in the area of research: 1 anechoic chamber, 1 reverberation room, 1 conference room, 1 vivarium room, 1 caged washing room, 1 vestibular room, 5 offices, 1 surgery room, 4 labs, 1 photo room, 2 computer rooms, and 1 histology room; and

WHEREAS, University and Medical School already have strong teaching and research capabilities in certain of the basic sciences; and

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WHEREAS, cooperative programs are being planned among the University, the Medical School's School of Allied Health Professions, and The University of Texas at Arlington; and

WHEREAS, the University already has firm plans and approvals, in the Fall of 1975, to offer undergraduate degrees in Speech Pathology and Audiology; and

WHEREAS, both monetary savings and better educational products can be realized through cooperative efforts among the University, the Medical School, and Callier;

NOW, THEREFORE, it is agreed as follows:

I. ESTABLISHMENT OF DEGREE PROGRAMS

(1) Graduate Program - The University, the Medical School, and Callier look towards the establishment of a degree at the doctoral level in the advanced study of the science of the alleviation of human communication disorders through the study of language and language disorders, hearing and hearing disorders, and speech and speech disorders, the degree to be jointly offered by The University of Texas, Southwestern Medical School at Dallas, and The University of Texas at Dallas upon the recommendation of the faculty in the Graduate Program. The development of such a joint degree program to a great degree depends on the use of faculty and facilities in the field presently developed and to be developed in the future at Callier. The parties agree to work towards the establishment of such a Doctoral Program within the guidelines established herein.

The parties agree that a committee shall be appointed immediately by the Chief Administrative Officers of the three institutions consisting of one person from the University, one person from the Medical School, and such persons from Callier as may be appointed by the Callier Director. The committee, in



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consultation with the Chief Administrative Officers of the three institutions, shall as rapidly as possible develop a degree program proposal for the establishment of a joint degree at the doctoral level in the advanced study of the science of the alleviation of human communication disorders through the study of language and language disorders, hearing and hearing disorders, and speech and speech disorders for submission (after approval) by the Chief Administrative Officers of the three institutions to the Board of Regents of The University of Texas System and to the Coordinating Board, Texas College and University System, for approval and subsequent implementation. Such degree program proposal shall be planned so as to make full use of the existing faculty and facilities capabilities of the Medical School, the University, and Callier. The committee may seek such outside consultation and advice concerning the curriculum development as is considered appropriate after consultation with the Callier Director and approval by the other Chief Administrative Officers.

(2) Undergraduate Degree Program - It is recognized by the parties that the University will, in the Fall of 1975, begin to offer undergraduate degrees in Speech Pathology and Audiology, probably through a cooperative arrangement with the School of Allied Health Professions at the Medical School. The parties agree to work towards an arrangement to be implemented at an appropriate time whereby the staff of Callier would participate in the provision of portions of the didactic curriculum as well as the clinical portion. The arrangements for clinical training will be developed within the guidelines hereinafter set out.

## II. JOINT ARRANGEMENTS

(1) Joint Appointments - The parties agree that academic status is a strong inducement for attracting well qualified individuals for teaching and research positions at

Callier and that academic appointments made by the University or the Medical School for individuals employed by Callier should include assurances of continued employment consistent with the rules and regulations of the Board of Regents of the University and the Medical School and the policies of Callier. Academic appointments will be made by Callier, the University, or the Medical School and appointments will be granted after mutual institutional agreement on an individual basis, subject to the approval of the person by the other parties and the development of satisfactory arrangements covering the financial obligations accompanying all appointments.

(2) Clinical Training

(a) Callier agrees to provide, through coordination with the School of Allied Health Professions if appropriate, clinical training for the Bachelor of Science programs at The University of Texas at Dallas in Speech Pathology and Audiology.

(b) The period of time for each student's clinical education will be mutually agreed upon a reasonable period of time before the beginning of the clinical education program.

(c) The number of students eligible to participate in the clinical education program will be mutually agreed upon by the parties and may be altered by mutual agreement.

(3) Responsibilities of The University

(a) The University will send the name, biographical data, and a report of health status of each student to Callier a reasonable period of time before the beginning date of the clinical education program.

(b) The University is responsible for supplying any additional information required by Callier on students prior to their arrival.

(c) The University will assign to Callier only those students who have satisfactorily completed the prerequisite didactic portion of the curriculum.

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(d) The University will designate a faculty member to coordinate with a designee of Callier the assignment to be assumed by the student participating in the clinical education program.

(e) The University will enforce rules and regulations governing students that are mutually agreed upon by the University and Callier.

(4) Responsibilities of Callier

(a) Callier shall provide a jointly-planned, supervised program of clinical experience.

(b) Callier shall maintain complete records and reports on each student's performance and provide an evaluation to the University on forms provided by the University.

(c) Callier may request the University to withdraw from the clinical education any student whose performance is unsatisfactory, whose personal characteristics prevent desirable relationships within Callier, or whose health status is a detriment to the student's successful completion of the clinical education assignment.

(d) Callier shall, on reasonable request, permit the inspection of the clinical facilities, services available for clinical experiences, student records, and such other items pertaining to the clinical education program by any department or agency charged with the responsibility for accreditation of the curriculum.

(e) Callier shall designate and submit in writing to the University for acceptance the name and professional and academic credentials of a person to be responsible for the clinical education program. That person shall be called the Clinical Education Supervisor.

(f) Callier shall immediately notify the University in writing of any proposed change of the Clinical Education Supervisor.

(5) Responsibility of the Student

The student

(a) is responsible for following the administrative policies of Callier;

(b) is responsible for providing the necessary and appropriate uniforms required but not provided by Callier;

(c) is responsible for his own transportation and living arrangements when not provided for by Callier;

(d) is responsible for reporting to Callier on time and following all established regulations during the regularly scheduled operating hours of Callier; and

(e) will not submit for publication any material relating to the clinical education experience without prior written approval of Callier and the University.

III. JOINT SPONSORSHIP OF RESEARCH ACTIVITIES

In the event Callier, the University, and the Medical School desire to jointly pursue research, Callier will provide research facilities for faculty and staff who are geographically full time within Callier. In the event such research is performed at University or Medical School, research facilities will be provided by University or Medical School. Research projects may be jointly sponsored by the University, the Medical School, and Callier through contract. In such cases, the contract will state the extent of the responsibility of each institution in the administration and disposition of research funds, provision of staff and facilities, and ownership of equipment purchased with research funds.

IV. EXTENT OF AFFILIATION AT THE DEPARTMENTAL LEVEL

A major purpose of this agreement is to establish a broad framework of institutional policies to facilitate

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cooperation between the University, the Medical School, and Callier at the departmental level. The initiative for establishing departmental level affiliation and working relationships is vested in the respective departmental level heads at the University, the Medical School, and Callier. Before implementation, any such affiliations or working relationships are subject to appropriate action by the respective Chief Administrative Officers and the governing bodies of the institutions.

V. AMENDMENT AND DURATION

This agreement may be amended by mutual agreement of the parties at any time. The agreement is for a term of one year from the date of this agreement and thereafter from year to year unless terminated by either party by giving six months' advance notice to the other party by certified mail.

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

ATTEST: BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM  
Secretary By Chairman

ATTEST: BOARD OF TRUSTEES, CALLIER HEARING AND SPEECH CENTER  
Secretary By President

Approved as to Content:  
*Kenneth H. Blakemore*  
Vice-Chancellor for Academic Affairs, The U.T. System  
*Carlton R. ...*  
Deputy Chancellor for Administration, The U.T. System

*H. H. Kusely*  
Vice-Chancellor for Health Affairs, The U.T. System  
Director, Callier Hearing and Speech Center

Approved as to Form:  
*James Walby*  
University Attorney

9-11-72

7. U. T. Dallas and Galveston Medical Branch: Dual Positions Pursuant to Article 6252-9a, Vernon's Texas Civil Statutes. --With respect to the individuals at The University of Texas at Dallas and The University of Texas Medical Branch at Galveston, the following resolution was adopted in connection with the service on each of the state or federal boards opposite their names. This resolution is pursuant to Article 6252-9a, Vernon's Texas Civil Statutes:

WHEREAS, (the name of the individual) has an opportunity to serve as (the capacity in which he is serving on a state or federal board or commission):

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents of The University of Texas System, acting pursuant to delegated legislative authority:

- a. That the said (the name of the individual) be and he is hereby authorized by the Board of Regents to serve as (the capacity in which he is serving on a state or federal board or commission) until he no longer has an opportunity to do so or until this direction and requirement is amended or revoked by the Board of Regents;
- b. That the said (the name of the individual) be and he is hereby authorized by the Board of Regents to serve as (the capacity in which he is serving on a state or federal board or commission) in addition to all other duties that have been or may hereafter be assigned or required of him by the Board of Regents;
- c. That the Board of Regents finds that (the name of the individual)'s service as (the capacity in which he is serving on a state or federal board or commission) is not in conflict with his employment by The University of Texas System;
- d. That the Board of Regents finds that (the name of the individual)'s service as (the capacity in which he is serving on a state or federal board or commission) is and will continue to be of benefit and advantage to The University of Texas System and the State of Texas.

NAME	CLASSIFICATION	BOARD OR COMMISSION AND COMPENSATION
<u>The University of Texas at Dallas</u>		
Francis S. Johnson, Ph.D.	Executive Director, Center for Advanced Studies	Member - Space Science and Technology Panel of the President's Science Advisory Committee. Compensation - none; travel expenses reimbursed.

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NAME	CLASSIFICATION	BOARD OR COMMISSION AND COMPENSATION
<u>The University of Texas</u> <u>Medical Branch at Galveston</u>		
William D. Willis, M.D.	Chief, Compara- tive Marine Neurobiology Division, The Marine Biomedical Institute	Member - Neurological Disorders Program- Review Committee of the National Insti- tutes of Health. Compensation - \$100 per day and trans- portation costs.

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REPORT OF BUILDINGS AND GROUNDS COMMITTEE (Pages 35-49). -- Committee Chairman Erwin moved that the following report of the Buildings and Grounds Committee be adopted and that the actions therein be ratified. This motion was duly seconded and prevailed by unanimous vote:

1. U. T. Austin - Ten Story Structure Below the Upper Deck on the West Side of Memorial Stadium (Formerly Referred to as Building to House Physical Education Facilities and Offices in West Side Expansion of Memorial Stadium): Named L. Theo Belmont Hall. -- All the necessary rules were waived and the ten story structure which contains approximately 200,000 square feet of space and is situated under the upper deck on the west side of Memorial Stadium (formerly referred to as Building to House Physical Education Facilities and Offices in West Side Expansion of Memorial Stadium) was designated

#### L. Theo Belmont Hall

in recognition of Mr. Belmont's distinguished career with The University of Texas at Austin in the capacity of Athletic Director, Director of the Department for Physical Instruction and Director of Intramural Sports, his development of and leadership in the Southwest Conference Athletic Association, his generous contribution of time and effort in raising funds for the first Memorial Stadium and his extraordinary contributions to the development of physical instruction and intramural sports on the U. T. Austin campus.

This facility will be initially occupied by the Men and Women's Departments of Physical Instruction, the Department of Intercollegiate Athletics and the U. T. Austin Police Department.

No public announcement of this action will be made until October 20, 1972.

2. U. T. Austin - L. Theo Belmont Hall and Upper Deck on West Side of Memorial Stadium (Formerly Referred to as West Side Expansion of Memorial Stadium and Building to House Physical Education Facilities and Offices) and Communication Building (Formerly Referred to as School of Communication Building and Texas Student Publications Building): Inscription on Plaques. -- Approval was given to the inscriptions set out on Page 36 for plaques to be placed (a) on the L. Theo Belmont Hall and Upper Deck on West Side of Memorial Stadium (formerly referred to as West Side Expansion of Memorial Stadium and Building to House Physical Education Facilities and Offices) and (b) on the Communication Building (formerly referred to as School of Communication Building and Texas Student Publication Building), both at The University of Texas at Austin. These inscriptions follow a standard pattern approved by the Board of Regents at its meeting held October 1, 1966.



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L. THEO BELLMONT HALL AND UPPER DECK  
ON WEST SIDE OF MEMORIAL STADIUM  
1969

## BOARD OF REGENTS

Frank C. Erwin, Jr., Chairman  
Jack S. Josey, Vice-Chairman  
W. H. Bauer  
Jenkins Garrett  
Frank N. Ikard  
Joe M. Kilgore  
John Peace  
Dan C. Williams  
E. T. Ximenes, M. D.

Harry H. Ransom, Chancellor  
The University of Texas System  
Norman Hackerman, President;  
The University of Texas at Austin

William H. Wade, Chairman,  
Faculty Building Advisory Com-  
mittee, The University of Texas  
at Austin

Osborn Engineering Company;  
Lockwood, Andrews, and  
Newnam; and Osborn and  
Papesh, Project Engineers  
and Architects  
Lyda, Inc., and H. A. Lott, Inc.,  
Contractor

No public announcement of this action will be made until  
October 20, 1972.

COMMUNICATION BUILDING  
1970

## BOARD OF REGENTS

Frank C. Erwin, Jr., Chairman  
W. H. Bauer  
Jenkins Garrett  
Frank N. Ikard  
Jack S. Josey  
Joe M. Kilgore  
John Peace  
Dan C. Williams  
E. T. Ximenes, M. D.

Harry H. Ransom, Chancellor,  
The University of Texas System  
Bryce Jordan, President ad interim,  
The University of Texas at Austin

William H. Wade, Chairman,  
Faculty Building Advisory Com-  
mittee, The University of Texas  
at Austin

Ford, Powell, and Carson, Project  
Architects  
B. L. McGee Construction Company  
and B. L. McGee, Inc.,  
Contractor

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3. U. T. Austin: Dedication of the Scoreboard Pylon at Memorial Stadium to the Memory of Freddie Steinmark and Authorization for Installation of Appropriate Plaque. --To commemorate the inspiration of Freddie Steinmark, an outstanding football player who was stricken with cancer at the height of his career, it was authorized that the new scoreboard pylon at Memorial Stadium be dedicated to his memory. Authorization was given for the installation of an appropriate plaque identifying the pylon as a memorial to Freddie Steinmark. This scoreboard pylon will be dedicated on September 23, 1972.
4. U. T. Austin - Clark Field Baseball Facility: Relocation, Appointment of Marmon and Mok, San Antonio, Texas, Project Architect, and Appropriation Therefor. --The site for the College of Fine Arts and Performing Arts Center facilities has previously been selected to be located between San Jacinto and Red River streets, north of 23-1/2 Street. This site selection necessitated the relocation of the Clark Field Baseball Facility at The University of Texas at Austin. It was ordered:
- a. That Clark Field be relocated to a site east of I. H. 35 on U. T. Austin land located between 19th Street and Manor Road.
  - b. That the firm of Marmon and Mok, San Antonio, Texas, be appointed Project Architect for this relocation with authorization to prepare the preliminary plans to be submitted to the Board of Regents at a later meeting.
  - c. That \$15,000 be appropriated from the proceeds of Permanent University Fund Bonds for necessary topographic surveys, miscellaneous expenses and fees through the preparation of preliminary plans.
5. U. T. Austin - 50 Meter Indoor Swimming Facility (Site Selected) and Parking Lot at 19th Street and Trinity Street Authorized and Appropriation Therefor. --Pursuant to authorization by the Board of Regents at its meeting on April 17, 1970, the Office of Facilities Planning and Construction and the Project Architect, Fisher and Spillman, recommended and the Building and Grounds Committee approved the location of the 50 Meter Indoor Swimming Facility to be north of 19th Street adjacent to University Junior High School Building.

The Committee further authorized the Office of Facilities Planning and Construction to prepare plans and specifications for a parking lot for approximately 200 cars as a replacement for the spaces used for the pool facility at an estimated total project cost of \$30,000 to be located in the area west of the Collections Deposit Library and bounded by 19th Street and Trinity Street. It was ordered that these plans and specifications be brought to the Board of Regents for approval at a subsequent meeting.

For necessary topographic survey, soil investigation and miscellaneous expenses through the preparation of final plans and

specifications, \$3,000 was appropriated from Permanent University Fund Bond proceeds.

Regent McNeese voted for this item with the understanding that it does not preclude the Field House.

6. U. T. Austin - Graduate School of Business Building: Approval of Final Plans and Specifications and Authorization to Advertise for Bids. -- Approval was given to the final plans and specifications prepared by Kenneth Bentsen, Houston, Texas, for the Graduate School of Business Building at The University of Texas at Austin subject to the final review by the Office of Facilities Planning and Construction. Following this review and subject to Federal Granting Agency clearances, the Director of the Office of Facilities Planning and Construction was authorized to advertise for bids to be presented to the Board of Regents for consideration at a later date.

These plans and specifications cover approximately 146,000 gross square feet at an estimated total project cost of \$6,000,000 as outlined in previous Minute Orders. The sources of funds for this building will be proceeds from Building Use Fee Bonds, Title III Interest-Loan Subsidy Grant and private gift money.

7. U. T. Austin - Engineering Teaching Center II: Approval of Final Plans and Specifications, Additional Appropriation Therefor, and Delay in Advertising for Bids. -- The final plans and specifications prepared by Page-Southerland-Page, Austin, Texas, for Engineering Teaching Center II at The University of Texas at Austin were approved and an additional appropriation of \$46,700 was authorized from Permanent University Fund Bond proceeds to cover the Architect's fees and miscellaneous expenses through the final plans and specifications stage. These plans and specifications cover a building of approximately 135,000 gross square feet at an estimated construction cost of \$4,800,000 (estimated total project cost \$6,000,000). Previous appropriations were made in connection with Engineering Teaching Center I.

Advertising for bids for this project was ordered delayed until the funding necessary for the construction of the project has been completed. It was noted that Dean Gloyna of the School of Engineering was authorized on October 23, 1970, to proceed to solicit gift funds necessary to construct Engineering Teaching Center II.

8. U. T. Austin - McDonald Observatory - Housing Development: Ratification of Committee's Approval of Final Plans and Specifications and Authorization to Committee to Award Contract. -- The committee appointed at the Regents' meeting on July 21, 1972, has approved the final plans and specifications for Housing Development at The University of Texas at Austin - The University of Texas McDonald Observatory at Mount Locke. As directed by the same Minute Order of July 21, 1972, the Director of the Office of Facilities Planning and Construction has advertised for bids. In order that a contract award may be made prior to the Regents' meeting to be held October 20, 1972, the same committee (composed of Vice-President Colvin, Director Kristoferson, Deputy Chancellor Walker, Committee Chairman Erwin and Chairman Peace) was authorized to award a contract for this project within the approved total project cost of \$990,000.

9. U. T. Austin - Port Aransas Marine Institute - Physical Plant Building: Award of Contract to Rockford Furniture Associates, Austin, Texas, for Furniture and Furnishings. --For the furniture and furnishings for the Physical Plant Building at The University of Texas at Austin - The University of Texas Marine Science Institute at Port Aransas, a contract was awarded in the amount of \$7,485.52 to Rockford Furniture Associates, Austin, Texas, the low bidder in compliance with specifications. Funds for this contract award are available in the Allotment Account for the project:

It was noted that Sears, Roebuck and Company bid an item which had not been approved in advance as an alternate and which was not responsive to the specifications as set out in the call for bids.

10. U. T. El Paso - Burges Hall: Award of Contract to John R. Lavis General Contractor, Inc., El Paso, Texas, for Refurbishing. -- For refurbishing Burges Hall at The University of Texas at El Paso, a contract in the amount of \$72,895 was awarded to the low bidder, John R. Lavis General Contractor, Inc., El Paso, Texas. This contract is within the appropriations totaling \$75,000 previously authorized, the source of which was changed by Item No. 1, Chancellor's Docket No. 58, Page C-8. This contract provides for general repair work, repainting, and replacement of doors and electrical fixtures.

It was noted that the Architect's fees and miscellaneous expenses required were included in the \$157,000 appropriation made for total remodeling at the April 1972 meeting.

11. U. T. Arlington - Fine Arts Building: Award of Contract to Cadenhead Construction Company, Inc., Fort Worth, Texas, and Additional Appropriation Therefor. --For the Fine Arts Building at The University of Texas at Arlington, a building of approximately 200,000 gross square feet, the estimated total project cost of \$6,500,000 was increased to \$8,125,800. This includes the contract award for the building, air balancing, fees, movable furnishings and equipment, landscaping, and miscellaneous expenses.

Subject to the approval by federal granting agencies, a contract was awarded to the low bidder, Cadenhead Construction Company, Inc., Fort Worth, Texas, as follows:

Base Bid	\$ 6,318,000
Add Alternates:	
No. 1 (Recital Hall)	308,300
No. 2 (Experimental Theater)	155,000
No. 3 (Additional Work in Existing Theater)	24,000
No. 5 (Vertical Blinds)	8,700
Total Contract Award	<u>\$ 6,814,000</u>

To cover the total project cost, an additional appropriation in the amount of \$7,833,300 was authorized from proceeds of Combined Fee Revenue Bonds, Series 1971-A, with authorization for temporary funding, if needed, from Constitutional Ad Valorem Tax Bond proceeds. It was noted that an amount of \$292,500 had been previously appropriated.

12. U. T. Arlington - Approval of Easement to Texas Electric Service Company for an Underground Electric Distribution System. --An easement was granted to Texas Electric Service Company for an underground electric distribution system over, across and under a 48.195 acre tract of land out of the Owen Medlin Survey, Abstract No. 1043, Tarrant County, Texas, to replace the present overhead electric service. The easement is 10 feet wide and is approximately 300 feet in length.

The Chairman of the Board of Regents was authorized to execute this easement after it has been approved as to content by Deputy Chancellor Walker and as to form by a University attorney.

13. U. T. Dallas, U. T. San Antonio and U. T. Permian Basin - Central Energy Plants: Approval of Final Plans and Specifications, Authorization to Deputy Chancellor for Administration and Chairman of Buildings and Grounds Committee to Approve Service Agreement, and Authorization to Advertise for Bids. -- To provide chilled water and steam for the three new campuses, The University of Texas at Dallas, The University of Texas at San Antonio and The University of Texas of the Permian Basin, the final plans and specifications for the construction of a central energy plant at each of these campuses were approved. These plans had been prepared by the Project Engineer, B. Segall, Jr.

Authorization was given to the Deputy Chancellor for Administration and the Chairman of the Buildings and Grounds Committee to approve a service agreement as a part of the bidding document to be issued to prospective bidders to submit proposals to build, own and operate at their own expense a central energy plant on leased land at the campus and to furnish chilled water and steam at a rate to be proposed by each bidder. The Director of the Office of Facilities Planning and Construction was authorized to advertise for proposals to be presented to the Board of Regents at a later date. It was noted that when these bids are received and awarded, the service agreement will be made a part of the permanent record.

14. Dallas Medical School - Parking Structure: Authorization for Construction, Appointment of Beran and Shelmire, Dallas, Texas, Project Architect, and Appropriation Therefor. -- Since the parking facilities have been greatly reduced at The University of Texas Southwestern Medical School at Dallas by the construction of the Phase I Expansion Program and since the entering class will be increased to 200 students in 1975 with additional faculty and staff personnel, approval was given to the following, upon recommendation of President Sprague, concurred in by System Administration:

- a. Construction of a parking facility at an estimated total project cost of \$1,300,000 to accommodate approximately 600 cars. This facility is to be located immediately northwest of the Student Union Building and in the area adjacent thereto.

- b. Appointment of the firm of Beran and Shelmire, Dallas, Texas, Project Architect, with authorization to prepare final plans and specifications to be presented to the Board of Regents at a later date.
- c. Appropriation of \$70,000 from the Southwestern Medical Foundation grant for fees and miscellaneous expenses through the preparation of final plans and specifications. It is anticipated that this project will also be funded from Dallas Medical School Unexpended Plant Funds and parking fee revenues.

15. Dallas Medical School - Landscape-Recreation Development: Award of Contract to North Haven Gardens, Inc., Dallas, Texas, and Additional Appropriation Therefor. --The landscape-recreation development at The University of Texas Southwestern Medical School at Dallas includes landscape treatment of a parking lot, enhancement of campus boundaries and entrance, and recreational facilities consisting of two tennis courts and jogging trail. The estimated total project cost of \$125,000 was increased to \$152,379 to cover the contract award set out below, fees, and miscellaneous expenses.

A contract was awarded for landscape-recreation development to the low bidder, North Haven Gardens, Inc., Dallas, Texas, as follows:

Base Bid	\$ 125,960
Add Alternates:	
No. 1 (Additional Campus Perimeter Planting)	10,777
No. 3 (Additional Planting at Tennis Courts)	<u>3,426</u>
Total Contract Award	<u>\$ 140,163</u>

Additional funds in the amount of \$27,379 from the following sources were appropriated:

\$ 5,000 - Dallas Medical School Account No. 957-205,  
Landscape and Recreation Projects

\$22,379 - Dallas Medical School Account No. 729-910,  
Unappropriated Balance of Plant Funds

It was noted that previous appropriations totaling \$125,000 had been authorized from Dallas Medical School Account No. 957-205, Landscape and Recreation Projects.

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16. Dallas Medical School - Basic Science Research Building: Ratification of Award of Contract to Lee-Emmert, A Corporation, for Completion of Unfinished Ground Floor Space and Appropriation Therefor. --The Committee received a report that the special committee appointed on June 9, 1972, to award a contract for the completion of the unfinished ground floor space in the Basic Science Research Building at The University of Texas Southwestern Medical School at Dallas had awarded the contract to the low bidder, as follows:

Lee-Emmert, A Corporation  
Richardson, Texas

Base Bid	\$ 251,000
Add Alternate No. 1	<u>22,000</u>
Total Contract Award	<u>\$ 273,000</u>

This contract award, together with Architect's fees thereon, movable furniture and equipment, contingency funds, air balancing and miscellaneous expenses is within the total estimated cost of \$376,000 which has been previously approved.

The action of the special committee in awarding this contract was ratified and an additional appropriation of \$130,000 was authorized from Dallas Medical School Unexpended Plant Funds, \$246,000 having been previously appropriated (Permanent Minutes, Volume XIX, Page 971).

17. Dallas Medical School - Approval of Easements to Dallas Power and Light Company and Southwestern Bell Telephone Company for an Overhead Service Line. --For an overhead service line to provide electrical service to the North Texas Regional Computer Center for The University of Texas at Arlington, The University of Texas at Dallas and The University of Texas Southwestern Medical School at Dallas (on the campus of the Dallas Medical School), overhead service line easements were granted to Dallas Power and Light Company and Southwestern Bell Telephone Company over, across and under that certain tract of land in the City of Dallas, Block 6057, containing 73,245 square feet conveyed to the Board of Regents of The University of Texas System in a deed recorded in Volume 72082, Page 1171, Deed Records of Dallas County, Texas. These overhead easements are 14 feet wide and approximately 59 feet in length.

The Chairman of the Board of Regents was authorized to execute these documents when they have been approved as to content by Deputy Chancellor Walker and as to form by a University attorney.

18. San Antonio Medical School - Animal Care Building on Kerrville Property: Authorization to Expand Animal Runs and Shelter and Appropriation Therefor. --Authorization was given for additional runs and sheltered area at the Animal Care Building on University property in Kerrville, Texas, comprising 2,673 square feet to be constructed by the Physical Plant staff of The University of Texas Medical School at San Antonio. The sheltered area is to be of prefabricated metal and provided with electric radiant heating, and the enclosed runs are to be of aluminum tubing and sheets. The total estimated project cost is \$27,068.

For the cost of this project, \$27,068 was authorized from Animal Care Services Department account.

19. San Antonio Dental School - New Facility: Authorization to Advertise for Bids. --Final plans and specifications for the New Facility for The University of Texas Dental School at San Antonio were approved by the Board of Regents at the meeting held on April 29, 1972, with a total project cost of \$28,000,000.

The U. S. Department of Health, Education and Welfare has announced that it will make a grant of \$9,310,000 to this project. Therefore, the Office of Facilities Planning and Construction was authorized to advertise for bids subject to obtaining granting agency clearance.

20. U. T. Permian Basin - Transition Facilities: Approval of Final Plans and Specifications, Authorization to Advertise for Bids and Appropriation for Project. --Approval was given to the final plans and specifications for Transition Facilities at The University of Texas of the Permian Basin with authorization to the Director of the Office of Facilities Planning and Construction to advertise for bids to be presented to the Board of Regents or the System Administration Committee for consideration at a later date. These plans and specifications cover three buildings (two classroom buildings and a library as previously authorized) totaling approximately 32,000 gross square feet at an estimated total project cost of \$453,000.

The entire cost of this project is to come from Tuition Revenue Bonds, and \$453,000 was appropriated from that source. (Formerly only two-thirds of the funding of these Transition Facilities, which will permit U. T. Permian Basin to open in September 1973, was to come from Tuition Revenue Bonds.)

21. U. T. Permian Basin - Classroom-Administration Building: Acceptance of Third Revision of Annual Interest Grant No. 5-6-00630-0. --After the award of the construction contract for the Classroom-Administration Building for The University of Texas of the Permian Basin, a request was made to the Department of Health, Education and Welfare for an additional participation by the Federal Government in the principal amount of the loan on which Annual Interest Grant No. 5-6-00630-0 was based. A third revision of this grant has been received and it was approved. This revision increased the principal on which the grant was approved from \$2,547,000



to \$3,055,000 and thus increased the amount of the annual interest grant from \$38,131 to \$45,736. This grant is for the purpose of covering the difference in the actual interest over and above a 3% interest rate on the \$3,055,000 of Board of Regents of The University of Texas System General Tuition Revenue Bonds, Series 1971 and Series 1972, which carried an average interest rate of 5.3358%. This grant is for a period of 30-1/4 years.

22. Galveston Medical Branch - Additions to John Sealy Hospital (Formerly Referred to as New John Sealy Hospital): Authorization for Revised Project Scope to Include Patient Bed Tower, Central Supply, Pharmacy and Bulk Storage Facility and Surgical Operating Suite, Costs and Preparation of Preliminary Plans. --The following resolution was adopted:

WHEREAS, The campus site plan for The University of Texas Medical Branch at Galveston adopted on January 29, 1971, included the expansion of the John Sealy Hospital;

WHEREAS, On March 16, 1972, the Board of Regents authorized Deputy Chancellor Walker to negotiate with the firm of Medical Planning Associates to be the medical facility design consultant for this project (formerly referred to as New John Sealy Hospital);

WHEREAS, It was reported to the Buildings and Grounds Committee that the Project Architect, G. Pierce, Goodwin and Flanagan, employed Medical Planning Associates for a fee of \$168,000 plus an estimated \$12,000 for travel and miscellaneous expenses, the total cost to be shared equally between the Project Architect and the University, and

WHEREAS, The Project Architect and the planning consultant recommended a revised project scope:

BE IT RESOLVED, (a) That the project formerly referred to as the New John Sealy Hospital be revised to include the following additions to the present John Sealy Hospital:

- (1) A new Patient Bed Tower south of the present John Sealy Hospital comprising 360,000 gross square feet and housing approximately 528 beds.
- (2) A new Central Supply, Pharmacy and Bulk Storage Facility immediately north of the present John Sealy Hospital comprising 28,000 gross square feet.
- (3) A new addition to the Surgical Operating Room Suite with 32,000 gross square feet.

(b) That preliminary plans and outline specifications be prepared for the three additions outlined in (a) above and for minimal remodeling to the present Surgical Operating Suite to make it functional with the new addition, at an estimated total project cost of \$30,000,000

23. Galveston Medical Branch - Moody Medical Library, Clinical Sciences Building and Surge Facility: Approval of Inscription on Plaques. --Approval was given to the inscriptions set out below for plaques on the Moody Medical Library, the Clinical Sciences Building and the Surge Facility, all at The University of Texas Medical Branch at Galveston. These inscriptions follow a standard pattern approved by the Board of Regents at its meeting held October 1, 1966:

MOODY MEDICAL LIBRARY  
1969

BOARD OF REGENTS

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E. T. Ximenes, M.D.

Harry H. Ransom, Chancellor,  
The University of Texas System  
Truman G. Blocker, Jr., M.D.,  
President, The University of  
Texas Medical Branch at  
Galveston

O'Neil Ford and Associates,  
Associate Architects  
Tellepsen Construction Company,  
Contractor

CLINICAL SCIENCES BUILDING  
1968

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President, The University of  
Texas Medical Branch at  
Galveston

Brooks, Barr, Graeber, and  
White, Consulting Architects  
Thomas M. Price, Associate  
Architect  
Tellepsen Construction Company,  
Contractor

SURGE FACILITY  
1972

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Chancellor, The University of  
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President, The University of  
Texas Medical Branch at  
Galveston

Louis Lloyd Oliver, Project  
Architect  
Eriksson Construction Company,  
Contractor

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24. Galveston Medical Branch - Marine Biomedical Institute - Initial Facility (Formerly Referred to as Laboratory and Office Space): Authorization to Extend Utilities, Appointment of Ray S. Burns and Associates, Consulting Engineers, and Appropriation for Engineers' Fees and Miscellaneous Expenses. --The following resolution was adopted:

WHEREAS, Any future development on the Smith Property located at 8th and 9th streets and Wharf, Galveston, Texas, will require the extension of chilled water and steam lines from the Central Power Plant north across The Strand:

- BE IT RESOLVED, (1) That the chilled water and steam lines from the Central Power Plant be extended to the site on the Smith Property of the Initial Facility (formerly authorized as Laboratory and Office Space) for the Marine Biomedical Institute of The University of Texas Medical Branch at Galveston, (2) that Ray S. Burns and Associates, Houston, Texas, be appointed Consulting Engineers to develop preliminary plans, specifications and cost estimates at a fee not to exceed \$5,000, and (3) that an appropriation of \$5,000 be authorized from Medical Branch Unexpended Plant Funds Project Allocation to pay for Engineers' fees and miscellaneous expenses through the preparation of preliminary plans and specifications and development of cost estimates.

25. Houston Medical School - John H. Freeman Building (Formerly Initial Facility): Approval of Inscription on Plaque. --Approval was given to the inscription set out below for the plaque on the John H. Freeman Building (formerly Initial Facility) at The University of Texas Medical School at Houston. This inscription follows a standard pattern approved by the Board of Regents at its meeting held October 1, 1966:

JOHN H. FREEMAN BUILDING  
THE UNIVERSITY OF TEXAS MEDICAL SCHOOL AT HOUSTON  
1971

BOARD OF REGENTS

John Peace, Chairman  
Frank N. Ikard, Vice-Chairman  
Frank C. Erwin, Jr.  
Jenkins Garrett  
Mrs. Lyndon B. Johnson  
Joe M. Kilgore  
A. G. McNeese, Jr.  
Joe T. Nelson, M.D.  
Dan C. Williams

Charles A. LeMaistre, M.D.,  
Chancellor, The University of  
Texas System  
Cheves M. Smythe, M.D.,  
Dean, The University of Texas  
Medical School at Houston

Brooks, Barr, Graeber and White,  
Project Architect  
Fleetwood Construction Company,  
Inc., Contractor

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Chairman Peace announced that the dedication of the John H. Freeman Building had been set for October 28, 1972, at 11:30 a. m. and asked as many Regents as possible to attend this occasion.

26. M. D. Anderson - Annex and Rehabilitation Center: Approval of Inscription on Plaque. --Approval was given to the inscription set out below for the plaque on the Annex and Rehabilitation Center at The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston. This inscription follows a standard pattern approved by the Board of Regents at its meeting held October 1, 1966:

ANNEX AND REHABILITATION CENTER  
M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE AT HOUSTON  
1971

BOARD OF REGENTS

John Peace, Chairman  
Frank N. Ikard, Vice-Chairman  
Frank C. Erwin, Jr.  
Jenkins Garrett  
Mrs. Lyndon B. Johnson  
Joe M. Kilgore  
A. G. McNeese, Jr.  
Joe T. Nelson, M. D.  
Dan C. Williams

Charles A. LeMaistre, M. D.,  
Chancellor, The University of  
Texas System  
R. Lee Clark, M. D., President,  
The University of Texas M. D.  
Anderson Hospital and Tumor  
Institute at Houston

Cameron Fairchild and Associates,  
Project Architect  
Stone Construction Company, Inc.,  
Contractor

27. M. D. Anderson - Lutheran Hospital Addition and Outpatient Clinic Expansion: Approval of Final Plans and Specifications and Revised Project Budget, Authorization to Advertise for Bids, and Additional Appropriation for Fees and Miscellaneous Expenses. --Approval was given to the final plans and specifications prepared by the Project Architect, MacKie and Kamrath, for the expansion of The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston (Lutheran Hospital Addition of 350 beds, Outpatient Clinic Expansion and Radiotherapy Expansion) covering 595,000 square feet at the Project Architect's final revised construction cost estimate of \$31,896,900 (base bid estimate of \$26,085,000 plus additive alternates of \$5,811,400) with authorization that bids for additive alternates be provided and accepted within the construction funds available at the time of contract award or within a succeeding six month period if funds become available.

Authorization was given for the project cost to be \$35,100,000 subject to final funding, for construction cost, professional fees, and miscellaneous project expenses. Equipment for the facilities will be provided from the Legislative Appropriation of \$2,250,000 and other funds made available by M. D. Anderson.

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The Office of Facilities Planning and Construction was authorized to advertise for bids subject to all granting agency clearances and final reviews.

An appropriation of \$435,000 was authorized as an advance from Permanent University Fund Bond proceeds for professional fees and miscellaneous expenses through the final plans and specifications stage. From the same source, \$1,050,000 has previously been advanced.

28. M. D. Anderson - U. T. System Environmental Science Park: Authorization to Expand Facilities, Appointment of Freese, Nichols and Endress, Project Engineer for Sewage Treatment Facility, Appointment of Committee to Award Contract for Building Foundations and Appropriation Therefor. --The following resolution was adopted:

WHEREAS, On July 10, 1970, the administration and business management of The University of Texas System Environmental Science Park located at Bastrop, Texas, were delegated to The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston;

WHEREAS, In the programming and planning of the development of the Science Park, new facilities including a sewage disposal system, additional space for research activities and animal care areas are needed, the initial cost of which has been estimated at \$125,000;

WHEREAS, It is anticipated by its management that much of this work can be done in contracts of less than \$50,000 and can be done under the direction of the M. D. Anderson Physical Plant staff with the assistance of the Office of Facilities Planning and Construction, and

WHEREAS, The Office of Facilities Planning and Construction is developing site studies for this park and investigations are being made to develop the scope and estimated cost of the sewage disposal system to be brought to the Board of Regents at a future meeting:

BE IT RESOLVED, (a) That new facilities at the Science Park including a sewage disposal system, additional space for research activities and animal care areas, and the moving of two existing metal buildings from Houston, Texas, to the Science Park all at a total estimated cost of \$125,000 be authorized, (b) that moving and reassembling of the two existing metal buildings now on the site of the Lutheran Hospital Addition and the Outpatient Clinic Expansion be under the direction of the M. D. Anderson Physical Plant staff, (c) that the firm

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of Freese, Nichols and Endress, Consulting Engineers, Austin, Texas, be appointed Project Engineer for the preparation of final plans and specifications for the sewage treatment facility and that the Office of Facilities Planning and Construction prepare the necessary final plans and specifications for the remainder of the project with authorization to advertise for bids, (d) that a committee, consisting of President Clark, Director Kristoferson, Deputy Chancellor Walker, Committee Chairman Erwin and Chairman Peace, be appointed to award a contract for the two new foundations for the buildings that are being moved from Houston and (e) that \$125,000 be appropriated from Account No. 175316, Gift Funds, M. D. Anderson Hospital and Tumor Institute to cover the cost of this project.

29. Public Health School - Phase II Building: Authorization to Advertise for Bids. -- Final plans and specifications for the Phase II Building at The University of Texas School of Public Health at Houston were approved by the Board of Regents at its meeting held April 17, 1970, with a total project cost of \$10,000,000 which on February 4, 1972, was increased to \$14,309,000.

In the application for a grant from the U. S. Department of Health, Education and Welfare the Phase II Building was reduced in size and the project cost was reduced to \$9,300,000. The Department of Health, Education and Welfare has announced that it will make a grant of \$6,675,878 to this revised project. Therefore, the Office of Facilities Planning and Construction was authorized to advertise for bids when the plans and specifications have been amended to conform to the revised project and when granting agency clearance has been obtained.

REPORT OF LAND AND INVESTMENT COMMITTEE (Pages 49-64). -- Committee Chairman Garrett filed with the Secretary the following report of the Land and Investment Committee (Pages 50-64) and stated that all items except Item No. 4, Page 63 had been considered in open session. After reviewing the sale authorized in Item No. 4 on Page 63, Committee Chairman Garrett moved the adoption of the report and the ratification of the actions therein. The motion was duly seconded and unanimously prevailed:

Except as otherwise indicated in the reports, the Associate Deputy Chancellor for Investments, Trusts and Lands was authorized to execute all necessary instruments relating to real estate or mineral interest held or controlled by the Board of Regents as a part of the Permanent University Fund or as a part of any trust or Special Fund when such instruments are approved as to form by a University attorney and as to content by an appropriate official.

I. Permanent University Fund

A. Investment Matters

Permanent University Fund: Report on Clearance of Monies to Permanent University Fund and Available University Fund. --  
 From the Auditor, Oil and Gas Production the following report with respect to monies cleared by the General Land Office to the Permanent University Fund and the Available University Fund for the current fiscal year through July 1972 was received and made a part of this Committee's report:

	<u>June, 1972</u>	<u>July, 1972</u>	<u>Cumulative This Fiscal Year</u>	<u>Cumulative Preceding Fiscal Year (Averaged)</u>
<u>Permanent University Fund</u>				
Royalty				
Oil	\$ 886,639.86	\$ 1,014,588.24	\$ 13,966,493.52	\$ 14,630,226.27
Gas - Regular	149,536.29	436,334.30	3,056,241.01	2,200,850.52
- F. P. C.	26,588.43	150.79	28,021.98	24,631.42
Water	6,960.23	18,911.29	99,340.19	140,175.75
Salt Brine	321.95	695.50	11,676.10	13,186.80
Rental on Mineral Leases	28,033.65	11,116.20	276,537.65	246,489.98
Rental on Water Contracts	4,580.00	50.00	13,007.96	4,835.38
Rental on Brine Contracts	- 0 -	200.00	200.00	366.63
Amendments and Extensions of Mineral Leases	49,372.75	38,442.00	230,971.31	395,884.28
	<u>\$ 1,152,103.16</u>	<u>\$ 1,520,488.32</u>	<u>\$ 17,682,489.72</u>	<u>\$ 17,656,647.03</u>
Bonuses, Mineral Lease Sales (actual)	- 0 -	- 0 -	4,769,600.00	1,407,000.00
Total-Permanent University Fund	<u>\$ 1,152,103.16</u>	<u>\$ 1,520,488.32</u>	<u>\$ 22,452,089.72</u>	<u>\$ 19,063,647.03</u>
<u>Available University Fund</u>				
Rental on Easements	4,165.57	17,146.79	194,656.04	163,618.18
Interest on Easements and Royalty	271.56	3,397.14	13,761.88	867.24
Correction Fees - Easements	35.45	- 0 -	135.45	45.87
Transfer and Relinquishment Fees	2,152.36	1,016.62	5,750.76	4,145.46
Total-Available University Fund	<u>6,624.94</u>	<u>21,560.55</u>	<u>214,304.13</u>	<u>168,676.75</u>
Total-Permanent and Available University Funds	<u>\$ 1,158,728.10</u>	<u>\$ 1,542,048.87</u>	<u>\$ 22,666,393.85</u>	<u>\$ 19,232,323.78</u>

<u>Oil and Gas Development-July 31, 1972</u>	
Acreage Under Lease	543,294
Number of Producing Acres	317,271
Number of Producing Leases	1,404

B. Land Matters

1. Permanent University Fund: Easements and Surface Leases Nos. 3430-3447, Assignment of Surface Lease No. 2430 and Material Source Permits Nos. 412-414. --Easements and Surface Leases Nos. 3430-3447, Assignment of Surface Lease No. 2430 and Material Source Permits Nos. 412-414 were approved as set out below. All are within the policies of the Board of Regents and all have been approved as to form by a University attorney and as to content by an appropriate official:

Easements and Surface Leases (Nos. 3430-3447)

All easements and surface leases are at the standard rate; are on the University's standard forms; and payment has been received in advance, unless otherwise stated.

No.	Company	Type of Permit	County	Location (Block #)	Distance or Area	Period	Consideration
3430	Southern Union Gas Company (Renewal of 1729)	Pipe Line	Ward	16, 17	86.27 rds. 5 inch	11/1/72- 10/31/82	\$ 56.08
3431	Amoco Pipeline Company (Renewal of 1671)	Pipe Line	Andrews	13	726.9 rds. 4 inch	7/1/72- 6/30/82	472.85
3432	Community Public Service Company (Renewal of 1690)	Power Line	Ward and Winkler	18, 20, 21	4815.5 rds. H-frame	12/1/72- 11/30/82	4,815.50
3433	El Paso Natural Gas Company (Partial renewal of 1675)	Power Line	Reagan	9	291.51 rds. single pole	10/1/72- 9/30/82	174.91
3434	El Paso Natural Gas Company (Partial renewal of 1675)	Surface Lease (Cathodic Protection Unit)	Reagan	9	Less than an acre	10/1/72- 9/30/82	50.00 (Full)
3435	Oasis Pipe Line Company	Pipe Line	Ward	16	386.42 rds. 4 inch	6/1/72- 5/31/82	251.17
3436	Mobil Pipe Line Company	Pipe Line	Ward	16	512.78 rds. 4½ inch	7/1/72- 6/30/82	333.31

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Easements and Surface Leases - Continued--

No.	Company	Type of Permit	County	Location (Block #)	Distance or Area	Period	Consideration
3437	Fin-Tex Pipe Line Company	Pipe Line	Ward	16	77 rds. 3 inch	6/1/72- 5/31/82	\$ 50.05
3438	Gulf Oil Corporation (Renewal of 1702)	Pipe Line	Ector	35	42.5 rds. 2 inch	9/1/72- 8/31/82	50.00
3439	Joe Melton Drilling Company, Inc.	Pipe Line	Crockett	49, 50	36.36 rds. 2-3/8 inch	6/1/72- 5/31/82	50.00
3440	Transwestern Pipeline Company	Pipe Line	Pecos	20	486.12 rds. 4 inch	8/1/72- 7/31/82	315.98
3441	El Paso Natural Gas Company	Surface Lease (Cathodic Protection Unit)	Hudspeth	G	Less than an acre	7/1/72- 6/30/82	50.00 (Full)
3442	Texas Pacific Oil Company, inc.	Surface Lease (Tank Site)	Andrews	13	2 1/2 acres	7/1/72- 6/30/73*	50.00
3443	Texas Pacific Oil Company, Inc.	Pipe Line	Reagan	2	87.9 rds. 2-3/8 inch	7/1/72- 6/30/82	57.14
3444	Texas Pacific Oil Company, Inc.	Pipe Line	Andrews	13	102.3 rds. 1 1/2 inch 246.5 rds. 2 1/2 inch	7/1/72- 6/30/82	226.72

\*Renewable from year to year but not to exceed a period of ten (10) years

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Easements and Surface Leases - Continued--

No.	Company	Type of Permit	County	Location (Block #)	Distance or Area	Period	Consideration
3445	Lo-Vaca Gathering Company	Pipe Line	Ward	16	376.85 rds. 6-5/8 inch	7/1/72- 6/30/82	\$ 489.91
3446	Northern Natural Gas Company (Renewal of 1664)	Pipe Line	Crockett Upton	14 15	2,379.76 rds. 6-5/8 inch	8/1/72- 7/31/82	3,093.69
3447	Texas Pacific Oil Company, Inc.	Surface Lease (Salt water disposal)	Reagan	2	One acre	8/1/72- 7/31/73*	250.00

\*Renewable from year to year, not to exceed a total of five years

Assignment of Surface Lease (No. 2430)

No.	Assignor	Assignee	Type of Permit	County	Location	Distance	Period	Consideration
2430	Clinton Oil Company	FABCO	Surface Lease (Salt Water Disposal)	Crockett	Block 50	1 acre	6/20/67- 6/19/77	None

Material Source Permits (Nos. 412-414)

No.	Grantee	County	Location	Quantity	Consideration
412	McVean and Barlow, Inc.	Ward	Block 16	12,118 cubic yards pad dirt	\$ 3,635.40
413	M. F. Machen, Contractor	Ward	Block 16	30 cubic yards gravel 240 cubic yards chat	150.00
414	Wallach Concrete Products	Andrews	Block 11	5,099 cubic yards crushed material	3,161.38

3. PUF: Disposition of Improvements on Surface Lease No. 2690 (Avary & Allgood with Assignment to A. D. Brown Warehouse Company) - Old Pyote Air Force Base Property. --Surface Lease No. 2690 granted to Avary & Allgood in October 1968 and later assigned to the A. D. Brown Warehouse Company carried an option to renew from year to year not to exceed 10 years. A report was received from Associate Deputy Chancellor Shelton that the A. D. Brown Warehouse Company will not exercise this option and will not renew the lease after October 18, 1972.

After a report by Associate Deputy Chancellor Shelton on the condition, salvage value, insurance coverage on the improvements (hangers and warehouses) on the land and the possibilities for leasing this property, the following recommendations of the University Land Agent and the Associate Deputy Chancellor were adopted:

- a. That the Board of Regents be a self-insuror of these improvements since it is economically not feasible to insure the buildings after Surface Lease No. 2690 expires.
- b. That the five (5) hangers and ten (10) warehouses be left intact for the present time pending further negotiations to lease the premises, and that University Land Agent Carr and Associate Deputy Chancellor Shelton be authorized to continue studies with The University of Texas of the Permian Basin as to its possible removal and utilization at its campus of one or more of said buildings.

## II. TRUST AND SPECIAL FUNDS

### A. Gift, Bequest and Estate Matters

1. U. T. El Paso: Acceptance of Contribution for and Establishment of (a) Andy and Syd Cohen Endowment Fund and (b) Lee Trevino Endowment Fund. --Upon recommendation of President Smiley and Associate Deputy Chancellor Shelton, the following contributions were accepted and the following endowment funds established at The University of Texas at El Paso:

- a. \$2,100 from the Dickshire Corporation of El Paso, Texas, and Leonard Goodman, Jr., et al, for the establishment of the Andy and Syd Cohen Endowment Fund. The income from the permanent endowment is to be used to provide grants-in-aid to student athletes under the direction of the Athletic Department at U. T. El Paso.

This fund is in honor of Andy Cohen, the present baseball coach at U. T. El Paso, who has been donating his services to the institution for a number of years.

- b. \$5,060.02 from Mr. Lee Trevino, a member of the Professional Golfers Association and a winner of many of the most coveted golf titles in the world of golf, for the establishment of the Lee Trevino Endowment Fund. This endowment fund is to underwrite golf scholarships at U. T. El Paso.

2. Galveston Medical Branch: Acceptance of Robertson-Poth Charitable Remainder Trust. --The following Robertson-Poth Charitable Remainder Trust, which provisions comply with the provisions of the Internal Revenue Code covering Charitable Remainder Unitrusts, was accepted, and the Chairman of the Board of Regents was authorized to execute the Trust Indenture:

INDENTURE OF TRUST, made this 27th day of July, 1972, by and between EDCAR J. POTH and wife, G. ROBERTSON POTH, of Galveston County, Texas, as "Trustors," and the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, as "Trustees."

Trustors have irrevocably granted, assigned, and delivered unto the Trustees hereunder the property described in Exhibit A, attached hereto and incorporated by reference herein for all purposes, receipt of which is hereby acknowledged by the Trustees, to have and to hold the above described property and all other properties, real or personal, which any person may at any time and in any manner add or cause to be added to the Trust Estate of the Trust herein created, in trust as hereinafter set out.

1. Creation of Trust: The property described above as being placed in trust shall constitute the Trust Estate of an irrevocable Trust for the initial benefit of Trustors which Trust shall be known as THE ROBERTSON-POTH CHARITABLE REMAINDER TRUST.

2. Distributions During the Trust Term: During the period beginning with the creation of this Trust (which shall be the time property is first transferred to such Trust) and ending upon the death of the last to die of Trustors, herein referred to as the "Unitrust Period," a sum certain equal to five percent (5%) of the net fair market value of the Trust Estate of THE ROBERTSON-POTH CHARITABLE REMAINDER TRUST, valued annually on the same valuation date or dates and by the same valuation methods each year, herein referred to as the "Unitrust Amount," shall be distributed for each taxable year of such Trust in the Unitrust Period. The Unitrust Amount shall be distributed in quarterly installments as of the end of each quarter of each taxable year of such Trust during the Unitrust Period, equally to Trustors or wholly to the survivor of Trustors.

In case of a taxable year of such Trust which is for a period of less than twelve (12) months, the Unitrust Amount which must be distributed shall be determined by multiplying the Unitrust Amount by a fraction, the numerator of which is the number of days in such taxable year and the denominator of which is 365 (or 366 if February 29th is a day included in the numerator) and if no valuation date occurs before the end of the taxable year of the Trust, the Trust assets shall be valued on the last day of the taxable year of the Trust. In the case of the taxable year of the Trust in which occurs the end of the Unitrust Period, the Unitrust Amount which must be distributed shall be determined by multiplying the Unitrust Amount by a fraction, the numerator of which is the number of days between the beginning of such taxable year and the end of the Unitrust Period, and the denominator of

which is 365 (or 366 if February 29th is a day included in the numerator) and if no valuation date occurs before the end of the taxable period of the Trust, the Trust assets shall be valued on the last day of the taxable year of the Trust. In the case of an underpayment or overpayment of the Unitrust Amount for any reason, the Trustees within a reasonable time, shall pay to the Trustors or be repaid by the recipient Trustors an amount equal to the difference between the Unitrust Amount and the amount actually paid.

Additional contributions other than the initial contribution creating such Trust may be made to such Trust; provided, that for the purposes of the taxable year of the Trust in which the additional contribution is made:

(1) Where no valuation date occurs after the time of the contribution and during the taxable year in which the contribution is made, the additional property shall be valued at the time of contribution; and

(2) The Unitrust Amount shall be computed by multiplying five percent (5%) by the sum of (i) the net fair market value of the trust assets (excluding the value of the additional property and any earned income from and any appreciation on such property after its contribution) and (ii) that proportion of the value of the additional property (that was excluded under subdivision (i) of this Paragraph), which the number of days (including the day of the transfer) remaining in the taxable year of the Trust bears to the total number of days in that taxable year of the Trust.

At the end of the Unitrust Period, the Trustors shall have no further interest in such Trust Estate and THE ROBERTSON-POTH CHARITABLE REMAINDER TRUST shall terminate and such Trust Estate shall be irrevocably transferred to the ROBERTSON POTH FOUNDATION, herein referred to as "the Foundation"; provided, that if the Foundation is not then in existence or is not then an organization described in section 170(c) of the Internal Revenue Code as it exists at the date of execution of this Indenture, such Trust Estate shall be transferred to such one or more organizations described in section 170(c), in such shares, as in the Trustees' judgment, shall be necessary or desirable to carry out the terms of this instrument. The Trustees shall have a reasonable time after the Unitrust Period has terminated to complete the settlement of the Trust, not to extend beyond the last day of the month in which occurs the ninetieth (90th) day following the end of the Unitrust Period. It is specifically provided that there shall also be transferred to the Robertson-Poth Professorship in Ophthalmology an amount necessary to complete the \$100,000 endowment fund of the Robertson-Poth Professorship in Ophthalmology.

3. Rights and Liabilities of a Trustee: No bond or other security shall be required of any Trustee. This instrument shall always be construed in favor of the validity of any act or omission by or of any Trustee, and no Trustee shall be liable for any act or omission except in the case of gross negligence, bad faith, or fraud. Each Trustee shall be entitled to receive reasonable compensation for services actually rendered to a Trust Estate.

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4. Distributions to or for a Beneficiary: When a distribution (other than the final distribution) from any Trust is to be made, the Trustee may make such distribution directly to the beneficiary, to the person furnishing support, maintenance, or education for the beneficiary, to any parent or guardian of the beneficiary, or to any person with whom the beneficiary may be residing, or the Trustees may apply such distribution for the beneficiary's benefit, the payment or application being in the absolute discretion of the Trustees. The receipt of the beneficiary or of the recipient shall be a full discharge to such Trustees for all such distributions regardless of whether the beneficiary is a minor or under any kind of disability.

5. Spendthrift Provision: No part of any Trust Estate under any circumstance shall ever be liable for or charged with any tort or obligation of any beneficiary or subject to seizure by any creditor of any beneficiary. No beneficiary under any circumstance shall have the power to anticipate or dispose of his or her interest in any Trust Estate in any manner.

6. Trust Estate Defined: Trust Estate means all assets, however and whenever acquired, which may belong to a Trust created or continued under this instrument at any designated time.

7. Allocation of Receipts and Disbursements: The receipts, disbursements, and reserves of such Trust may be allocated on a cash or accrual basis between corpus and income in the discretion of the Trustees, and the Trustees' determination need not accord with the provisions of the Texas Trust Act, which shall control only if such discretion is not exercised. Any income accumulated at the end of a fiscal year of a Trust shall be added to the corpus of such Trust.

8. General Powers of Trustees: To carry out the purposes of the separate Trusts, and subject to any limitations stated elsewhere herein, in addition to the rights, privileges and powers elsewhere herein vested in the Trustees and those now or hereafter conferred by law, the Trustees of each Trust shall have the power to:

(a) retain any property at any time acquired in any manner as a part of the Trust Estate; to hold property unproductive of income, and to invest and reinvest all or any part of the Trust Estate in property of any description (including, without limitation, shares of open or closed and investment trusts or companies and wasting assets) regardless of location and without regard to any requirement of diversification as to kind or amount;

(b) lease, sell, transfer, or encumber in any manner (including with purchase money mortgages) any part or all of the Trust Estate and to loan or borrow money in any manner (including by joint and several obligations) with or without security;

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(c) continue operation of any business entity, in any business form, with any part or all of the Trust Estate and to reorganize or liquidate any such entity at any time;

(d) deal with any person or entity regardless of any relationship or identity of any Trustee to or with such person or entity, and to hold or invest any part or all of the Trust Estate in common or undivided interests with any such person or entity;

(e) employ and compensate agents and other employees and to delegate to them any and all discretions and powers of the Trustees;

(f) partition any part or all of any interest and to pay and receive such moneys or properties as may be necessary to equalize differences; to make any distribution of any part or all of the Trust Estate in any manner whatsoever (including composing shares differently), and evaluate any property, which evaluation shall be binding upon all beneficiaries; and

(g) maintain and defend any claim or controversy by or against the Trust without the joinder or consent of any beneficiary of the Trust.

In addition to the foregoing, the Trustees shall have all other rights, privileges and powers now or hereafter granted trustees in Texas and no subsequent legislation or regulation shall limit the rights, privileges, and powers granted the Trustees hereunder. The powers granted the Trustees under the provisions of this instrument may be exercised upon such terms as the Trustees deem advisable and may affect Trust properties for any length of time regardless of the duration of the Trust. Generally, the Trustees shall hold, manage, control, use, invest and reinvest, and dispose of each Trust Estate in all things, under all circumstances, and to the same extent as if the Trustees were the owner thereof in fee simple, subject only to the terms hereof, and all rights, privileges, and powers of the Trustees may be exercised free from court supervision. As to such Trust, the powers of the Trustees shall exist until all of the Trust Estate has been distributed.

9. Restrictions on Certain Powers: Anything to the contrary herein notwithstanding, it is specifically provided that with respect to THE ROBERTSON-POTH CHARITABLE REMAINDER TRUST, no Trustee shall (i) engage in any act of self-dealing as defined in section 4941(d) of the Internal Revenue Code of 1954 or corresponding provisions of any subsequent federal tax laws (hereinafter collectively referred to as "the Code"), or (ii) make any taxable expenditure as defined in section 4945(d) of the Code.

10. Situs: The situs of the Trusts hereby created is Texas, and wherever possible the laws of Texas shall control with respect to the construction, administration, and validity of each Trust.



11. Irrevocability: This Indenture of Trust and the Trusts hereby created and provided for shall be and are intended to be irrevocable. No other person shall have the right or power to revoke, alter, amend, or change this agreement or any provision hereof, except that any person may add to the Trust Estate of any Trust any property acceptable by the Trustees.

12. Acceptance by Trustees: The Trustees by joining in the execution of this Indenture of Trust, accept the Trusts herein created and provided for and accept all of the rights, powers, privileges, duties, and responsibilities of the Trustees hereunder and agree that it will exercise and perform the same in accordance with the terms and provisions herein contained.

IN WITNESS WHEREOF, Trustors and Trustees hereunto set their hands effective as of the day and year first above written.

Edgar J. Poth  
EDGAR J. POTH

G. Robertson Poth  
G. ROBERTSON POTH

Trustors

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

By \_\_\_\_\_

Trustees

THE STATE OF TEXAS I  
COUNTY OF GALVESTON I

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared EDGAR J. POTH, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 27  
day of July, 1972.

Madeline A. Antchauer  
Notary Public in and for  
Galveston County, Texas

THE STATE OF TEXAS X  
COUNTY OF GALVESTON X

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared G. ROBERTSON POTH, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 27 day of July, 1972.

Margaret A. Anderson  
Notary Public in and for Galveston County, Texas

THE STATE OF TEXAS X  
COUNTY OF TRAVIS X

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared

of the Board of Regents of The University of Texas System, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said Board of Regents of The University of Texas System, and that he executed the same as the act of said Board, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the \_\_\_\_\_ day of \_\_\_\_\_, 1972.

\_\_\_\_\_  
Notary Public in and for Travis County, Texas

EXHIBIT A

To Indenture of Trust executed on the 27 day of July, 1972, by and between EDGAR J. POTH and G. ROBERTSON POTH, as Trustors, and the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, as Trustees,

*Check # 3000 7/27/72 made payable to the order of The Regents of The University of Texas System drawn on the U.S. National Bank of Galveston, Texas for \$10,000<sup>00</sup>*

*E.J.P.*

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3. M. D. Anderson: Acceptance of Bequest of Ruth Harriet Ainsworth. --Upon recommendation of President Clark and the Associate Deputy Chancellor for Investments, Trusts and Lands the bequest under the will of Mrs. Ruth Harriet Ainsworth of Orlando, Florida, was accepted under the conditions of her will as set out below:

"Eighth: I give, devise and bequeath all of the rest, residue and remainder of my estate, of whatsoever it shall consist and wherever situate, to THE DEPARTMENT OF DEVELOPMENTAL THERAPEUTICS OF THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE OF HOUSTON, TEXAS to be used for cancer research"

B. Real Estate Matters

1. U. T. Austin - E. W. and Helen Franke Fund: Oil, Gas and Mineral Lease on Interest in 640 Acres in Wharton County to Texas Oil & Gas. --The following resolution was adopted:

WHEREAS, In 1966, the Board of Regents established the E. W. and Helen Franke Fund at The University of Texas at Austin;

WHEREAS, This fund provides an undivided one-half of the minerals under 640 acres, being Section 12, H&TCRR Survey, Abstract 662, Wharton County, without restriction as to use, to be divided equally between U. T. Austin and the Engineering Foundation at U. T. Austin, and

WHEREAS, Texas Oil & Gas proposes an oil, gas and mineral lease on the University's interest for a primary term of 5 years, 1/6th royalty, \$15 per acre bonus, and \$3 per acre annual delay rental:

BE IT RESOLVED, That the above described lease to Texas Oil & Gas be approved and that the Associate Deputy Chancellor for Investments, Trusts and Lands be authorized to execute the appropriate instruments.

2. U. T. Austin - Wm. J. McDonald Observatory Fund: Oil, Gas and Mineral Lease on Interest in 130 Acres, Lamar and Delta Counties to Joe C. Pickett. --Authorization was given to grant to Mr. Joe C. Pickett an oil, gas and mineral lease on the University's one-half interest in 130 acres of land in the A. O. Barbee and J. M. Evans surveys in Lamar and Delta counties (Wm. J. McDonald Observatory Fund, The University of Texas at Austin). This lease is for a primary term of 5 years, 1/6th royalty, \$5 per acre bonus, and annual delay rental of \$1 per acre.

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3. U. T. El Paso - Josephine Clardy Fox Estate: Lease to O. J. Benetiz at 5010 Paisano Dr., El Paso, Texas. --Associate Deputy Chancellor Shelton reported that the five year lease authorized by the Board of Regents on July 30, 1971, on the property at 5010 Paisano Drive, El Paso, Texas, to O. J. and Oscar Benetiz, at a monthly rental of \$275 was never signed, that O. J. Benetiz and Oscar Benetiz dissolved their partnership, and that O. J. Benetiz has continued to occupy the property on a month-to-month basis. When the vacant land behind the lease was sold to Hunt Building Corporation on June 9, 1972, the survey showed an encroachment of two buildings and a fence. These structures had been placed on the land by Mr. Benetiz and he removed them. In consideration for moving these structures, Associate Deputy Chancellor Shelton recommended that a one year lease be given to O. J. Benetiz. This recommendation was duly approved by the Land and Investment Committee.
4. U. T. El Paso - Frank B. Cotton Trust: Sale of Property at Coles and Third Avenue, El Paso, Texas, to Ayoub and Wardy Investments, and Study Requested with Respect to Leasing Versus Selling Property. --Associate Deputy Chancellor Shelton reported that since the Material Supporting the Agenda was distributed, an offer had been received from Ayoub and Wardy Investments to purchase the Cotton Estate property on Coles Street located between Delta Street and Third Avenue. This property is presently leased to East Texas Motor Freight Lines, Inc., for a three year term ending January 31, 1974, with a three year option at the same monthly rental of \$550. The purchaser is buying the land with full understanding of the existing lease thereon and has been furnished a copy of the lease.

The Board of Regents accepted the offer of Ayoub and Wardy Investments to purchase the property under the terms set out below:

Total Consideration		\$113,976
Down Payment	\$38,976	
Mortgage carried by Board of Regents for a 15 year term at 7-1/2% interest	75,000	
No commission is involved.		

Regent Garrett requested that the Administration make a study on leasing versus selling of certain Trust and Special property under the jurisdiction of the Board of Regents and report back to the Regents at a subsequent meeting.

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Bond Matters

U. T. Austin: Authorization to Invite Bids for Combined Fee Revenue Bonds, Series 1972, \$10,000,000 (To Aid Funding of College of Education Building and Graduate School of Business Building), Paying Agents Therefor and Printing Thereof; Appointment of Vinson, Elkins, Searls, Connally and Smith, Bond Counsel, and Appointment of Sam Maclin, Bond Consultant. --To complete the funding for the proposed College of Education Building and the Graduate School of Business Building at The University of Texas at Austin, authorization was given to invite bids for Board of Regents of The University System, The University of Texas at Austin, Combined Fee Revenue Bonds, Series 1972, in the amount of \$10,000,000 and to invite bids for the paying agents therefor and the printing thereof to be submitted to the meeting of the Board of Regents on October 20, 1972. The firm of Vinson, Elkins, Searls, Connally and Smith was named Bond Counsel and Sam Maclin was named Bond Consultant.

III. Other Matters

Report of Securities Transactions for Permanent University Fund and for Trust and Special Funds for the Month of June 1972. --The report of Securities Transactions for Permanent University Fund and for Trust and Special Funds for June 1972, as submitted by the Associate Deputy Chancellor for Investments, Trusts and Lands was approved. It is attached (Attachment No. 2) following Page N-3 of Attachment No. 1 and made a part of these Minutes.

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REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS. --Regent Garrett, Vice-Chairman of the Board for Lease of University Lands, filed the following report of the Board for Lease with the Secretary:

The Board for Lease of University Lands met on September 7, 1972. At this meeting, three deep gas unit agreements in Ward and Winkler Counties were approved. One unit covers eight sections in Blocks 18 and 20 and requires \$51,256 in bonus with an obligatory lease extension payment of \$256,280 plus an initial well obligation to about 21,000 feet and a continuous drilling development.

The second unit is a one-section gas pooling agreement in Block 18, Ward County, requiring a test well to about 20,000 feet.

The third unit is also a one-section gas pooling agreement in Block 21, Winkler County, which requires a drilling obligation to about 17,000 feet. This unit covers the same section as a previous gas pooling unit which the Board terminated due to failure of the operator to drill before its termination date.

A deep gas, one-section pooling unit in Block 17, Ward County, was amended to include the shallower Atoka formation to allow the operator to produce a gas discovery on 640 acre spacing.

Three gas pooling units in the Block 16 gas field, Ward County, were amended to include only the gas produced from the Devonian formation. Three additional gas pooling units covering the same acreage were approved to include gas produced from formations below the Devonian and realigned the unit boundaries so that the operator may drill another well to the deeper horizons. One of these units carries a drilling obligation.

The 60th Public Auction Sale of Oil and Gas Leases was also held on September 7, 1972, and a report thereof follows:

A total bonus of \$2,475,900 was collected for the 289 tracts sold at the September 7 sale of Oil and Gas leases. The 89,147 acres were leased for an average of \$27.77 per acre. Results of the sale were gratifying and exceeded expectations.

The highest single price collected was \$260,000 or \$812 per acre for a 320.35 acre tract in Winkler County. The big spenders were Monsanto, \$415,000; Allied Chemical, \$390,000; HNG Oil, \$314,000; Humble, \$203,000; Chalfant, Magee & Hanson, \$196,000.

Because of the heightened interest shown in this sale, the Board plans to hold two sales next year. A Board for Lease meeting will be held on December 7 to consider the next sale which is anticipated in March 1973.

REPORT OF MEDICAL AFFAIRS COMMITTEE (Pages 66-73). -- Regent Nelson submitted for Committee Chairman Williams the following report of the Medical Affairs Committee and moved the adoption of the report and the ratification of the actions therein. This motion was duly seconded and unanimously prevailed:

1. Dallas Medical School: Eleven Affiliation Agreements for Clinical Training of Allied Health Students. -- Approval was given for eleven affiliation agreements for the clinical training of allied health students at The University of Texas Southwestern Medical School at Dallas, as set out below, and the Chairman of the Board of Regents was authorized to execute these agreements which have been approved as to form by a University attorney and as to content by the Vice-Chancellor for Health Affairs and the Deputy Chancellor for Administration.

These agreements are based on the model agreement approved by the Board of Regents on March 6, 1970:

<u>Clinical Facility</u>	<u>Location</u>	<u>Specialty</u>
Dallas Epilepsy Association	Dallas	Rehabilitation Science
Dallas Association for Retarded Children	Dallas	Rehabilitation Science
Methodist Hospital of Dallas	Dallas	Physical Therapy and Medical Technology
Texas Rehabilitation Commission	Fort Worth	Rehabilitation Science
Texas Rehabilitation Commission	Dallas	Rehabilitation Science
Children, Inc.	Dallas	Rehabilitation Science
Marbridge House of Dallas	Dallas	Rehabilitation Science
Dallas County Hospital District	Dallas	Medical Technology, Physical Therapy, Nutrition & Dietetics and Rehabilitation Science
Dallas County Mental Health and Mental Retardation Center	Dallas	Rehabilitation Science
Texas Commission for the Blind	Dallas	Rehabilitation Science
Dallas City Health Department	Dallas	Nutrition and Dietetics

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2. Dallas Medical School: Seven Affiliation Agreements for Clinical Training of Allied Health Students. --Affiliation agreements for the clinical training of allied health students at The University of Texas Southwestern Medical School at Dallas were authorized with the following facilities, all of which are outside of the Dallas-Ft. Worth area. These agreements are based on the model agreement approved by the Board of Regents on March 6, 1970. The Chairman of the Board of Regents was authorized to execute these agreements which have been approved as to form by a University attorney and as to content by the Vice-Chancellor for Health Affairs and the Deputy Chancellor for Administration:

<u>Clinical Facility</u>	<u>Location</u>	<u>Type of Training</u>
Good Samaritan Hospital	Phoenix, Arizona	Physical Therapy
The Texas Rehabilitation Hospital	Gonzales, Texas	Physical Therapy
University of Texas Medical Branch Hospitals	Galveston, Texas	Physical Therapy
The Cerebral Palsy Treatment Center	San Antonio, Texas	Physical Therapy
U.S. Public Health Service	Carville, Louisiana	Physical Therapy
High Plains Baptist Hospital	Amarillo, Texas	Physical Therapy
Ruthe B. Cowl Rehabilitation Center	Laredo, Texas	Physical Therapy

3. Galveston Medical Branch: Affiliation Agreements with Texas Institute for Rehabilitation and Research in Houston and Mainland Physical Therapy Clinic in Texas City for Clinical Training of Allied Health Students. --For the clinical training of allied health students at The University of Texas Medical Branch at Galveston, affiliation agreements were authorized with the facilities listed below and the Chairman of the Board of Regents was authorized to execute these agreements. Each of these agreements is the same as the model agreement approved by the Board of Regents on March 6, 1970 and has been approved as to form by a University attorney and as to content by the Vice-Chancellor for Health Affairs and the Deputy Chancellor for Administration:

<u>Clinical Facility</u>	<u>Type of Training</u>
Texas Institute for Rehabilitation and Research in Houston	Occupational Therapy
Mainland Physical Therapy Clinic, Texas City, Texas	Physical Therapy



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4. Houston Medical School: Affiliation Agreement with Texas Department of Mental Health and Mental Retardation. --Upon the recommendation of President Smythe, concurred in by Chancellor LeMaistre, the following affiliation agreement (Pages 69-73 ) was authorized between the Board of Regents of The University of Texas System on behalf of The University of Texas Medical School at Houston and the Texas Department of Mental Health and Mental Retardation on behalf of the Texas Research Institute of Mental Sciences. The Chairman of the Board of Regents was authorized to execute this agreement which has been approved by a University attorney as to form and by the Vice-Chancellor for Health Affairs and the Deputy Chancellor for Administration as to content.

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AFFILIATION AGREEMENT

THE STATE OF TEXAS    I  
                                   I  
 COUNTY OF HARRIS    I

This AGREEMENT is executed on \_\_\_\_\_, 1972, between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, for and on behalf of The University of Texas Medical School at Houston, hereinafter sometimes referred to as "School" in this agreement, and the TEXAS DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION, for and on behalf of Texas Research Institute of Mental Sciences, hereinafter sometimes referred to as "TRIMS" in this agreement, WITNESSETH:

WHEREAS, advances in medicine have been more significant and rapid than in any other previous period of history and appear to be accelerating; and

WHEREAS, in recognition of contemporary trends and likely future requirements School and TRIMS agree on the desirability of establishing a closer working relationship between the two institutions, who share a common commitment to offer the people of Houston, Texas, and the Southwest a program of excellence in medical education and research and also share the desire to coordinate all medical care resources for the benefit of improved patient care; and

WHEREAS, it is understood and agreed that the most important consideration of content for a successful relationship is the understanding and sincerity of both School and TRIMS in the recognition of the interdependence of their shared goals of quality patient care, excellent teaching programs, community services, and productive research; and

WHEREAS, it is recognized that the School is dedicated to the promotion of medical education and excellence in medical research for a prerequisite to excellence in medical education; and

WHEREAS, TRIMS was organized for the express purpose of research, training, and education in treating mental illness, and the Legislature of the State of Texas directed that there be constructed, established, and maintained a community hospital of approximately sixty beds to be used in treating the mentally ill and for research, training, and education in mental illness; and

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WHEREAS, it is the purpose of this agreement to establish a broad framework of institutional policy to facilitate cooperation at the departmental and/or divisional level, as the parties have a mutual interest in the research and clinical training of professional personnel in the mental sciences, including psychiatry, neurology, clinical neuropharmacology, paramedical areas of psychology, psychiatric nursing, psychiatric social work, and occupational therapy;

NOW, THEREFORE, with these objectives in mind and with the intent to develop both institutions to their maximum potential and in the best interest of each, the School and TRIMS hereby agree as follows:

(1) AFFILIATION COMMITTEE

The purpose of this agreement is to establish a broad framework of policy to facilitate cooperation between School and TRIMS. From the staffs of the School and TRIMS a committee shall be appointed, two members by the Dean of the School, and two members by the Director of TRIMS, to make recommendations relative to the continuing effective implementation of this agreement and the ongoing operations of joint projects and programs. This committee shall meet at least several times annually, and the Director of TRIMS and the Dean of the School shall be ex officio members. In the event that any aspect of the agreement or its execution becomes unsatisfactory, resolution shall be the responsibility of the appropriate officials of TRIMS and of the School, or their respective Boards. It is agreed that the relationship be reviewed by the Joint Committee as need is expressed by the Dean of the School or the Director of TRIMS, but at least annually. If problems develop which are sufficiently serious and cannot be resolved, dissolution of the agreement may be indicated. Effective date of such dissolution should be mutually agreed upon with adequate time to allow each institution to make necessary arrangements in an orderly manner.

(2) JOINT SPONSORSHIP OF RESEARCH ACTIVITY

TRIMS will provide research facilities, space, equipment, experimental animals, and technical assistance to qualified persons and staff of the School for research projects and programs of mutual benefit to both institutions. Clinical and basic research projects

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may be jointly sponsored by TRIMS and the School, and, in such cases, there will be definite prior agreement as to the extent of responsibility and participation of each institution in the administration of research funds, overhead, provisions of staff and facilities, and ownership of equipment purchased with research funds. In instances of joint research, the following specific conditions are agreed:

(a) Research reviews and surveillance of human experimentation will be carried out separately for the two institutions. In house approval by one institution will not imply approval by the other.

(b) Procedures for scientific review and administrative approval will be the prerogative of the respective institutions, and budgets will be separate and specifically identifiable.

(c) When a joint program of research is instituted, the investigators, resources, plans, funding, and compliance with rules for human experimentation and biohazards must be identified, recorded, and approved by each institution for that portion of the research to be done in each institution and the faculty time committed.

(d) Unexpended funds and equipment purchased in pursuit of the research project must be assigned specifically to one or the other institution by the conclusion of the joint project.

(e) In joint projects credit to researchers and institutions shall be assured.

### (3) CLINICAL TRAINING

Both the School and TRIMS pledge their desire and intent to work harmoniously and faithfully to establish and maintain a clinical training program of the highest standards and excellence. It is agreed that TRIMS will endeavor to make available to the School for purposes of clinical training such inpatient and outpatient facilities as may be requested by the School as a bona fide requirement of its teaching program, provided, it is understood:

(a) That TRIMS will not furnish such facilities when to do so would cause a mandatory reduction of its patient load or other undue deterrence from its own programs and purposes;

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- (b) That selection criteria, evaluational procedures, treatment modalities and practices, and administrative procedures involving patients be such that TRIMS may continue to discharge its responsibilities as defined by the Board and the Commissioner of the Department of Mental Health and Mental Retardation; and
- (c) That TRIMS reserves the right to determine its own staff as to composition, number, and person, as well as the right to set staff schedules; and that such professional personnel as may be provided by the School be interviewed and approved by the Executive Committee of the Institute prior to their appointments.

(4) PROVISION FOR FACULTY APPOINTMENTS FOR TRIMS STAFF MEMBERS

Both parties agree that academic status is a strong inducement for attracting well-qualified individuals for positions at TRIMS, and that academic appointment made by the School for individuals in key positions at TRIMS should include tenure, if possible. Tenure will be granted on an individual basis, subject to the approval of the person by the faculty of the School and satisfactory arrangements covering the financial obligations accompanying appointments with tenure. The School will also grant nontenure academic and clinical appointments when the best interests of both institutions would be served. TRIMS agrees to appoint qualified personnel of the School to the TRIMS staff with the understanding that such TRIMS staff appointments carry the rights, privileges, and constraints established by the policies of the Department of Mental Health and Mental Retardation.

(5) GRADUATE AND UNDERGRADUATE TEACHING

The TRIMS staff represents diverse disciplinary expertise which should serve as a valuable resource for graduate and undergraduate teaching in the academic setting of the School. Members of TRIMS staff agree to participate in appropriate teaching programs both in terms of didactic presentations and laboratory preceptor training.

(6) COMPENSATION

Either institution shall compensate the other, or individuals, for services rendered

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and facilities utilized as described in the preceding sections, in a manner acceptable to both parties.

(7) TERM OF AGREEMENT, MODIFICATION, TERMINATION

(a) This agreement is for a term of one year and thereafter from year to year unless terminated by either party on thirty days' written notice to the other. Except under unusual conditions, such notice shall be submitted before the beginning of a clinical education period.

(b) It is understood and agreed that the parties to this agreement may revise or modify this agreement by written amendment when both parties agree to such amendment.

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

ATTEST:

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

\_\_\_\_\_  
Secretary

By \_\_\_\_\_  
Chairman

ATTEST:

TEXAS DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

*John Beth Cloud*  
Secretary

By *David L. ...*  
Commissioner

Approved as to Form:

Approved as to Content:

*Bunnee Waldrep*  
University Attorney

*W. H. Kincaid*  
Vice-Chancellor for Health Affairs  
*C. ...*  
Deputy Chancellor for Administration

COMMITTEE OF THE WHOLE  
(Pages 74-84 )

Chairman Peace presented the following report of the Committee of the Whole. The report and that actions therein were adopted by unanimous vote upon a motion duly made and seconded:

U. T. SYSTEM: AMENDMENT TO RULES AND REGULATIONS REGARDING THE USE AND OPERATION OF THE UNIVERSITY AIRCRAFT (BEEHCRAFT KING AIR UT 100) AND CHARTERED AIRCRAFT. --The rules and regulations regarding the use and operation of the University aircraft (Beechcraft King Air UT 100) adopted on December 12, 1959, were amended by inserting in lieu of Section I and its Subsections A and B the following for King Air UT 100 and chartered aircraft:

I. Use of the University Aircraft

- A. The aircraft (the King Air UT 100 or aircraft chartered by System Administration) will be used only in the conduct of official University business; and except in circumstances deemed by the Chairman of the Board, the Chancellor, or the Deputy Chancellor for Administration to constitute an emergency, the person who makes application for the use of the aircraft must be aboard the aircraft or the trip will be cancelled.
- B. However, if the aircraft makes a flight in the conduct of official University business, others not on official University business may occupy seats that would otherwise be empty so long as the official business for which the trip is scheduled is not adversely affected thereby.
- C. The aircraft will be used only when the official business of the University cannot be conducted as well through the use of regularly scheduled commercial aircraft. For example, it is appropriate to use the aircraft when reservations on regularly scheduled commercial aircraft are not available or when the schedules of regularly scheduled commercial aircraft will not permit the trip to be made in an efficient and timely manner.
- D. All flights of UT 100 will be requested from and approved in advance by the Assistant to the Deputy Chancellor. Up until 24 hours before the flight is scheduled to begin, requests for the use of UT 100 will be approved upon the following order of priority:
  1. Chairman of the Board of Regents
  2. Vice-Chairman of the Board of Regents
  3. Members of the Board of Regents (in order of request)
  4. Chancellor
  5. Deputy Chancellor for Administration
  6. Vice-Chancellors for Academic Affairs and Health Affairs (in order of request)
  7. Institutional Heads (in order of request)
  8. Other officers of System Administration (in order of request)
  9. Other faculty and staff personnel of the component institutions (in order of request)

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- E. If more than one of the priority persons listed above requests the use of UT 100 more than 24 hours before the flight is scheduled to begin, the Assistant to the Deputy Chancellor will assign UT 100 to the person with the highest priority, and will, insofar as practicable, provide chartered aircraft for the use of the person or persons with the lower priority.
- F. During the 24 hour period prior to the beginning of a flight, if UT 100 has not been previously scheduled, the aircraft will be assigned to any person on the priority list on a first-come first-served basis without regard to the order of priority.
- G. During the 24 hour period prior to the beginning of a flight, if UT 100 has been previously scheduled and an additional request for its use is made by a person on the priority list, the Assistant to the Deputy Chancellor will, insofar as practicable, provide a chartered aircraft for the use of the person making the subsequent request.
- H. If a UT 100 flight that is scheduled before the beginning of the 24 hour period is cancelled, insofar as practicable the aircraft will be assigned to the person requesting the aircraft that is next in order of priority. If a UT 100 flight that is scheduled during the 24 hour period is cancelled, the aircraft will be assigned to the next person requesting it on a first-come first-served basis without regard to the order of priority.
- I. The pilots of UT 100 will report to and act under the direction of the Assistant to the Deputy Chancellor. Only the Assistant to the Deputy Chancellor will direct the pilots as to the flights they will perform, and if it becomes either necessary or desirable for an approved flight plan to be substantially changed from the flight plan that has been approved by the Assistant to the Deputy Chancellor, except in circumstances deemed to constitute an emergency by the priority person to whom the aircraft is assigned, prior approval of the change must be obtained from the Assistant to the Deputy Chancellor.
- J. It is the intent of these procedures that maximum orderly and efficient use of UT 100 will be made in the conduct of the University's official business and that UT 100 will be available for the widest practicable use by the persons included in the priority group.



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**U. T. SYSTEM: RATIFICATION OF AMENDMENT TO THE ROSTER OF DEPOSITORY BANKS (ADDITION OF AMERICAN BANK OF COMMERCE, EL PASO, TEXAS).** --At the Regents' meeting on July 21, 1972, the roster of the depository banks for The University of Texas System was amended by adding the American Bank of Commerce, El Paso, Texas, for time deposits only subject to the bank being willing to execute the standard depository agreement previously approved by the Regents. Since this item was not on the agenda for the meeting on July 21, it was resubmitted and the action was ratified.

**U. T. SYSTEM: AMENDMENT TO ROSTER OF DEPOSITORY BANKS (ADDITION OF FIRST NATIONAL BANK OF SAN ANTONIO, SAN ANTONIO, TEXAS, AND ARLINGTON BANK OF COMMERCE, ARLINGTON, TEXAS).** --The roster of depository banks of The University of Texas System was amended by adding the First National Bank of San Antonio, Texas, and Arlington Bank of Commerce, Arlington, Texas, subject to each bank being willing to execute the standard depository agreement previously approved by the Board of Regents. Regent McNeese abstained from voting on the motion.

**U. T. SYSTEM: APPOINTMENT OF COMMITTEE TO RECOMMEND WITH RESPECT TO ACCEPTANCE OF SMALL GIFTS.** --Chancellor LeMaistre, Deputy Chancellor Walker and Associate Deputy Chancellor Shelton were requested to recommend to the Board of Regents at a subsequent meeting a pattern to be followed in the acceptance of small gifts. It was suggested that Chancellor Emeritus Ransom could render valuable assistance to the committee in making this study. This study, as suggested by Vice-Chairman Ikard, would take into consideration the amount of gifts, the total yield, income therefrom and costs of management.

**U. T. AUSTIN: WAIVER OF REGENTS' RULES AND REGULATIONS (PART ONE, CHAPTER III, SECTION 31.17) FOR EMPLOYMENT OF VISITING PROFESSOR KURT VON FRITZ.** --The Regents' Rules and Regulations, Part One, Chapter III, Section 31.17 was waived in order to permit the employment of Dr. Kurt von Fritz for the 1973 Spring semester at The University of Texas at Austin. Professor von Fritz, one of the world's most distinguished classical scholars, will be 72 years old at the time of his appointment. (Details of his appointment will be in a subsequent docket.)

**U. T. AUSTIN: ACCEPTANCE OF PATENT MODELS FROM IDEAS, INGENUITY AND INVENTIONS IN AMERICA, INC.** --It was reported that upon the recommendation of Chancellor Emeritus Ransom, Chairman Peace had executed the acceptance of a gift of approximately 1,000 original patent models from Ideas, Ingenuity and Inventions in America, Inc., to the Humanities Research Center at The University of Texas at Austin relating to the history of technology and patents. The acceptance of this gift and the execution of these papers were in all things approved and ratified.

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U. T. AUSTIN: RATIFICATION OF AUTHORIZATION TO ACQUIRE FORTY ACRES CLUB BUILDING AND TO REMODEL FOR FACULTY CLUB. --The following resolution was adopted:

WHEREAS, In the Executive Session of the Committee of the Whole on August 11, 1972, Deputy Chancellor Walker was authorized to purchase the Forty Acres Club Building (2500 Guadalupe Street) if such purchase could be accomplished for not more than \$800,000;

WHEREAS, It was ordered that if the building were purchased that the original architects of the Forty Acres Club Building, Jessen Associates, Inc., be directed to prepare plans to remodel the building for a faculty club at The University of Texas at Austin at a total project cost not to exceed \$300,000, and

WHEREAS, Deputy Chancellor Walker reported that in accordance with the above authorization he had purchased the Forty Acres Club Building (2500 Guadalupe) including the land, the building and the furniture and fixtures for a cash consideration of \$800,000, paid from interest on construction funds:

BE IT RESOLVED, That the action of Deputy Chancellor Walker be approved and in all things confirmed and ratified, and

BE IT FURTHER RESOLVED, That the firm of Jessen Associates, Inc., be authorized to prepare plans to remodel the building at a total project cost not to exceed \$300,000.

U. T. AUSTIN: AUTHORITY TO ACQUIRE AN ALLEGED LEASEHOLD INTEREST COVERING A PORTION OF LOTS 1 AND 2, HITCHCOCK SUBDIVISION, OUTLOT 50, DIVISION D, AUSTIN, TRAVIS COUNTY, TEXAS (2500 GUADALUPE STREET - FORTY ACRES CLUB). --In connection with the acquisition of the above described alleged leasehold interest, the following resolution was adopted:

#### RESOLUTION

WHEREAS, The Board of Regents of The University of Texas System is desirous of expanding the campus of The University of Texas at Austin by acquiring certain adjacent lands; and

WHEREAS, The Board of Regents, in carrying out this intent, has acquired Lots 1 and 2, Hitchcock Subdivision, Outlot 50, Division D, in Austin, Travis County, Texas, subject to an alleged leasehold interest in favor of Ralph S. Braley:

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents of The University of Texas System:

1. That the Board of Regents deems it necessary to

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acquire an alleged leasehold interest covering a portion of Lots 1 and 2, Hitchcock Subdivision, Outlot 50, Division D, Austin, Travis County, Texas, locally known as 2500 Guadalupe Street.

2. That the Board of Regents, acting through its representatives and officials, has negotiated with the owner of the alleged leasehold interest and has failed to agree with such owner on the value of and damages to the alleged leasehold interest described above.

3. That authorization is hereby granted and it is directed that all necessary legal action, including eminent domain, be taken to acquire such alleged leasehold interest.

4. That possession of the alleged leasehold interest be obtained at the earliest possible time.

U. T. DALLAS: NOMINATION TO DEVELOPMENT BOARD. --Chairman Peace reported that in the Executive Session of the Committee of the Whole approval had been given to another nomination to the Development Board at The University of Texas at Dallas. Nominations to the Development Board will be reported as an item for the record as soon as acceptances have been received from the nominees.

U. T. DALLAS: REQUEST TO COORDINATING BOARD FOR PERMISSION TO ESTABLISH LAW SCHOOL AND DOCTOR OF JURISPRUDENCE DEGREE. --Under the subject of discussion of legal matters involved in development at The University of Texas at Dallas in the Executive Session of the Committee of the Whole, it was ordered that permission be requested from the Coordinating Board, Texas College and University System to establish at U. T. Dallas a law school and a program leading to a Doctor of Jurisprudence. The implementation of this action was contingent upon an opinion from the Law Office that this school is within the scope of the academic activities authorized by the Legislature. (Since the meeting, the Chairman of the Board of Regents has furnished the Secretary with an opinion from the Law Office dated September 12, 1972, that such school is within the purview of the establishing act of U. T. Dallas.)

Under these conditions, this item will be resubmitted for ratification at the October 1972 meeting of the Board of Regents.

DALLAS MEDICAL SCHOOL: ACCEPTANCE OF GIFT FROM MR. AND MRS. W. W. OVERTON, JR., FOR ESTABLISHMENT OF EVELYN L. OVERTON HEMATOLOGY-ONCOLOGY RESEARCH LABORATORY. --Deputy Chancellor Walker reported that because of the time element involved, he had accepted for and on behalf of the Board of Regents of The University of Texas System a gift that had been made by Mr. W. W. Overton, Jr., and his wife, Evelyn, to the Southwestern Medical Foundation of Dallas, Texas, for the purpose of establishing the Evelyn L. Overton Hematology-Oncology Research Laboratory at The University of Texas Southwestern Medical School at Dallas and had executed the agreement set out on Pages 79-82. The Board of Regents ratified the action of Deputy Chancellor Walker and accepted with gratitude the gift of Mr. and Mrs. Overton.

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AGREEMENT

THE STATE OF TEXAS )  
COUNTY OF DALLAS )

) KNOW ALL MEN BY THESE PRESENTS:

That we, W. W. OVERTON, JR., and wife, EVELYN L. OVERTON, of Dallas County, Texas (hereinafter called Donors), subject to the further provisions hereof, do hereby transfer irrevocably the assets described in "Exhibit A" hereto attached, to the Southwestern Medical Foundation of Dallas, Texas, for the use and benefit of The University of Texas Southwestern Medical School at Dallas, Texas, title to all property and things of value now or hereafter given for the purposes herein stated, to be vested in Southwestern Medical Foundation of Dallas, Texas (hereinafter called the Foundation), acting by and through its Board of Trustees, as such Board may be comprised from time to time.

The Fund shall also be open to gifts of cash, securities and other things of value by us or any other persons who may hereafter desire to make such gifts; but such other gifts, if made, shall in no wise modify the purpose of this Agreement. Any capital gains from the sale of any assets of this Fund shall become a part of the corpus of the Fund.

The purpose of this Agreement is to provide a Fund to be known and designated as the Evelyn L. Overton Fund, all of the net income from which or so much of which said income as may be required is to be used to establish, support and maintain a Department in The University of Texas Southwestern Medical School, to be known as the Evelyn L. Overton

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Hematology-Oncology Research Laboratory and which said income shall be used directly in research on aspects of control of tumors by drugs and in the study of the biochemical mechanisms in tumor growth, or other research as may be deemed appropriate by Dr. Eugene P. Frenkel, Director of the Division of Hematology at said Medical School, or his successors. It is understood that in the event the causes and cure of cancer become known, the Laboratory and the income from its endowment may be devoted to other research programs at the Medical School.

The Foundation, acting by and through its Board of Trustees from time to time in office, is empowered to administer this Agreement. The Foundation, so acting, shall hold, manage, control, exchange, lease, alienate for cash, or wholly or in part on credit, borrow money, hypothecate, mortgage, invest and reinvest in any way the whole or any part of the properties comprising the Fund, in whatever form it may take, expressly including the properties into which same may be converted, and collect the proceeds thereof and the profits and income therefrom, and from such income pay all costs and expenses of administering and furthering the purpose of this Agreement; and shall from time to time, not less frequently than semi-annually, pay out of the net income only (but no part of the corpus of the Fund) to The University of Texas Southwestern Medical School such amounts of money as shall be expended by it for carrying out the purpose of this Agreement.

By the acceptance hereof, Southwestern Medical Foundation,

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acting by and through its Board of Trustees, and the Board of Regents of The University of Texas System, as beneficiary, hereby accept the Fund created by this instrument, and agree to carry out the same and each and every provision hereof upon the terms herein set forth; provided, however, that Southwestern Medical Foundation shall not be liable to provide funds from sources other than herein referred to, or for the performance of any obligations or duties not herein set forth.

The Foundation hereby acknowledges the receipt from Donors of the foregoing items listed above, to be administered in carrying out this Agreement; and Southwestern Medical Foundation, and the Board of Regents of The University of Texas System, as beneficiary, hereby accept the Fund created by this Agreement and agree to carry out and perform the terms and provisions hereof.

Donors hereby irrevocably renounce any right or privilege to alter, amend or revoke this Agreement.

WITNESS OUR HANDS, this \_\_\_\_\_ day of \_\_\_\_\_, 1972.

\_\_\_\_\_  
W. W. Overton, Jr.

\_\_\_\_\_  
Evelyn L. Overton

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STATE OF TEXAS )  
 )  
COUNTY OF DALLAS )

Before me, the undersigned authority, on this day personally appeared W. W. OVERTON, JR., and his wife, EVELYN L. OVERTON, both known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they each executed the same for the purposes and consideration therein expressed; and the said Evelyn L. Overton, wife of the said W. W. Overton, Jr., having been examined by me privily and apart from her husband and having the same fully explained to her, she, the said Evelyn L. Overton, acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, on this, the \_\_\_\_\_ day of \_\_\_\_\_, 1972.

NOTARY PUBLIC IN AND FOR DALLAS COUNTY,  
TEXAS

ACCEPTED \_\_\_\_\_, 1972

ATTEST:

SOUTHWESTERN MEDICAL FOUNDATION

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

ACCEPTED \_\_\_\_\_, 1972

ATTEST:

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

\_\_\_\_\_  
Secretary

By \_\_\_\_\_  
Chairman

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HOUSTON MEDICAL SCHOOL: AMENDMENT TO BYLAWS OF HOUSTON MEDICAL FOUNDATION, INC. (TERMS OF MEMBERSHIP). --The Bylaws for the Houston Medical Foundation, Inc., of The University of Texas Medical School at Houston were amended by deleting the last sentence of Section 2.2 of Article II and substituting in lieu thereof the following which provides for a staggered term arrangement for the Board of Directors:

"The directors shall hold office in terms of staggered length and until their successors are duly appointed and qualified. Not less than one (1) nor more than five (5) directors shall serve for one (1) year. Not less than one (1) nor more than five (5) directors shall serve for two (2) years. Not less than one (1) nor more than five (5) directors shall serve for three (3) years."

RATIFICATION (AFFILIATION AGREEMENTS). --The following affiliation agreements were ratified:

U. T. El Paso: Affiliation Agreement with Providence Memorial Hospital for Clinical Pathology Training for Medical Technology Students. --Based on the model agreement for medical technology approved by the Board of Regents on March 16, 1972, an agreement between the Board of Regents of The University of Texas System and the Providence Memorial Hospital was ratified. The Chairman of the Board of Regents was authorized to execute this agreement which had been approved by a University attorney as to form and by the Vice-Chancellor for Health Affairs, the Vice-Chancellor for Academic Affairs and the Deputy Chancellor for Administration as to content.

System Nursing School: Fourteen Affiliation Agreements for Clinical Training for Nursing Students. --Based on the model agreement for clinical training of nursing students approved by the Board of Regents on September 12, 1970, affiliation agreements between the Board of Regents of The University of Texas System on behalf of The University of Texas Nursing School (System-wide) and the following facilities were ratified. The Chairman of the Board of Regents was authorized to execute these agreements which had been approved as to form by a University attorney and as to content by the Vice-Chancellor for Health Affairs and the Deputy Chancellor for Administration:

Oak Hills Haven Nursing Home, San Antonio, Texas  
 Hermann Hospital, Houston, Texas  
 Catholic Office of Education-Diocese of El Paso,  
 El Paso, Texas  
 El Paso Public Schools, El Paso, Texas  
 El Paso Rehabilitation Center, El Paso, Texas  
 Four Seasons Nursing Center of El Paso, El Paso,  
 Texas  
 The R. N. Nursing and Convalescent Home, El Paso,  
 Texas



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Sunset Haven Nursing Home, El Paso, Texas  
 Ysleta Independent School District, El Paso, Texas  
 Tarrant County Health Department, Fort Worth,  
 Texas  
 Arlington Memorial Hospital, Arlington, Texas  
 John Peter Smith Hospital, Fort Worth, Texas  
 Elmwood Hospital, Fort Worth, Texas  
 Bergstrom Air Force Base, Austin, Texas

It was pointed out that the agreement with Bergstrom Air Force Base is the same as the model agreement except for the addition of two clauses as follows:

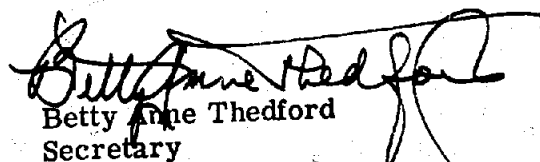
1. A clause has been inserted requiring prior approval by the facility of any publication by students, faculty, or staff members of material relative to their clinical experiences.
2. While the agreement runs from year to year unless sooner terminated by either party upon the giving of six months' advance written notice to the other party, an additional termination clause has been inserted which would allow Bergstrom to terminate the agreement on thirty days' notice should the operational requirements of the Air Force Base related to national defense require such a move.

SCHEDULED MEETINGS AND EVENTS. --The schedule of meetings of the Board of Regents was amended to read as follows:

October 20, 1972 - in Austin  
 December 8, 1972 - in San Antonio  
 January 26, 1973 - in Austin

In addition, it was noted that the John H. Freeman Building at The University of Texas Medical School at Houston will be dedicated at 11:30 a. m. on October 28, 1972.

ADJOURNMENT. --There being no further business, the meeting was duly adjourned at 3:45 p. m.

  
 Betty Anne Thedford  
 Secretary

September 14, 1972