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# TEXAS REGISTER

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## Texas Register



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**Secretary of State** - opinions based on the election laws.

**Texas Ethics Commission** - summaries of requests for opinions and opinions.

**Emergency Rules** - sections adopted by state agencies on an emergency basis.

**Proposed Rules** - sections proposed for adoption.

**Withdrawn Rules** - sections withdrawn by state agencies from consideration for adoption, or automatically withdrawn by the *Texas Register* six months after the proposal publication date.

**Adopted Rules** - sections adopted following a 30-day public comment period.

**Open Meetings** - notices of open meetings.

**In Addition** - miscellaneous information required to be published by statute or provided as a public service.

Specific explanation on the contents of each section can be found on the beginning page of the section. The division also publishes cumulative quarterly and annual indexes to aid in researching material published.

**How to Cite:** Material published in the *Texas Register* is referenced by citing the volume in which the document appears, the words "TexReg" and the beginning page number on which that document was published. For example, a document published on page 2402 of Volume 19 (1994) is cited as follows: 19 TexReg 2402.

In order that readers may cite material more easily, page numbers are now written as citations. Example: on page 2 in the lower-left hand corner of the page, would be written "19 TexReg 2 issue date," while on the opposite page, page 3, in the lower right-hand corner, would be written "issue date 19 TexReg 3."

**How to Research:** The public is invited to research rules and information of interest between 8 a.m. and 5 p.m. weekdays at the *Texas Register* office, Room 245, James Earl Rudder Building, 1019 Brazos, Austin. Material can be found using *Texas Register* indexes, the *Texas Administrative Code*, section numbers, or TRD number.

## Texas Administrative Code

The *Texas Administrative Code (TAC)* is the official compilation of all final state agency rules published in the *Texas Register*. Following its effective date, a rule is entered into the *Texas Administrative Code*. Emergency rules, which may be adopted by an agency on an interim basis, are not codified within the *TAC*. West Publishing Company, the official publisher of the *TAC*, releases cumulative supplements to each printed volume of the *TAC* twice each year.

The *TAC* volumes are arranged into Titles (using Arabic numerals) and Parts (using Roman numerals). The Titles are broad subject categories into which the

agencies are grouped as a matter of convenience. Each Part represents an individual state agency. The *Official TAC* also is available on WESTLAW, West's computerized legal research service, in the TX-ADC database.

To purchase printed volumes of the *TAC* or to inquire about WESTLAW access to the *TAC* call West: 1-800-328-9352.

The Titles of the *TAC*, and their respective Title numbers are:

1. Administration
4. Agriculture
7. Banking and Securities
10. Community Development
13. Cultural Resources
16. Economic Regulation
19. Education
22. Examining Boards
25. Health Services
28. Insurance
30. Environmental Quality
31. Natural Resources and Conservation
34. Public Finance
37. Public Safety and Corrections
40. Social Services and Assistance
43. Transportation

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1 indicates the title under which the agency appears in the *Texas Administrative Code*; *TAC* stands for the *Texas Administrative Code*; §27.15 is the section number of the rule (27 indicates that the section is under Chapter 27 of Title 1; 15 represents the individual section within the chapter).

**How to update:** To find out if a rule has changed since the publication of the current supplement to the *Texas Administrative Code*, please look at the *Table of TAC Titles Affected*. The table is published cumulatively in the blue-cover quarterly indexes to the *Texas Register* (January 21, April 15, July 12, and October 11, 1994). In its second issue each month the *Texas Register* contains a cumulative *Table of TAC Titles Affected* for the preceding month. If a rule has changed during the time period covered by the table, the rule's *TAC* number will be printed with one or more *Texas Register* page numbers, as shown in the following example.

**TITLE 40. SOCIAL SERVICES AND ASSISTANCE**  
**Part I. Texas Department of Human Services**  
40 TAC §3.704.....950, 1820

The *Table of TAC Titles Affected* is cumulative for each volume of the *Texas Register* (calendar year).

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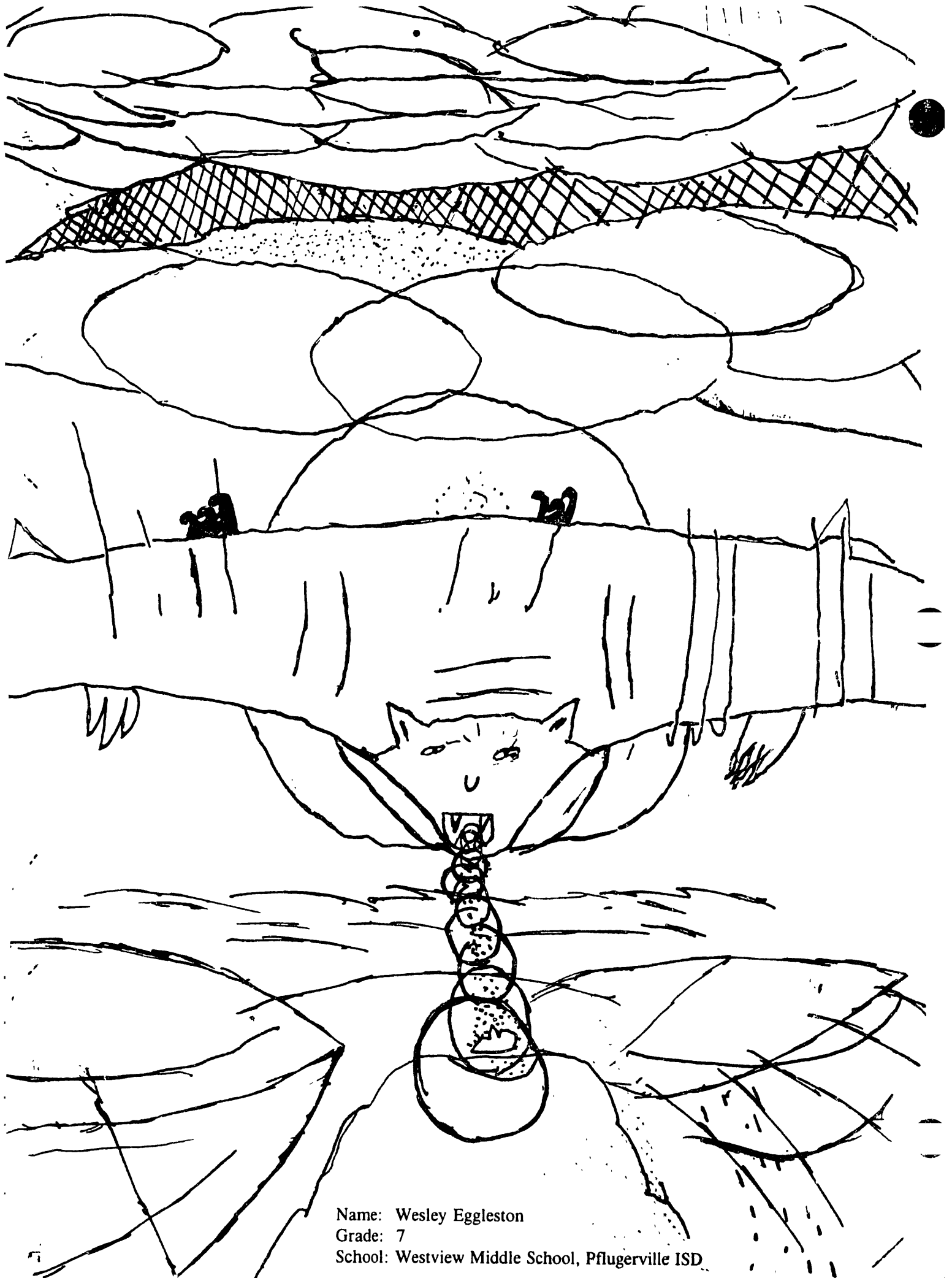
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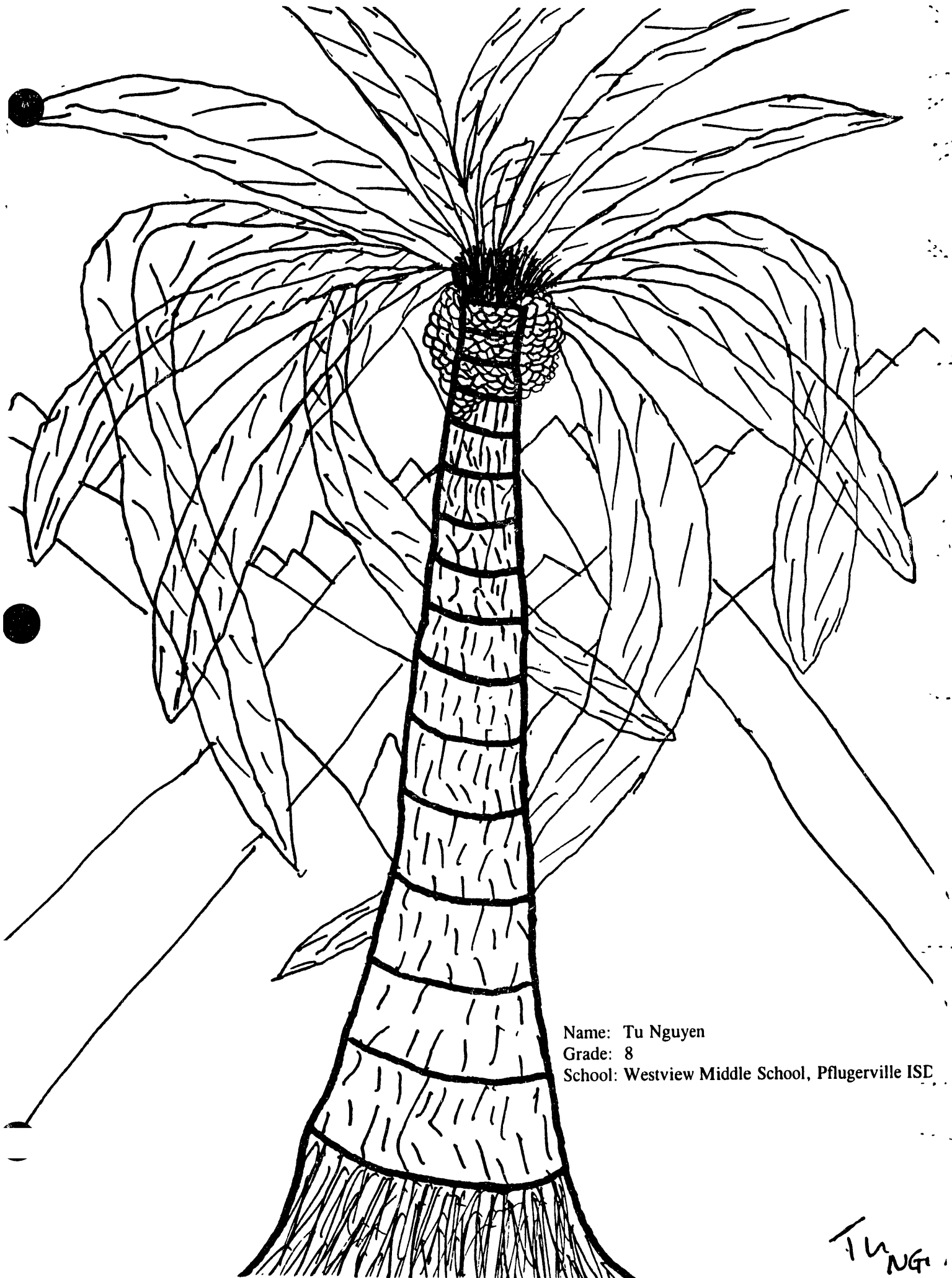
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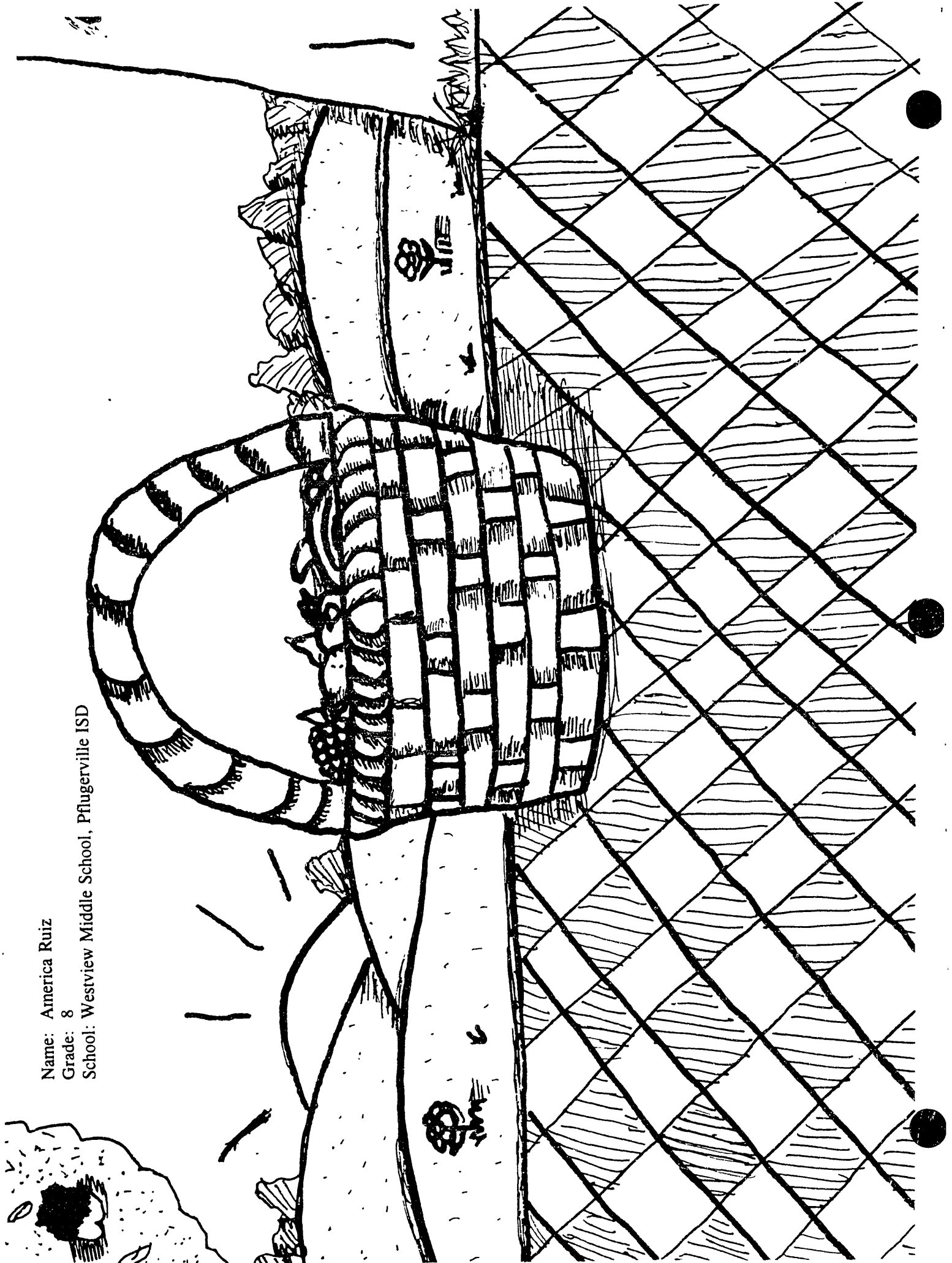
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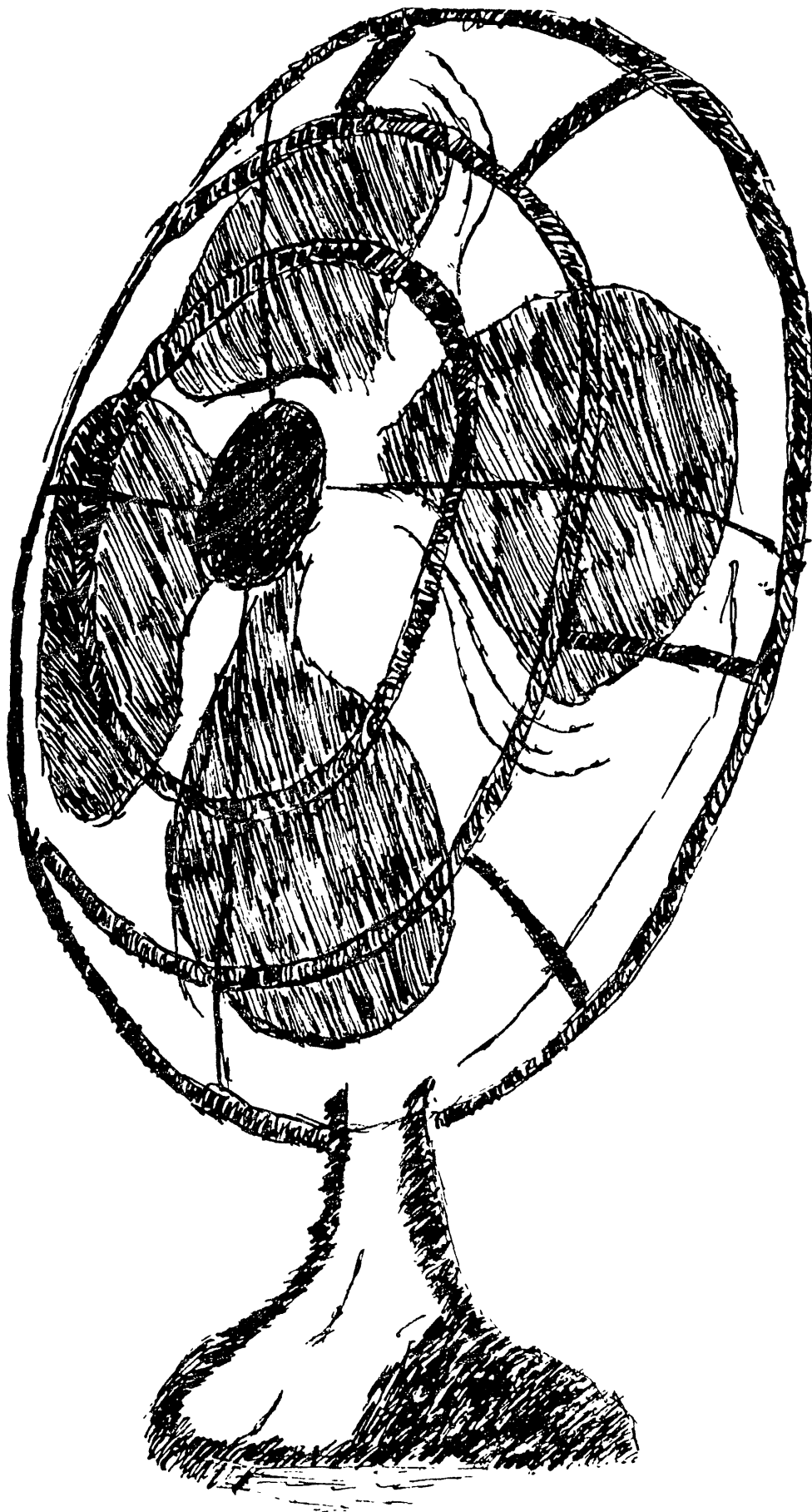
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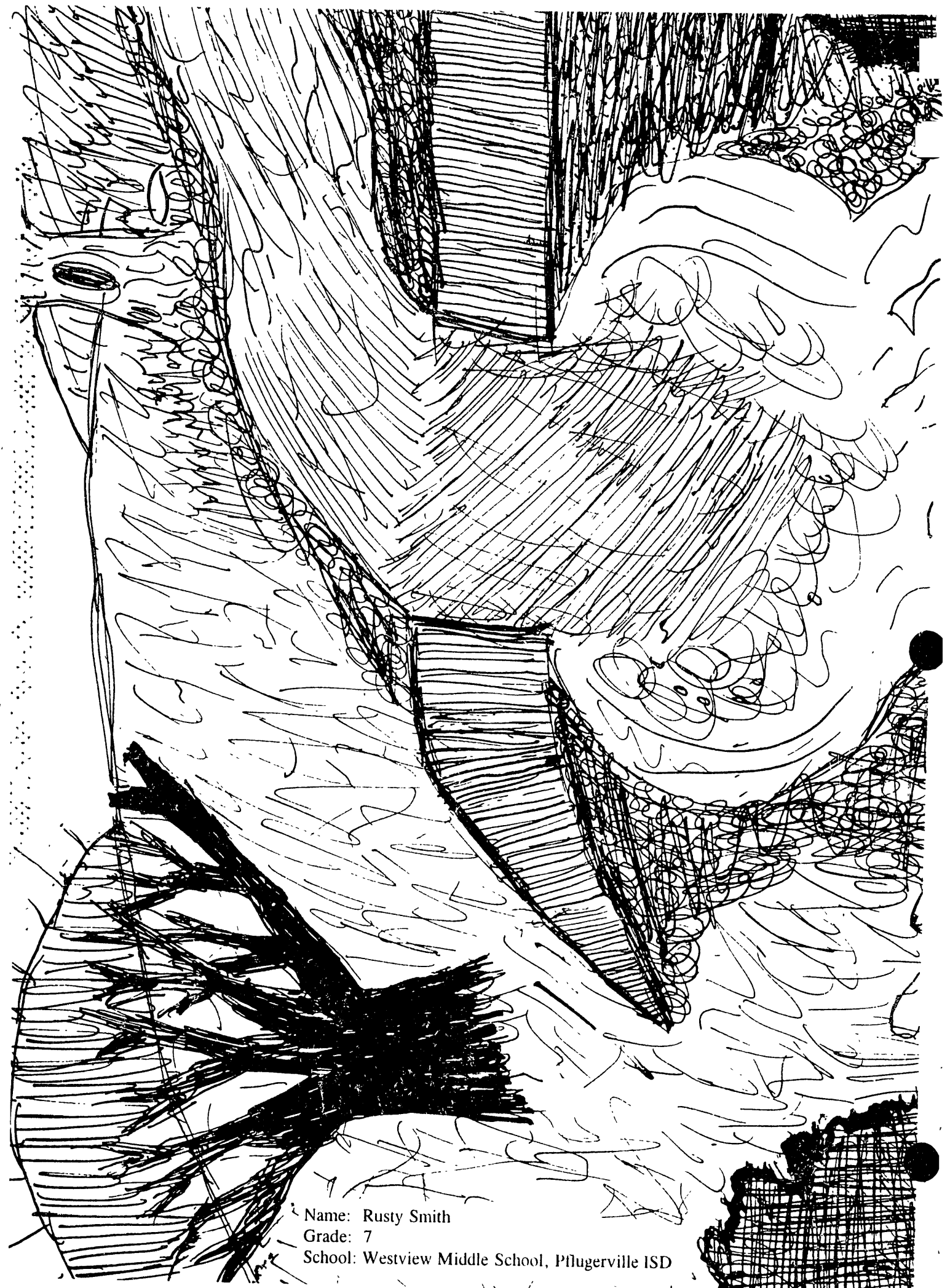




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# PROPOSED RULES

Before an agency may permanently adopt a new or amended section or repeal an existing section, a proposal detailing the action must be published in the **Texas Register** at least 30 days before action is taken. The 30-day time period gives interested persons an opportunity to review and make oral or written comments on the section. Also, in the case of substantive action, a public hearing must be granted if requested by at least 25 persons, a governmental subdivision or agency, or an association having at least 25 members.

**Symbology in proposed amendments.** New language added to an existing section is indicated by the use of **bold text**. [Brackets] indicate deletion of existing material within a section.

## TITLE 7. BANKING AND SECURITIES

### Part III. State Banking Board

#### Chapter 31. Miscellaneous

##### • 7 TAC §31.5

The State Banking Commissioner, on behalf of the State Banking Board of Texas pursuant to 7 TAC §35.6, proposes an amendment to 7 TAC §31.5 regarding substitute members of the State Banking Board. Texas Civil Statutes, Article 342-115, provides that the Deputy Treasurer and the Deputy Banking Commissioner may substitute at State Banking Board meetings for the State Treasurer and the Banking Commissioner, respectively, but only if identified by name in an enabling rule. The proposed amendment identifies the current Deputy Treasurer.

Everette D. Jobe, general counsel, Texas Department of Banking, has determined that for the first five-year period the section is in effect there will be no fiscal implications for state or local government as a result of enforcing or administering the section.

Mr. Jobe also has determined that for each year of the first five years the section is in effect the public benefit anticipated as a result of enforcing the section will be the ability of the Board to conduct official meetings in the absence of either the State Treasurer or the Texas Banking Commissioner. There will be no effect on small businesses. There is no anticipated economic cost to persons or entities who are required to comply with the section as proposed.

Comments on the proposal may be submitted to Everette D. Jobe, Assistant General Counsel, Texas Department of Banking, 2601 North Lamar Boulevard, Austin, Texas 78705-4294.

The amendment is proposed under Texas Civil Statutes, Article 342-115, which provide the State Banking Board with the authority to prescribe by rule the individual who is authorized to sit as a substitute member of the Board when the State Treasurer or the Banking Commissioner is unable to personally attend an official meeting of the State Banking Board, and under 7 TAC §35.6, which delegates the authority to propose rules for public comment to the Banking Commissioner.

The following are the articles and sections that are affected by the proposed amended §30 5: Texas Civil Statutes, Article 342-115.

*§31.5. Members of the Board.* When either the state treasurer or commissioner is unable to personally attend an official meeting of the board, the respective first deputy of such member may appear and vote. The present first deputy to the treasurer is Michael D. Doyle, [Paul J. Williams,] deputy treasurer, and the present deputy to the commissioner is Randall S. James, deputy banking commissioner. Two such deputies may not sit as substitute members of the board at the same time.

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's authority to adopt

Issued in Austin, Texas, on January 5, 1994.

TRD-9434205

Everette D Jobe  
General Counsel  
Texas Department of  
Banking

Earliest possible date of adoption: February 11, 1994

For further information, please call (512) 475-1300

## TITLE 34. PUBLIC FINANCE

### Part I. Comptroller of Public Accounts

#### Chapter 9. Property Tax Administration

##### Subchapter I. Validation Procedures

##### • 34 TAC §9.4031

The Comptroller of Public Accounts proposes new §9.4031, concerning the methods and procedures necessary to discount future income from the sale of oil or gas to present value. Section 9.4031 consists of a manual called *Manual for Discounting Oil and Gas Income*. The new section is necessary because House Bill 925, 73rd Legislature, 1993,

requires the comptroller to develop and distribute this manual for discounting oil and gas income to appraisal districts.

The manual gives the appraisal districts methods and procedures for discounting future income from the sale of oil and gas to present value. The manual explains the concept of discounting; the discounted cash flow equation; discounted cash flow appraisal; discount rate components, and three acceptable techniques for estimating a "discount rate" in the discounted cash flow method: market surveys, sales, and weighted average cost of capital.

Mike Reissig, chief revenue estimator, has determined that for the first five-year period the rule will be in effect there will be no significant revenue impact on the state or local government.

Mr. Reissig also has determined that for each year of the first five years the rule is in effect the public benefit anticipated as a result of enforcing the rule will be in providing new information regarding tax responsibilities. There are no significant fiscal implications for small businesses. There is no significant anticipated economic cost to persons who are required to comply with the proposed rule.

Comments on the new section may be submitted to Barbara Truesdale, Manager, Property Tax Division, P.O. Box 13528, Austin, Texas 78711-3528.

The new section is proposed under the Tax Code, §23.175, which requires the comptroller to develop and distribute to each appraisal office appraisal manuals that specify methods and procedures to discount future income from the sale of oil and gas from the interest to present value.

The new section implements the Tax Code, §23.175.

*§9.4031. Manual for Discounting Oil and Gas Income.*

(a) The Comptroller of Public Accounts adopts a *Manual for Discounting Oil and Gas Income*, with text as follows.

(b) Basis of the *Manual for Discounting Oil and Gas Income*.

(1) Property Tax Code, §23.175, enacted by the 73rd Legislature, 1993, requires the comptroller's office to develop

and distribute to each appraisal district an appraisal manual that specifies the methods and procedures to calculate the present value of oil and gas properties using discounted future income.

(2) Section 23.175 also directs each appraisal district to use the specified methods and procedures.

(c) Introduction.

(1) This manual explains the concept of discounting, the discounted cash flow (DCF) equation, DCF appraisal and three acceptable techniques for estimating a "discount rate" in the DCF method. *The numbers used in the calculations are for illustrative purposes only*

(2) The three acceptable techniques for estimating discount rates are:

(A) market surveys;

(B) oil and gas sales analysis, and

(C) weighted average cost of capital (WACC), also called "band of investment."

(3) Together, these techniques provide a range of discount rates. The appraiser must estimate the risk for each oil or gas property to assign a discount rate from the discount rate range.

(4) The appendices provide examples to illustrate DCF appraisal, the WACC estimating technique, a standard deviation analysis and a description of property specific risk factors.

(d) Discounting.

(1) Because investors prefer immediate cash returns over future cash returns, investors pay less for future cash flows—they "discount" them. The amount investors discount the future cash flows depends on the length of time until the cash is due, the amount of risk that the cash will not be tendered when due and the rate of return available from other comparably risky investments. This discounting procedure converts future income to present value usually using annual discount factors. The discount factor for each successive year declines to reflect the reduced value of revenue received in the future. The appraiser calculates the present worth of the forecast revenue stream by multiplying the projected net income (cash flow) for each year by the calculated discount factor for that year. These discount factors are derived from the discount rate (also known as the yield rate), and the process is known as discounted cash flow (DCF) analysis.

(2) The International Association of Assessing Officers in *Property Appraisal and Assessment Administration* (1990) defines "discount rate" as: "The rate of return on investment; the rate an investor requires to discount future income to its present worth. It is made up of an interest rate and an equity yield rate. Theoretical factors considered in setting a discount rate are the safe rate earned from a completely riskless investment (this rate may reflect anticipated loss of purchasing power due to inflation) and compensation for risk, lack of liquidity, and investment management expenses. The discount rate is most often estimated by band-of-investment analysis or a sales comparison analysis that estimates typical internal rates of return."

$$PV = CF1 \times (PWF1) + CF2 \times (PWF2) + \dots CFn \times (PWFn)$$

where:

PV = present value \$;

CF = the cash flow or income for the period specified \$;

PWF = the end of period present worth factor, equals  $1/((1+i)^n)$ ;

i = discount rate (the period compound interest rate);

n = the period for the present worth factor being calculated.

number of years that the mineral property is expected to produce a positive net income

(4) There are many variations on the DCF formula. The formulas vary based on the time the money is received, i.e., continuously, beginning of period, mid-

(3) The discount rate is a key variable in discounted cash flow analysis, making correct rate selection crucial. The market's expectations are critical when choosing a discount rate. According to the *Appraisal of Real Estate* by the Appraisal Institute (1992): "The selection of the yield discount rate is critical to DCF analysis. To select an appropriate rate an appraiser must verify and interpret the attitudes and expectations of market participants, including buyers, sellers, advisers, and brokers. Although the actual yield on an investment cannot be calculated until the investment is sold, an investor may set a target yield for the investment before or during ownership. Historical yield rates derived from comparable sales may be relevant, but they reflect past, not future, benefits in the mind of the investor and may not be reliable indicators of current yield. Therefore, the selection of yield rates for discounting cash flows should focus on the prospective or forecast yield rates anticipated by typical buyers and sellers of comparable investments. An appraiser can verify investor assumptions directly by interviewing the parties to comparable sales transactions or indirectly by estimating the income expectancy and likely reversion for a comparable property and deriving a prospective yield rate."

(e) Discounted cash flow appraisal.

(1) The DCF method is versatile and widely used to appraise property. An appraiser using DCF first projects an anticipated net income for each year of the property's remaining economic life. Each annual cash flow is discounted to present value, and then all the present values are added to obtain the total market value of the real property interest being appraised.

(2) The DCF formula is expressed as follows:

dle of period or end of period. The period may be continuous, daily, monthly, quarterly, bi-annual or annual. Many oil properties are evaluated using an annual mid-period discounting variation of the DCF formula. The appropriate present worth factor for mid-year DCF analysis is:

$$PWFMY = 1/((1+i)^{(n-.5)})$$

where: PWFMY = mid-year present worth factor.

(5) Appendix 1 illustrates how a discounted cash flow is calculated, using a mid-year factor, for a mineral property.

(f) Discount rate components.

(1) Components. The discount rate used in discounted cash flow analysis has several components. These include:

(A) inflation rate;

(B) risk-free component;

(C) general risk premium;

and

(D) property-specific risk premium.

(2) The inflation rate. The annual rate of price change for a basket of consumer goods. Inflation is normally measured by the Consumer Price Index for All Urban Consumers (CPI-U), calculated by the United States Bureau of Labor Statistics. The inflation rate is the most basic component of a discount rate. An investor's rate of return must equal the rate of inflation just to break even in real dollar terms.

(3) The risk-free component. A return to compensate the investor for a loss of liquidity. This component can also be defined as the risk-free rate minus the inflation rate. The risk free rate is made up of the inflation rate plus a return to reimburse the investor for a loss of liquidity and is measured by the yield to maturity on Federal government securities with a maturity period comparable to the investment under consideration (oil or gas reserves in this case). The market perceives these securities as risk-free for all practical purposes since they are issued by the United States government.

(4) General risk premium.

(A) A return to compensate the investor for assuming diversified company-wide risk. The weighted average cost of capital (WACC) minus the risk-free rate is the general risk premium. The WACC is measured by weighting the typical oil company debt and equity costs by the typical oil company debt and equity capital structure percentages, and then adding the weighted costs. If one were appraising companies, the WACC would be the discount rate since it reflects the market's expected yields from the stock and debt of a company. Calculation of a WACC will be explained in more detail later in this manual.

(B) For property tax purposes, appraisers estimate the value of individual mineral reserves, not the value of oil companies. Buyers of mineral reserves usually perceive these individual reserves as riskier than the stock and debt of an entire company. Companies can spread their risk over many individual mineral reserves and often over several kinds of assets (some of which are unrelated to the oil or gas business). This asset diversification reduces the company's risk and, as a result, the WACC derived from company financial data is usually lower than an individual producing property's discount rate. However, the WACC is always higher than the risk-free rate. This increase in the rate is a general risk premium to reward investors for assuming the diversified company-wide risk.

(5) Property-specific risk premium. A return that compensates the investor for assuming the unique risks associated with a particular mineral producing property. The discount rate minus the WACC is the property-specific risk premium. Investors demand a premium above the WACC to compensate them for this individual property risk. For certain high-risk properties, this premium can be quite high. See subsection (k)(3) of this section (Appendix 4) for a list of property-specific risk factors.

(6) Component summary. These discount rate components can be summarized:

$$\begin{array}{rcl}
 & + & \text{INFLATION RATE} \\
 & + & \text{RISK FREE COMPONENT} \\
 & + & \text{GENERAL RISK PREMIUM} \\
 & + & \text{PROPERTY SPECIFIC RISK PREMIUM} \\
 = & & \text{DISCOUNT RATE}
 \end{array}$$

(A) There are other ways to "build up" a discount rate. This method's advantage is that the first three components are quantifiable from public data. The property-specific risk premium may be derived from available data in some cases, but in general, the appraiser must estimate it.

(B) Refer to subsection (k)(3) of this section (Appendix 4) for mineral-property conditions that should be considered when estimating the property specific risk premium.

(g) Using the three techniques.

(1) Components contained in the three techniques.

(A) Market surveys and sales analysis result in rates that include all of the discount rate components. However, in these two techniques, the rate included for the property-specific risk premium is the

typical rate for the properties included in the survey or sales analysis. The appraiser must estimate the property-specific risk premium (unless the sales sample is directly comparable to the property being appraised) and adjust for atypically high or low risk. This means that the appraiser must reduce the risk premium for properties with less than the typical risk and increase the risk premium for properties with more than the typical risk.

(B) The third technique (WACC) produces a rate that does not contain a component for property-specific risk. Because it lacks this component, the typical WACC of potential purchasers sets a minimum value for a discount rate and the appraiser must calculate the typical WACC of potential purchasers to know this lower limit. On a case-by-case basis, the appraiser should exclude oil companies from the WACC calculation if they cannot participate in the market for the property he or she is currently appraising. For instance, small companies may not be able to bid on certain very valuable oil and gas properties because of insufficient capital. A typical WACC for larger oil companies would establish an appropriate minimum discount rate for appraising these properties.

(C) An investor should not buy a property at a lower discount rate than his or her WACC, otherwise the investor's net worth will decrease. The appraiser must add the property-specific risk premium to the typical WACC of potential purchasers to develop a discount rate. See subsection (k)(3) of this section (Appendix 4) for a list of property-specific risk factors.

#### (2) Developing a range.

(A) Ideally, the appraiser should use these three techniques simultaneously to develop a range of discount rates. The typical WACC sets the lower limit, while surveys and direct sales analysis provide a set of discount rates that the appraiser can use as a database that will help to estimate a midrange discount rate and an upper limit to the discount rate. Examples of these techniques can be found in subsection (k)(3) of this section (the appendices).

(B) Some mineral properties may appear to sell at or below the purchaser's WACC. There are several reasons that a mineral property may appear to change hands at a discount rate equal to or less than the WACC. When a buyer (or appraiser) reduces the cash flows to account for reserve recovery risk the discount rate will not reflect the risk, but the purchase price will. To calculate a discount rate that is

comparable to discount rates from other sales, the appraiser must quantify the risk adjustment and add it back to the cash flows. This discount rate will be higher than the non-risk-inclusive rate.

(C) Atypical income tax deductions, or abnormally high or low overhead can also create an artificially high or low discount rate. When faced with market evidence that would indicate a discount rate at less than a company's cost of capital, the appraiser should review all other appraisal parameters to determine why an abnormally low discount rate is indicated. An understated income stream is the most obvious reason. The appraiser may be able to adjust the cash flows and derive a market discount rate or may delete the sale from consideration.

#### (h) Market surveys

(1) An appraiser may use market surveys as an indicator of the discount rate. Many studies and surveys are published to help the appraiser estimate an appropriate discount rate or range of rates for appraising oil and gas properties. The Society of Petroleum Evaluation Engineers' (SPEE) *Annual Survey* and the Western States Petroleum Association's (WSPA) *Analysis of Oil and Gas Property Transfers and Sales and Derivation of a Band of Investment* are good examples.

(2) The SPEE survey asks producers', consultants', and bankers' opinions on future prices, cost escalation and economic indices (including the discount rate) used in petroleum property evaluation.

(3) The WSPA study, conducted by Richard J. Miller and Associates, consists of two parts: an analysis of oil and gas property transactions and sales occurring in California from 1984 through the current year and an analysis of the weighted average cost of capital (WACC) or "Band of Investment" of a representative group of companies for the same years. The WACC analysis is based on public data.

(i) Developing a discount rate from sales.

(1) Basic steps. To develop a discount rate from sales requires three basic steps:

(A) obtain recent sales prices from a variety of oil and gas producing properties;

(B) develop cash flow projections for each property; and

(C) calculate the internal rate of return (IRR) for each sale. This is also known as the discounted cash flow return on investment (DCFROI).

(2) Sales sources. Information about sales can be obtained from a variety of sources, but the best source is the buyer or seller. Other sources that list sales of oil and gas property include the Texas Railroad Commission, *Oil and Gas Journal* 300, Strevig and Associates, private firms and oil and gas companies. It is important to remember that the sale of an oil or gas property must be a market transaction when developing a discount rate from sales.

(3) Cash flow projections. After obtaining verified sales prices, the appraiser develops cash flow projections for each property. To the extent possible, the appraiser must talk with the parties to each sale to determine their expectations of the property and take those into account when making projections. The validity of the derived discount rate is a direct function of the amount of information obtained from the buyer and seller about their cash flow projections. The appraiser must incorporate this information into his or her projections. If the appraiser's projections differ from the buyer's and seller's expectations, the discount rate derived from the sale will be invalid.

#### (4) Calculating the IRR.

(A) The third step in developing a discount rate from sales is to calculate the internal rate of return (IRR). The IRR is the yield (discount) rate at which the present value of a cash income stream equals the present value of the cash expenditures (the sales price in our analysis) necessary to produce that income stream. This discount rate is prospective; it does not depend on the historical performance of the property, but on the market participants' expectations of future performance. The discount rate at which the present value of the cash flows equals the sales price can be determined by trial and error. However, there are several calculators and personal computer software packages that can solve for the discount rate (IRR).

(B) Although computational procedures may vary slightly, this measure is also referred to as the profitability-index and investor's method. The IRR recognizes that funds received now are more valuable than those received at some future time. The investment outlay can be regarded as borrowed funds and the pre-tax cash flow as the payment of principle plus compound interest on the investment.

(j) Weighted average cost of capital.

(1) Definition. A widely used method for deriving a pre-tax base discount rate for valuation purposes is the band of investment, or WACC technique. The basis

for this analysis is the financial data from a broad sample of oil companies that derive a majority of their operating revenues from oil and gas production. Since petroleum property valuation typically involves discounting cash flows over a long period of time, a long-term cost of capital is most appropriate for developing an oil or gas property discount rate. Thus, the appraiser should incorporate a broad time series of data to approximate a long-term cost of capital.

(2) Required calculations. Four sets of calculations are required to determine the WACC

(A) The typical capital structure is derived and expressed as a proportion of debt and equity

(B) The typical cost of outstanding debt is calculated based on bond yields.

(C) The typical cost of equity is computed using the *Capital Asset Pricing Model* (CAPM) or another method such as the *DCF Model*.

(D) Debt and equity costs are weighted according to the typical capital structure percentages and added to derive a typical cost of capital

(3) Capital structure.

(A) "Capital structure" describes in percentage terms the sources of funds (capital) used to purchase the assets necessary to operate a company. The capital structure of any company consists of debt and equity. The debt portion consists of long-term debt (represented by outstanding bonds) and preferred stock, while the equity portion consists of outstanding common stock. If the company is funded by debt and equity of equal value, the capital structure is 50% debt and 50% equity.

(B) To estimate a discount rate for mass appraisal purposes, the ap-

$$K = R_{fc} + B(R_m - R_{fh})$$

where:

K = cost of equity (after tax), %/year

R<sub>fc</sub> = current risk-free rate, %/year

R<sub>m</sub> = historic market return on equities, %/year

R<sub>fh</sub> = historic market return on long-term government bonds, %/year

B = BETA coefficient

(B) The current risk-free rate (R<sub>fc</sub>) is typically based on current long-term government securities, i.e., the yield-to-maturity observed on an annual basis on a default-free treasury bond, note or bill of the relevant time period. For oil and gas property appraisal, the yield on a long-term bond is an appropriate measure of the risk-free rate

(C) The historical market return on equities (R<sub>m</sub>) on common stocks and the historical arithmetic mean on long-term government bond income returns (R<sub>fh</sub>) can be obtained from Ibbotson Associates'

*Stock, Bonds, Bills and Inflation* The beta coefficient (B) measures market risk by regressing the stock's total return against the market's total return. A more detailed description of the beta calculation can be found in the Ibbotson Associates report. The beta coefficient value can be obtained from Value Line Publishing, Incorporated's *The Value Line Investment Survey*, Standard and Poor's Corporation's *S&P Stock Reports* and similar investment services

(D) The difference between the historical risk-free (R<sub>fh</sub>) and market (R<sub>m</sub>) rates of return is a measure of the non-systematic or non-market related risk caused by changes specific to the companies comprising the stock rate of return

praiser should use the typical market capital structure for a representative group of major and independent oil companies that derive a majority of their operating revenues from oil and gas production.

(4) Cost of debt. The yield-to-maturity is the best approximation of the cost of debt capital. This yield is observable in the marketplace and can be found by referring to Standard and Poor's *Corporation Bond Guide*, Moody's *Bond Report* or a comparable publication.

(5) Cost of equity.

(A) The Capital Asset Pricing Model (CAPM) is the preferred approximation of equity cost since it considers both historical market yields and current expectations, plus a market-derived equity risk factor. The CAPM method measures the cost of equity by considering that an investor's required rate of return on common stock is comprised of a risk-free return plus a risk adjustment factor related to the specific stock. This is represented by the following equation:

sample and is, in effect, an equity risk premium. Note that two different risk-free rates of return are used in the CAPM. The current risk-free rate (R<sub>fc</sub>) is used to acknowledge the expectational function of the model. The historical risk-free rate (R<sub>fh</sub>) is used in conjunction with the historical market return for the same time period when calculating the equity risk premium.

(E) The cost of equity resulting from this model is a nominal (current dollar) after tax rate. Conversion to a nominal, pre-tax rate requires dividing the equity cost (K) by 1 minus the federal statutory income tax rate for petroleum companies. The income tax rate is presently 35%. This is represented by the following equation:

$$K \text{ (pre-tax)} = K/(1 - .35).$$

costs.

(6) Weighting debt and equity

(A) Once capital structure, debt and equity costs are determined, the final step in deriving the WACC is to weight the cost of debt and equity by the

proportional share each has in the overall capital structure. This is represented by the following equations:

$$\begin{aligned} \text{Wtd Avg. Cost of Equity} &= (\text{Cost of equity percentage}) \times (\text{Equity fraction}) \\ \text{Wtd Avg. Cost of Debt} &= (\text{Cost of debt percentage}) \times (\text{Debt fraction}) \end{aligned}$$

$$\text{WACC} = \text{Wtd Avg. Cost of Equity} + \text{Wtd Avg. Cost of Debt}$$

The WACC can also be described as follows:

$$\begin{aligned} &+ \frac{\text{INFLATION RATE}}{\text{RISK FREE COMPONENT}} \\ &= \text{RISK FREE RATE} \\ &+ \frac{\text{RISK FREE RATE}}{\text{GENERAL RISK PREMIUM}} \\ &= \text{WEIGHTED AVERAGE COST OF CAPITAL} \end{aligned}$$

(B) The WACC estimating technique is illustrated in subsection (k)(3) of this section (Appendix 2).

(7) Final discount rate selection.

(A) As discussed earlier, the typical WACC of potential purchasers sets the lower end of the discount rate range. To help establish the upper end of the discount rate range, the appraiser can calculate a standard deviation of all the discount rates indicated by the sales in the sales sample and the survey. One standard deviation above and below the mean contains 68% of all the observations in a normally distributed set of data. Two standard deviations above and below the mean contains over 99% of all the observations in a normally distributed set of data. The data may not be normally distributed. Even so, this kind of analysis may help the appraiser to establish the upper end of the discount rate range.

(B) Very high-risk properties (for example, a one-well lease with high water production near the end of its economic life) may be discounted by the market at two standard deviations above the mean. Properties with lesser risk will have correspondingly lower discount rates. One standard deviation above the mean may establish an upper limit for properties in a typical risk-range. The mean or median of the discount rates from the sales analysis and the survey indicates the mid-range discount rate.

(C) For a standard deviation analysis to have meaning in selecting an upper limit to the discount rate range, the survey or sales data set *must contain properties with broadly varying risk*. A high-end discount rate selected by this method will not apply to very risky properties (it will be too low) unless these risky properties are represented in the sales data set used in the analysis.

(D) To select a discount rate for an individual property, the appraiser must assess the property-specific risk inher-

ent in the property. Subsection (k)(3) of this section (Appendix 4) lists risk factors that should be taken into account.

(k) Summary.

(1) This manual describes methods and procedures used to calculate the present value of oil and gas properties using discounted future income. The discounted cash flow method, DCF, is the most widely used method to appraise mineral properties.

(2) Within the DCF equation, there are three generally accepted techniques for estimating a discount rate: market surveys, oil and gas sales analysis and the weighted average cost of capital. Ideally, the appraiser should use these three techniques simultaneously to develop a range of discount rates.

(3) The evaluation of oil and gas properties demonstrates the importance of viewing a discount rate in the context of the entire appraisal, including the production decline rate, price and cost parameters. The discount rate should not be considered an isolated variable, for it is only one component of a complex interaction of variables that collectively determine an estimate of value.



Other factors that should be considered in the DCF method include capital expenditures, environmental remediation costs, and the present worth of the salvage value of equipment less well plugging costs.

## APPENDIX 1

### *Discounted Cash Flow Method* (Working Interest Portion Only)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	Net Oil Production (bbls)	Oil Price (\$/bbls)	Gross Income (\$)	Op Exp + Sev Taxes (\$)	Net Income (\$)	Discount Factor @ 16.7%	Discounted Cash Flow (\$)
1	31,938	19.75	630,776	159,015	471,761	.925688	436,703
2	25,550	20.54	524,797	159,341	365,456	.793220	289,887
3	20,440	21.36	436,598	160,692	275,906	.679709	187,536
4	16,352	22.22	363,341	162,946	200,395	.582441	116,718
5	13,081	23.10	302,171	165,982	136,189	.499093	67,971
6	10,465	24.03	251,474	169,733	81,741	.427671	34,958
7	8,372	24.99	209,216	174,115	35,101	.366471	12,863
					<b>Subtotal</b>		1,146,636
				Salvage	10,000	.339238*	3,392
					<b>Total</b>		1,150,028

\* End of year seven factor =  $1/(1+.167)^7$

#### Calculation Procedures:

(1) Net Oil Production is Gross Oil Production times Net Revenue Interest (NRI). NRI equals 87.5%.

(2) Starting Oil Price, \$19.75/bbl with an escalation rate of 4%/yr

(3) Gross Income equals Net Oil Production multiplied by Oil Price

(4) Op. Exp. + Sev. Taxes: Operating Expenses escalated at a rate of 4%/yr; severance tax on oil is 4.6%/yr

(5) Net Income equals Gross Income less Op. Exp. + Sev. Taxes

(6) Discount Factor (mid-year) @ 16.7% equals:

Year 1	$1/((1+.167)^{(1-.5)}) = .925688$
Year 2	$1/((1+.167)^{(2-.5)}) = .793220$
Year 3	$1/((1+.167)^{(3-.5)}) = .679709$
Year 4	$1/((1+.167)^{(4-.5)}) = .582441$
Year 5	$1/((1+.167)^{(5-.5)}) = .499093$
Year 6	$1/((1+.167)^{(6-.5)}) = .427671$
Year 7	$1/((1+.167)^{(7-.5)}) = .366471$

NOTE: The discount factor of 16.7% includes 1.7% for property taxes.

(7) Discounted Cash Flow equals Net Income multiplied by the Discount Factor

## APPENDIX 2

### *Estimation of Weighted Average Cost of Capital (WACC)*

1. Derive the typical capital structure of a broad sample of potential purchasers as a proportion of debt and equity.

Data can be found in the 12/31/19xx issue of The Value Line Investment Survey under the headings "Petroleum (Integrated) Industry" and "Petroleum (Producing) Industry."

Outstanding Common Stock (Oil Company) = 157,627,284 shares @ 12/31/xx  
Closing Common Stock Price = \$106.75/share

Common Stock Equity = (157,627,284 shares) x (\$106.75/share)  
= \$16,827,000,000 @ 12/31/xx

Total Debt = \$6,791,000,000 @ 12/31/xx

Total Capital = Debt + Equity  
= \$6,791,000,000 + \$16,827,000,000  
= \$23,618,000,000

Debt = \$6,791,000,000/\$23,618,000,000 = .288 or 28.8%  
Equity = \$16,827,000,000/\$23,618,000,000 = .712 or 71.2%

The capital structure is 28.8% debt and 71.2% equity.

Repeat this procedure for each company in the sample.

2. Calculate the cost of outstanding debt

Data can be found using Standard & Poor's Bond Guide (12/19xx issue)  
YTM = Yield-to-Maturity @ 12/31/19xx

Debt Instrument	Debt (MM\$)	YTM (%/yr)	Debt x YTM
Debt A	27	6.29	170
Debt B	586	8.42	4,934
Debt C	132	7.52	993
Debt D	600	7.84	4,704
Debt E	265	4.95	1,312
Debt F	100	8.65	865
Debt G	300	7.87	2,361
Debt H	450	8.28	3,726
Debt I	123	8.70	1,070
Debt J	224	8.78	1,967
Debt K	300	8.29	2,487
Debt L	500	8.38	4,190
	3,607		28,779

$$\begin{aligned}\text{Sum of Debt} &= \text{Debt (MM\$)} \times \text{YTM} \\ &= \$28,779 \text{ MM}\end{aligned}$$

$$\begin{aligned}\text{Cost of Debt} &= \text{Sum of Debt (MM\$)} / \text{Debt (MM\$)} \\ &= (\$28,779 \text{ MM}) / (\$3,607 \text{ MM}) \\ &= 7.98 \text{ \%/year}\end{aligned}$$

Repeat this procedure for each company in the sample.

3. Calculate the cost of equity;

Use the Capital Asset Pricing Model (CAPM) equation:

$$K = R_{fc} + B(R_m - R_{fh})$$

where:

$K$  = cost of equity (after tax), %/year

$R_{fc}$  = current risk-free rate, %/yr, can be found in the Federal Reserve Statistical Release (January of current year)

$R_{fh}$  = historic market return on long-term government bonds, %/year, can be found in Ibbotson & Associates: Stocks, Bonds, Bills and Inflation

$R_m$  = historic market return on equities, %/year, can be found in Ibbotson & Associates: Stocks, Bonds, Bills and Inflation

$B$  = beta coefficient, can be found in The Value Line Investment Survey, 4th Qtr, 19xx

Given:  $R_{fc} = 5.1\text{\%/year}$

$R_{fh} = 5.5\text{\%/year}$

$R_m = 12.4\text{\%/year}$

$B = .80$

$$\begin{aligned}K &= R_{fc} + B(R_m - R_{fh}) \\ &= 5.1 + .8(12.4 - 5.5) \\ &= 10.6 \text{ \%/year}\end{aligned}$$

$$\begin{aligned}K (\text{pre-tax}) &= 10.6 / (1 - .34) \\ \text{Cost of equity} &= 16.1 \text{ \%/year}\end{aligned}$$

Repeat this procedure for each company in the sample.

4. Calculate a typical weighted average cost of capital by plugging the mean (or other measure of central tendency) cost of debt, cost of equity and capital structure from the sample companies into the following formula:

$$\text{Typical WACC} = ((\text{cost of debt}) \times (\% \text{ debt})) + ((\text{cost of equity}) \times (\% \text{ equity}))$$

## APPENDIX 3

### Standard Deviation

The standard deviation is the square root of the average squared difference between the individual observations and the average value. The first step in the calculation of the standard deviation is to average the data arithmetically. The arithmetic average or "mean" value is denoted as  $z$ . An equation to calculate the mean value,  $z$ , of a data set is as follows:

$$z = 1/n(x_1 + x_2 + x_3 + \dots + x_n)$$

where:  $z$  = mean value of a data set of  $n$  values  
 $x_1$  = unique value in data set  
 $n$  = total number of values in data set

The standard deviation, usually denoted by the symbol,  $S$ , would be calculated using the following equation:

$$S = (((x_1 - z)^2 + \dots + (x_n - z)^2)/(n-1))^{.5}$$

where:  $S$  = standard deviation of a data set with  $n$  values  
 $x_1$  = unique value in data set  
 $x_n$  =  $n$ th value in data set  
 $n$  = total number in data set

Example: Procedure for calculating the standard deviation of a data set that has 10 sales with various internal rates of return (IRR)

Sale No.		IRR (%)	( $x - z$ )	( $x - z$ ) <sup>2</sup>
1	$x_1$	11.0	-4.7	22.09
2	$x_2$	25.0	9.3	86.49
3	$x_3$	6.0	-9.7	94.09
4	$x_4$	16.0	0.3	0.09
5	$x_5$	16.0	0.3	0.09
6	$x_6$	22.0	6.3	39.69
7	$x_7$	9.0	-6.7	44.89
8	$x_8$	14.0	-1.7	2.89
9	$x_9$	13.0	-2.7	7.29
10	$x_{10}$	25.0	9.3	86.49
		157.0		384.10

Calculate the arithmetic average,  $z$ :

$$z = 157.0/10 = 15.7 \text{ IRR\%}$$

Calculate the standard deviation,  $S$ :

$$S = (384.1/(10-1))^{.5} = 6.5 \text{ IRR\%}$$

$$\text{Range of 1 standard deviation} = 15.7 \pm 6.5 = 9.2 < 15.7 < 22.2$$

$$\text{Range of 2 standard deviations} = 15.7 + 6.5(2) = 2.7 < 15.7 < 28.7$$

28.7%/year could be used as an upper limit to the discount rate range for high risk properties.

## **APPENDIX 4**

### ***Property Specific Risk Factors***

- A. One well lease**
- B. Oil lease with high water production**
- C. Lease near its economic life**
- D. Gas well reservoir under partial or active water drive (recovery uncertain)**
- E. Curtailed gas well**
- F. Rapidly declining lease**
- G. Lease with less than six (6) months production history**
- H. Secondary Recovery Project in early stages before fill-up**
- I. Offshore oil or gas lease**
- J. Unusually high operating expenses (ex: paraffin problems, sour gas, etc.)**
- K. The appraiser should add to the base discount rate (WACC) for any other property specific factors that increase the operator's risk**

## References

1. *Mineral Property Economics, Volume 1: Economics Principles and Strategies*, John M. Campbell & Co., Campbell Petroleum Series, 1215 Crossroads Blvd., Norman, Oklahoma 73072 (July 1978).
2. *Analysis and Management of Petroleum Investments Risk, Taxes and Time*, John M. Campbell & Co., Campbell Petroleum Series, 1215 Crossroads Blvd., Norman, OK 73072 (March 1987).
4. *The Value Line Investment Survey*, Part 3 Ratings & Reports, Value Line Publishing, Inc., 711 3rd Avenue, New York, NY 10017-4064. (212) 687-3965 for reprints.
5. *Standard & Poor's Bond Guide*, Standard & Poor's Corporation, 25 Broadway, New York, NY 10004, (212) 208-8769 Published Monthly.
6. *S&P Stock Reports*, Standard & Poor's Corporation, 25 Broadway, New York, NY 10004, (212) 208-8769.
7. *Stocks, Bonds, Bills and Inflation*, Ibbotson Associates, 225 North Michigan Ave., Suite 700, Chicago, IL 60601-7676, (312) 616-1620 Fax (312) 616-0404 (1992 yearbook).
8. *The Appraisal of Real Estate*, Tenth Ed., Appraisal Institute, 875 North Michigan Avenue, Chicago, Illinois 60611-1980.
9. *Analysis of Oil and Gas Property Transfers and Sales and Derivation of a Band of Investment* 1984 Through 1992, March 1, 1993, Richard J. Miller & Associates, 16152 Beach Boulevard, Suite 107, Huntington Beach, CA 92647, (714) 375-2790.
10. *Financial Theory and Corporate Policy*, Second Ed., Thomas E. Copeland and J. Fred Weston, University of California at Los Angeles, Addison-Wesely Publishing Company, Inc., copyright 1983.
11. *Appraisal of Minerals*, General Appraisal Manual, State Property Tax Board, revised printing 03/85.

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's authority to adopt.

Issued in Austin, Texas, on January 4, 1994.

TRD-9434167

Martin E. Cherry  
Chief, General Law  
Section  
Comptroller of Public  
Accounts

Earliest possible date of adoption: February  
11, 1994

For further information, please call: (512)  
463-4028





# ADOPTED RULES

An agency may take final action on a section 30 days after a proposal has been published in the **Texas Register**. The section becomes effective 20 days after the agency files the correct document with the **Texas Register**, unless a later date is specified or unless a federal statute or regulation requires implementation of the action on shorter notice.

If an agency adopts the section without any changes to the proposed text, only the preamble of the notice and statement of legal authority will be published. If an agency adopts the section with changes to the proposed text, the proposal will be republished with the changes.

## TITLE 40. SOCIAL SERVICES AND ASSISTANCE

### Part I. Texas Department of Human Services

#### Chapter 90. Nursing Facilities and Related Institutions

##### Subchapter H. Enforcement

###### • 40 TAC §90.235

The Texas Department of Human Services (DHS) adopts an amendment to §90.235, concerning administrative penalties, in its Nursing Facilities and Related Institutions rule chapter, without changes to the proposed text as published in the November 26, 1993, issue of the *Texas Register* (18 TexReg 8777).

The justification for the amendment is to clarify that only one of the criteria listed in subsection (b)(1) and (4) needs to be met for an administrative penalty to be assessed.

The amendment will function by providing clearer policies concerning invoking administrative penalties in facilities licensed under the Health and Safety Code, Chapter 242.

No comments were received regarding adoption of the amendment.

The amendment is adopted under the Health and Safety Code, Chapter 242 which provides the department with the authority to license long-term care nursing facilities; and under Texas Civil Statutes, Article 4413 (502), historical note (Vernon Supplement 1993), 72nd Legislature, which transferred all functions, programs, and activities related to long-term care licensing, certification, and surveys from the Texas Department of Health to the Texas Department of Human Services.

The amendment implements the Health and Safety Code, §242.061 and §242.069.

This agency hereby certifies that the rule as adopted has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority.

Issued in Austin, Texas, on January 5, 1994.

TRD-9434210

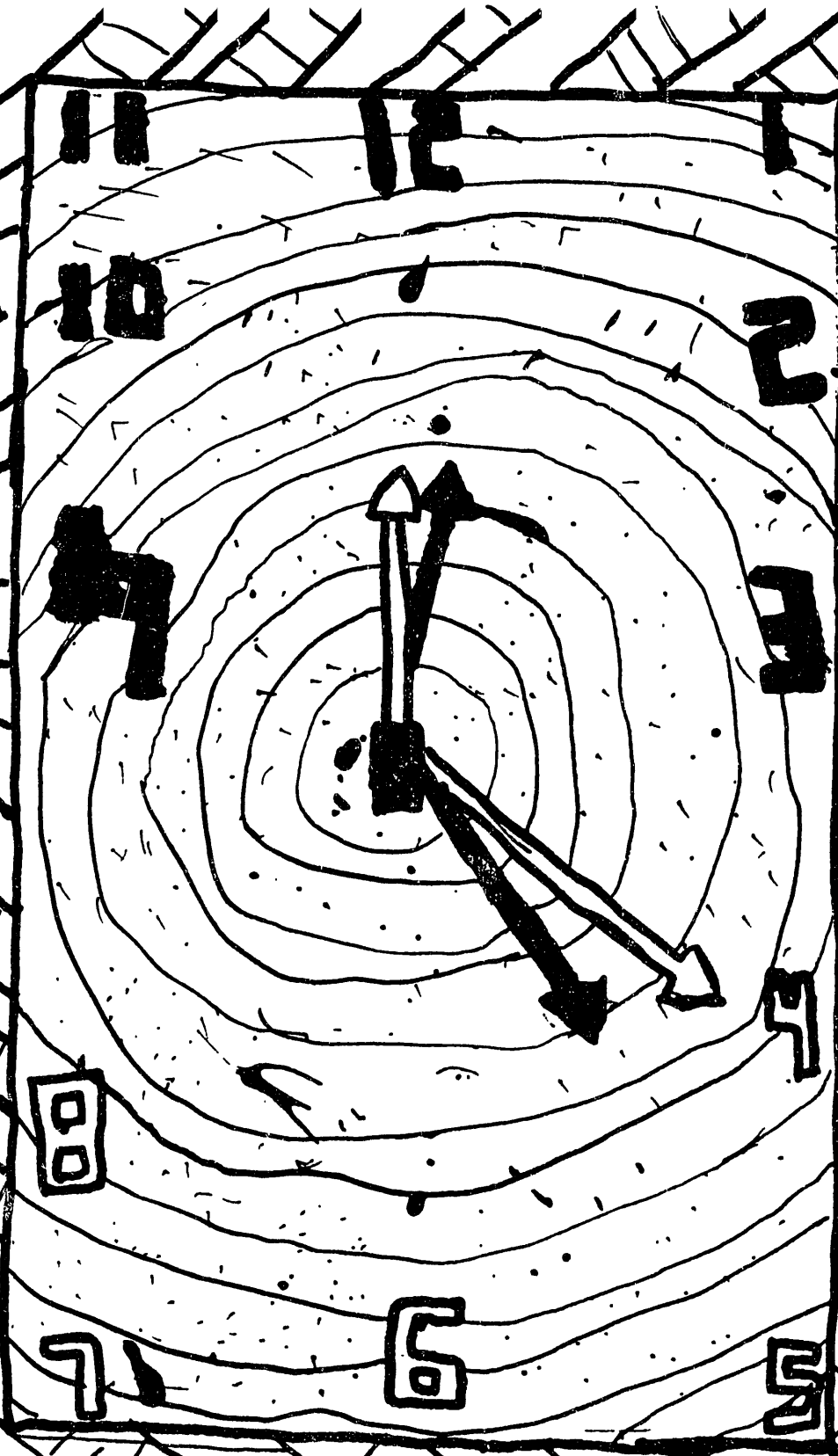
Nancy Murphy  
Section Manager, Policy  
and Document Support  
Texas Department of  
Human Services

Effective date: February 1, 1994

Proposal publication date: November 26, 1993

For further information, please call: (512) 450-3765





Name: Scott Wymer

Grade: 8

School: Westview Middle School, Pflugerville ISD

# OPEN MEETINGS

Agencies with statewide jurisdiction must give at least seven days notice before an impending meeting. Institutions of higher education or political subdivisions covering all or part of four or more counties (regional agencies) must post notice at least 72 hours before a scheduled meeting time. Some notices may be received too late to be published before the meeting is held, but all notices are published in the **Texas Register**.

**Emergency meetings and agendas.** Any of the governmental entities listed above must have notice of an emergency meeting, an emergency revision to an agenda, and the reason for such emergency posted for at least two hours before the meeting is convened. All emergency meeting notices filed by governmental agencies will be published.

**Posting of open meeting notices.** All notices are posted on the bulletin board at the main office of the Secretary of State in lobby of the James Earl Rudder Building, 1019 Brazos, Austin. These notices may contain a more detailed agenda than what is published in the **Texas Register**.

**Meeting Accessibility.** Under the Americans with Disabilities Act, an individual with a disability must have an equal opportunity for effective communication and participation in public meetings. Upon request, agencies must provide auxiliary aids and services, such as interpreters for the deaf and hearing impaired, readers, large print or braille documents. In determining type of auxiliary aid or service, agencies must give primary consideration to the individual's request. Those requesting auxiliary aids or services should notify the contact person listed on the meeting summary several days prior to the meeting by mail, telephone, or RELAY Texas (1-800-735-2989).

## Texas Commission on Alcohol and Drug Abuse

Wednesday, January 12, 1994, Noon.

Doubletree Hotel, 6505 North IH-35  
Austin

According to the complete agenda, the Criminal Justice Issues Committee will call to order, approval of minutes; client selection/tracking; in-prison therapeutic community update; substance abuse felony punishment facility update; Ellis II substance abuse felony punishment facility, female substance abuse beds, continuum of care; substance abuse felony punishment facility criteria-adoption, prior pending business, new business, and adjourn

Contact: Ted Sellers, 710 Brazos, Austin, Texas 78701, (512) 867-8132

Filed: January 4, 1994, 4 04 p.m.

TRD-9434194

## The State Bar of Texas

Thursday-Friday, January 13-14, 1994, 9:15 a.m. and 8:30 a.m. respectively.

The Texas Law Center, 1414 Colorado, Room 206

Austin

According to the agenda summary, the Commission for Lawyer Discipline will call to order; introductions; review and discuss minutes, statistical reports, commission's compliance with State Bar Act, Texas Rules

of Disciplinary Procedure, Orders of the Supreme Court; budget and operations of the General Counsel's office; grievance committees; Special Counsel Program; Special Counsel with grievance history, budget and operations of the Commission, request for proposals for collection of attorney's fees; assignment of special counsel, presentations by trial staff on litigation dockets; Closed Executive Session Pursuant to Texas Civil Statutes, Article 6252-17(2)(e) and (g) discuss pending litigation matters, matters pending before evidentiary panels of grievance committees; performance of General Counsel, Chief Disciplinary Counsel, and staff; discuss settlement offers on matters considered in Executive Session, discuss future meetings, discuss other matters as appropriate; and adjourn.

Contact: Anne Dorris, P.O. Box 12487, Austin, Texas 78711, 1-800 204-2222.

Filed: January 5, 1994, 4.21 p.m.

TRD-9434255

## Texas Bond Review Board

Tuesday, January 11, 1994, 9:00 a.m.

Clements Building, Committee Room Number One, Fifth Floor, 300 West 15th Street  
Austin

Emergency Revised Agenda

According to the agenda summary, the Staff Planning will discuss proposed issues Texas Public Finance Authority-expansion of Master Lease Purchase Program, Tax-

Exempt Commercial Paper Revenue Notes, Series B; and University of Texas Medical Branch at Galveston-lease purchase of food delivery system.

Reason for Emergency: To allow timely consideration of applications that were timely filed for review.

Contact: Albert L. Bacarisse, 300 West 15th Street, Suite 409, Austin, Texas 78701, (512) 463-1741

Filed: January 5, 1994, 1 48 p.m.

TRD-9434223

Tuesday, January 18, 1994, 10:30 a.m.

Clements Building, Committee Room Number Five, Fifth Floor, 300 West 15th Street  
Austin

According to the complete agenda, the Staff Planning will call to order; primary lottery to establish the order or priority of each application for reservation of private activity bond allocation, 15-minute break; secondary lottery to determine the reservation dates for those applications which will receive an initial reservation; and adjourn

Contact: Albert L. Bacarisse, 300 West 15th Street, Suite 409, Austin, Texas 78701, (512) 463-1741

Filed: January 5, 1994, 7:39 a.m.

TRD-9434204

## **Texas Board of Chiropractic Examiners**

**Thursday, January 20, 1994, 1:30 p.m.**

333 Guadalupe Street, William Hobby Building, Tower I, Room 216

Austin

According to the complete agenda, the Rules Committee will consider rules that may be necessary to adopt to implement Senate Bill 1061 as well as any other rules that the committee may feel are needed to assist the Board to carry out its regulatory duties.

Contact: Patte Kent, 333 Guadalupe Street, Tower III, Suite 825, Austin, Texas 78701, (512) 305-6700.

Filed: January 4, 1994, 3:16 p.m.

TRD-9434182

## **Texas Department of Criminal Justice**

**Wednesday, January 12, 1994, Noon.**

Doubletree Hotel, 6505 IH-35 North

Austin

According to the agenda summary, the Board of Criminal Justice, Subcommittee on Substance will call to order; approval of minutes; client selection/tracking; in-prison therapeutic community update-a Warden's perspective; substance abuse felony punishment facility update-a Warden's perspective; Ellis II SAFFP; female substance abuse beds; continuum of care; SAFFP eligibility criteria-adoption; prior pending business; new business; and adjourn.

Contact: Susan McHenry, P.O. Box 13084, Austin, Texas 78711, (512) 475-3250.

Filed: January 4, 1994, 4:06 p.m.

TRD-9434199

**Wednesday, January 12, 1994, 2:30 p.m.**

Doubletree Hotel, 6505 IH-35 North

Austin

According to the complete agenda, the Board of Criminal Justice, Subcommittee on Minority Relations will discuss promotion and hiring procedures; Institutional Division; Parole Division; agency purchasing procedures; construction and architect/engineer selection procedures; and other items

Contact: Susan McHenry, P.O. Box 13084, Austin, Texas 78711, (512) 475-3250.

Filed: January 4, 1994, 4:05 p.m.

TRD-9434198

**Wednesday, January 12, 1994, 4:00 p.m.**

Doubletree Hotel, 6505 IH-35 North

Austin

According to the complete agenda, the Board of Criminal Justice, Subcommittee on Parole Division will discuss report on recommendations of the Texas State Parole Officers Association; and other items.

Contact: Susan McHenry, P.O. Box 13084, Austin, Texas 78711, (512) 475-3250.

Filed: January 4, 1994, 4:05 p.m.

TRD-9434197

**Thursday, January 13, 1994, 8:00 a.m.**

Doubletree Hotel, 6505 IH-35 North

Austin

According to the agenda summary, the Board of Criminal Justice, Subcommittees on Audit/Management and Budget Finance will meet in executive session: discussion with attorneys and staff concerning Ruiz litigation. Regular session: review of agency audits; and additional capacity for county jail overcrowding.

Contact: Susan McHenry, P.O. Box 13084, Austin, Texas 78711, (512) 475-3250.

Filed: January 5, 1994, 4:15 p.m.

TRD-9434249

**Thursday, January 13, 1994, 9:30 a.m.**

Doubletree Hotel, 6505 I-35 North

Austin

According to the complete agenda, the Board of Criminal Justice, Subcommittee on Windham and Programs will discuss the Windham School System: employee leave policy-revision; status report on WSS performance review; recidivism studies on education; repeal of Texas Education Code, Chapter 29 by Senate Bill 7; transfer of WSS employee membership from Teacher Retirement System to the Employees Retirement System of Texas; pilot studies in WSS; 1992-1993 annual performance report; goals for WSS. Programs. chaplaincy program overview; and visitor service center.

Contact: Susan McHenry, P.O. Box 13084, Austin, Texas 78711, (512) 475-3250.

Filed: January 5, 1994, 4:15 p.m.

TRD-9434248

**Thursday, January 13, 1994, 10:30 a.m.**

Doubletree Hotel, 6505 I-35 North

Austin

According to the agenda summary, the Board of Criminal Justice, Subcommittee Construction will hear current project status; discuss state jail facilities; construction management firms; construction claims

management; owner controlled insurance program; review of construction projects for board approval; program update; wage survey rule; and other items.

Contact: Susan McHenry, P.O. Box 13084, Austin, Texas 78711, (512) 475-3250.

Filed: January 5, 1994, 4:15 p.m.

TRD-9434250

**Thursday, January 13, 1994, 1:00 p.m.**

Doubletree Hotel, 6505 I-35 North

Austin

According to the complete agenda, the Board of Criminal Justice, Subcommittee on Legal Affairs will discuss reorganization of agency's legal structure and staff.

Contact: Susan McHenry, P.O. Box 13084, Austin, Texas 78711, (512) 475-3250.

Filed: January 5, 1994, 4:16 p.m.

TRD-9434254

**Thursday, January 13, 1994, 1:30 p.m.**

Doubletree Hotel, 6505 I-35 North

Austin

According to the complete agenda, the Board of Criminal Justice, Subcommittee of Community Justice Assistance Division will discuss state jails-mode; section update: program audits and operations; planning and program development; and funding and fiscal management.

Contact: Susan McHenry, P.O. Box 13084, Austin, Texas 78711, (512) 475-3250.

Filed: January 5, 1994, 4:16 p.m.

TRD-9434253

**Thursday, January 13, 1994, 3:00 p.m.**

Doubletree Hotel, 6505 I-35 North

Austin

According to the complete agenda, the Board of Criminal Justice, Subcommittee on County Relations will discuss county jail overcrowding; and state jail division.

Contact: Susan McHenry, P.O. Box 13084, Austin, Texas 78711, (512) 475-3250.

Filed: January 5, 1994, 4:13 p.m.

TRD-9434247

**Thursday, January 13, 1994, 4:30 p.m.**

Doubletree Hotel, 6505 I-35 North

Austin

According to the agenda summary, the Board of Criminal Justice will meet in executive session: discussion with attorneys concerning agency litigation; discussion of matters made confidential under State Bar Disciplinary Rules of Professional conduct; and discussion concerning the executive director position.

Contact: Susan McHenry, P.O. Box 13084, Austin, Texas 78711, (512) 475-3250.

Filed: January 5, 1994, 4:16 p.m.

TRD-9434252

Thursday, January 14, 1994, 8:00 a.m.

Doubletree Hotel, 6505 I-35 North

Austin

According to the agenda summary, the Board of Criminal Justice will meet in executive session: discussion with attorneys concerning litigation; discussion of matters made confidential under State Bar Disciplinary Rules of Professional Conduct; discussion concerning executive director position. Regular Session: consent items; dual employment; presentation-David Cornell on state jail facilities; board committee reports and action items; construction claims management; finance items; industrial advisory board appointments; discussion of positions or selection process and possible action; construction; and adjourn. Convene Windham School Board: call to order; establish quorum; consent items; discussion items; and adjourn.

Contact: Susan McHenry, P.O. Box 13084, Austin, Texas 78711, (512) 475-3250.

Filed: January 5, 1994, 4:15 p.m.

TRD-9434251

## Texas Education Agency

Thursday, January 6, 1994, 1:00 p.m.

William B. Travis Building, Room 1-104, 1701 North Congress Avenue

Austin

### Emergency Revised Agenda

According to the agenda summary, the State Board of Education, Committee on School Finance, considered a petition for adoption of a rule change concerning waivers and exemptions of state textbooks.

Reason for Emergency: This issue was currently in litigation, therefore, expedited action was necessary.

Contact: Criss Cloudt, 1701 North Congress Avenue, Austin, Texas 78701, (512) 463-9701.

Filed: January 4, 1994, 2:46 p.m.

TRD-9434179

Friday, January 7, 1994, 1:00 p.m.

William B. Travis Building, Room 1-104, 1701 North Congress Avenue

Austin

### Emergency Revised Agenda

According to the agenda summary, the State Board of Education considered a petition

for adoption of a rule change concerning waivers and exemptions of state textbooks.

Reason for Emergency: This issue was currently in litigation, therefore, expedited action was necessary.

Contact: Criss Cloudt, 1701 North Congress Avenue, Austin, Texas 78701, (512) 463-9701.

Filed: January 4, 1994, 1:25 p.m.

TRD-9434170

## Office of the Governor

Friday, January 14, 1994, 9:00 a.m.

SSC Laboratory, 2550 Beckleymeade Avenue

Dallas

According to the agenda summary, the Superconducting Super Collider Advisory Committee will discuss an assessment of the current situation; a review of proposals for the use of the SSC assets; potential uses of SSC assets to enhance higher education, medical research and economic development; a summary of the investment to date in the SSC; a summary of the status of pending claims; a discussion regarding possible sources of funding for any proposed programmatic uses of the SSC assets; a tour of the SSC facilities; and first meeting of Advisory Committee-orientation at SSC Laboratory and other facilities.

Contact: John W. Fainter, P.O. Box 12428, Austin, Texas 78711, (512) 463-1818.

Filed: January 4, 1994, 4:04 p.m.

TRD-9434193

## Texas Department of Health

Thursday, January 13, 1994, 8:30 a.m.

Room T-607, 1100 West 49th Street

Austin

According to the complete agenda, the Maternal and Child Health Advisory Committee will hear public comment; discuss approval of the minutes of October 14, 1993, meeting, and discuss and possibly act on: subcommittee reports concerning Texas Department of Health (TDH) use of medical home concept for women, children and families and report development of case management criteria for evaluation and cost analysis; report on Texas Department of Health, Maternal and Child Health activities including (Women and Children program service plans; report requested at last meeting on state plan for perinatal care and lead screening; report on draft rules of Early Periodic Screening, Diagnosis and Treatment (EPSDT) and Phenylketonuria; reports

from EPSDT outreach, Healthy Start, and States Systems Development Initiative grant); and report from Health and Human Services Commission on integrated eligibility computerized program.

Contact: Madelin Walls, 1100 West 49th Street, Austin, Texas 78756, (512) 458-7700. For ADA assistance, call Richard Butler (512) 458-7695 or T.D.D. (512) 458-7708 at least two days prior to the meeting.

Filed: January 5, 1994, 3:06 p.m.

TRD-9434240

## Texas Juvenile Probation Commission

Tuesday, January 11, 1994, 9:00 a.m.

2015 South IH-35

Austin

### Emergency Meeting

According to the complete agenda, the Board will call to order; excused absences; discuss the Governor's briefing on her plans for the juvenile justice system in Texas; and adjourn.

Reason for Emergency: To discuss the Governor's briefing on her plans for the juvenile justice system in Texas.

Contact: Bernard Licarione, Ph.D., P.O. Box 13547, Austin, Texas 78711, (512) 443-2001.

Filed: January 5, 1994, 2:44 p.m.

TRD-9434221

## Board of Law Examiners

Thursday, January 13, 1994, 1:00 p.m.

Suite 500, Tom C. Clark, 205 West 14th Street

Austin

### Revised Agenda

According to the complete agenda, the Hearings Panel will hold public hearings; consider stipulated agreements; and conduct deliberations, on character and fitness matters affecting applicants and/or declarants. (Deliberations on Character and Fitness matters will be conducted in executive session, pursuant to the Texas Government Code, §82.003(c).)

Contact: Rachael Martin, P.O. Box 13486, Austin, Texas 78711-3486, (512) 463-1621.

Filed: January 4, 1994, 10:25 a.m.

TRD-9434169

**Friday-Sunday, January 14-16, 8:00 a.m.**  
Suite 500, Tom C. Clark, 205 West 14th Street

Austin

According to the agenda summary, the Board will consider members' requests for excused absence; conduct hearings and deliberations on moral character and fitness of applicants/declarants (deliberations held in executive session), meet with Supreme Court Liaison; consider various resolutions; meet (in executive session) with legal counsel to discuss pending litigation, take action in response to district court order, consider policy concerning recovery of legal fees and costs as condition of settlement; review (in executive session) bar exam questions; conduct formal reviews (in executive session), approve minutes, financial reports and investment reports, fill vacancy on investment committee, act on proposed amendments to rules; consider/act on report of executive director; consider special requests, consider revision of subjects covered on bar exam, consider policy on board member expenses, consider February 1994 site review report, hear communications from the public.

Contact: Rachael Martin, P.O. Box 13486, Austin, Texas 78711-3486, (512) 463-1621.

Filed: January 4, 1994, 1:26 p.m.

TRD-9434172

### **Legislative Oversight Committee on Workers' Compensation**

**Friday, January 21, 1994, 10:00 a.m.**

Capital Annex, E2.010

Austin

According to the agenda summary, the Committee will call to order, approval of minutes; reports from Texas Workers' Compensation Commission, Texas Department of Insurance, Texas Workers' Compensation Insurance Facility, Texas Workers' Compensation Insurance Fund, Attorney General's Office, Sunset Commission staff for Workers' Compensation, LOC staff, other committee business; and adjournment.

Contact: June L. Karp, 1005 Sam Houston Building, Austin, Texas 78701, (512) 475-4991

Filed: January 5, 1994, 4:33 p.m.

TRD-9434268

### **Texas State Library and Archives Commission**

**Wednesday, January 26, 1994, 2:00 p.m.**

Records Management Division, Texas State Library, 4400 Shoal Creek Boulevard

Austin

According to the complete agenda, the Records Management and Preservation Advisory Council will make introductions and welcome; approval of minutes-June 8, 1993 meeting, report on Texas State Library Sunset Review, update on Records Management related statutory changes, update on Standards and Procedures for Electronic Records of State Agencies, record retention schedule update, report to the Legislature, other business; and adjourn.

Contact: James G. Templeton, 5805 Lamar Boulevard, Austin, Texas 78752, (512) 465-2299.

Filed: January 5, 1994, 1:48 p.m.

TRD-9434224

### **Texas State Board of Medical Examiners**

**Thursday, January 13, 1994, 11:00 a.m.**

1812 Centre Creek Drive, Suite 300

Austin

According to the complete agenda, the Executive Committee will call to order, roll call, request for reinstatement-Robert Eugene Coats, Jr., D.O., Arlington, Texas; and adjourn Executive session under the authority of the Open Meetings Act, §551.071 of the Government Code and Article 4495b, §2.07(b) and §2.09(o), Texas Revised Civil Statutes, regarding pending litigation.

Contact: Pat Wood, P.O. Box 149134, Austin, Texas 78714-9134, (512) 834-7728, Ext. 402

Filed: January 5, 1994, 4:31 p.m.

TRD-9434257

**Thursday, January 13, 1994, 1:00 p.m.**

1812 Centre Creek Drive, Suite 300

Austin

According to the agenda summary, the Reciprocity Committee will review endorsement applicants referred by Executive Director and discuss relicensure applicants Executive session under the authority of the Open Meetings Act, §551.071 of the Government Code and Article 4495b, §2.07(b) and §2.09(o), Texas Revised Civil Statutes

Contact: Pat Wood, P.O. Box 149134, Austin, Texas 78714-9134, (512) 834-7728, Ext. 402.

Filed: January 5, 1994, 4:32 p.m.

TRD-9434258

**Thursday, January 13, 1994, 1:00 p.m.**

1812 Centre Creek Drive, Suite 300

Austin

According to the complete agenda, the Examination Committee will call to order, roll call; review of examination applicants, and discussion of USMLE Step 3 repeat fee.

Contact: Pat Wood, P.O. Box 149134, Austin, Texas 78714-9134, (512) 834-7728, Ext. 402

Filed: January 5, 1994, 4:32 p.m.

TRD-9434260

**Thursday, January 13, 1994, 1:00 p.m.**

1812 Centre Creek Drive, Suite 300

Austin

According to the complete agenda, the Disciplinary Process Review Committee will call to order, approval of minutes from November 18, 1993, meeting, licenses canceled for nonpayment of fee, November and December 1993 Enforcement report, discussion of ISC/show compliance procedures and recommendations regarding rules; discussion and recommendations regarding public inquiries concerning investigations, discussion and recommendations regarding rules related to unlicensed practice; and executive session to review selected files, two-year old cases, and cases dismissed by Informal Settlement Conferences.

Contact: Pat Wood, P.O. Box 149134, Austin, Texas 78714-9134, (512) 834-7728, Ext. 402.

Filed: January 5, 1994, 4:32 p.m.

TRD-9434259

**Friday, January 14, 1994, 8:30 a.m.**

1812 Centre Creek Drive, Suite 300

Austin

According to the complete agenda, the Finance Committee will call to order; roll call, review financial reports, review appropriation reductions, introduce guest Mike Leo, Budget Analyst with the LBB, introduce revenue generating ideas; and adjourn

Contact: Pat Wood, P.O. Box 149134, Austin, Texas 78714-9134, (512) 834-7728, Ext. 402.

Filed: January 5, 1994, 4:32 p.m.

TRD-9434261

**Friday, January 14, 1994, 9:30 a.m.**

1812 Centre Creek Drive, Suite 300

Austin

According to the agenda summary, the Public Information Committee agenda includes speakers Ruth SoRelle and Gene Mitchell, review of proposed board rules §§1991-

199.3, regarding the definition and responsibilities of the Public Information Committee updates from previous meeting; and suggestions for future meetings.

Contact: Pat Wood, P.O. Box 149134, Austin, Texas 78714-9134, (512) 834-7728, Ext. 402.

Filed: January 5, 1994, 4:32 p.m.

TRD-9434262

Friday-Saturday, January 14-15, 1994, 10:30 a.m. and 8:30 a.m. respectively.

1812 Centre Creek Drive, Suite 300

Austin

According to the agenda summary, the Board agenda includes approval of minutes and orders; proposals for decision regarding Morton Miron, M.D., Irving Richard Majors, M.D., and M. Dean Loftis, M.D.; a request for reinstatement by Roland Ward Jones, M.D.; a request for termination of suspension by Larry Breitenstein, M.D.; public hearing on proposed rule 163 concerning licensure; executive session to discuss personnel matters and action on general counsel and administrative support; speaker Dale Craymer, Governor's Budget Office; and executive director's report. Executive session under the authority of the Open Meetings Act, §§551.071 and §551.074 of the Government Code, and Article 4495b, §2.07(b) and §2.09(o), Texas Revised Civil Statutes.

Contact: Pat Wood, P.O. Box 149134, Austin, Texas 78714-9134, (512) 834-7728, Ext. 402.

Filed: January 5, 1994, 4:32 p.m.

TRD-9434263

Friday, January 14, 1994, 2:00 p.m.

1812 Centre Creek Drive, Suite 300

Austin

According to the complete agenda, the Standing Orders Committee will call to order; roll call; consider waiver requested by Harvey A. Loomstein, Ph.D., to register as an acupuncturist under the supervision of Jonathan E. Walker, M.D.; and discussion of proposed changes to rule §161.1(c) related to board member attendance.

Contact: Pat Wood, P.O. Box 149134, Austin, Texas 78714-9134, (512) 834-7728, Ext. 402.

Filed: January 5, 1994, 4:33 p.m.

TRD-9434264

Friday, January 14, 1994, 3:00 p.m.

1812 Centre Creek Drive, Suite 300

Austin

According to the complete agenda, the Ad Hoc Committee for Ethical Issues will call to order; roll call; discussion of issues and finalization of policy statement related to

physicians and sexual relationships with patients; and adjourn.

Contact: Pat Wood, P.O. Box 149134, Austin, Texas 78714-9134, (512) 834-7728, Ext. 402.

Filed: January 5, 1994, 4:33 p.m.

TRD-9434265

Saturday, January 22, 1994, 9:00 a.m.

1812 Centre Creek Drive, Suite 203

Austin

According to the agenda summary, the Texas State Board of Acupuncture Examiners agenda includes introduction of board members; several speakers from the public, as well as representatives of the Texas State Board of Medical Examiners staff; and discussion regarding formulation of rules on the practice of acupuncture.

Contact: Pat Wood, P.O. Box 149134, Austin, Texas 78714-9134, (512) 834-7728, Ext. 402.

Filed: January 5, 1994, 4:33 p.m.

TRD-9434267

Friday, February 11, 1994, 9:00 a.m.

1812 Centre Creek Drive, Suite 300

Austin

According to the complete agenda, the District Review Committee Number Three will call to order; review of multiple liability files; and adjourn. Executive session under the authority of the Open Meetings Act, §§551.071 of the Government Code and Article 4495b, §2.07(b) and §2.09(o), Texas Revised Civil Statutes.

Contact: Pat Wood, P.O. Box 149134, Austin, Texas 78714-9134, (512) 834-7728, Ext. 402.

Filed: January 5, 1994, 4:33 p.m.

TRD-9434266

## **Texas Natural Resource Conservation Commission**

Friday, January 14, 1994, 9:00 a.m.

John H. Reagan Building, 105 West 15th Street, Room 103

Austin

According to the agenda summary, the Waste Reduction Advisory Committee will discuss the following: administrative items; subcommittee reports; implementation of Waste Reduction Policy Act; Clean Texas 2000; and activities of the Committee for 1994.

Contact: Selma D'Mello, 1700 North Congress Avenue, Suite 237-1, Austin, Texas 78701, (512) 463-8794 or fax (512) 475-4599.

Filed: January 4, 1994, 10:15 a.m.

TRD-9434168

## **Executive Council of Physical Therapy and Occupational Therapy Examiners**

Saturday, January 22, 1994, 9:30 a.m.

3001 South Lamar Boulevard, Suite 101

Austin

According to the agenda summary, the Executive Council will hear public comments; review and approval of operating budget; review and approval of job descriptions for new personnel; discussion on Senate Bill 690; report from executive director; report from presiding officer; and executive session.

Contact: Sherry L. Lee, 3001 South Lamar Boulevard, Suite 101, Austin, Texas 78704, (512) 443-8202.

Filed: January 4, 1994, 1:58 p.m.

TRD-9434174

## **Texas Department of Protective and Regulatory Services**

Friday, January 14, 1994, 8:30 a.m. and 1:00 p.m.

701 West 51st Street, Executive Conference Room and Public Hearing Room

Austin

According to the complete agenda, the board will conduct a work session on minimum standards for day care beginning 8:30 a.m. in the Executive Conference Room, East Tower, Sixth Floor. Following the work session, the board will move to the Public Hearing Room, Room 125-B, at 1:00 p.m. The board will consider approval of minutes of December 10, 1993, meeting; public testimony; chair's comments and announcements; comments and announcements from the board; executive director's report; report on Texas Council on Alcohol and Drug Abuse (TCADA) funded trainings; role of agency advisory committees; legislative work plan; and PRS policy review.

Contact: Michael Gee, P.O. Box 149030, Mail Code W-639, Austin, Texas 78714-9030, (512) 450-3645.

Filed: January 5, 1994, 3:08 p.m.

TRD-9434241

## Public Utility Commission of Texas

Friday, January 14, 1994, 1:00 p.m.

7800 Shoal Creek Boulevard

Austin

According to the agenda summary, the Relay Texas Advisory Committee was appointed by the Public Utility Commission pursuant to House Bill 174, passed by the 71st Texas Legislature. At this meeting, the Committee will hear welcome and opening remarks; consider minutes; old business; PUC report; Sprint report-MS; new business; and public comment.

Contact: John M. Renfrow, 7800 Shoal Creek Boulevard, Austin, Texas 78757, (512) 458-0100

Filed: January 4, 1994, 3:22 p.m.

TRD-9434189

Tuesday, January 25, 1994, 9:00 a.m.

7800 Shoal Creek Boulevard

Austin

According to the complete agenda, the Commission will hold a workshop on Project Number 12322, Infrastructure Development for Telecommunications Utilities in Hearing Room D. This workshop is open to the public.

Contact: John M. Renfrow, 7800 Shoal Creek Boulevard, Austin, Texas 78757, (512) 458-0100.

Filed: January 5, 1994, 2:45 p.m.

TRD-9434233

Tuesday, January 25, 1994, 2:00 p.m.

7800 Shoal Creek Boulevard

Austin

According to the complete agenda, the Commission will hold a workshop on Project Number 12141, Universal Service Considerations for Telecommunications Utilities in Hearing Room D. This workshop is open to the public.

Contact: John M. Renfrow, 7800 Shoal Creek Boulevard, Austin, Texas 78757, (512) 458-0100.

Filed: January 5, 1994, 2:45 p.m.

TRD-9434232

Tuesday, February 1, 1994, 10:00 a.m.

7800 Shoal Creek Boulevard

Austin

Rescheduled from Tuesday, January 18, 1994, at 10:00 a.m.

According to the complete agenda, the Hearings Division will hold a rescheduled hearing on the merits in Docket Number

12085-application of South Texas Electric Cooperative, Inc. for a Certificate of Convenience and Necessity for a proposed transmission line within Brazoria County.

Contact: John M. Renfrow, 7800 Shoal Creek Boulevard, Austin, Texas 78757, (512) 458-0100.

Filed: January 4, 1994, 3:16 p.m.

TRD-9434181

Friday, February 4, 1994, 10:00 a.m.

7800 Shoal Creek Boulevard

Austin

According to the complete agenda, the Hearings Division will hold a prehearing conference in Docket Number 12381-complaint of Darwin D. Bryant against Southwestern Bell Telephone Company.

Contact: John M. Renfrow, 7800 Shoal Creek Boulevard, Austin, Texas 78757, (512) 458-0100

Filed: January 5, 1994, 9:42 a.m.

TRD-9434212

## Railroad Commission of Texas

Friday, January 14, 1994, 8:30 a.m.

1701 North Congress Avenue, First Floor Conference Room 1-111

Austin

According to the complete agenda, the Commission shall hear Oral Argument and may take action on the application of Big Run Production Company to consolidate the Rodessa (Hill North) and Rodessa (Hill 5800) Fields, and to adopt permanent field rules for the resulting field, Cass County, Texas; Oil and Gas Docket Number 06-0202966.

Contact: Margaret Allen, P.O. Box 12967, Austin, Texas 78711, (512) 463-7294.

Filed: January 4, 1994, 4:05 p.m.

TRD-9434196

Friday, January 14, 1994, 1:00 p.m.

1701 North Congress Avenue, 12th Floor Conference Room 12-126

Austin

According to the complete agenda, the Commission will discuss Transportation Docket Number 000104DN388, complaint against David L. Reynolds doing business as Reynolds Feed and Seed, consideration of Motion for Rehearing

Contact: Carrie L. McLarry, P.O. Box 12967, Austin, Texas 78711, (512) 463-7086.

Filed: January 4, 1994, 4:05 p.m.

TRD-9434195

## State Securities Board

Friday, January 28, 1994, 9:00 a.m.

300 West 15th Street, Suite 408

Austin

According to the agenda summary, the Board will hold a hearing for the purpose of determining whether the registration of L. A. Bernard and Company as a dealer in securities in Texas should be revoked and whether an order should be issued prohibiting the offer and sale of securities of Respondent L. A.B. and Company, Lynn A. Bernard, Jr. and LABCO Capital Corporation and further prohibiting LABCO Capital from acting as an unregistered dealer.

Contact: David Grauer, 221 West Sixth Street, Suite 700, Austin, Texas 78701, (512) 474-2233

Filed: January 5, 1994, 4:11 p.m.

TRD-9434245

## On-site Wastewater Treatment Research Council

Tuesday, January 18, 1994, 7:00 p.m.

Wyndham Austin Hotel, 4410 Governor's Row (IH-35 at Ben White)

Austin

According to the agenda summary, the Council will convene, call roll of members, hear and act on previous meetings minutes as well as the Chairman's Executive Secretary's, and other Council staff reports; discuss and act on 1994-1995 budget and council contracts; discuss and act on current and future travel plans and scheduling of new meeting dates; and hear and respond to public comments.

Contact: Theodore H. Johns, 1700 North Congress Avenue, Austin, Texas 78701, (512) 463-3109.

Filed: January 6, 1994, 9:54 a.m.

TRD-9434275

## Texas Workers' Compensation Commission

Friday, January 14, 1994, 9:30 a.m.

Rooms 910-911, Southfield Building, 4000 South IH-35

Austin

According to the agenda summary, the Medical Advisory Committee will call to order, review and approval of September 3, 1993 minutes and October 8, 1993 minutes and November 10, 1993 minutes; discussion



of commission rules presented to commissioners; discussion, review, and possible approval of treatment guidelines; establish draft agenda; establish next meeting date; and adjournment.

Contact: Todd K. Brown, 4000 South IH-35, Austin, Texas 78704, (512) 440-5690.

Filed: January 6, 1994, 9:41 a.m.

TRD-9434274

## Regional Meetings

### Meetings Filed January 4, 1994

The Bexar-Medina-Atascosa Counties Water Control and Improvement District Number 1 Board of Directors met at 226 Highway 132, Natalia, January 10, 1994, at 8:00 a.m. Information may be obtained from John W. Ward III, P.O. Box 170, Natalia, Texas 78059, (210) 663-2132. TRD-9434177.

The Colorado County CAD Board of Directors will meet at the Colorado County Courthouse (County Courtroom), 400 Spring, Columbus, January 11, 1994, at 1:30 p.m. Information may be obtained from Billy Youens, P.O. Box 10, Columbus, Texas 78934, (409) 732-8222. TRD-9434178

The Colorado River Municipal Water District Board of Directors will meet at 400 East 24th Street, Big Spring, January 13, 1994, at 9:30 a.m. Information may be obtained from O. H. Ivie, Box 869, Big Spring, Texas 79721, (915) 267-6341. TRD-9434191

The Concho Valley Council of Governments Executive Committee will meet at 5014 Knickerbocker Road, San Angelo, January 12, 1994, at 7:00 p.m. Information may be obtained from Robert R. Weaver, P.O. Box 60050, San Angelo, Texas 76906, (915) 944-9666. TRD-9434188.

The Deep East Texas Private Industry Council, Inc. Public Relations Committee will meet at 300 Shepherd Avenue, Room 102, Lufkin City Hall, Lufkin, January 11, 1994, at 1:30 p.m. Information may be obtained from Charlene Meadows, P.O. Box 1423, Lufkin, Texas 75901, (409) 634-4432. TRD-9434180.

The Deep East Texas Private Industry Council, Inc. will meet at 300 Shepherd Avenue, Room 102, Lufkin City Hall, Lufkin, January 11, 1994, at 2:30 p.m. Information may be obtained from Charlene Meadows, P.O. Box 1423, Lufkin, Texas 75901, (409) 634-4432. TRD-9434183

The Denton Central Appraisal District Appraisal Review Board will meet at 3911 Morse Street, Denton, January 18, 1994, at

9:00 a.m. Information may be obtained from Joe Rogers, 3911 Morse Street, Denton, Texas 76202, (817) 566-0904. TRD-9434187.

The Denton Central Appraisal District Appraisal Review Board will meet at 3911 Morse Street, Denton, January 19, 1994, at 9:00 a.m. Information may be obtained from Joe Rogers, 3911 Morse Street, Denton, Texas 76202, (817) 566-0904. TRD-9434186.

The Denton Central Appraisal District Board of Directors will meet at 3911 Morse Street, Denton, January 20, 1994, at 9:00 a.m. Information may be obtained from Joe Rogers, 3911 Morse Street, Denton, Texas 76202, (817) 566-0904. TRD-9434185.

The High Plains Underground Water Conservation District Number One Board of Directors will meet in the Conference Room, 2930 Avenue Q, Lubbock, January 11, 1994, at 10:00 a.m. Information may be obtained from A. Wayne Wyatt, 2930 Avenue Q, Lubbock, Texas 79405, (806) 762-0181. TRD-9434173

The North Plains Ground Water Conservation District Number Two Board of Directors will meet at 603 East First Street, Dumas, January 11, 1994, at 10:00 a.m. Information may be obtained from Richard Bowers or Carla Gray, 603 East First Street, Dumas, Texas 79029, (806) 935-6401. TRD-9434171

The San Antonio-Bexar County Metropolitan Planning Organization Technical Advisory Committee will meet in the MPO Conference Room, 434 South Main, Suite 205, San Antonio, January 11, 1994, at 9:00 a.m. Information may be obtained from Charlotte Roszelle, 434 South Main, Suite 205, San Antonio, Texas 78204, (210) 227-8651. TRD-9434203

The Texas Water Conservation Association Risk Management Fund Board of Trustees met at the Austin Omni Hotel (Room Number to be Announced), 700 San Jacinto, Austin, January 9, 1994, at 6:30 p.m. Information may be obtained from Leroy Goodson, 206 San Jacinto Building, Austin, Texas 78701, (512) 472-7216. TRD-9434190.

The West Central Texas Council of Governments Regional Review Committee will meet at the WCTCOG Offices, 1025 East North Tenth Street, Abilene, January 20, 1994, at 9:00 a.m. Information may be obtained from Jim Compton, P.O. Box 3195, Abilene, Texas 79604, (915) 672-8544. TRD-9434184

### Meetings Filed January 5, 1994

The Austin Transportation Study Policy Advisory Committee will meet at 26th and Red River Streets, Room 2.102, Joe C. Thompson Conference Center, Austin, Jan-

uary 11, 1994, at 6:00 p.m. Information may be obtained from Michael R. Aulick, P.O. Box 1088, Austin, Texas 78767, (512) 499-6441. TRD-9434213.

The Cass County Appraisal District Board of Directors met at Cass County Appraisal District Office, 502 North Main Street, Linden, January 10, 1994, at 7:00 p.m. Information may be obtained from Janelle Clements, P.O. Box 1150, Linden, Texas 75563, (903) 756-7545.

The Central Appraisal District of Johnson County Board of Directors will meet at 109 North Main, Suite 201, Room 202, Cleburne, January 20, 1994, at 4:30 p.m. Information may be obtained from Priscilla A. Bunch, 109 North Main, Cleburne, Texas 76031, (817) 645-3986. TRD-9434218

The Central Appraisal District of Rockwall County Board of Directors will meet at the Rockwall County Appraisal District, 106 North San Jacinto, Rockwall, January 11, 1994, at 7:30 p.m. Information may be obtained from Ray Helm, 106 North San Jacinto, Rockwall, Texas 75087, (214) 771-2034. TRD-9434211.

The Central Texas Quality Work Force Planning Committee Full Committee will meet at the Belton Independent School District Education Development Center, 321 North Penelope, Belton, January 21, 1994, at 1:30 p.m. Information may be obtained from Wanda L. Williams, Temple Junior College, 2600 South First Street, Temple, Texas 76701, (817) 773-9961, Ext. 311. TRD-9434237.

The Elm Creek WSC Board met at the Willow Grove Baptist Church, Willow Grove Road, Moody, January 10, 1994, at 7:00 p.m. Information may be obtained from Paulette Richardson, Route 1 Box 564, Moody, Texas 76557, (817) 853-2339. TRD-9434236

The Gillespie Central Appraisal District Board of Directors will meet at the Gillespie County Courthouse, County Courtroom, Fredericksburg, January 13, 1994, at 9:00 a.m. Information may be obtained from Mary Lou Smith, P.O. Box 429, Fredericksburg, Texas 78624, (210) 997-9807. TRD-9434238.

Hamilton County Appraisal District Board will meet at 119 East Henry Street, Hamilton, January 11, 1994, at 7:00 a.m. Information may be obtained from Doyle Roberts, 119 East Henry Street, Hamilton, Texas 76531, (817) 386-9945.

Hansford Appraisal District Regular Board will meet at 709 West Seventh Street, Spearman, January 12, 1994, at 9:00 a.m. Information may be obtained from Alice Peddy, P.O. Box 519, Spearman, Texas 79081-0519, (806) 659-5575.

**The Permian Basin Regional Planning Commission** Board of Directors will meet at the Big Spring Country Club, Big Spring, January 12, 1994, at 1:30 p.m. Information may be obtained from Terri Moore, P.O. Box 60660, Midland, Texas 79711, (915) 563-1061 TRD-9434234

**The Tarrant Appraisal District** Board of Directors will meet at 2329 Gravel Road, Fort Worth, January 14, 1994, at 9:00 a.m. Information may be obtained from Mary McCoy, 2315 Gravel Road, Fort Worth, Texas 76118, (817) 595-6005 TRD-9434219

**The Tax Appraisal District of Bell County (Revised agenda.)** Board of Directors will meet at the Tax Appraisal District Building, 411 East Central Avenue, Belton, January 12, 1994, at 7:00 p.m. Information may be obtained from Mike Watson, P.O. Box 390, Belton, Texas 75613-0390, (817) 939-5841, Ext. 29 TRD-9434235.

**Wood County Appraisal District** Board of Directors will meet at 217 North Main, Conference Room, Wood County Appraisal District, Quitman, January 13, 1994, at 7:00 p.m. Information may be obtained from W. Carson Wages or Lou Brooke, P.O. Box 518, Quitman, Texas 75783-0518, (903) 763-4891.

#### **Meetings Filed January 6, 1994**

**The Brown County Appraisal District** Board of Directors met at 403 Fisk Avenue, Brownwood, January 10, 1994, at 7:00 p.m. Information may be obtained from Doran E. Lemke, 403 Fisk Avenue, Brownwood, Texas 76801, (915) 643-5676 TRD-9434272

**The Lometa Rural Water Supply Corporation** Board of Directors met at 506 West Main Street, Lometa, January 10, 1994, at 7:00 p.m. Information may be obtained

from Levi G. Cash or Tina L. Hodge, P.O. Box 158, Lometa, Texas, (512) 752-3505. TRD-9434276.

**The South Franklin Water Supply Corporation** Board of Directors will meet at the Office of South Franklin Water Supply Corporation, Highway 115 South of Mount Vernon, January 11, 1994, at 7:00 p.m. Information may be obtained from Richard Zachary, P.O. Box 591, Mt. Vernon, Texas 75457, (903) 860-3400. TRD-9434273.

**The TML Group Benefits Risk Pool** Board of Trustees, Group Benefits Risk Pool Executive and Building Committees met at the Four Seasons, Room 316, Austin, January 10, 1994, at 11:00 a.m. Information may be obtained from Suzanne Steindorf, 211 East Seventh Street, Austin, Texas 78701, (512) 320-7861. TRD-9434270.

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# IN ADDITION

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The ***Texas Register*** is required by statute to publish certain documents, including applications to purchase control of state banks, notices of rate ceilings, changes in interest rate and applications to install remote service units, and consultant proposal requests and awards.

To aid agencies in communicating information quickly and effectively, other information of general interest to the public is published as space allows.

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## State Aircraft Pooling Board

### Notification of Rates for Aircraft Use

The following rates, indicated in bold type, are now in effect for the various types of aircraft operated by the State Aircraft Pooling Board. These rates have been established in accordance with procedures developed by the Legislative Budget Board.

Also listed are approximate charges for a round trip flight to various cities in Texas. The charges have been calculated based on estimated flying times, and may differ from actual flight times due to weather conditions or alternate routing by traffic controllers.

Please call Lisa Morgan, Scheduler, at (512) 477-8900 with any questions, any need to schedule a flight, or any need for estimated charges for other locations.

Round trip:					
Austin to and return	Waco	Hunts- ville	Del Rio	Wichita Falls	Amarillo
Type of Aircraft Rate* Capacity**	190 Miles	260 Miles	408 Miles	518 Miles	824 Miles
King Air 200 \$545/hr. 7 to 10	\$616	\$709	\$1,052	\$1,199	\$1,799
King Air 90 \$495/hr. 5 to 8	\$644	\$693	\$1,025	\$1,203	\$1,832
Cessna 425 \$425/hr. 5 to 7	\$497	\$582	\$850	\$1,020	\$1,500
Cessna 402 \$275/hr. 4 to 5	\$377	\$448	\$679	\$762	\$1,147
Cessna 310 \$195/hr. 3 to 4	\$267	\$318	\$482	\$540	\$813

\* Rates may change without notice due to increased fuel prices.

\*\* The higher capacity for passengers allows minimal luggage and requires the use of the copilot's seat and/or jump seat(s).

Issued in Austin, Texas on January 4, 1994.

TRD-9434175      Bob DuLaney  
Executive Director  
State Aircraft Pooling Board

Filed: January 4, 1994

### Comptroller of Public Accounts Notices of Consultant Contract Award

In accordance with the provisions of the Texas Government Code, Chapter 2254, Subchapter B, the Comptroller of Public Accounts announces this notice of consultant contract award.

The consultant proposal request was published in the November 9, 1993, issue of the *Texas Register* (18 TexReg 8259).

The consultant will perform a management and performance review of the Paris Independent School District, and will produce periodic progress reports and a final report containing the consultant's conclusions and recommendations. These reports shall include analyses and recommendations to contain costs, improve management strategies, and to promote better education through school administration efficiency.

The contract is awarded to Neal and Associates, 4702 Fieldstone Drive, Austin, Texas 78735. The total dollar value of the contract is not to exceed \$59,230. The contract was executed January 3, 1994, and extends through August 31, 1995. Neal and Associates is to present a final report on or about June 3, 1994, on conclusions reached from the services performed under said contract.

Issued in Austin, Texas, on January 4, 1994.

TRD-9434207

Arthur F. Lorton  
Senior Legal Counsel, General Law  
Section  
Comptroller of Public Accounts

Filed: January 5, 1994

In accordance with the provisions of the Texas Government Code, Chapter 2254, Subchapter B, the Comptroller of Public Accounts announces this notice of consultant contract award.

The consultant proposal request was published in the November 9, 1993, issue of the *Texas Register* (18 TexReg 8259).

The consultant will perform a management and performance review of the Longview Independent School District, and will produce periodic progress reports and a final report containing the consultant's conclusions and recommendations. These reports shall include analyses and recommendations to contain costs, improve management strategies, and to promote better education through school administration efficiency.

The contract is awarded to Mir-Fox and Rodriguez, P.C., 1300 One Riverway, Houston, Texas 77056. The total dollar value of the contract is not to exceed \$89,450. The

contract was executed January 3, 1994, and extends through August 31, 1995. Mir-Fox and Rodriguez, P.C. is to present a final report on or about June 3, 1994, on conclusions reached from the services performed under said contract.

Issued in Austin, Texas, on January 4, 1994.

TRD-8434208

Arthur F. Lorton  
Senior Legal Counsel, General Law  
Section  
Comptroller of Public Accounts

Filed: January 5, 1994

## Office of Consumer Credit Commissioner

### Notice of Rate Ceilings

The Consumer Credit Commissioner of Texas has ascertained the following rate ceilings by use of the formulas and methods described in Texas Civil Statutes, Title 79, Article 1.04, as amended (Texas Civil Statutes, Article 5069-1.04).

<u>Types of Rate Ceilings</u>	<u>Effective Period</u> <u>(Dates are Inclusive)</u>	<u>Consumer (1)/Agricultural/</u> <u>Commercial (2) thru \$250,000</u>	<u>Commercial(2)</u> <u>over \$250,000</u>
Indicated (Weekly) Rate - Art. 1.04(a)(1)	01/10/94-01/16/94	18.00%	18.00%

(1)Credit for personal, family or household use. (2)Credit for business, commercial, investment or other similar purpose.

Issued in Austin, Texas, on January 3, 1994.

TRD-9434176

Al Endsley  
Consumer Credit Commissioner

Filed: January 4, 1994

## Texas Education Agency Request For Application

**Request For Application (RFA) Number 701-94-007.** This request for applications is filed under Senate Bill 5, Article III, Rider 45, of the 73rd Legislature. **Eligible Applicants:** The Texas Education Agency is requesting applications (RFA Number 701-94-007) from school districts and cooperatives of school districts to develop pilot programs to include students with disabilities who are eligible for special education services in inclusive, supportive educational programs.

**Description:** The objectives of the pilot program are to improve the achievement of students with disabilities who are eligible for special education, increase school district personnel knowledge of effective inclusive educational methods and techniques, increase the participation of eligible students in inclusive and supportive educational programs, encourage school districts to develop and implement activities for the inclusion of students with disabilities in general education, and conduct a cost analysis and program evaluation of programs that serve students

with disabilities in general education that examine the outcomes of all personnel involved in inclusive programs and the cost to special education and general education.

The application must contain a description of the program which supports the request for funds and must include the following: a statement of need and the proposed outcomes; activities proposed to address the needs and achieve the outcomes; any other resources supporting the program; the amount of funds needed and how funds are to be budgeted; how the school district plans to continue the program in future years; a local plan to evaluate program effectiveness, including, but not limited to, evaluation methodology for all program action steps or components, an evaluation summary of the total program including satisfaction surveys, and a local plan for evaluating the program's impact on the achievement of all students; and evidence that the proposal fits into the overall campus/district improvement plan and has administrative support.

**Dates of Project:** Pilot programs for the inclusion of students with disabilities in general education (RFA Number 701-94-007) will be implemented during the 1993-1994 and 1994-1995 school years. Applicants should plan for a starting date of no earlier than April 1, 1994, and an ending date of no later than September 30, 1995.

**Project Amount:** Funds will be provided for applications that best address the objectives of the request for application as outlined in the "project funding" and "selection criteria" sections of the RFA. Approximately \$12 million of Individuals with Disabilities Education Act-Part B funds is available for the pilot programs.

**Selection Criteria:** School districts that received IDEA-B funding through RFA Number 701-93-019 (concerning pilot programs for inclusion of students with disabilities in regular education) offered by the agency in July 1993 will not be eligible for funding through this RFA. Each school district has been assigned to one of eight categories based on student enrollment and wealth. Applications will be reviewed, rated, and approved in each category according to criteria established in the RFA.

**Requesting the Application:** A copy of the complete request for application (RFA Number 701-94-007) may be obtained by writing the Document Control Center, Texas Education Agency, 1701 North Congress Avenue, Austin, Texas 78701, or by calling (512) 463-9304. Please refer to the RFA number in your request.

**Further Information:** For clarifying information about this application, contact the Division of Special Education, Texas Education Agency, at (512) 463-9414.

**Deadline for Receipt of Applications:** Applications must be received in the Document Control Center of the Texas Education Agency no later than 5:00 p.m., Friday, February 18, 1994.

Issued in Austin, Texas on January 4, 1994.

TRD-9434214      Lionel Meno  
Commissioner of Education  
Texas Education Agency

Filed January 5, 1994

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**Texas Department of Human Services**  
**Notice of Public Hearing**

The Texas Department of Human Services (TDHS) will conduct a public hearing to receive comments on streamlining institutional policy and procedures for its Long-Term Nursing Facilities. The public hearing will be held on January 25, 1994, at 1:00 p.m. in the Public Hearing Room of the John H. Winters Center (701 West 51st Street, Austin, First Floor, East Tower). For further information, please contact Marion Tanner, (512) 450-3529.

Issued in Austin, Texas, on January 5, 1994.

TRD-9434209      Nancy Murphy  
Section Manager, Policy and Document  
Support  
Texas Department of Human Services

Filed January 5, 1994

◆      ◆      ◆  
**Texas Parks and Wildlife Department**  
**Announcement of Decision to Renew**  
**Cooperative Facility Management**  
**Contract Between Texas Parks and**  
**Wildlife Department and Texas Rural**  
**Communities, Inc., and Request for**  
**Public Comment**

The Texas Parks and Wildlife Department is proposing the renewal of its Cooperative Facility Management Contract with Texas Rural Communities, Inc. for the continued development and implementation of regional marketing plans in three areas of Texas: The Western Edwards Plateau, the Red River Region and Middle East Texas; and

for the continued operation of Eisenhower Birthplace, Fort McKavett, Fort Lancaster, Starr Family Mansion and Caddoan Mounds as State Historical Parks.

The Texas Parks and Wildlife Department invites public comment on the renewal of the Cooperative Facility Management Contract. A copy of the proposed contract will be available for inspection during regular office hours at the following places: Offices of Texas Rural Communities, Inc., 1016 La Posada, Suite 200, Austin, Texas 78752, (512) 458-1016; Eisenhower Birthplace State Historical Park, 208 East Day, Denison, Texas 75020, (903) 465-8908; Fort McKavett State Historical Park, P.O. Box 867, Fort McKavett, Texas 76841, (915) 396-2358; Fort Lancaster State Historical Park, P.O. Box 306, Sheffield, Texas 79781, (915) 836-4391; Starr Family Mansion State Historical Park, 407 West Travis, Marshall, Texas 75670, (903) 935-3044; Caddoan Mounds State Historical Park, Route 2 Box 85C, Alto, Texas 75925, (409) 858-3218.

Comments on the proposed renewal contract may be submitted before February 2, 1994, by mailing them to Luke Thompson, 4200 Smith School Road, Austin, Texas 78744, or depositing them in a designated drop box at each of the above-listed parks.

Issued in Austin, Texas on January 4, 1994.

TRD-9434217      Paul M. Shinkawa  
Director, Legal Services  
Texas Parks and Wildlife Department

Filed: January 5, 1994

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**Public Utility Commission of Texas**  
**Notices of Intent to File Pursuant to**  
**Public Utility Commission Substantive**  
**Rule 23.27**

Notice is given to the public of the intent to file with the Public Utility Commission of Texas an application pursuant to Public Utility Commission Substantive Rule 23.27 for approval of customer-specific PLEXAR-Custom Service for Fort Worth, ISD, Fort Worth, Texas.

**Docket Title and Number.** Application of Southwestern Bell Telephone Company for Approval of Plexar-Custom Service for Fort Worth ISD pursuant to Public Utility Commission Substantive Rule 23.27(k). Docket Number 12666

**The Application.** Southwestern Bell Telephone Company is requesting approval of Plexar-Custom Service Fort Worth ISD. The geographic service market for this specific service is the Fort Worth, Texas area.

Persons who wish to comment upon the action sought should contact the Public Utility Commission of Texas at 7800 Shoal Creek Boulevard, Austin, Texas 78757, or call the Public Utility Commission Public Information Section at (512) 458-0256, or (512) 458-0221 for teletypewriter for the deaf.

Issued in Austin, Texas, on December 31, 1993.

TRD-9434154      John M. Renfrow  
Secretary of the Commission  
Public Utility Commission of Texas

Filed: January 3, 1994

Notice is given to the public of the intent to file with the Public Utility Commission of Texas an application pursuant to Public Utility Commission Substantive Rule 23.27 for approval of customer-specific contract for customized services for GTECH Corporation and the State of Texas Lottery Network

**Tariff Title and Number.** Application of Southwestern Bell Telephone Company for Approval of Customized Services for GTECH Corporation and the State of Texas Lottery Network pursuant to Public Utility Commission Substantive Rule 23.27 Tariff Control Number 12619

**The Application.** Southwestern Bell Telephone Company is requesting approval of Customized Services for GTECH Corporation and the State of Texas Lottery Network. The geographic service market for this specific service is anywhere within the State of Texas where Southwestern Bell Telephone Company is certificated to serve.

Persons who wish to comment upon the action sought should contact the Public Utility Commission of Texas at 7800 Shoal Creek Boulevard, Austin, Texas 78757, or call the Public Utility Commission Public Information Section at (512) 458-0256, or (512) 458-0221 for teletypewriter for the deaf.

Issued in Austin, Texas, on January 3, 1994.

TRD-9434192

John M. Rantrow  
Secretary of the Commission  
Public Utility Commission of Texas

Filed January 4, 1994

## University of Houston System Request for Proposal for Bond Counsel

The University of Houston System (the System) is seeking to employ Bond Counsel and Co-Bond Counsel for the issuance of General Tuition Revenue Refunding Bonds, Series 1994; Consolidated Revenue Bonds, Series 1994; as well as other bond issues as required during the term of the contract.

The System has retained Vinson and Elkins for issuance of Consolidated Revenue Refunding Bonds, Series 1990A and 1990B; Consolidated Revenue Refunding Bonds, Series 1993; Consolidated Revenue Bonds, Series 1993A, and approximately 12 other bond issues during the decades of the 1960's and 1970's.

Upon approval of the Attorney General of Texas, the System will execute an agreement with bond counsel for a one-year term with optional extensions as required and as approved by the Attorney General. The System will retain the right to terminate the contract for any reason and at any time upon payment of fees and expenses then earned.

Issuance of Request for Proposal January 11, 1994.

Final Response Date January 25, 1994, 1:00 p.m.

Selection of Bond Counsel February 16, 1994

First Working Group Meeting February 23, 1994

### PROPOSAL SUBMISSION.

All proposals must be received no later than 1:00 p.m. on January 25, 1994. Proposal responses, modifications or addenda to an original response received by the System after that specified time and date for responses will not be considered. Each proposer is responsible for ensuring that

the response reaches the System before the proposed due date and time.

The submitted proposal must be executed by a duly authorized representative of the proposer. An unsigned proposal will be rejected.

Proposers should submit one original and two copies of their proposal to Paula A. Kelleher, Treasurer, University of Houston System, 1600 Smith, Suite 3400, Houston, Texas 77002.

Please mark the envelopes containing proposals with the following note in the lower left-hand corner: "IN RESPONSE TO PROPOSAL REQUEST BOND COUNSEL SERVICES"

All proposals become the property of the System. Proposals must set forth accurate and complete information as required by this request. Oral proposals will not be considered. Any proposal may be modified or withdrawn at any time prior to the proposal due date. No material changes will be allowed after the expiration of the proposal due date; however, non-substantive corrections or deletions may be made with the approval of the System.

The System reserves the right to make amendments to the proposal request and to extend the response filing time or date, by giving written notice in the *Texas Register*.

The System has the sole discretion, and reserves the right, to reject any and all proposals received in response to this request and to cancel the request if it is deemed in the best interests of the System to do so. Issuance of the proposal request in no way constitutes a commitment by the System to award a contract, nor to pay any legal services incurred either in the preparation of a response to this proposal request or for the production of any contract for legal services. All fees and expenses, if any, for legal services shall be paid only out of the costs of issuance, and are therefore contingent upon issuance.

### SERVICES REQUIRED OF BOND COUNSEL.

The System is seeking Bond Counsel to provide usual and necessary legal services in connection with the issuance, sale, and delivery of certain tax-exempt bonds and/or notes. The System also intends to select Co-Bond Counsel to assist in the document preparation. Co-Bond Counsel will perform limited services, for a fee based on hourly charges not to exceed 20% of total cost of legal services.

The successful proposer will enter into an agreement to perform the following services, as requested:

1. Review and preparation of the Bond Resolution.
2. Assistance in the preparation of specified sections of the Preliminary Official Statement and the Official Statement, with the understanding that Bond Counsel will not be expected to independently verify other data contained in the Official Statement, and that the Official Statement may so state.
3. Assistance to the System in presentations to major rating agencies in order to obtain ratings.
4. Preparation of a No Arbitrage Certificate.
5. Review of such other documents or preparation of such certificates as are customary and necessary.
6. Assistance to the System in obtaining Attorney General approval of bonds.
7. Assistance to the System in obtaining Bond Review Board approval of bonds.

8. Rendering a legal opinion that.

i. When issued, the bonds will be binding obligations of the State and validly issued under Texas law;

ii. Interest on the bonds is excludable from gross income under existing federal tax law.

9. Rendering such other written opinions of Bond Counsel pertaining to investment earnings and any amounts required to be rebated to the United States Government as excess arbitrage earnings, if any, and any other written opinions of Bond Counsel which may be required under the terms of the Bond Resolution or under the Internal Revenue Code of 1986, as amended.

10. Provision of similar services as requested

**PROPOSAL REQUIREMENTS.**

Law firms responding to this proposal must have an office in Texas. The firm should have a place of business in Houston, Texas, or be willing to either waive, or specifically limit, the expenses attributable to travel. All travel expenses are to be borne by the law firm unless specifically indicated in the expenses submitted.

The following is a list of the information to be provided by each proposer. Failure to include all the information listed as follows may result in disqualification of a proposal.

1. A complete description of your firm's ability to represent the System as Bond Counsel which should include, but is not limited to, the following:

a. A description of your firm's past experience as Bond Counsel for other state agencies and for tax-exempt bonds or notes issued by other institutions of higher education. Please include the identity of the Issuer, the amount and type of bonds or notes, and the purpose for the issuance in your description.

b. The identity of each of the attorneys who would be directly assigned to work with the System; a description of his/her specific function; and a description of his/her qualifying experience and legal background in public finance with emphasis on legal experience, if any, in the issuance of tax-exempt bonds and notes. List the name of the attorney(s) responsible for providing tax opinions and interpretations of the tax law.

c. The availability of the lead partner and tax attorneys for consultation and working group sessions

2. Completion of the form entitled "Minority Representation." Other information addressing efforts made by your firm to encourage and develop the participation of women and minorities in the provision of legal services in financing of bonds for issuers may also be included, but is not required.



**MINORITY REPRESENTATION**

**FIRM NAME:** \_\_\_\_\_

**LEGAL PERSONNEL**

**NUMBER OF ATTORNEYS EMPLOYED AS OF JUNE 1, 1993:**

**MALE**  
**FEMALE**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NUMBER OF MINORITY ATTORNEYS EMPLOYED:**

**BLACK**  
**HISPANIC**  
**ASIAN/INDIAN**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NUMBER OF MINORITY LAW CLERKS AND/OR PARALEGALS  
EMPLOYED:**

**BLACK**  
**HISPANIC**  
**ASIAN/INDIAN**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NUMBER OF WOMEN LAW CLERKS AND/OR PARALEGALS  
EMPLOYED:**

\_\_\_\_\_

**NUMBER OF MINORITY LEGAL PERSONNEL HIRED DURING THE PERIOD  
9-1-92 THROUGH 6-1-93:**

**ATTORNEYS**  
**LAW CLERKS/PARALEGALS**

\_\_\_\_\_  
\_\_\_\_\_

**NON-LEGAL PERSONNEL**

**NUMBER OF SUPPORT PERSONNEL (EXCLUDING LAW CLERKS AND  
PARALEGALS) EMPLOYED AS OF JUNE 1, 1993:**

**TOTAL:** \_\_\_\_\_ **MALE**  
**FEMALE**  
**BLACK**  
**HISPANIC**  
**OTHER MINORITY**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. A statement of the number of University of Houston Law Center graduates employed by your firm.

4. Fee Schedules: Provide an itemization of all costs and charges for performing the legal services described in Services Required of Bond Counsel, in the form of a comparison schedule computed as:

a. a per hour rate charge which will also include the specific hourly rate for each lawyer assigned to perform services on behalf of the System, and the estimated amount of time for completion of each task; and

b. a flat fee computed to include all fees, charges and expenses. This fee amount shall include an express statement in the proposal response that the flat fee shall in no event exceed the quoted amount, and shall include a cap on all expenses for travel or other costs.

#### **PROPOSAL EVALUATION.**

1. The criteria for selection shall be based on the responses to the Proposal Requirements in the section entitled Proposal Requirements. The System intends to select the

proposal that demonstrates the highest degree of competency and the necessary qualifications and experience in providing the requested legal services at fair and reasonable prices.

2. The acceptance of a proposal will not be made solely on the basis of lowest cost, although cost will weigh heavily in the evaluation process.

3. The System reserves the right to negotiate the proposal that, in its discretion, best meets the System's needs.

4. Acceptance of a proposal will be contingent upon approval of the System Board of Regents and Attorney General.

5. If one of the submitted proposals is accepted, remaining law firms will be notified of the decision in a timely manner.

Issued in Austin, Texas, on January 5, 1994.

TRD-9434222

Paula A. Kelleher  
Treasurer  
University of Houston System

Filed: January 5, 1994

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## 1994 Publication Schedule for the *Texas Register*

Listed below are the deadline dates for the January-December 1994 issues of the *Texas Register*. Because of printing schedules, material received after the deadline for an issue cannot be published until the next issue. Generally, deadlines for a Tuesday edition of the *Texas Register* are Wednesday and Thursday of the week preceding publication, and deadlines for a Friday edition are Monday and Tuesday of the week of publication. No issues will be published on March 11, July 22, November 11, and November 29. An asterisk beside a publication date indicates that the deadlines have been moved because of state holidays.

FOR ISSUE PUBLISHED ON	ALL COPY EXCEPT NOTICES OF OPEN MEETINGS BY 10 A.M.	ALL NOTICES OF OPEN MEETINGS BY 10 A.M.
1 Tuesday, January 4	Wednesday, December 29	Thursday, December 30
2 Friday, January 7	Monday, January 3	Tuesday, January 4
3 Tuesday, January 11	Wednesday, January 5	Thursday, January 6
4 Friday, January 14	Monday, January 10	Tuesday, January 11
5 Tuesday, January 18	Wednesday, January 12	Thursday, January 13
Friday, January 21	1993 ANNUAL INDEX	
6 Tuesday, January 25	Wednesday, January 19	Thursday, January 20
7 Friday, January 28	Monday, January 24	Tuesday, January 25
8 Tuesday, February 1	Wednesday, January 26	Thursday, January 27
9 Friday, February 4	Monday, January 31	Tuesday, February 1
10 Tuesday, February 8	Wednesday, February 2	Thursday, February 3
11 Friday, February 11	Monday, February 7	Tuesday, February 8
12 Tuesday, February 15	Wednesday, February 9	Thursday, February 10
13 Friday, February 18	Monday, February 14	Tuesday, February 15
14 Tuesday, February 22	Wednesday, February 16	Thursday, February 17
15 *Friday, February 25	Friday, February 18	Tuesday, February 22
16 Tuesday, March 1	Wednesday, February 23	Thursday, February 24
17 Friday, March 4	Monday, February 28	Tuesday, March 1
18 Tuesday, March 8	Wednesday, March 2	Thursday, March 3
Friday, March 11	NO ISSUE PUBLISHED	
19 Tuesday, March 15	Wednesday, March 9	Thursday, March 10
20 Friday, March 18	Monday, March 14	Tuesday, March 15
21 Tuesday, March 23	Wednesday, March 16	Thursday, March 17
22 Friday, March 25	Monday, March 21	Tuesday, March 22
23 Tuesday, March 29	Wednesday, March 23	Thursday, March 24
24 Friday, April 1	Monday, March 28	Tuesday, March 29
25 Tuesday, April 5	Wednesday, March 30	Thursday, March 31
26 Friday, April 8	Monday, April 4	Tuesday, April 5
27 Tuesday, April 12	Wednesday, April 6	Thursday, April 7
Friday, April 15	FIRST QUARTERLY INDEX	
28 Tuesday, April 19	Wednesday, April 13	Thursday, April 14

29 Friday, April 22	Monday, April 18	Tuesday, April 19
30 Tuesday, April 26	Wednesday, April 20	Thursday, April 21
31 Friday, April 29	Monday, April 25	Tuesday, April 26
32 Tuesday, May 3	Wednesday, April 27	Thursday, April 28
33 Friday, May 6	Monday, May 2	Tuesday, May 3
34 Tuesday, May 10	Wednesday, May 4	Thursday, May 5
35 Friday, May 13	Monday, May 9	Tuesday, May 10
36 Tuesday, May 18	Wednesday, May 11	Thursday, May 12
37 Friday, May 20	Monday, May 16	Tuesday, May 17
38 Tuesday, May 24	Wednesday, May 18	Thursday, May 20
39 Friday, May 27	Monday, May 23	Tuesday, May 24
40 Tuesday, May 31	Wednesday, May 25	Thursday, May 26
41 *Friday, June 3	Friday, May 27	Tuesday, May 31
42 Tuesday, June 7	Wednesday, June 1	Thursday, June 2
43 Friday, June 10	Monday, June 6	Tuesday, June 7
44 Tuesday, June 14	Wednesday, June 8	Thursday, June 9
45 Friday, June 17	Monday, June 13	Tuesday, June 14
46 Tuesday, June 21	Wednesday, June 15	Thursday, June 16
47 Friday, June 24	Monday, June 20	Tuesday, June 21
48 Tuesday, June 28	Wednesday, June 22	Thursday, June 23
49 Friday, July 1	Monday, June 27	Tuesday, June 28
50 Tuesday, July 6	Wednesday, June 29	Thursday, June 30
51 *Friday, July 8	Friday, July 1	Tuesday, July 5
Tuesday, July 12	SECOND QUARTERLY INDEX	
52 Friday, July 15	Monday, July 11	Tuesday, July 12
53 Tuesday, July 19	Wednesday, July 13	Thursday, July 14
Friday, July 22	NO ISSUE PUBLISHED	
54 Tuesday, July 26	Wednesday, July 20	Thursday, July 21
55 Friday, July 29	Monday, July 25	Tuesday, July 26
56 Tuesday, August 2	Wednesday, July 27	Thursday, July 28
57 Friday, August 5	Monday, August 1	Tuesday, August 2
58 Tuesday, August 9	Wednesday, August 3	Thursday, August 4
59 Friday, August 12	Monday, August 8	Tuesday, August 9
60 Tuesday, August 16	Wednesday, August 10	Thursday, August 11
61 Friday, August 19	Monday, August 15	Tuesday, August 16
62 Tuesday, August 23	Wednesday, August 17	Thursday, August 18
63 Friday, August 26	Monday, August 22	Tuesday, August 23
64 Tuesday, August 30	Wednesday, August 24	Thursday, August 25
65 Friday, September 2	Monday, August 29	Tuesday, August 30
66 Tuesday, September 6	Wednesday, August 31	Thursday, September 1
67 *Friday, September 9	Friday, September 2	Tuesday, September 6

68 Tuesday, September 13	Wednesday, September 7	Thursday, September 8
69 Friday, September 16	Monday, September 12	Tuesday, September 13
70 Tuesday, September 20	Wednesday, September 14	Thursday, September 15
71 Friday, September 23	Monday, September 19	Tuesday, September 20
72 Tuesday, September 27	Wednesday, September 21	Thursday, September 22
73 Friday, September 30	Monday, September 26	Tuesday, September 27
74 Tuesday, October 4	Wednesday, September 28	Thursday, September 29
75 Friday, October 7	Monday, October 3	Tuesday, October 4
Tuesday, October 11	THIRD QUARTERLY INDEX	
76 Friday, October 14	Monday, October 10	Tuesday, October 11
77 Tuesday, October 18	Wednesday, October 12	Thursday, October 13
78 Friday, October 21	Monday, October 17	Tuesday, October 18
79 Tuesday, October 25	Wednesday, October 19	Thursday, October 20
80 Friday, October 28	Monday, October 24	Tuesday, October 25
81 Tuesday, November 1	Wednesday, October 26	Thursday, October 27
82 Friday, November 4	Monday, October 31	Tuesday, November 1
83 Tuesday, November 8	Wednesday, November 2	Thursday, November 3
Friday, November 11	NO ISSUE PUBLISHED	
84 Tuesday, November 15	Wednesday, November 9	Thursday, November 10
85 Friday, November 18	Monday, November 14	Tuesday, November 15
86 Tuesday, November 22	Wednesday, November 16	Thursday, November 17
87 Friday, November 25	Monday, November 21	Tuesday, November 22
Tuesday, November 29	NO ISSUE PUBLISHED	
88 Friday, December 2	Monday, November 28	Tuesday, November 29
89 Tuesday, December 6	Wednesday, November 30	Thursday, December 1
90 Friday, December 9	Monday, December 5	Tuesday, December 6
91 Tuesday, December 13	Wednesday, December 7	Thursday, December 8
92 Friday, December 16	Monday, December 12	Tuesday, December 13
93 Tuesday, December 20	Wednesday, December 14	Thursday, December 15
94 Friday, December 23	Monday, December 19	Tuesday, December 20
95 Tuesday, December 27	Wednesday, December 21	Thursday, December 22
96 *Friday, December 30	Friday, December 23	Tuesday, December 27

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