

The Board of Regents of The University of Texas met in executive session in the Office of the President at 11:30 a.m., Friday, December 10, 1954, with the following attendance:

Present

Chairman Sealy
Vice-Chairman Warren
Regent Jeffers
Regent Lockwood
Regent Oates
Regent Sorrell
Regent Tobin
Regent Voyles
Regent Woodward
President Wilson
Secretary Thedford

Absent

CENTRAL ADMINISTRATION

VICE-PRESIDENT FOR FISCAL AFFAIRS.--Mr. Lockwood moved that Doctor J. C. Dolley be appointed to the position of Vice-President for Fiscal Affairs, two-thirds' time, and Professor of Finance, Insurance and Real Estate (Graduate Faculty), one-third time, effective January 21, 1955, at a salary rate of \$14,000 for twelve months and that the necessary funds to pay his salary as Vice-President be appropriated from the Available Fund. Mr. Voyles seconded this motion, which carried.

PHOTOGRAPHS, FORMER PRESIDENTS AND/OR CHAIRMEN OF THE BOARD OF REGENTS.--Mrs. Tobin moved that suitable photographs of the former presidents and/or chairmen of the Board of Regents be permanently displayed in Room 209, the East-end office of the Regents' Room. This motion was duly seconded and adopted by the Board. Mrs. Tobin kindly agreed to have the photographs enlarged to the standard size and mounted. } See Page 470

The Board recessed at 12:15 until 4:00 p.m.

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The Board reconvened at 4:00 p.m. in the Office of the President with the same membership as at the morning executive session.

MEDICAL BRANCH

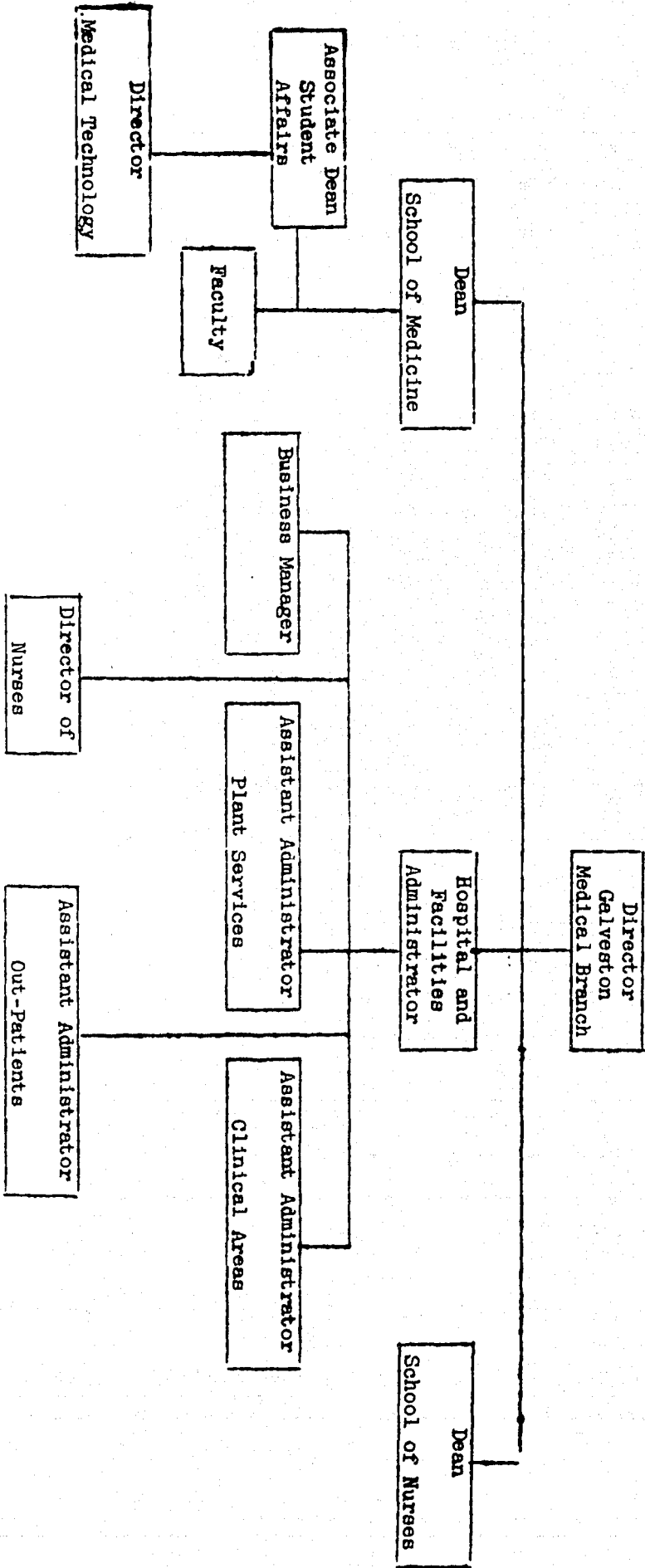
ADMINISTRATIVE REORGANIZATION, MEDICAL BRANCH.--As a result of the Preliminary Report of the Texas Research League on The University of Texas Medical Branch and the same report jointly with the Trustees of The Sealy and Smith Foundation, the Board, upon recommendation of the Medical Committee, concurred in by President Wilson, and on motion of Judge Woodward, seconded by Mr. Sorrell, adopted the Report of the Texas Research League insofar as it had to do with the framework of the Administrative Chart of the Medical Branch and ordered that it be implemented immediately, beginning December 13, 1954. (See Page 254 for chart.)

This Administrative Chart provides for a full-time Medical Director with three men of co-equal rank reporting to, and responsible to, the Director; namely: Dean of Medicine, Hospitals and Facilities Administrator, and Dean of Nursing.

The Dean of Medicine will be responsible for the Faculty and Allied Arts.

The Dean of Nursing will have under her supervision the Nursing School.

The Hospital and Facilities Administrator will have under



(Chart as presented by the Texas Research League)

his supervision the Assistant Administrator for Clinical Affairs, the Assistant Administrator for Out-Patient Clinic, the Business Manager, the Director of Nursing, and the Director of the Physical Plant. Each of these officers will report to and through the Hospital and Facilities Administrator.

Doctor Leake, Doctor G. A. W. Currie, and Mr. E. N. Cappleman were called into the meeting at intervals, and Chairman Sealy explained to each in detail the program above adopted and asked for the reaction of each toward the program. He pointed out that Doctor Leake is the full-time Medical Director; that Doctor G. A. W. Currie is the Hospitals and Facilities Administrator and that under his supervision, and responsible to him, are: the Assistant Administrator for Clinical Affairs, the Assistant Administrator for the Out-Patient Clinic, the Business Manager, the Director of Nursing, and the Director of the Physical Plant; and that Mr. E. N. Cappleman is the Business Manager and that in such capacity he is directly responsible to the Hospitals and Facilities Administrator.

In the explanation of the program adopted, Chairman Sealy pointed out very definitely and clearly to all three individuals that the three officers of co-equal rank (Dean of Medicine, Hospitals and Facilities Administrator, and Dean of Nursing) would make recommendations and would be responsible for those people under their supervision; that such recommendations would be made to the full-time Medical Director who in his turn would make his recommendations to the President for presentation to the Board; and that the Business Manager would be under the supervision of the Hospitals and Facilities Administrator.

Chairman Sealy stated that the situation had been under study for the past three years; that the Board and President Wilson were in full agreement on adoption of the plan and that they believe it specifically and clearly sets out authority and responsibility. He further stated that the Board and President Wilson were expecting each in his particular capacity, as provided for in the plan adopted, to do a good job and to cooperate, and further that each in his respective position had the Board's and President Wilson's full cooperation and backing.

Chairman Sealy instructed President Wilson to send a directive to the officials concerned confirming this action pending their receipt of the minutes.

Doctor Leake, Doctor Currie, and Mr. Cappleman each gave his individual assurance of cooperation.

M. D. ANDERSON HOSPITAL

AUGMENTATION PLAN, M. D. ANDERSON HOSPITAL.--Doctor Oates presented the plan of Doctor Clark for the augmentation of the income of the staff of The University of Texas M. D. Anderson Hospital and Tumor Institute; a copy of this plan had been furnished to each member of the Board prior to the meeting. A general discussion ensued after which Mr. Jeffers moved, and same was duly seconded, that the portion of the proposed Augmentation Plan relating to membership, Page 9, be amended to provide that all part-time and full-time professional staff members of The University of Texas M. D. Anderson Hospital and Tumor Institute be eligible as a matter of right for membership in the Association of Physicians after the completion of the one-year probationary period; the right of membership to continue the length of time of their membership at The University of Texas M. D. Anderson Hospital and Tumor Institute and to further amend this plan on Page 11 to conform therewith.

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Mr. Sorrell offered the following amendment to Mr. Jeffers' motion:

Amend Page 12 by striking out the remainder of the sentence after the word "Institute" on Line 3, Page 12, so as to read as follows:

"Membership of either type is automatically terminated by resignation from the staff of The University of Texas M. D. Anderson Hospital and Tumor Institute."

This amendment as amended was adopted by the Board.

Mr. Jeffers then moved that Page 9 of the proposed Augmentation Plan be amended to provide that at least one affiliate member, or part-time member, shall be a member of the Board of Directors and a member of the Executive Council of the Board of Directors. Judge Woodward seconded this motion, which carried.

Doctor Oates presented the recommendation of the Medical Committee, and moved its adoption, that the University Cancer Foundation be a University Trust Foundation and that Page 13 be so amended. This motion was seconded by Mr. Jeffers and carried.

Page 13 was further amended, upon a motion duly made and seconded, to strike out in the first sentence of the third paragraph on Page 13 the following: ". . . as delineated in the charter of the Foundation".

It was agreed by all that after Item 3 on Page 14 there be inserted the following item: "Approval of all policies for the internal disposition of monies received by the Foundation".

Upon a motion of Mr. Jeffers, seconded by Mrs. Tobin, the Board amended the former motion of Mr. Jeffers relating to membership in the Association of Physicians to confine membership to those who are members of the clinical staff.

Upon motion of Mr. Sorrell, seconded by Mrs. Tobin, the Board authorized Doctor Clark to adopt immediately and implement his proposed salary augmentation plan subject to the above amendments adopted and subject to the Board's final approval of the draft of the plan at its January meeting.

Doctor Clark came into the meeting.

Chairman Sealy instructed Doctor Clark to rewrite the plan in accordance with the changes as adopted by the Board that will reflect in the minutes and informed him that such plan will be subject to final approval at the January meeting.

The plan, when approved at the January meeting, either will be incorporated or will be bound with the other material referred to in the minutes as being on file in the Office of the Secretary of the Board of Regents.

Doctor Clark left the meeting.

TEXAS WESTERN COLLEGE

Mrs. Tobin left the meeting at this point.

GENERAL REPORT, TEXAS WESTERN COLLEGE.--At the request of Chairman Sealy, Acting President Smith was asked to come into the meeting, and he reported that things were moving along nicely at Texas Western College. Chairman Sealy expressed, on behalf of the Board, the Board's appreciation for the service he is rendering in the capacity as Acting President of the college. Other than the items listed in the docket, Acting President Smith had no further business to transact with the Board, and he left the meeting.

The Board recessed at 5:15 p.m. until 9:30 a.m., Saturday, December 11.

The Board of Regents reconvened in regular session in the Office of the President at 9:30 a.m., Saturday, December 11, 1954, with

the following attendance:

<u>Present</u>	<u>Absent</u>
Chairman Sealy	Regent Tobin
Vice-Chairman Warren	Regent Oates
Regent Jeffers	
Regent Lockwood	
Regent Sorrell	
Regent Voyles	
Regent Woodward	
President Wilson	
Secretary Thedford	

MAIN UNIVERSITY

ALL VETERANS' DAY, 1955-56.--President Wilson presented the request of Adjutant General Berry that November 11, 1955, All Veterans' Day, be declared a holiday or that the ROTC units be made available without cuts for the parade from 9:00 a.m. to 1:00 p.m. He reported that this matter had been referred to the Schedule Committee of the General Faculty, which committee went on record as being opposed to individual holidays for any purpose. This committee, however, reported if the administration felt it desirable to comply with the request of General Berry that the time be limited to the period from ten to one o'clock and that the recommendation be approved only for November 11, 1955, pending further consideration by the teaching staff.

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Considering the nature of the celebration, the purpose of which is to stimulate interest in the military, Judge Woodward seconded the motion of Mr. Voyles that a half-holiday be granted until 1:00 p.m. on November 11, 1955. This motion carried. (See Page 278.)

CENTRAL ADMINISTRATION

DATE AND PLACE OF JANUARY MEETING.--The Board confirmed the next meeting of the Board of Regents to be in Dallas, Texas, January 27, 28, and 29, 1955.

COORDINATION OF STATE HOSPITAL SYSTEM AND FIELD OF MENTAL HYGIENE.--President Wilson reported a meeting with Doctor Bethea and a group at the State Hospital for the purpose of working out better coordination of the various agencies concerned. He reported that he had appointed R. L. Sutherland as the University's representative on a standing committee headed by Doctor Bethea. President Wilson pointed out that it will be Doctor Sutherland's job to assist the State Hospital system in the field of mental hygiene by letting the State Hospital system know what facilities the University has and by stressing the need for more trained medical social workers. The University has the facilities for training the workers, but the salaries in the field are not adequate to attract enough students. President Wilson expressed the interest of both The University of Texas Medical Branch and Southwestern Medical School in this field, and Chairman Sealy expressed the Board's very keen interest in such a coordinating plan.

PLAQUES, ROSALIE B. HITE.--President Wilson reported to the Board that the two plaques of Miss Rosalie B. Hite which Mr. Charles Umlauf had been authorized in December, 1952, to prepare (one for the Experimental Science Building at the Main University and the other for the M. D. Anderson Hospital) had been delivered and were now on display in the Regents' Room during the period of the Board meeting, December 9-11, 1954. He suggested that ceremonies be held here, and later in Houston, for the unveiling of each of the plaques after the installation, and expressed the belief that it would be quite fitting that Doctor T. S. Painter and Doctor R. Lee Clark, Jr., be consulted for the planning of the ceremonies. The Board instructed President Wilson to arrange what he deemed fitting for the unveiling of the plaques.

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PORTRAIT OF SIDNEY MEZES.--President Wilson reported further that the portrait of Doctor Sidney Mezes, which the Regents accepted at their meeting in October, 1954, had arrived and was on display in the Regents'

Room for the period of the Board meeting, December 9-11, 1954. The Board asked that President Wilson bring his recommendation and the recommendation of the faculty as to where the portrait of Sidney Mezes should be hung to the January, 1955, meeting of the Board.

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DISTRIBUTION OF THE MINUTES.--It was pointed out that the minutes of the meetings of the Board are distributed to those people concerned in order that the actions authorized may be put into effect. Upon motion of Judge Woodward, duly seconded, the Board authorized the Secretary to distribute minutes only to those people on the list with which she had been furnished and to omit from the distributees the dockets. (A copy of this list is on file in the Office of the Secretary of the Board of Regents.)
(See Secretary's Files, Vol. II, P. 29)

MARINE SCIENCE INSTITUTE.--President Wilson presented a report of conditions in general at the Marine Science Institute; the personnel, the possibilities, and the problems were discussed in a broad and general manner after which Chairman Sealy asked that the record show that the Regents will support the administration in such action as it elects to take.

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and 342

NUCLEAR REACTOR PROJECT.--President Wilson reported to the Board that pursuant to instructions given at the last meeting of the Board he had written Consolidated Vultee Aircraft Corporation the Board's appreciation for Convair's offer to build a reactor and that in reply he had been sent a brochure entitled "N R T (A Nuclear Reactor for Texas)". A copy of this brochure was distributed to each member of the Board. The Board, with President Wilson joining, again expressed gratitude that The University of Texas had been chosen by Convair for this project.

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REPORT OF COMMISSION ON HIGHER EDUCATION.--For information, President Wilson distributed to each member of the Board the Texas Commission on Higher Education Report to the Honorable Allan Shivers, Governor of Texas, and the Legislature of the State of Texas, and expressed his approval of the recommendations in this report. A copy of this report is in the Office of the Secretary of the Board of Regents.

VOTE OF THANKS, COUNTY COMMISSIONERS, MIDLAND COUNTY.--Chairman Sealy read a letter from Doctor E. H. Sellards to Doctor C. P. Boner recommending that thanks be extended to the County Commissioners of Midland County, through County Judge Clifford Keith, for the generous aid to the University in excavating for fossil and pre-historic materials in the vicinity of Midland. The commissioners made available certain road machines to remove the earth and rock and afterwards to refill the excavations as requested by the ranch owner.

Upon a motion by Judge Woodward, duly seconded, the Board approved the recommendation of Doctor Sellards, concurred in by President Wilson.

EXECUTION OF BOND TO THE U. S. GOVERNMENT, SAFEKEEPING OF GOVERNMENT PROPERTY, ARMY ROTC UNITS.--On motion by Mr. Sorrell, seconded by Mr. Warren and approved by a majority vote of the Board, the request from the Commanding General of the Fourth Army for a bond of \$10,000.00, to insure the safekeeping of Military property incident to ROTC training, was approved.

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Logan Wilson, President of The University of Texas, was authorized and directed to sign Bond for Safekeeping of Arms, Tentage and Equipment Issued to Educational Institutions under Section 47, National Defense Act of June 3, 1916, as Amended by Act of June 4, 1920, as Amended by Public Law 688, 83d Congress, approved 28 August, 1954, in the amount of \$10,000.00 and to furnish the necessary certified copies of this Minute Order to Fourth Army Headquarters.

This bond replaces the \$200,000.00 bond to the U. S. Government that was executed in 1947 for the same purpose.

MEDICAL BRANCH

PROPOSED FEE INCREASE, MEDICAL BRANCH.--There was a discussion as to the fees required of students at The University of Texas Medical Branch after which Judge Woodward moved that the Board recommend to the Legislature that the fees at The University of Texas Medical Branch, Dental Branch, and Southwestern Medical School be made uniform and be set at \$300.00 per year for the long term session of our medical and dental schools. This motion was duly seconded and carried.

Vice-President Boner, Comptroller Sparenberg, Endowment Officer Taylor, Mr. William E. Keys (Director of University News and Information Service), and Consulting Architect Mark Lemmon entered the meeting.

BUILDINGS AND GROUNDS COMMITTEE REPORT (This report was adopted by the Board as reflected on Page 262.)--Chairman Sealy asked Comptroller Sparenberg to present in summary form the report that had been adopted by the Regents' Buildings and Grounds Committee. The following is the report:

AWARD OF CONTRACTS FOR AIR CONDITIONING IN HOGG AUDITORIUM AND MODIFICATIONS TO THE UTILITY SYSTEMS, MAIN UNIVERSITY.--Pursuant to authorization given by the Board of Regents at the meeting held October 29, 1954, bids on Air Conditioning in Hogg Auditorium and Modifications to the Utility Systems at the Main University were received, opened, and tabulated on December 7, 1954, as shown on the tabulation sheet (Page 260). These bids have been considered by Zumwalt and Vinther and Comptroller Sparenberg, and it is their recommendation that the contract award be made to the bidder as listed below, with authorization to the Chairman of the Board to sign the contract involved: | See Page 343

Natkin and Company, Houston, Texas Combined Bid for Air Conditioning in Hogg Auditorium and Modifications to the Utility Systems	\$436,300.00
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The award recommended above is considered by all concerned to be the lowest and best bid received, considering all the information available to the Comptroller's office.

It is further recommended that the funds needed to cover the total cost of these combined projects, \$436,300.00, be taken from the following appropriation accounts in the amounts as listed:

Account No. 9295 - Air Conditioning Hogg Auditorium	\$150,000.00
Account No. 9306 - For Air Conditioning Work - Revision of Utility Lines and Addition of Chilled Water Lines between Central Water Chilling Station in Experimental Science Building and Hogg Auditorium	100,384.52
Account No. 9340 - Replacing Brick Tunnel West from Old Press Building to Main Building	121,054.00
Account No. 9667 - Revision of Utility Lines in Connection with Construction of English Building	64,861.48
	\$ 436,300.00

The engineer's fees on these projects will come from these same accounts.

The total of the appropriations already made by the Board of Regents to cover these projects, including Engineer's Fees, is \$515,252.70. In order to have sufficient funds in Account No. 9340 to cover the amount listed above, it will be necessary to make a transfer to that account. It is, therefore, recommended that a transfer of \$70,000.00 be made from Account No. 9667 to Account No. 9340, this amount to be payable from the Available University Fund, the source of funds for part of Account No. 9667.

AUTHORIZATION TO ADVERTISE FOR BIDS AND AWARD CONTRACTS FOR MOVABLE FURNITURE AND EQUIPMENT FOR THREE DORMITORIES AND CAFETERIA UNDER CONSTRUCTION AT THE MAIN UNIVERSITY.--In order to place in operation the three new dormitories and cafeteria now under construction at the Main | See Page 484

TABULATION OF BIDS FOR THE UNIVERSITY OF TEXAS
 AIR CONDITIONING IN HOGG AUDITORIUM
 MODIFICATIONS TO THE UTILITY SYSTEMS

<u>Contractors</u>	<u>Bid No. 1</u> Air Conditioning in Hogg Auditorium	<u>Bid No. 2</u> Modifications to the Utility Systems	<u>Bid No. 3 - Combined</u> Air Conditioning Hogg Auditorium Modifications to Utility Systems
Air Conditioning, Inc.			
H. L. Arnold Co., Inc.			
Boyer & Lagow	\$176,787.00		\$467,460.00
Bradshaw & Puryear		\$312,400.00	
Decker & Roberts			
Evans Company	144,477 00		
Farwell Co.			494,494.00
Natkin & Co.	152,692.00	289,900.00	436,500.00
Young & Pratt	149,574.00	329,517.00	477,000.00

University, it will be necessary to purchase certain movable furniture and equipment. It has been estimated that a total amount of approximately \$195,000.00 will be needed for this purpose, and there is more than a sufficient amount in the Auxiliary Enterprises (Residence and Dining Halls) accounts to cover this estimate. No recommendation is being made at this time as to the exact account or accounts from which to take the funds for this furniture and equipment, since it is believed best to wait until the actual amount needed is known before making transfers from the accounts involved.

It is recommended that Comptroller Sparenberg be authorized to advertise for bids and to award contracts in a total amount not to exceed \$195,000.00 for movable furniture and equipment for the three dormitories and cafeteria under construction at the Main University, with the amounts needed to come from accounts in the Auxiliary Enterprises Section in which funds are available, the exact accounts and amounts to be designated later by Comptroller Sparenberg, after conferring with the proper Main University officials, and approved by President Wilson. It is further recommended that Chairman Sealy be authorized to sign the contracts.

AUTHORIZATION TO AWARD CONTRACTS FOR FURNITURE FOR DENTAL BRANCH BUILDING.--At the Regents' meeting held April 10, 1954, authorization was given to Comptroller Sparenberg to advertise for bids for furniture and furnishings for the Dental Branch Building. These advertisements have now been placed, and bids have been called for to be received and opened on January 6, 1955. In order that there will be no delay in securing and installing this furniture, it is recommended that Comptroller Sparenberg be authorized to award contracts for the furniture, with the concurrence of Dean Olson, and that the Chairman of the Board be authorized to sign the contracts.

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APPROVAL OF PAYMENT TO KIEFFER PLUMBING AND HEATING COMPANY OF 95% OF COMPLETED ITEMS ON BASIC SCIENCE BUILDING CONTRACT, SOUTHWESTERN MEDICAL SCHOOL.--At the last Regents' meeting, approval was given to payment to J. E. Morgan and Sons of 95% of that company's contract on the Basic Science Building, although the building was only 98% complete. This approval was given because the company was not able to proceed further until work by others had been completed. This same situation has arisen in connection with Kieffer Plumbing and Heating Company, the Plumbing, Heating, and Air Conditioning contractor for this building. Mr. Lemmon, Architect for this project, has approved the request of Kieffer Plumbing and Heating Company for payment of part of the retainage on this contract.

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It is, therefore, recommended that approval be given to payment to Kieffer Plumbing and Heating Company of 95% of completed work on the company's contract for the Plumbing, Heating, and Air Conditioning work on the Basic Science Building at Southwestern Medical School.

EASEMENTS TO COUNTY OF DALLAS.--Southwestern Medical School has received requests from the County of Dallas for a right-of-way easement and a channel easement across and adjacent to the northern end of certain land owned by the State of Texas for the Southwestern Medical School. After consideration of these requests, easement forms were prepared by the County Engineer of Dallas County, E. A. Gell, Business Manager of Southwestern Medical School, and Comptroller Sparenberg, and have been approved as to form by Judge Gaines. The granting of these easements has also been approved by Dr. Gill. There is no compensation involved in the granting of these easements, but it appears to the University's advantage to do so. It is, therefore, recommended that authorization be given to the Chairman of the Board to sign the two easements referred to above.

SITE SURVEY FOR MEDICAL BRANCH.--In order to prepare plans for the three additional dormitories and the building to be used for a cafeteria, lounge, and faculty housing to be constructed at the Medical Branch, it will be necessary to have a site survey made. This survey is

to cover Blocks 604, 605, 606, 664, 665, and 666, City of Galveston. Proposals have been secured from two engineering firms, as follows:

Lockwood and Andrews, Consulting Engineers, Houston, Texas	\$1,350.00 estimate on per diem basis
Robert M. Olson, Consulting Engineer, Houston, Texas	1,000.00 flat fee

It is our information that Mr. Olson is a qualified engineer and can perform this service satisfactorily. It is, therefore, recommended that Mr. Olson be employed to make this site survey and that the fee be paid from construction funds for this project. We have been informed that Housing and Home Finance Agency funds may be used for this purpose.

PARKING AREA FOR BASIC SCIENCE BUILDING AT SOUTHWESTERN MEDICAL SCHOOL.--In the appropriation for the Basic Science Building there were not sufficient funds to provide the necessary parking facilities for this building. At the present time there is no parking area around the building, and it is badly needed. An estimate of \$21,000.00 has been made of the cost of constructing a permanent parking area approximately 235 feet by 240 feet, with about 1,535 feet of curbing and 300 feet of sidewalk of 36 inch width, which it is expected will accommodate approximately 148 cars. The proposed location of this area has been discussed with Mr. Lemmon, who states that it will not interfere in any way with his plans for the Clinical Science Building. ¶ See Page 345

It is recommended that the Physical Plant staff of the Southwestern Medical School be authorized to prepare plans and specifications for this project as outlined above, to be approved by Comptroller Sparenberg, and that Comptroller Sparenberg be authorized to call for bids and award a contract to the lowest acceptable bidder. It is further recommended that an appropriation of \$21,000.00 be made from the Reserve for Additional Appropriations to an account entitled Parking Lot and Sidewalk to pay for this project.

Adoption of Report.--Upon motion of Judge Woodward, seconded by Mr. Lockwood, the Board approved the recommendations of the foregoing report of the Regents' Buildings and Grounds Committee.

HOUSTON LIGHTING AND POWER COMPANY, MEDICAL BRANCH.--Comptroller Sparenberg reported that the Regents' Buildings and Grounds Committee had again discussed the matter of providing power to the apartment building and the three dormitories now under construction at the Medical Branch and had also discussed the recently-proposed easement to the Houston Lighting and Power Company. ¶ See Page 344

The Houston Lighting and Power Company had proposed prior to January, 1954, to extend overhead circuits at no cost to the University along Avenue A and Fourth Street in Galveston with no poles or overhead wires on University property or on the streets across the University property. At the January, 1954, meeting of the Board Mr. Jeffers was authorized to negotiate a contract with the Houston Lighting and Power Company, and it was his opinion that arrangements had already been made for the overhead lines.

The recently-proposed easement to, and submitted by, the Houston Lighting and Power Company is not in Avenue A but is across the north end of the University's property and will require overhead lines across the property owned by The Sealy and Smith Foundation. The Sealy and Smith Foundation has already rejected this proposed easement because the Foundation does not want any overhead lines over its property.

There was a general discussion by the members of the Board. Upon recommendation of Judge Woodward, concurred in by the entire Board, Chairman Sealy authorized Mr. Jeffers to work this matter out with Mr. John McCullough and the Houston Lighting and Power Company.

BLANKET POSITION (FIDELITY) BOND, THE ENTIRE UNIVERSITY OF TEXAS SYSTEM.--Comptroller Sparenberg reported that pursuant to authorization given to him by the Board in September, he had procured all the information he needed from the business managers of the University and of all of its branches to work out a blanket position (fidelity) bond for the entire University of Texas system. He further stated that he had a report from Mr. A. W. Penn, Director of the Bond and Burglary Section, Casualty Insurance Division of the State Board of Insurance Commissioners, to whom he had submitted the necessary material with the request that Mr. Penn check the classification of employees and calculate the premium for a bond of this type.

Comptroller Sparenberg reported that on a three-year basis with coverage of \$5,000 each for all employees of the entire University of Texas system, including certain specific excess coverages for administrative and business officials that should be covered for more than \$5,000, a blanket position (fidelity) bond may be had at an approximate cost of \$3,300. He pointed out that presently we have blanket position bonds at three of our branches and other fidelity bonds covering around 3,100 people at an approximate cost of \$3,800 for three years, which bonds will be cancelled when the proposed bond goes into effect. Under the proposed blanket position (fidelity) bond we would have a coverage of a grand total of approximately 8,176 employees throughout the entire University of Texas system; and regular part-time, as well as regular full-time, employees would be covered.

Judge Woodward moved that the recommendation of Comptroller Sparenberg to put into effect as quickly as possible a blanket position (fidelity) bond for the entire University of Texas system on a three-year basis, including the coverage of \$5,000 each for all employees and certain specific excess coverages for administrative and business officials, be authorized. This motion was seconded by Mr. Lockwood and carried.

After a general discussion, and upon motion by Mr. Lockwood, seconded by Mr. Sorrell, the Board authorized Mr. Voyles to work with Comptroller Sparenberg in completing the arrangements for the bond authorized and to make the necessary decisions in regard to placing this bond.

AMENDMENT TO THE RULES AND REGULATIONS, BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS, REGARDING FAITHFUL PERFORMANCE BONDS.--Comptroller Sparenberg raised the question of a faithful performance bond for the Comptroller and the Auditor each, as required by the Rules and Regulations of the Board of Regents, and reported that after consulting with Mr. Penn of the Casualty Insurance Division of the State Board of Insurance Commissioners and with others concerned, it was the suggestion that sufficient protection to the University would be provided if the Comptroller and the Auditor were covered by fidelity bonds in the amount of \$50,000.00 each, and that in such case the faithful performance bond of each of these officers was not necessary. Whereupon, Judge Woodward moved that the Board amend the Rules and Regulations of the Board of Regents for the Government of The University of Texas, Sixth Edition, Adopted by the Board of Regents March 14, 1936, with amendments to August 1, 1943, Part II, Second Printing, on Page 29, by striking out the last sentence of Paragraph 1 of Section 8, Chapter II, and inserting in lieu thereof:

The Comptroller shall enter into a fidelity bond in the sum of fifty thousand dollars (\$50,000.00), executed by an acceptable surety company authorized

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to do business in Texas; and he shall require a suitable bond of all of his subordinate officers charged with the custody of funds;

and by striking out the first paragraph on Page 37 and inserting in lieu thereof the following two paragraphs:

The Auditor shall enter into a fidelity bond in the sum of fifty thousand dollars (\$50,000.00), executed by an acceptable surety company authorized to do business in Texas.

The Auditor shall faithfully and honestly keep, account for, and turn over to his successor, or to such person as the Board of Regents shall direct, and according to the direction of the Board, all monies, property, vouchers, and papers belonging to the University for which he is responsible; and he shall keep a full set of books which shall correctly set forth all the financial and property accounts, transactions, and dealings of the University with all persons, as required by the Board.

This motion, seconded by Mr. Sorrell and adopted by the Board, is to lie over for thirty days in accordance with Section 2, Chapter V, Part I, of the Rules and Regulations of the Board of Regents for the Government of The University of Texas, Sixth Edition, Adopted by the Board of Regents March 14, 1936, with amendments to August 1, 1943.

LAND AND FINANCE COMMITTEE MATTERS.--

Chairman Sealy asked Endowment Officer Taylor to present the various reports that had been adopted by the Regents' Land and Finance Committee.

REPORT ON THE TRUST AND SPECIAL FUND INVESTMENTS, 1953-54.--
Endowment Officer Taylor presented to the Board a Report of the Regents' Land and Finance Committee on the Trust and Special Fund Investments of The University of Texas for the Fiscal Year 1953-54, stating that the Committee had made periodical reports of purchases, sales, and gifts for the various funds, and that all had been duly approved by the Board.

The Board directed the Secretary to file the signed copy of this report in the Office of the Board of Regents.

SPECIAL COMMITTEE ON WEST TEXAS LANDS.--

RENTAL RATES, RENEWAL OF GRAZING LEASES, PERMANENT UNIVERSITY FUND LANDS.--Endowment Officer Taylor presented the following report of the Special Committee on West Texas Lands:

The Special Committee on West Texas Lands has considered recommendations submitted by Mr. E. J. Compton, University Land Agent, regarding the rental rates to be followed in the renewal of grazing leases or making of new grazing leases under the revised grazing lease policy as adopted by the Board of Regents at its meeting held on September 17, 1954.

Mr. Compton has outlined the following approximate rates to serve as guides in the negotiations of all new five-year leases, these guides to be subject to change and/or exceptions as circumstances warrant.

CATTLE LEASES
(\$12.00 Per Unit)

<u>Rental Rate per Acre</u>	<u>No. Cattle Units per Section</u>	<u>Total Rental Rate per Section</u>
35¢	18-2/3	\$224.00
30	16	192.00
25	13.3	160.00
20	10-2/3	128.00
15	8	96.00
10	5-1/3	64.00

SHEEP AND CATTLE LEASES
(\$12.00 per Unit)

6 Sheep = 1 Unit
1 Cow = 1 Unit

	<u>Rental Rate per Acre</u>	<u>No. Cattle Units per Section</u>	<u>No. Sheep Units per Section</u>	<u>Total Rental Rate per Section</u>
<u>Top Country:</u>	50¢	6-2/3	20	\$320.00
<u>Bitterweed Country:</u>	40¢	9	12-1/2	256.00

Mr. Compton has further recommended that the following grazing leases which expire on December 31, 1954, be negotiated on the basis as shown below for each lease. After full discussion of the matter by the Special Committee on West Texas Lands and Chairman Tom Sealy, a motion was made by Mr. Leroy Jeffers, Chairman of the Special Committee, and seconded by Mr. Claude Voyles, that the renewal of the grazing leases to be renewed on January 1, 1955, be negotiated by Mr. Compton on the basis of the old rates for the first two years and at the new rates as shown below for the next three years, with the terms of the leases to be renewed after January 1, 1955, to be negotiated on a comparable timing basis from January 1, 1955; i. e., leases to be renewed on July 1, 1955, would be at the old rates for the first one and one-half years of the lease and at the new rate for the remaining three and one-half years, and so on; and that the reduction in cattle units be on the new basis as shown below:

OLD LEASE

Lee Henderson Estate
Lease No. 549
10,560 acres
40¢ per acre
160 sheep
11 cattle
38 units

NEW LEASE

Lee Henderson Estate*
10,560 acres
50¢ per acre
120 sheep
6-2/3 cattle
26-2/3 units

* To be subdivided for various heirs.

OLD LEASE

NEW LEASE

F. R. Henderson

Lease No. 550
8355.4 acres
40¢ per acre
160 sheep
11 cattle
38 units

F. R. Henderson

8355.4 acres
50¢ per acre
120 sheep
6-2/3 cattle
26-2/3 units

P. L. Childress, Jr.

Lease No. 551
8888 acres
40¢ per acre
160 sheep
11 cattle
38 units

P. L. Childress, Jr.

8888 acres
50¢ per acre
120 sheep
6-2/3 cattle
26-2/3 units

Mrs. Addie Clayton

Lease No. 552
8980 acres
40¢ per acre
160 sheep
11 cattle
38 units

Mrs. Addie Clayton

8980 acres
50¢ per acre
120 sheep
6-2/3 cattle
26-2/3 units

J. W. Henderson, Jr.

Lease No. 553
7040 acres
40¢ per acre
160 sheep
11 cattle
38 units

J. W. Henderson, Jr.

7040 acres
50¢ per acre
120 sheep
6-2/3 cattle
26-2/3 units

Roy Henderson

Lease No. 554
8843.4 acres
40¢ per acre
160 sheep
11 cattle
38 units

Roy Henderson

8843.4 acres
50¢ per acre
120 sheep
6-2/3 cattle
26-2/3 units

Jim Thornton Estate

Lease No. 555
20,754.5 acres
10¢ per acre

11 cattle
11 units

Jim Thornton Estate

20,754.5 acres
15¢ per acre

8 cattle
8 units

In order to take into consideration the severe drought conditions existing at present in Hudspeth County, Texas, it is the recommendation of the Special Committee on West Texas Lands that a 25% reduction be granted to the grazing lessees in Hudspeth County, Texas, on the six months' rental due January 1, 1955.

The Board adopted the proposed rental rates to be used in renewal of grazing leases on Permanent University Fund Lands as contained in the foregoing report, upon a motion of Mr. Jeffers, seconded by Mr. Lockwood.

LAND AND FINANCE COMMITTEE REPORT (This report was adopted by the Board as reflected on Page 276 .).---

Endowment Officer Taylor presented the following report which

had been adopted by the Land and Finance Committee:

DEC 10 1954

PERMANENT UNIVERSITY FUND--INVESTMENT MATTERS.--

REPORT OF PURCHASES OF SECURITIES.--The following purchases of securities have been made for the Permanent University Fund since the report of October 28, 1954. We ask that the Board ratify and approve these transactions:

UNITED STATES GOVERNMENT BONDS PURCHASED

Issue	Par Value	Purchase Price	Yield Basis*	Principal Cost	Date of Delivery
3-1/4% U. S. Treas., due 6/15/83-78	\$ 500,000	109.84375	2.68%	\$ 549,218.75	11/10/54
Ditto	<u>1,000,000</u>	109.6875	2.69	<u>1,096,875.00</u>	12/ 3/54
Totals	<u>\$1,500,000</u>			<u>\$1,646,093.75</u>	

*Yield to first call date.

TEXAS MUNICIPAL BONDS PURCHASED

Issue	Par Value	Purchase Price	Yield Basis#	Principal Cost	Date of Delivery
2-3/4% City of Denton Elec. Rev. Bonds, Ser. 1954, due 11/1/82, 83, & 84	<u>\$200,000</u>	95.17258	3.00%	<u>\$190,345.16</u>	11/17/54

#Yield to maturity date.

PERMANENT UNIVERSITY FUND--LAND MATTERS.--

LEASES AND EASEMENTS.--Endowment Officer Taylor reported for the Land and Finance Committee that consideration had been given to the following applications for various leases and easements on University Lands. All are at the standard rate unless otherwise stated, are on the University's standard forms, and have been approved as to content by the University Endowment Officer and as to form by the University Land and Trust Attorney. Mr. Taylor has asked that the Board approve these applications and authorize the Chairman of the Board to execute the instruments involved:

CATHODIC PROTECTION EASEMENT NO. 672, PHILLIPS PETROLEUM COMPANY, REAGAN COUNTY, TEXAS - RE-GRANTING OF EASEMENT.--At the October 29, 1954, meeting, the Board of Regents approved the granting of an easement to Phillips Petroleum Company for the installation of a cathodic protection unit in the S/2 of Section 33, Block 8, University Lands in Reagan County, Texas, for a period of one year beginning September 1, 1954, and ending August 31, 1955, with the option to extend and renew from year to year, but not to exceed 10 years, by payment in advance of the rental of \$50.00 per year. The instrument for this easement has not been executed since Phillips Petroleum Company has asked that the terms of the easement be changed so as to provide for a ten-year easement beginning September 1, 1954, at a rental of \$50.00 for the ten-year period payable in advance. It was felt by the company that since the installation granted by the easement asked for involved only the placing of a safety device on an already established and paid for pipe line easement that the period should be for ten years at a nominal figure for the period. Accordingly, it is recommended that the easement to Phillips Petroleum Company be re-granted on the basis as requested by the Company.

PIPE LINE EASEMENT NO. 676, THE TEXAS COMPANY IN ECTOR COUNTY, TEXAS.--The application for a pipe line easement to The Texas Company covers 162.9 rods of 2" line at \$0.25 per rod in Block 35, Section 1, University Lands in Ector County, Texas, for a 10-year period beginning January 1, 1955, and ending December 31, 1964. The full minimum consideration in the amount of \$50.00 has been tendered with the application. (Renewal of Easement No. 232, expiring December 31, 1954.)

POWER LINE EASEMENT NO. 677, RIO GRANDE ELECTRIC COOPERATIVE, INC. IN HUDSPETH COUNTY, TEXAS.--This application for a power line easement to Rio Grande Electric Cooperative, Inc. covers 10,899.5 rods of power line over a 30-foot-wide area in the following University Lands in Hudspeth County, Texas: Block F, Sections 43, 44, 45, 46; Block G, Sections 1 thru 6, Block H, Sections 1 thru 6; Block J, Sections 1 thru 6; Block K, Sections 1 thru 6; and Block L, Sections 2 thru 6. This easement is for a period of 10 years beginning November 1, 1954, and ending October 31, 1964, at the rate of \$0.05 per lineal rod per year. The full consideration for the 10-year period in the amount of \$5,449.75 has been tendered with the application.

POWER LINE EASEMENT NO. 678, TEXAS ELECTRIC SERVICE COMPANY IN ANDREWS COUNTY, TEXAS.--This application for a power line easement to Texas Electric Service Company covers 312 rods of line at the rate of 5 cents per lineal rod per year in Block 14, Section 17, University Lands in Andrews County, Texas, for a period of 10 years beginning September 1, 1954, and ending August 31, 1964. The full consideration for the 10-year period in the amount of \$156.00 has been tendered with the application.

BUSINESS SITE EASEMENT NO. 679, SOUTHWEST BUTANE COMPANY IN REAGAN COUNTY, TEXAS.--This application for a business site easement to Southwest Butane Company covers a plot of land approximately 250' by 425' in Block 11, Section 7, University Lands in Reagan County, Texas, for a period of one year beginning January 1, 1955, and ending December 31, 1955, with an option to renew said lease from year to year, but not to exceed a total period of 10 years, by payment in advance of the rental of \$200.00 per year. This site will be used for butane storage. The full consideration for the first year's rental in the amount of \$200.00 has been tendered with the application.

BUSINESS SITE EASEMENT NO. 680, R. E. WILSON IN WARD COUNTY, TEXAS.--This application for a business site easement to R. E. Wilson covers a plot of land 100' by 150' in Block 16, Section 1, University Lands in Ward County, Texas, to be used for a service station and cafe. This easement is for a period of one year beginning July 1, 1954, and ending June 30, 1955, with an option to extend and renew the lease from year to year, but not to exceed a total period of 10 years, by payment in advance of the annual rental of \$100.00. The consideration for the first year's rental in the amount of \$100.00 has been tendered with the application. (Renewal of Easement No. 433)

GRAZING LEASES NOS. 622 AND 641 TO CLEO R. MCKENZIE, DECEASED, PECOS COUNTY, TEXAS - PRESENT OWNERSHIP INTERESTS.--Mr. Cleo R. McKenzie, who died on March 3, 1954, held in his name as lessee grazing leases Nos. 622 and 641 on University Lands in Pecos County, Texas. Grazing Lease No. 622 covers 30,736.7 acres in Blocks 24, 25 and 26, and is for a ten-year period ending December 31, 1958. Grazing Lease No. 641 covers 18,634.9 acres in Blocks 21, 22, 23, 24 and 25, and is for a ten-year period ending December 31, 1959. Although held in his name as Lessee, Mr. McKenzie held the above two leases in trust for himself and other members of his family as heirs of Eugene McKenzie, Deceased. In order to properly establish ownership of the leases at present, Stipulation of Interest instruments on the two leases have been prepared and filed for record with the County Clerk of Pecos County, Texas, and with the General Land Office, Austin, Texas, which shows the present ownership of interest in the grazing leases to lie in Mrs. Laro B. McKenzie, widow of Eugene McKenzie, and his three children, Blevins McKenzie, Eugene McKenzie, Jr., and Laro McKenzie Thompson, wife of William A. Thompson. Mrs. Lara B. McKenzie is designated in these instruments as agent for such owners in the operation of the property. The Land and Finance Committee presents the above information for record purposes.

REPORT OF PURCHASES AND REDEMPTION OF SECURITIES.--The following purchases and redemption of securities have been made for the Trust and Special Funds since the report of October 28, 1954. We ask that the Board ratify and approve these transactions:

Date	PURCHASES Security	Total Cost
12/2/54	\$8,000.00 maturity value United States Savings Bonds, Series J (Stadium Improvement Bond Fund, Series 1948)	\$5,760.00
12/2/54	\$10,000.00 maturity value United States Savings Bonds, Series J (Hospital Bonds)	7,200.00

Date	REDEMPTION Security	Net Proceeds
12/1/54	\$5,000.00 maturity value United States Savings Bonds, Series F, dated May 1, 1948, due May 1, 1960, redeemed as of 12/1/54 (Texas Union Repairs and Replacement Fund)	\$4,175.00

HOUSING PROJECT TEX. 41-CH-26 (MAIN UNIVERSITY) - APPROVAL BY HOUSING AND HOME FINANCE AGENCY OF LOAN APPLICATION FOR KINSOLVING DORMITORY.--Senator Lyndon B. Johnson has now informed the University that the application to the Housing and Home Finance Agency for a loan commitment to finance the construction of a 776-capacity dormitory on the Kinsolving Site has now been approved by HHFA in the total amount of \$4,150,000.00. The Land and Finance Committee reports this approval for information purposes only since the Board of Regents at its meeting held on October 29, 1954, authorized the Chairman of the Board to execute the loan agreement when it had been finally approved and submitted by the Housing and Home Finance Agency, and further authorized the Associate Architect, Kuehne, Brooks and Barr, to proceed with the working drawings, plans and specifications upon execution of the loan agreement.

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PROJECT TEX. 41-CH-11 (MEDICAL BRANCH) - ADVANCES TO FINANCE PROJECT.--The construction of the facilities under the Series A portion of the subject project is nearing completion and there has already been received from the Housing and Home Finance Agency advances up to 75% of the \$1,167,000.00 par value of bonds to be sold under the Series A project. Additional sums up to 95%, or an additional amount of up to \$233,400.00 will be needed within the next month or two to complete construction payments on the Series A portion of the project. Construction bids on the Series B portion of the project in the authorized loan amount of \$1,345,000.00 will not be taken until around April or May, 1955, at the earliest, at which time the sums needed for the construction of the facilities under the Series B project will be determined and firm contracts let for the construction of the project if the costs are approved by the Board. Meantime, a question has arisen with HHFA as to whether or not they can advance to the University the additional sums needed over and above the 75% advances already made to date on the Series A portion of the project. A request has been made to the HHFA for additional advances up to 95% or, failing this, 90% of the Series A project, until such time as the Series A and Series B bonds could be sold simultaneously. It is not believed feasible to sell the bonds until the firm construction contracts have been awarded for the Series B project, at which time all of the bonds of both series can be sold in a more efficient and advantageous manner.

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Accordingly, it is recommended that the bonds not be sold until after contracts have been awarded for the Series B project and that, if necessary, Comptroller C. H. Sparenberg be authorized to make temporary advances from Main University Funds to pay the remaining construction costs for the Series A project in the event the HHFA will not make the necessary advances above the 75% already advanced, the particular funds involved to be selected by Mr. Sparenberg with the approval of President Logan Wilson.

HOGG FOUNDATION: W. C. HOGG ESTATE - RATIFICATION OF EXECUTION OF DIVISION ORDER ON THE MICHEL T. HALBOUTY - GARY-HOGG TRACT, WHARTON COUNTY, TEXAS, TO HUMBLE OIL AND REFINING COMPANY.--Endowment Officer Taylor has executed Division Order No. 16138 to Humble Oil and Refining Company, covering the University's royalty interest in the Michel T. Halbouty - Gary-Hogg Tract of 196.07 acres, more or less, in Wharton County, Texas. It is recommended that the Board ratify and approve this action.

HOGG FOUNDATION: W. C. HOGG ESTATE - RATIFICATION OF EXECUTION OF DIVISION ORDER ON THE RACCOON BEND OIL UNIT NO. 12, AUSTIN COUNTY, TEXAS, TO HUMBLE OIL AND REFINING COMPANY.--Endowment Officer Taylor has executed Division Order No. 16098 to Humble Oil and Refining Company, covering the University's royalty interest in the Raccoon Bend Oil Unit No. 12 containing 40 acres of land in Austin County, Texas. It is recommended that the Board ratify and approve this action.

HUNTINGTON LANDS - PROPOSED HIGHWAY RIGHT-OF-WAY EASEMENT TO GALVESTON COUNTY IN CONNECTION WITH EXTENSION OF STATE HIGHWAY 146 TO MEET STATE HIGHWAY 6.--The County Judge of Galveston County, Texas, has requested that the Board or Regents grant a right-of-way easement on 0.235 acres, more or less, out of the northwest corner of the S. C. Bundick Survey on the Huntington Lands in Galveston County, Texas. This easement is necessary to provide right-of-way needed in the extension of State Highway 146 to connect State Highway 6. The University's rental agent for the Huntington Lands has inspected the acreage needed for the right-of-way and has stated that granting the easement will have no adverse effect on the Huntington Lands and has recommended that the easement be granted. Accordingly, it is recommended that the Board grant the easement as requested, but with the further provision that Galveston County execute a release to the University on a borrow pit easement dated February 17, 1943 (Easement No. 182 to Galveston County). It is further recommended that the Chairman be authorized to execute the necessary instrument upon its approval as to form by the University Land and Trust Attorney and as to content by the University Endowment Office. No consideration is involved in the easement other than the release mentioned above.

TEXAS WESTERN COLLEGE - PROPOSED RENEWAL OF GRAZING LEASE TO J. A. NEAL ON COTTON ESTATE PROPERTY IN CULBERSON COUNTY, TEXAS.--Acting President Smith of Texas Western College has recommended the renewal of the grazing lease on 6,100.95 acres of land belonging to the Cotton Estate and located in Culberson County, Texas. The lease was originally granted to the Estate of W. W. Cameron, Estate of Margaret C. Bolton and Flora M. Baird and was assigned to Mr. J. A. Neal in September, 1951. The lease now carries a rental rate of six cents per acre, the lease expiring July 31, 1953. Through an oversight on the part of the Lessee and Texas Western College this lease has been running without renewal. Mr. Smith has recommended that the grazing lease to J. A. Neal be renewed, effective August 1, 1953, for a five-year term, terminating July 31, 1958, at a rental of seven cents per acre, with an option to renew for a second period of five years at a rental rate to be agreed upon at the time of the renewal. All other terms of the lease are to be in accordance with the standard provisions for University grazing leases. It is recommended that the grazing lease be renewed as recommended by Mr. Smith and that the Chairman of the Board be authorized to execute the lease instrument upon its approval as to form by Land and Trust Attorney Gaines.

A. C. McLAUGHLIN ESTATE (COLORADO PORTION) - PROPOSED CONVERSION OF WORKING INTERESTS, RANGELY OIL FIELD, COLORADO.--In a conference held at Rangely, Colorado, between Stuart McLaughlin, Administrator of the Estate of A. C. McLaughlin, Deceased; a representative of the firm of Holme, Roberts, More, Owen and Keegan, the University's legal counsel for the Colorado portion of the estate; Land and Trust Attorney Gaines, Geologist in Charge Berte R. Haigh, and Endowment Officer Taylor of the University, negotiations were tentatively completed on the conversion of the working interests to which the University will obtain title from the Colorado portion of the estate. The University's working interests are to be rearranged so as (1) to free the University from participation in decisions, responsibilities and expenses affecting the operation of the working interests, and (2) to place the University's interests on a carried working interest or net profits interest basis.

whereby the University would not be subject to taxation under the Internal Revenue Code pertaining to unrelated business income. The proposed conversion terms are as detailed below:

1. McLaughlin Consolidated "A" Lease.--An existing royalty interest - no change required.
2. Levison Lease Interest.--An existing royalty interest - no change required.
3. A. C. McLaughlin, Jr. Lease.--The University's 50% working interest would be converted into a 50% net profits interest. The University's interest in tangible equipment would be included in the exchange free of cost to Mr. McLaughlin but would continue as lease assets.
4. McLaughlin Fee.--The interest of A. C. McLaughlin under the November 24, 1940, instrument under which Mr. Stuart McLaughlin is developing and operating the lands is understood to be a lease and the 15¢ per barrel payable by Mr. McLaughlin is considered a royalty. No change in the treatment of royalties on existing production would be made. However, since the time within which Mr. McLaughlin may drill additional wells has expired, it was agreed that Mr. McLaughlin would submit a recommendation to the University for the modification of the November 24, 1940, agreement to provide for a new drilling program and a basis for paying royalties on production obtained thereby.
5. Equity Oil - Utah Southern Tract.--The present arrangement is to be converted into a license as permitted by the terms of the contract and thereby gain an increase in the royalty rate.
6. Kittie Fairfield "A" and "B" Leases.--The University's interest would be assigned separately to Mr. Stuart McLaughlin at no cost, the University retaining a 95% net profits interest. The University's interest is to terminate if and when the interest becomes a liability to Mr. McLaughlin. All of the University's present interest in equipment is to pass to Mr. McLaughlin free of charge.
7. Gasoline Plant.--Mr. McLaughlin is to consider the profit and loss picture of the plant and to make the University an offer for its .045 interest therein.

Mr. Benjamin L. Bird, tax counsel of the firm of Weeks, Bird, Cannon and Appleman, has advised that if the assignment by the University "(1) assigns the University's working interest, together with all machinery and equipment, to the other party but reserves to the University a 'royalty' (refer to it as such) measured by a certain per cent of the net profits arising from the operation of the leasehold estate (with appropriate provisions defining the meaning of net profits); (2) relieves the University's reserved interest and the University of all costs, expenses, charges and liability for the development, management and operations of the full leasehold estate; and (3) places the exclusive control and responsibility for all development, management and operating matters involved in the leasehold estate upon the working interest assigned--the income the University receives will be a royalty within Section 512 (b)(2) and hence, excludible in determining unrelated business taxable income."

Accordingly, it is recommended by the Land and Finance Committee that the University's legal counsel for the Colorado portion of the estate and the administrator of the estate be advised that the above-outlined tentative conversion terms have been approved by the Board of Regents and that it is now in order for the conversion instruments to be worked out accordingly, with the offer for the gasoline plant listed in Item 7 above to be submitted to the Board of Regents for consideration. It is further recommended that the Chairman of the Board be authorized to execute the necessary instruments for the above-listed conversions of working interests, exclusive of the disposition of the University's interest in the gasoline plant, upon their approval as to form by the Endowment Officer and the University's Land and Trust Attorney Gaines.

HOGG FOUNDATION: W. C. HOGG ESTATE - PROPOSED MINERAL LEASE TO E. A. OUALLINE ON 100-ACRE TRACT IN MONTGOMERY COUNTY, TEXAS.--An application has been received by the Sam Houston Area Council of the Boy Scouts of America, Houston, Texas, from E. A. Oualline for a mineral lease on a 100-acre tract of land located in the Ransom House Survey in Montgomery County, Texas, this tract being a part of the acreage deeded by the Board of Regents to the Sam Houston Area Council under date of December 15, 1943, the University retaining one-half of the minerals on the tract. The 100-acre tract is part of a tract formerly under mineral lease to Humble Oil and Refining Company, which tract was released by the company in March, 1953. The proposed lease is for a primary term of three years at a rental of \$25.00 per acre for the first year and delay rentals of \$10.00 per acre for each of the next two years. The lease calls for a one-eighth royalty on oil and gas and 50¢ royalty per long ton on sulphur. It is recommended that the Board approve the mineral lease to E. A. Oualline as outlined above and authorize the Chairman of the Board to execute the necessary lease instrument upon its approval as to form by Land and Trust Attorney Gaines.

HOGG FOUNDATION: VARNER PROPERTIES - PROPOSED SETTLEMENT WITH MRS. MARIE WILLETT HOWARD.--Under the terms of the Varner Company acquisition, the Hogg Foundation: W. C. Hogg Memorial Fund assumed the obligation of the Estate of Thomas E. Hogg, deceased, to pay Mrs. Marie Willett Howard as his former wife the sum of \$1,200.00 per month for her lifetime and to pay her Estate \$10,000.00 on her death. An offsetting item to the University's liability is the sum of \$6,499.72 as of November 30, 1954, owed by Mrs. Howard to the Varner Company and subsequently to the University. On November 30, 1954, the liability to Mrs. Howard was carried on the University's books at a present value of \$190,180.19, the present value of the death settlement being carried on the books at \$5,383.66. The Board of Regents on July 16, 1954, authorized Endowment Officer Taylor to negotiate for the settlement of these liabilities so as, among other things, to reduce the amount of Supplement "U" taxes payable. Based upon extended negotiations with Mrs. Howard and her attorney Mr. Jesse Oppenheimer of San Antonio, Texas, Mrs. Howard has now advised that she will either settle for a life annuity with a commercial insurance company or for a sum of money that will enable her to purchase such an annuity. None of the other options available to the University under the terms of the marital settlement seem feasible at the present time. Mr. Henry Owen, Professor of Insurance in the College of Business Administration at the University, has made an investigation of rates available from over fifty insurance companies authorized to do business in Texas, all of which companies were considered to meet reasonable financial standards for this size of annuity. Special quoted rates considerably better than the normal rates were obtained from a good number of the more likely companies. The best rate obtained and one which is recommended by Mr. Owen as being an exceptionally good rate was quoted by the American General Life Insurance Company of Houston, Texas, the amount of \$218,073.60 being required for an annuity of \$1,200.00 per month if purchased before January 27, 1955, on which date the premium would drop to \$216,602.40.

The Land and Finance Committee recommends that the Endowment Officer be authorized to make the settlement with Mrs. Howard either by purchasing for her a life annuity from the American General Life Insurance Company or from some other company or companies selected by Mrs. Howard, it being understood that Mrs. Howard may wish to vary the amount and terms of the annuity, provided the cost of the insurance does not exceed the rates of the American General Life Insurance Company; or, if Mrs. Howard so desires, by turning over to her part or all of the cash in lieu of the full annuity. The debt Mrs. Howard owes the Hogg Foundation is to be deducted from the estimated \$7,448.20 which would be the cost of a single premium life insurance policy on Mrs. Howard's life for the \$10,000 due her estate upon her death as mentioned above. At the time the settlement is made with Mrs. Howard a complete release, prepared by Land and Trust Attorney Gaines, will be obtained from Mrs. Howard.

HUNTINGTON LANDS - OFFER OF PRODUCTS PIPE LINE COMPANY FOR PART OF ACREAGE IN GALVESTON COUNTY, TEXAS.--An offer has been received from the Products Pipe Line Company of Corpus Christi, Texas, for the purchase of part of the acreage owned by the Board of Regents as trustee for the Archer M. Huntington Museum Fund. The Company proposes to purchase a 20-acre tract out of the H. B. Littlefield Survey, Patent 481, Volume 8, Abstract 143, Galveston County, Texas, the purchase price offer being \$1,500.00 per acre for a total purchase price of \$30,000.00, all cash, for the tract. The purchase offer has been accompanied by a good faith check in the amount of \$1,500.00 and a proposed form of contract of sale which has been executed by the Vice President of Products Pipe Line Company. The contract of sale calls for the University to retain 3/4ths interest in all oil, gas and other minerals in the tract. The University is required to deliver to the purchaser within ten days from the date of the contract of sale a complete abstract of title to the above-described property showing a marketable title. The purchaser agrees to submit in writing within ten days after the receipt of said abstract any objections to said title. The seller is required to furnish within thirty days from the date of the contract of sale a deed conveying the property to the purchaser upon payment of the balance of the purchase price in the amount of \$28,500.00.

The property desired by Products Pipe Line Company adjoins property owned by the Texas City Chemical, Inc., and Pan American Refining Corporation and is located in the northwest corner of a 139.1-acre tract owned by the University. The Company will use this property as a terminal site for its pipe line running from Lavaca County to Texas City. In order for the Company to use this site, it may be necessary for the University to grant an easement across part of the Huntington Lands to be used for the purpose of ingress and egress by the purchaser. The property involved in such an easement will be subject to re-location by the University at any time it so desires.

Subject to working out details of the transaction including the location of the land, the loan of an abstract, and the road easement, it is recommended that the offer of Products Pipe Line Company as outlined above be accepted by the Board of Regents and the Chairman of the Board authorized to execute the contract of sale and the deed to the property upon the payment by the purchaser of the balance of the purchase price, such instruments to be approved as to form by Land and Trust Attorney Gaines.

ESTATE OF WILLIAM HEUERMANN, DECEASED - PROPOSED DEEDING OF THREE LOTS TO BAPTIST CHURCH FOR LATIN-AMERICANS, EDROY, TEXAS.--The Trustees of the Odem Baptist Church of Odem, Texas, have requested that the Wm. Heuermann Estate provide a location for a Baptist Church to be used by the Latin-American people at Edroy, Texas. Mrs. Heuermann has discussed this matter with the Executor of the Estate, Guaranty Title and Trust Company of Corpus Christi, Texas, and has suggested that the Board of Regents of The University of Texas give its consent and approval to the conveyance of three lots without consideration out of the Heuermann Estate to the Trustees of the Odem Baptist Church for a site in Edroy, Texas, to be used as a location for the Edroy Missionary Branch of the Odem Church to erect a church to serve the Latin-American people of Edroy. The Executor of the Estate has recommended that Lots 1, 2 and 3, Block B, Second Heuermann Subdivision of the Town of Edroy, San Patricio County, Texas, be conveyed to the Trustees of the Odem Baptist Church for the church site. The Heuermann Estate owns in this same subdivision all of the lots in Block A, which are westerly across the street from the proposed church location, seven lots in Block C, which are southwest of the proposed church site, and ten lots in Block D, which are across the street south of the proposed church location. All of these lots are in an area where only Latin-American people now live and it is believed that the erection of a church on the proposed site will promote the sale of other lots in the subdivision.

Under the terms of the will of William Heuermann, deceased, title to the property in the estate vests in the Executor until the property has been liquidated, at which time the cash is to be turned over to the University. The Land and Finance Committee recommends that Endowment Officer Taylor be authorized to advise the Executor of the Estate and Mrs. Heuermann that the Board has given its consent and approval to the conveyance without consideration of the three lots in Block B in Edroy as recommended to the Odem Baptist Church on which site the church is to erect a church to serve the Latin-American people of Edroy, Texas, the mineral rights to be retained by the Estate.

HOGG FOUNDATION: W. C. HOGG ESTATE - LEASE OFFERS ON McASHAN PROPERTY AT MAIN AND CLAY, HOUSTON, TEXAS.--The property in the W. C. Hogg Estate, known as the McAshan Property and located at the corner of Main and Clay in Houston, Texas, now has a lease thereon with Classified Parking System which expires on February 28, 1955. The monthly rental on the present lease is \$1,300.00 per month. The lessee under this lease which began on March 1, 1950, has operated a successful parking lot and has been a satisfactory tenant. The University has now received several offers for the leasing of this space, beginning March 1, 1955, as detailed below:

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1. Classified Parking System has offered to take a new five-year lease at a monthly rental of \$2,150.00 per month or a total guaranteed rental for the five-year period of \$129,000.00. In any year in which the gross receipts from operations on the property exceed \$40,000.00, Classified will pay as an additional rental 60% of such excess. Classified has agreed to a thirty-day cancellation notice in the event of sale of the property, long-term lease in excess of fifteen years, or erection of permanent improvements on the property. Classified has also verbally agreed to pay as a consideration for the lease the rental in advance for the last three months of the lease.

2. Frank G. Cadena of Houston, Texas, has offered to take a five-year lease on the property at a monthly rental of \$2,150.00 for the first two years and \$2,350.00 for the last three years, the total rental for the five-year period being \$136,200.00. Mr. Cadena has submitted with his offer a good faith check in the amount of \$5,000.00 which is to be applied on the last six months' rental due on the lease if granted to him, the remaining \$9,100.00 due on the last six months' rental to be paid by Mr. Cadena at the time the lease is signed. As a part of his bid, Mr. Cadena has agreed to improve the lot with a first-class topping of asphalt. He will also agree to a thirty-day cancellation notice in the event of sale of the property, lease in excess of 15 years on the property, or the erection of permanent improvements on the property. Mr. Cadena has been operating a parking lot at the corner of Fannin and Clay in Houston for the past two years for E. M. Dupree who has stated that Mr. Cadena has been a satisfactory and competent tenant. Mr. W. Browne Baker of the Texas National Bank has stated that Mr. Cadena is an experienced and satisfactory operator.

3. Allright, Inc., of Houston, Texas, has offered to take a five-year cancellable parking lot lease on the property at a rental rate of \$1,350.00 per month. Allright now leases the Massey Property at 1108 Rusk Avenue in Houston, Texas, from the University and has been a satisfactory tenant.

4. An offer has been received from J. G. Roseborough of the O. L. Eversberg Real Estate firm in Houston, Texas, in the amount of \$1,200.00 per month, the preference of his client being for a five-year lease.

It is recommended by the Land and Finance Committee that Endowment Officer Taylor be authorized to advise Classified Parking System and Frank G. Cadena that it is difficult if not impossible to determine which of their two bids should be accepted and that, accordingly, it is requested that new sealed bids be submitted, such bids to be opened simultaneously by Endowment Officer Taylor. It is further recommended that Mr. Taylor be authorized to accept the best bid upon approval of the Land and Finance Committee and that the Chairman of the Board be authorized to execute the lease instrument upon its approval as to form by the University Land and Trust Attorney and as to content by the University Endowment Officer.

AUTHORIZATION FOR SIGNATURE OF REQUIRED FORMS - ENDOWMENT OFFICE AND INVESTMENT OFFICE.--In order to maintain a continuing flow of papers through the Endowment Office and the Investment Office during the interim period when there is no Endowment Officer appointed to fill the position due to become vacant on January 1, 1955, the Land and Finance Committee recommends that Miss Mary E. Cook, Executive Assistant in the Investment Office, be authorized to sign such instruments and that the Board of Regents adopt the following resolutions in connection therewith:

1. BE IT RESOLVED by the Board of Regents of The University of Texas that Miss Mary E. Cook, Executive Assistant in the Investment Office of The University of Texas, is hereby authorized and empowered to sell, assign, and transfer any and all of the bonds, stocks, notes, and other evidences of indebtedness and ownership now or hereafter registered in the name of The University of Texas, the Board of Regents of The University of Texas, or in the name of any of the trust and special funds coming under the control of The University of Texas or which now or hereafter may be assigned thereto.

2. WHEREAS, The University of Texas and the Board of Regents of The University of Texas are the owners and holders of evidences of indebtedness in the form of notes, bonds, and other securities for the benefit of its various endowment and trust funds; and

WHEREAS, It is necessary for the prompt and proper collections and payment of such indebtedness to designate some proper officer of the University to receive and collect such payments and to execute proper receipts and releases therefor;

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents of The University of Texas that Miss Mary E. Cook, Executive Assistant in the Investment Office of The University of Texas, be and she is hereby designated, authorized and empowered to ask, demand, sue for, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects or demands whatsoever due, payable or belonging to, or which may at any time hereafter be or become due, payable, or belonging to any of the endowment funds and trust funds coming under the control of the Board of Regents of The University of Texas from any person or persons whatsoever and to execute any and all necessary or proper receipts, releases, and discharges therefor.

BE IT FURTHER RESOLVED that a copy of this resolution duly certified by the Secretary of the Board of Regents of The University of Texas shall be full evidence of the authority of Miss Mary E. Cook, Executive Assistant in the Investment Office of The University of Texas, to act hereunder.

3. WHEREAS, under the terms of a deed by Mike Hogg, Independent Executor of the Estate of W. C. Hogg, Deceased, to the Board of Regents of The University of Texas, dated July 1, 1939, and accepted by said Board of Regents on July 15, 1939, said deed having been filed in Harris County, Texas, on July 30, 1939, and recorded in Volume 1127, page 463, of the deed records of Harris County, Texas, there was conveyed to said Board of Regents various securities and properties including various mineral rights and royalty interests; and

WHEREAS, in effecting delivery of said properties to said Board of Regents it is necessary to execute various division orders and transfer orders and other instruments;

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents of The University of Texas that Miss Mary E. Cook, Executive Assistant in the Investment Office of The University of Texas, be and she is hereby authorized and empowered to execute any and all such division orders, transfer orders, and other instruments in connection with the transfer to said Board of Regents of The University of Texas of said mineral rights, royalty interests, or other properties, and said instruments when executed by said Mary E. Cook are hereby declared to be the act and deed of said Board of Regents of The University of Texas.

4. BE IT RESOLVED by the Board of Regents of The University of Texas that Miss Mary E. Cook, Executive Assistant in the Investment Office of The University of Texas, be and she is hereby authorized to give notice on behalf of the Board of Regents of The University of Texas, in their capacity as such or in their capacity as trustees under any trust, of the Board's intention to withdraw shares or investments in any building and loan or savings and loan association and to endorse on behalf of the Board of Regents any certificate or certificates of share ownership or other documents in connection with the liquidation of such investments.

5. BE IT RESOLVED by the Board of Regents of The University of Texas that Miss Mary E. Cook, Executive Assistant in the Investment Office of The University of Texas, be and she is hereby authorized to execute and deliver geophysical exploration permits on Permanent University Fund Lands payable at the rate of \$150.00 for each two weeks' period of work under the permit.

6. BE IT RESOLVED by the Board of Regents of The University of Texas that Miss Mary E. Cook, Executive Assistant in the Investment Office of The University of Texas, be and she is hereby authorized to execute and deliver permits for the use of water from water wells on University Lands to be drilled in drilling oil wells on non-University Lands on the basis of payments at the rate of \$500.00 per oil well drilled, payable cash in advance.

It is further recommended by the Land and Finance Committee that Miss Cook be authorized to sign vouchers, requisitions, personnel forms and other routine University forms originated in the Endowment Office and the Investment Office and to approve all such forms sent through by the various departments under the Endowment Office. President Logan Wilson and Endowment Officer Taylor have concurred in the above recommendations.

Adoption of Report.--The Board ratified the actions and approved the recommendations of the foregoing report of the Land and Finance Committee upon motion of Mr. Warren, seconded by Mr. Sorrell.

SPECIAL 1% FEE FUND - PROPOSED LEGISLATIVE BILL TO AMEND TERMS.--Endowment Officer Taylor presented the following report and recommendation of the Land and Finance Committee, which report was adopted upon motion of Mr. Jeffers, seconded by Mr. Lockwood:

The Land and Finance Committee has considered a proposed bill to be introduced at the next session of the Legislature which will authorize the Comptroller of The University of Texas to transmit and to deposit in the State Treasury to the credit of the Available University Fund any unexpended balances or unneeded balances, in the discretion of the Board for Lease of University Lands, now or hereafter remaining in the special 1% fee fund created to defray the expenses for the sale of oil and gas leases on University Lands. This proposed bill, prepared by Land and Trust Attorney Gaines at the request of Endowment Officer Taylor, has been carefully considered by the administrative officers of the University having to do with the Permanent and Available University Funds and is recommended to the Board as probably the best solution to the existing problem. Likewise, the bill has been submitted to and approved by the Board for Lease of University Lands. Your Land and Finance Committee recommends that this bill be submitted with proper timing at the coming session of the Legislature. A copy of the proposed bill is on file with the Secretary of the Board of Regents.

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T. J. BROWN AND C. A. LUPTON FOUNDATION, INC., MEDICAL BRANCH - STATUS OF THE LOAN FUND.--The following report of the Regents' Land and

Finance Committee was presented by Endowment Officer Taylor and was adopted on a motion duly made and seconded:

The T. J. Brown and C. A. Lupton Foundation, Inc., has from time to time allocated money from the Foundation to the Medical Branch at Galveston, Texas, to be used for loan purposes for needy and worthy medical students. In 1951 the foundation donated \$5,000.00 and in 1952 another \$10,000.00. The foundation has now tendered another donation of \$10,000.00 and has accompanied such donation with specific terms and conditions which are for the purpose of clarifying the manner in which the loan funds donated are to be administered and also certain of the terms submitted are made necessary under the requirements of the Foundation's Trust. Outlined below are the terms and conditions as submitted by the Foundation:

1. The \$10,000.00 tendered currently and the \$15,000.00 previously donated are to remain the property of the T. J. Brown and C. A. Lupton Foundation, Inc., but are to be used by the Medical Branch of The University of Texas as an agency fund to provide loans to worthy medical students, such loans to be made without interest.

2. Any loans made from the loan fund created by the Foundation's donations are to be evidenced by notes payable to the T. J. Brown and C. A. Lupton Foundation, Inc., with the University to have express authority to collect such loans and to re-loan such money as collected until said authority shall be terminated by the Foundation.

3. The T. J. Brown and C. A. Lupton Foundation, Inc., reserves the right to withdraw the loan funds advanced to the University at any time so desired by the Foundation. Such funds as are then not loaned plus any notes evidencing loans from such funds are to be turned over by the University to the foundation. The University as agent of the loan fund is in no way to be held responsible for any note which may not be collectible.

It is recommended that the Board of Regents accept the \$10,000.00 donation from the T. J. Brown and C. A. Lupton Foundation, Inc., to be administered by the Board of Regents as an agency fund for the purpose of providing loans without interest to worthy medical students at the Medical Branch at Galveston, Texas. It is further recommended that the Chairman of the Board of Regents be authorized to execute the letter of acceptance to the foundation upon its approval as to form by University Land and Trust Attorney Gaines.

EXPRESSION OF APPRECIATION, JACK G. TAYLOR.--Chairman Sealy, on behalf of the Board and President Wilson, expressed to Jack G. Taylor, Endowment Officer, their very deep and sincere regret at his leaving The University of Texas campus and further expressed profound appreciation for the service he had rendered. He concluded his remarks with the statement, "We are going to miss you". ¶ See Page 336

CENTRAL ADMINISTRATION

DOCKETS, CENTRAL ADMINISTRATION.--President Wilson presented to the Board a docket under date of December 1, 1954, for Central Administration and in this docket he submitted his recommendation for approval of the dockets of the component institutions of The University of Texas; namely:

Main University and Extramural Divisions, submitted by Vice-President Boner	¶ Page 283
Texas Western College, submitted by Acting President Smith	¶ Page 317
Medical Branch, submitted by Executive Director Leake	¶ Page 318
Dental Branch, submitted by Dean Olson	¶ Page 326
M. D. Anderson Hospital for Cancer Research, submitted by Director Clark	¶ Page 329
Southwestern Medical School, submitted by Acting Dean Gill	¶ Page 332
Postgraduate School of Medicine, submitted by Dean Taylor	¶ Page 335

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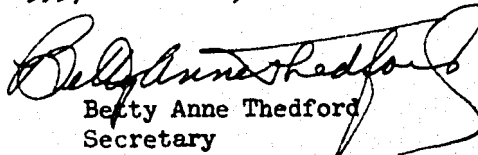
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President Wilson requested that Appendix A of the Main University Docket, Faculty Minutes, Page 2601 (Permanent Minutes Page 316) be changed to conform with the motion on Page(5) providing for a half-holiday, November 11, 1955. 257

Upon motion of Mr. Sorrell, seconded by Mr. Lockwood, the Board approved the dockets with the proposed change, as submitted by President Wilson. (These dockets are attached to and made a part of these minutes. Page 279.)

APPROVAL OF MINUTES, OCTOBER 29, 1954.--Upon a motion duly made and seconded, the Board approved the Minutes of the meeting of October 29, 1954, in the form in which they were mimeographed and distributed by the Secretary.

ADJOURNMENT.--The Board adjourned at 11:30 a.m., to meet again on January 27, 28, and 29, 1955, in Dallas, Texas.


Betty Anne Thedford
Secretary