

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

Signed this the 2nd day of July, 1960, A. D.

Merton M. Minter
Chairman Merton M. Minter, M. D.

J. Lee Johnson III
Vice Chairman J. Lee Johnson, III

J. P. Bryan
Member, J. P. Bryan

Mrs. Charles Devall
Member, (Mrs.) Charles Devall

Thornton Hardie
Member, Thornton Hardie

W. W. Heath
Member, W. W. Heath

Wales H. Madden, Jr.
Member, Wales H. Madden, Jr.

A. G. McNeese, Jr.
Member, A. G. McNeese, Jr.

Joe C. Thompson
Member, Joe C. Thompson

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MEETING NO. 589

JULY 2, 1960. --The Board of Regents of The University of Texas convened in regular session on Saturday, July 2, 1960, at 4:00 p. m., in the Regents' Room (Main Building 209), Austin, Texas.

ATTENDANCE. --

PresentChairman Minter, presiding

Vice-Chairman Johnson**

Regent Bryan

Regent (Mrs.) Devall

Regent Heath

Regent Madden

Regent McNeese

Regent Thompson

President Wilson

Secretary Thedford

Regent Hardie* - excused

Also present among University personnel were:

Mr. Lanier Cox, Vice-President for Administrative Services

Doctor J. C. Dolley, Vice-President for Fiscal Affairs

Doctor L. D. Haskew, Vice-President for Developmental Services

Mr. C. H. Sparenberg, Comptroller

Mr. W. W. Stewart, Endowment Officer

Doctor R. Lee Clark, Jr., Director of M. D. Anderson Hospital and Tumor Institute

Doctor A. J. Gill, Dean of Southwestern Medical School

Doctor John V. Olson, Dean of the Dental Branch

Doctor Harry H. Ransom, Vice-President and Provost, Main University

Doctor Grant Taylor, Dean of the Postgraduate School of Medicine

Doctor John Truslow, Executive Dean and Director of the Medical Branch

(In addition to those listed above, Doctor J. R. Smiley, President of Texas Western College, appeared before the Committee of the Whole and the Standing Committees on Friday, July 1, and Saturday, July 2.)

* Mr. Hardie was in attendance at the meetings of the Committee of the Whole and of the Standing Committees on Friday, July 1, and until 3:00 p. m. on Saturday, July 2.

** See Page 11.

COMMITTEE OF THE WHOLE

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The following is a report of the Committee of the Whole which met on Friday, July 1, and on Saturday afternoon, July 2:

RESOLUTION OF THANKS TO MRS. DEVALL: REFURBISHING OF REGENTS' ROOM (MAIN BUILDING NO. 209). --At the Regents' meeting on January 23, 1960, the Board asked that the Regents' Room (Main Building No. 209) be refurbished under the direction of Mrs. Devall. This session of the Committee of the Whole was the first meeting to be held in this room since the project had been completed. It was unnecessary to call to the attention of the Board the vast improvement in the appearance of the room since the last meeting on March 12, 1960. Immediately after the Regents convened, it was moved by Mr. Thompson, duly seconded, and carried that the Board express thanks to Mrs. Devall not only for the attractive manner in which the room had been redecorated but also for the promptness in finishing the job.

ERLE STANLEY GARDNER COLLECTION, MAIN UNIVERSITY. --Chairman Minter reported that Erle Stanley Gardner has given to the Academic Center of the Main University his complete collection, including all his documents, manuscripts, etc., which are connected with his writing for use by the University in the general scope of instruction and for preservation intact by The University of Texas. This includes penological records, a distinguished library of detective fiction, an unusual collection of manuscripts, journals, and notebooks, secret plot methods together with notes showing exactly how his plots have been constructed. He wants his collection to be a workable and living library and is eager that it be used as a working collection for scholars and students who want to learn how to write. Mr. Gardner transferred to Doctor Ransom and to Chairman Minter volumes concerning his plotting secrets and methods with the understanding that the University can use those as it gets them classified and a practical method of instruction worked out. At this point Chairman Minter called attention to a minute portion of the collection that had been received and was on exhibit in the Regents' Room.

Mr. Gardner is also giving to the University at his death or sooner all of the material in the workroom of his study.

At the time the formal papers are executed, it will be reported in the Minutes of the Board.

(In accepting these collections, Doctor Minter said, "These collections are more than historical. They will render constant service to the scholar and to the practicing writer as well as to the general student of one of the most popular literary forms. Furthermore, they will widen the perspective of an already distinguished collection in penology.

'Mr. Gardner stated that while several universities have been in touch with him seeking to get all or part of this material, he had selected the University of Texas, because of his friendship and

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close relations with Doctor Minter and Park Street, a San Antonio lawyer with whom he has been intimately associated in the Court of Last Resort for nearly 12 years. 'My friendship with these men, plus the fact that I am an honorary captain in the Texas Rangers is an association with Texas that makes me feel I am virtually a citizen of that State'.")

REPORT ON THE 1959-60 FACULTY, MAIN UNIVERSITY; AND APPROPRIATION FOR 1960-61, MAIN UNIVERSITY. --The Committee of the Whole received a report from Vice-President and Provost Ransom on the 1959-60 Faculty of the Main University. Thereafter upon motion of Mr. Hardie, seconded by Vice-Chairman Johnson, the Board authorized such transfers as would be necessary to provide a total of \$225,000 for undergraduate teaching improvement with necessary salary adjustments among the regular faculty and the teaching assistants, with funds to come from unallocated accounts, unfilled positions and if required, from the Available Fund.

MASTER PLAN FOR PHYSICAL PLANT DEVELOPMENT (SYSTEM-WIDE). --In accordance with the suggestions outlined at the March 1960 meeting (Permanent Minutes, Volume VII, Page 590), the Administration with Doctor Haskew as coordinator prepared and sent at intervals to the Regents a series of memos to acquaint the Board members with both facts and issues concerning the various components of a master plan. On July 1, 1960, there was also distributed to each Regent a set of proposals for discussion at the July meeting. The prime purpose of these proposals is to guide the Board in its deliberations and to point up the advantages and disadvantages of alternatives. (A copy of this latter--proposals for discussion--is in the Secretary's Files, Volume VII, Pages 189.)

After an interchange of views, the Master Plan for Physical Plant Development was referred to the Buildings and Grounds Committee with the following exceptions:

Medical Branch: Outpatient-Clinical Diagnosis Unit (Project A, Master Plan for Physical Plant Development, Page 13 of the Proposals). -- In connection with the Outpatient-Clinical Diagnosis Unit (Project A, Page 13 of the Proposals) at the Medical Branch, the Board authorized, upon motion of Mrs. Devall, seconded by Mr. Bryan:

1. The Administration to prepare and submit applications to United States Public Health Service for Hill-Burton funds, and for a grant under the Health Research Facilities Act.

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2. The Consulting Architects to prepare preliminary plans and specifications to the extent needed in connection with the foregoing applications, architects' fee to be paid from the grant already made by The Sealy-Smith Foundation for this purpose.

Southwestern Medical School: Permissive Request to Legislature for Projects A through F, Master Plan for Physical Plant Development (Pages 15 and 16 of the Proposals). --

Upon motion of Mr. Bryan, seconded by Mr. Thompson, the Board voted to request permission of the Legislature to construct at Southwestern Medical School the following facilities out of private and gift funds.

- A. Research Laboratories. 70,000 square feet. \$2,100,000 for basic construction and equipment contract; \$750,000 for additional equipment. Total \$2,850,000.
- B. Radiation Laboratory. 2,000 square feet underground. Building and equipment, \$250,000.
- C. Library Unit. 30,000 square feet, \$600,000.
- D. Animal Building. 23,000 square feet, \$450,000.
- E. Auditorium and Continuation Center. \$1,000,000.
- F. Student Recreation Center. Probably \$250,000.

1960-61 BUDGET FOR AUXILIARY ENTERPRISES: MAIN UNIVERSITY, TEXAS WESTERN COLLEGE, MEDICAL BRANCH, SOUTHWESTERN MEDICAL SCHOOL, AND M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE. -- Upon motion of Mr. Hardie, seconded by Mr. Heath, the Board approved in the form as recommended the 1960-61 Auxiliary Enterprises Budget for the following:

Main University
Texas Western College
Medical Branch
Southwestern Medical School
M. D. Anderson Hospital and Tumor Institute

A copy of each budget is in the bound volume, Annual Budgets, 1960-61, Volume XV.

(Under date of June 18, 1960, a proposed 1960-61 budget for auxiliary enterprises at each of the above listed institutions was mailed to each Regent, together with a "Summary of Auxiliary Enterprises Budgets for 1960-61." A copy of this summary is in the Secretary's Files, Volume VII, Pages 216 .)

1961-63 LEGISLATIVE BUDGET REQUESTS (BIENNIAL BUDGET REQUESTS). --At the request of Chairman Minter, Vice-President Dolley presented for consideration the 1961-63 Legislative Budget Requests as submitted by the heads of the various component institutions for presentation to the Texas Commission on Higher Education. Prior to the meeting, each Regent was sent a copy of the requests for each institution together with detailed analytical summaries. (A copy of the "Summary Biennial Budget Requests for the Fiscal Years Ending August 31, 1962 and 63" is in the Secretary's Files, Volume VII, Page 90* .) *Legal size volume. 7-02-60

Conforming to customary procedure, these budget requests were prepared by the respective institutional heads in accordance with instructions from the Texas Commission on Higher Education and were submitted to Budget Officer Graydon who checked them for compliance with the policies adopted at the Regents' meeting on March 12, 1960 (Permanent Minutes, Volume VII, Page 565). Conferences were held between the institutional officers and the Central Administration staff.

Adoption. --Following a discussion of the requests, the Board, upon motion of Mr. Heath, seconded by Mr. Bryan, approved as presented the 1961-63 Legislative Budget Requests listed below with authority to the Administration to make editorial corrections which would not involve any changes in the totals before presentation to the Texas Commission on Higher Education:

Central Administration
 Available University Fund
 Main University
 Texas Western College
 Texas Western College Museum
 Medical Branch
 Dental Branch
 M. D. Anderson Hospital and Tumor Institute
 Southwestern Medical School
 Postgraduate School of Medicine

(Copies of the Legislative Budget Requests as submitted to the Board and bound copies as submitted to the Texas Commission on Higher Education are on file in the Office of the Secretary.)

1960-61 BUDGET FOR OFFICE OF GOVERNMENT SPONSORED RESEARCH. --A copy of the proposed 1960-61 Budget for Office of Government Sponsored Research was distributed to each Regent at the meeting. This proposed budget was adopted upon motion of Vice-Chairman Johnson, seconded by Mr. Bryan. A copy of this budget is in the bound volume Annual Budgets 1960-61, Volume XV.

EXTENSION OF CONTRACTS FOR COACH DARRELL K. ROYAL AND COACH HAROLD L. BRADLEY. --The Administration presented the following formal recommendation of the Athletic Council for consideration of and approval by the Board:

The Athletic Council and Mr. Ed Olle, Athletic Director,

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have recommended that the contract of Mr. Darrell K. Royal be extended for a ten-year period beginning January 1, 1960, and ending December 31, 1969, at an annual salary of \$17,500, and that the contract of Mr. Harold L. Bradley be extended for a five-year period beginning April 1, 1960, and ending March 31, 1965, at an annual salary of \$11,000. Each contract is conditioned upon the continued good health and physical ability of the individual to perform the duties which the position involves. This recommendation has been approved by H. Y. McCown, Dean of Student Services, and Vice-President and Provost, H. H. Ransom.

Mr. Thompson moved that Mr. Darrell K. Royal be appointed as head football coach for a ten-year period beginning January 1, 1960 and ending December 31, 1969, at an annual salary of \$17,500. It was understood that this contract is to be binding only in the event of Coach Royal's continued good health and physical ability to perform the duties which the position involves. Mr. Madden seconded this nomination which prevailed. Mr. McNeese voted "No."

Mr. Heath moved that Mr. Harold L. Bradley be appointed as head basketball coach for a five-year period beginning September 1, 1960 and ending August 31, 1965. It was understood that this contract is to be binding only in the event of Coach Bradley's continued good health and physical ability to perform the duties which the position involves. Mr. Bryan seconded this nomination which prevailed.

PLATFORM DOCUMENT. --At the Regents' meeting on May 13-14, 1960, a proposed Platform Document entitled "Commitments" was reviewed and modifications were discussed. In compliance with the discussion at the May meeting, three members of the Board submitted suggested changes. These changes were circulated to the other Regents and after further deliberation by Central Administration a revised document was prepared and distributed in the Material Supporting the Agenda with the recommendation that if the document is adopted it be used almost exclusively with citizens study groups and that it not be distributed in large quantities; that it be circulated, however, to those who request it and upon such occasions as civic club appearances by University representatives.

Upon motion of Mr. Thompson, seconded by Vice-Chairman Johnson, the Platform Document with a minor change on the title page, was adopted. (A copy of this document is in the Secretary's Files, Volume VII, Page 222 .)

APPROPRIATION FOR REMODELING, MAIN UNIVERSITY. -- In order to move President-Elect of Main University and his staff to the west wing on the second floor of the Main Building and thereby effect the reorganization as to physical facilities of Central Administration and Main University, certain remodeling is necessary. In this connection the Administration presented and concurred in the following joint recommendation of Business Manager Landrum of the Main University and Comptroller Sparenberg:

1. That the amount of \$19,995.00 be appropriated to an

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account in the Physical Plant Section of the Main University books entitled "Remodeling and Refinishing Certain Areas in Main Building for Administrative Offices." It is recommended that \$12,000.00 of this amount be appropriated from Account No. 27200 entitled "Improvements, Remodeling and Major Repairs - Allotment Account" and that the balance of \$7,995.00 be appropriated from the Available University Fund - Unappropriated Balance. It should be understood that this appropriation is to cover remodeling and refinishing (construction) work and does not include any allowance for new furniture and furnishings. (The recommendations made and the contract estimates involved are as accurate as can be made at this time. There are many details yet to be worked out by the architects and other people involved.)

The area of remodeling will be in the second floor of the west wing and in Suite 121, Rooms 101M. and 103M.

2. It is further recommended, in order to expedite this work, that as much of the work as possible be done by the Physical Plant Staff of the Main University on plans, specifications, and actual construction work, that whatever plans and specifications are necessary to accomplish this work be approved by a special committee composed of Comptroller Sparenberg, Doctor Ransom, Doctor Dolley, and Doctor Wilson, and that whatever contract awards are necessary, if any, be made by this same committee.

Adoption. -- The foregoing recommendations were approved upon motion of Mr. Thompson, seconded by Mrs. Devall.

(1) PRESIDENT OF TEXAS WESTERN COLLEGE: RESIGNATION OF DOCTOR JOSEPH R. SMILEY, INTERIM APPOINTMENT OF DOCTOR ANTON BERKMAN, AND APPOINTMENT OF DOCTOR JOSEPH RAY (2) VICE-PRESIDENT AND PROVOST OF MAIN UNIVERSITY: APPOINTMENT OF DOCTOR JOSEPH R. SMILEY. -- Continuing the administrative reorganization initiated at the regularly scheduled meeting in Galveston on May 13-14, 1960, the Board approved the following changes in status:

President of Texas Western College. -- Upon motion of Mrs. Devall, duly seconded, the Board approved:

- a. The resignation of Doctor Joseph R. Smiley as President of Texas Western College and Professor of Romance Languages effective July 31, 1960.
- b. The appointment of Doctor Anton Berkman as Acting President of Texas Western College for the period of August 1 through August 14, 1960.

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- c. The appointment of Doctor Joseph Ray as President of Texas Western College effective August 15, 1960.

Vice-President and Provost, Main University. -- Upon motion of Mr. Thompson, seconded by Vice-Chairman Johnson, the Board approved the appointment of Doctor Joseph R. Smiley as Vice-President and Provost of the Main University and Professor of Romance Languages effective September 1, 1960.

REPORTS OF STANDING COMMITTEES

At the request of Chairman Minter, the Committee Chairmen presented the reports of their respective committees. However, there was a departure from the regular order of business so that the Vice-Chairman might be excused from the meeting on account of important business.

REPORT RELATING TO BOARD FOR LEASE OF UNIVERSITY LANDS MATTERS. -- Vice-Chairman Johnson presented the following relating to matters of the Board for Lease of University Lands:

West Texas University Lands, System Analysis. -- Vice-Chairman Johnson and Regent Heath (members of the Board of Regents on the Board for Lease of University Lands), and Doctor Dolley, Vice-President for Fiscal Affairs, join in a recommendation that Doctor Dolley be authorized to ascertain from Arthur Andersen and Company the cost for a comprehensive survey (including both organization and procedure) of the administration of the West Texas University Lands. The group is interested in a system analysis of the various ways in which matters relating to the surface of the University lands are handled at the Midland and Texon offices. Such a survey would serve as a guide to the Administration in organizational and procedural matters inasmuch as Mr. Berte Haigh, Geologist-in-Charge of University Lands, plans to retire within another year.

The Board, upon motion of Vice-Chairman Johnson, duly seconded, approved the joint recommendation and asked that a report be made at the September 1960 meeting.

Auction Sale of Oil and Gas Leases, University Lands, July 12. -- The 42nd public auction of oil and gas leases on The University of Texas Lands is scheduled for July 12, 1960, 10:00 a. m. , at the Commodore Perry Hotel. Prior to the auction there will be a meeting of the Board for Lease of University Lands at 8:30 a. m. Mr. Heath will be unable to attend this meeting, and has suggested that Doctor Minter designate a proxy. Since there will be a special meeting of the Board of Regents on July 13, it is suggested that as many members of the Board of Regents as possible be present for this sale. It is also suggested the six members

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of the Board whose terms do not expire in January 1961 designate at the September meeting one of their group to attend meetings of the Board for Lease of University Lands for the remainder of the calendar year 1960.

(As the record of the Board for Lease of University Lands will reflect, only Vice-Chairman Johnson could attend the meeting of the Board for Lease of University Lands and for the auction of the oil and gas leases.)

REPORT OF LAND AND INVESTMENT COMMITTEE (See Page 11 for adoption). -- Vice-Chairman Johnson reported that the Land and Investment Committee approved the recommendations of the Administration (Attachment No. 1) with the following additions. (Attachment No. 1 was distributed to the Regents prior to the meeting.):

1. Main University - Proposed Gift by Mrs. Libbie Rice Farish to Establish the William Stamps Farish Professorship of Geology. -- Mr. Hines Baker has submitted through the University Development Board a proposed gift of securities in the approximate amount of \$100,000 by Mrs. Libbie Rice Farish of Houston to the Board of Regents as Trustees for the establishment of "The William Stamps Farish Professorship of Geology" in memory of her late husband. The proposed agreement provides that the Board of Regents will liquidate the securities given and invest the proceeds in obligations bearing interest which, in opinion of counsel for the University, is not subject to Federal income tax and which shall otherwise be of the same general type as reflected in the portfolio of the Permanent University Fund.

During the lifetime of Mrs. Farish, the Board of Regents will devote \$100 of the current annual net income from the fund to the Professorship and pay the remainder, after any costs of administering the fund, to Mrs. Farish in semi-annual payments. Thereafter, the entire net income of the fund will be devoted to the Professorship.

It is understood that Mrs. Farish expects to give to the Professorship fund, under this same agreement, two additional annual gifts of approximately \$100,000 each, making the total fund approximately \$300,000. It is further understood that, separate from this gift, a gift of \$12,000 annually will be made during Mrs. Farish's lifetime for the support of the Professorship.

It is recommended that the Board of Regents accept this proposal and authorize execution by the Chairman of the Board of the appropriate agreement when approved as to form by the Land and Trust Attorney and as to content by the Endowment Officer.

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2. Main University - John H. Houghton Loan Fund. --At the October 3, 1959 meeting of the Board of Regents (Main University Docket, Page M-42), the Board, after being advised by the University's legal counsel that such transfer could be made without violating the provisions of the trust, approved the following docket item:

"From the John H. Houghton Memorial Fund, transfer all cash on hand except \$500.00 (approximately \$2,536.18) to 'Reserve Matching Funds - National Defense Student Loan Funds,' and upon maturity of U S. Savings Bonds, Series F (Registered), dated November 1, 1948, held by the Houghton Memorial Fund, transfer bond redemption funds (\$16,000) to the same account. Maturity date of the bonds is October 31, 1960."

From the above description of the Series F Savings Bonds, dated November 1, 1948, due November 1, 1960, with a maturity value of \$16,000, the fund referred to in the Regents' Minutes is known on the University's books as the "John H. Houghton Loan Fund" (Account No. 76580), such loan fund being an accumulation over the years of interest paid on the original \$5,000 note given in 1914 to establish the John H. Houghton Memorial Endowment Fund, of interest on subsequent U. S. Savings bonds purchased for the endowment fund out of the proceeds from the original note, and of interest on loans to students, all of which interest income has been deposited when received to the account of the student loan fund. The cash transfer to the "Reserve Matching Funds - National Defense Student Loan Funds" was made as directed in the October, 1959, Minutes of the Board.

Subsequently, in December, 1959, the Treasury Department offered in exchange for various Savings Bonds maturing in 1960 a 4-3/4% Treasury Note, due May 15, 1964. The \$16,000 maturity value Series F Savings Bond (book value \$11,840) held by the Houghton Loan Fund was exchanged for \$16,000 par value U. S. 4-3/4% Treasury Notes, payment of \$542.40 in cash being required as an adjustment on accrued interest and principal. The Treasury Notes are currently selling at a premium in the market, the June 21, 1960 quotes being 102-18/32 Bid - 102-24/32 Asked.

It is contemplated that cash needed in matching funds sometime within the next few months will require sale of the \$16,000 par value 4-3/4% Treasury Notes held by the Houghton Loan Fund. Accordingly, it is recommended that the Board authorize the Endowment Officer to sell the Treasury Notes in the Houghton Fund, the timing of the sale to be made at the discretion of the Staff Investment Committee. Further, it is recommended that the Board approve transfer of all except \$500.00 cash held in the "John H. Houghton Loan Fund" (Account No. 76580), after the sale proceeds from the Treasury Notes have been received, to Account No. 76665, "Matching Funds for National

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Defense Student Loan Program - As Needed - Various Donors."

3. Permanent University Fund Investment Program - Proposed Successor for Member of Investment Advisory Committee Whose Term Expires on August 31, 1960. -- The Land and Investment Committee recommends that Mr. Vance Foster, Senior Vice-President, First National Bank of Dallas, Texas, be appointed as a member of the Investment Advisory Committee for a four-year term beginning September 1, 1960 and ending on August 31, 1964. Mr. Foster's name is to be inserted in the blank on Page 3 of Attachment No. 1. It is further recommended that a letter of thanks be written by the Chairman to Mr. Donald D. James, retiring member of the Investment Advisory Committee.

Adoption of Report. -- It was moved by Vice-Chairman Johnson that the foregoing report of the Land and Investment Committee, including the recommendations of the Administration and the additional items recorded herein, be adopted. Mr. Heath seconded the motion which prevailed. This report (Attachment No. 1, Pages L-1 through L-16) is appended following Page 33 of the minutes and is made a part of the minutes.

ATTENDANCE. -- Vice-Chairman Johnson was excused from the meeting.

REPORT OF ACADEMIC AND DEVELOPMENTAL AFFAIRS COMMITTEE (See Page 16 for adoption.) -- Committee Chairman Devall presented the following report of the Academic and Developmental Affairs Committee:

Approval of Docket. -- The Academic and Developmental Affairs Committee reviewed the docket of President Wilson dated June 22, 1960, and the amendment to the Texas Western College portion of the docket (Pages W-6 and W-7). It is recommended by the Committee that the Board approve the docket in the form attached and that the approved docket (Attachment No. 2) be made a part of the minutes. (The docket is attached to this set of minutes following Page L-16 of Attachment No. 1.)

Revision of Anti-Nepotism Rule (Amendment No. 1 to the Rules and Regulations of the Board of Regents for the Government of The University of Texas, Part One. -- At the Regents meeting on May 14, 1960, the Board approved a revision of the Anti-Nepotism Rule (Permanent Minutes, Volume VII, Page 727).

In compliance with the Rules and Regulations, Part One, Chapter VII, Subsection 4.1 (Page 61 of the loose leaf copy) this revision was submitted for final approval of the Committee.

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The Academic and Developmental Affairs Committee recommends that the Rules and Regulations of the Board of Regents for the Government of The University of Texas, Part One, Chapter III, be amended by deleting the entire portion of section 5 (Page 22 of the loose leaf copy) and substituting in lieu thereof the revision as set out on Pages 6 through 8 of the minutes for the May 1960 meeting (Permanent Minutes, Volume VII, Page 727).

Resolution of Appreciation to Retiring Members of the Development Board. --It is recommended by the Academic and Developmental Affairs Committee that the following resolution of appreciation to the retiring members of the University Development Board be approved and that a personal resolution of appreciation signed by the Chairman of the Board of Regents be sent to each retiring member:

WHEREAS, The members of the Development Board are selected from outstanding and influential citizens who have shown their interest in and loyalty to The University of Texas; and

WHEREAS, The Development Board carries on important projects vital to the existence and progress of The University of Texas as one of the leading state universities in this country; and

WHEREAS, Mrs. Ben F. Vaughan, Jr. of Corpus Christi, Texas, appointed as a member of the Development Board by the Board of Regents; Mr. L. H. Cullum of Wichita Falls, Texas, appointed as a member of the Development Board by the Ex-Students' Executive Council; and Doctor William S. Livingston and Dean Page Keeton, elected as members of the Development Board by the General Faculty of the Main University, have faithfully and ably performed their duties as members of the Board; and

WHEREAS, The terms of Mrs. Ben F. Vaughan, Jr., Mr. L. H. Cullum, Doctor William S. Livingston, and Dean Page Keeton expire as of August 31, 1960, now therefore be it

Resolved, That the Board of Regents of the University of Texas adopt this resolution of appreciation to Mrs. Ben F. Vaughan, Jr., Mr. L. H. Cullum, Doctor William S. Livingston, and Dean Page Keeton for their services as members of the University Development Board.

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George W. Brackenridge Loan Fund (Interpretation and Administrative Setup). -- The Final Judgment rendered in the 126th District Court, Travis County, Texas, relating to the liberalization of the terms of the George W. Brackenridge Loan Fund was reported to the Regents at its meeting on March 12, 1960, through the Land and Investment Committee. (Permanent Minutes, Volume VII, Pages 592 and 613) A copy of the Final Judgment is in the Secretary's Files, Volume VII, Page 85*. The provisions of this Final Judgment, together with the Administration's interpretation and recommendations for its implementation, were distributed to each Regent in the Material Supporting the Agenda. *Legal size volume.

It is recommended by the Academic and Developmental Affairs Committee that the Administration's proposed procedural actions for the implementation of this Final Judgment as set out below be adopted.

George W. Brackenridge Loan Fund

I. Policy Committee: Composition and Duties

A. Composition

President of the Main University
 Dean of College of Arts and Sciences
 Director of Medical School at Galveston
 Dean of Southwestern Medical School,
 Dallas
 Dean of Law School
 Director of School of Architecture
 Three elective members (Women meeting
 the specific requirements of the Trust)

B. Duties

1. The Committee shall establish the amount of loan to be granted a student for one long session. The loan shall not exceed the reasonable cost of room and board, tuition and compulsory student fees and deposits, books and other necessary school supplies. The maximum loan for the various courses of study for which a loan is made may be different, taking into account varying costs of books, fees, and other educational costs.
2. In the granting of loans preference shall be given to women students of The University of Texas who will be enrolled in medicine, law or architecture for the period for which the loan is made. No loans shall be made to students in other fields unless there are funds

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available for further loans after action has been taken on all applications of women students in these three fields. If additional funds are available, the Committee shall have authority to designate the additional professional fields in which loans may be made and to fix the order or preference to be followed in granting loans to students in the fields which it designates as eligible for loans, being guided by the donor's purpose to increase the opportunities of women in the professional fields in which their progress has been retarded by prejudice which has withheld from them equal opportunities with men. From time to time the Committee may make such changes as it deems advisable in the approved list, by adding new fields, by removing fields theretofore approved, or by changing the order of preference, with the view to carrying out this purpose. The terms "professional field" and "professional course of study" shall include any course of study which is pursued with a view to later employment calling for special knowledge or training in that field, although not traditionally thought of as a professional course.

3. Where necessary, the Committee shall have authority to construe provision (8) of the Final Judgment relative to the composition of the Working Committee and to designate the administrative officer to serve on the Working Committee.
4. The Committee shall make such additional regulations as may prove necessary, subject to the general provisions and regulations in the original bequest and the Final Judgment.
5. Selection of New Members: When a vacancy occurs among the elective women members, due to death or resignation, the remaining women shall each present two names to the Committee; and from among the names submitted, the Committee shall select one by unanimous vote.

II. Working Committee: Composition and Duties

A. Composition

President of the Main University
Dean or Administrative Head of the Department,
College or School in which the applicant is
enrolled

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Three elective members

Director of Loans and Scholarships to be designated as Administrative Officer of Working Committee (Ex-officio without vote)

B. Duties

1. Three voting members of the above Committee shall be considered a quorum in awarding loans. One of the three members must be the dean or administrative head of the department, college or school in which the applicant is enrolled.
2. Application for loans should be filed with Director of Loans and Scholarships.
3. In granting loans, the Working Committee shall be governed by the stipulations set forth in the Final Judgment.

III. Repayment Policy

Loans shall bear simple interest at the rate of 4 per cent per year, reckoned from date of original loan. Repayment of the principal and accrued interest shall be made over a ten year period beginning one year after the date when the borrower ceases to be a full-time student.

Admissions Test Program, Main University: Requirement of the Scholastic Aptitude Test of the College Entrance Examination Board in Lieu of the University's Own Admission Test Program, Fall Semester of 1961. --For the past five years, students applying for admission to the Main University have been required to take The University of Texas Admission Test. This testing program has been administered state-wide by the University's Testing and Counseling Center. During this period, the Director of Admissions has been authorized to accept scores on the Scholastic Aptitude Test of the College Entrance Examination Board in lieu of results from the University's own test, and non-residents have been required to take the College Board Test.

The Association of Texas Colleges at its meeting in San Antonio on April 2, 1960, adopted a resolution including the following provisions. The Association has requested that the member institutions make their decisions as to the program to be adopted before September 1, 1960:

1. There shall be instituted a state-wide system of testing of prospective students.
2. The merits of the testing services of both the College Entrance Examination Board and the American College Testing Program are recognized.

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3. The state-wide system will include both the programs of the College Entrance Examination Board and the American College Testing Program.
 4. Each member institution of this Association shall make a decision as to which or both or neither of these testing programs shall be utilized by it.

Accepting the proposal of the Administration, the Academic and Developmental Affairs Committee recommends for the Main University:

1. That it discontinue its own Admission Testing Program subsequent to the opening of the Fall Semester of 1961.
2. That after the beginning of the Fall Semester of 1961, all students applying for admission as entering freshmen who have not previously taken The University of Texas Admission Test be required to submit scores on the Scholastic Aptitude Test of the College Entrance Examination Board as a part of the admission requirements.

(As a matter of information, the University Admission Tests have been administered at expense of the University and without cost to the student. The charge for the College Board Test is \$4.00 per student.)

Post-Season Bowl Games, Policy Relating to (Main University). -- Chairman Minter at a previous meeting requested Mr. Madden to study the present policy regarding Post-Season Bowl Games at the Main University. Mr. Madden made a very exhaustive study in an effort to determine if any changes in the present policy were warranted. The Academic and Developmental Affairs Committee received Mr. Madden's report and approved his recommendation that no change be made in the existing policy of the Main University regarding post-season bowl participation.

Adoption of Report. -- The Board approved the Report of the Academic and Developmental Affairs Committee and all recommendations contained therein upon motion of Mr. Thompson, seconded by Mrs. Devall.

REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE (See Page 27 for adoption.) -- Committee Chairman Thompson presented the following Report of the Buildings and Grounds Committee:

Main University - Award of Contracts for Lounge for "T" Lettermen at Texas Memorial Stadium. -- In accordance with authorization given at the meeting of the Board of Regents held May 14, 1960, bids were called for and were opened and tabulated on June 14, 1960, as shown on Page 32, for the Lounge for "T" Lettermen at Texas

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Memorial Stadium at the Main University. After consideration of these bids by all concerned, it is recommended by the Consulting Architect, Jessen, Jessen, Millhouse, and Greeven, the Associate Architect, Winfred O. Gustafson, Mr. E. W. Olle, and Comptroller Sparenberg, which recommendations are concurred in by Vice-President Ransom, Vice-President Dolley, and President Wilson, that contract awards be made to the low bidders, as follows:

General Contract:

Ray L. Wimberly,
Austin, Texas

Base Bid	\$33,800.00	
Add Alternate No. 1	<u>3,600.00</u>	\$37,400.00

Electrical Contract:

Seco Smith Electric
Company, Austin, Texas

Base Bid	\$ 4,465.00	
Add Alternate No. 3	<u>90.00</u>	4,555.00

Plumbing Contract:

Fox-Schmidt,
Austin, Texas

Base Bid	\$ 3,348.00	
Add Alternate No. 1	<u>246.00</u>	3,594.00

Heating, Air Conditioning,
and Ventilating Contract:

Young and Pratt,
Austin, Texas

Base Bid	<u>12,940.00</u>
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Total Recommended Contract Awards	<u>\$58,489.00</u>
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These recommended contract awards, together with the Architects' Fees thereon, come well within the amount of money appropriated for this project, \$75,000.00, leaving a balance of a little over \$13,000.00 to cover furniture and contingencies. It is further recommended that authorization be given to the Comptroller's Office to prepare specifications for this furniture and to Comptroller Sparenberg to advertise for bids to be considered by the Board at a later meeting.

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Main University - Approval of Final Plans and Specifications for New Buildings and Other Improvements at W. J. McDonald Observatory. --In accordance with actions taken by the Board at the meetings held August 1, 1959 and November 14, 1959, working drawings and specifications have been prepared by the Associate Architect, Garland and Hilles, on New Buildings and Other Improvements at W. J. McDonald Observatory. These final plans and specifications have been approved by the Consulting Architect, Jessen, Jessen, Millhouse, and Greeven, Doctor W. W. Morgan, Director of the Observatory, the Main University Faculty Building Committee, Vice-President Ransom, Comptroller Sparenberg, and President Wilson. It is recommended that they be approved by the Board and that authorization be given to Comptroller Sparenberg to advertise for bids on this project, these bids to be presented to the Board for consideration at a later meeting.

Main University - Acquisition of Archway Properties. --In connection with the acquisition of the remaining Archway properties, the following recommendations are made by Mr. Forest Pearson, negotiator for the Archway properties, Mr. G. W. Landrum, Business Manager of the Main University, and Doctor J. C. Dolley, Vice-President for Fiscal Affairs:

1. Lots 6, 7, and 8 in Archway, a subdivision of Outlot No. 9, Division D, in the City of Austin, Travis County, Texas, are owned by the Corrine A. Cofer Estate. Mr. John D. Cofer, attorney, has the power of attorney to act for the Estate. Mr. Forest Pearson advised us on June 4, 1960, that his efforts to negotiate a satisfactory purchase price for this property had been in vain. Mr. Pearson has informed us that Mr. Cofer was asking \$70,000 for the property and that Mr. Cofer was going now to such expense as was necessary to prove his position and that the expense incurred would be added to the \$70,000 in the event we decided to come to his price.

Mr. Harold Legge's appraisal of this property was \$46,500 which means that the asking price is some 50 per cent above the appraisal. We have not paid more than 15 per cent above the appraised price in any of the transactions closed to date. Pursuant to the action taken at the Board meeting held in Galveston on May 13 and 14, we have written directly to Mr. Cofer and offered to purchase the subject property at a price of \$53,475 and have presented Mr. Cofer a contract of sale in the usual form for his acceptance.

In the event that Mr. Cofer does not accept our offer, we request permission to institute condemnation proceedings in cooperation with the Attorney General of the State of Texas.

2. Lot No. 1 in Archway, a subdivision of Outlot No. 9, Division D, in the City of Austin, Travis County, Texas, is owned by M. W. Clark et al. There are apparently

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two ownerships, and several heirs are involved with one-half of the lot. The principal owner and occupant of the property is Mrs. Minnie W. Clark, a widow 88 years of age, who is now quite feeble and who has resided in her home on this property for over 40 years. Mr. Pearson has been unable to negotiate a satisfactory figure with the representatives of the various interests of the Clark property. He has, however, had Mr. Henry G. Braswell, attorney (a nephew by marriage), present an offer to The University of Texas which will be satisfactory to the owners. We have received Mr. Braswell's letter, and he has stated that \$26,000 is the minimum amount which the owners have agreed to accept for the property. He has advised that a portion of the north part of the property is under Administration at this time and at least five heirs will share in the proceeds of any sale thereof, and that diverse interests are represented and their wishes with regard to the sale of the property are being respected by the Administration.

We do not recommend that the \$26,000 offer be accepted, and we do not recommend condemnation proceedings at this time. We would not be in a very good position in Court with an 88-year old owner-occupant of the property being "evicted from her home." Since this property is located on the extreme northwest corner of the property being acquired in Archway and since there is access to the property from Speedway, we recommend that the Board of Regents authorize us to make a counter offer to the Clarks as follows: Purchase price of \$20,000 cash at the time of closing with the following conditions: (1) we may close Archway Street as an access to the property since access will be available; (2) Mrs. Minnie W. Clark will be permitted to live, rent free, in the residence she now occupies so long as she lives or until she elects to move; (3) no improvements, repairs, or maintenance would be provided by the University for the property during the period in which Mrs. Clark lives in the house; and (4) the other dwelling unit on the property would become the property of the University to be used or torn down as we see fit immediately upon closing the transaction.

3. Parts of Lots 11, 14 and 15 and all of Lots 12 and 13 in Archway, a subdivision of Outlot No. 9, Division D, in the City of Austin, Travis County, Texas, are owned by the City of Austin. The appraisal submitted by Mr. Legge on these properties was \$14,050. We have written to Mr. Williams, City Manager of the City of Austin, offering to purchase the subject properties for the appraised price of \$14,050. We have not as yet received a reply from the City, but ask for permission to close the transaction if the offer of \$14,050 is accepted.

Main University - Report for Information on Purchase of Automatic Pinsetters for Bowling Alleys in The Texas Union. -- At the Regents' Meeting held December 12, 1958, an appropriation of \$131,200.00 for Purchase and Installation of Automatic

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Pinsetters in Bowling Alleys was made out of the Allotment Account for Addition to and Remodeling of Texas Union Building at the Main University. At that time it was not determined whether this purchase and installation would be handled through a change order to the General Contract or by purchase order. After careful investigation of the matter, it was decided to purchase the pinsetters by purchase order, since the Associate Architects had not drawn any plans or specifications on these items and were, therefore, not due any fees which would be payable if the cost of these pinsetters was added to the General Contract by change order.

Specifications were prepared in the Comptroller's Office and bids were called for and received by the Purchasing Office of the Main University, as follows:

American Machine and Foundry Company, New York, New York:

Base Bid on 16 AMF Fully Automatic
Pinsetters as set out in specifications
\$114,729.65

Alternate Bid on 16 AMF exclusive
Pindicator-Pinvisors in lieu of
Plain Masking Units, Add
\$ 3,200.00

Brunswick Corporation, Dallas, Texas:

Base Bid on 16 Automatic Pinsetters
as set out in specifications
\$121,992.39

After consideration of these bids by the Union representatives and the Comptroller's Office a purchase order was issued to the low bidder, American Machine and Foundry Company, New York, New York on the basis of that company's base bid plus the alternate, in the total amount of \$117,929.65. This amount of course, is well within the original appropriation.

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Main University - Approval of Inscription on Plaque for Business Administration-Economics Building. --It is recommended by the Comptroller, after consultation with the Consulting Architect and Dean John Arch White of the College of Business Administration, that the inscription as set out below be approved for a bronze plaque in lieu of cornerstone for the Business Administration-Economics Building at the Main University. This inscription conforms exactly to the standard pattern approved some time ago by the Regents.

1959

BOARD OF REGENTS

Merton M. Minter, M. D., Chairman
 J. Lee Johnson, III, Vice-Chairman
 J. P. Bryan
 Mrs. Charles Devall
 Thornton Hardie
 W. W. Heath
 Wales H. Madden, Jr.
 A. G. McNeese, Jr.
 Joe C. Thompson

---00---

Logan Wilson, President
 Charles H. Sparenberg, Comptroller

---00---

Harry H. Ransom, Vice-President and Provost of
 Main University
 C. Aubrey Smith, Chairman, Main University Faculty
 Building Committee

---00---

Page, Southerland, and Page, Architects
 C. D. Yarbrough Construction Company, General
 Contractor

Main University - Appropriation for House for President of Main University. --Following discussions held in Galveston May 13 and 14, 1960 and further discussions held since in Austin, it is now recommended by Mr. G. W. Landrum, Business Manager of the Main University, Mr. Charles H. Sparenberg, Comptroller, Doctor James C. Dolley, Vice-President for Fiscal Affairs, and Doctor Logan Wilson, President, that an appropriation of \$39,800.00 be made for the construction of a house for the President of the Main University, the source of funds to be Permanent University Fund Bond Proceeds. The amount recommended includes the cost of construction of the house plus the necessary Architects' fees. It is contemplated that the new home for the President-Elect of the Main University will be located on the Brackenridge tract,

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and that the necessary clearing and improvement of the site will be done by the Physical Plant staff of the Main University out of regular appropriations and will not be charged to the appropriation above recommended. It is further recommended that the Consulting Architect, Jessen, Jessen, Millhouse, and Greeven, prepare all of the plans and specifications necessary for this house, not just the preliminary plans, for a total fee of 6%, including a reasonable amount of supervision. Jessen, Jessen, Millhouse, and Greeven have agreed to this recommended arrangement. As soon as preliminary plans for the structure have been completed, they will be submitted, together with cost estimates, to the Legislative Budget Board and the Governor for their advice, consent, and approval.

Main University - Appropriation for Moving and Re-Erecting Present Art Building. -- It now seems that the final working drawings and specifications for the New Drama Building will probably be completed some time this summer, and that it might be possible to award construction contracts some time in September or October, 1960. A large part of the site for the New Drama Building on 23rd Street is now occupied by the temporary frame structure in which the Art Department is housed. It would be highly desirable, therefore, to move and re-erect the present Art Building before the long session of 1960-61 starts, if possible. It is probable that all of the present Art Building will have to be moved to make way for the New Drama Building and provide sufficient working space for the contractors involved. Obviously, the Art Department must be provided with quarters while they are waiting for their new building to be constructed and completed.

It is now recommended by Mr. G. W. Landrum, Business Manager of the Main University, and by Doctor H. H. Ransom, Vice-President and Provost of the Main University, which recommendation is concurred in by Comptroller Sparenberg, Vice-President Delley, and President Wilson, that an appropriation of \$30,000 be made from Account No. 27200 to an account entitled "Art Building - Moving and Relocating" to be set up in the Physical Plant section of the Main University accounts. Under the Regents' Rules and Regulations, repair and remodeling projects of \$20,000 or more per project would be handled under the supervision of the Comptroller's Office. Due to the nature of this project, however, it is recommended that all of the work involved in moving and re-erecting the Art Building be handled entirely by the Physical Plant staff of the Main University, under the supervision of Mr. Landrum and Mr. Eckhardt. It is proposed to move all or the major portion of the present frame structure across the street to the south.

Due to the fact that it is almost essential that this work be completed before the Long Session of 1960-61 starts, it is further recommended that whatever contract awards are necessary to accomplish this task be made with the approval of Doctor Ransom and Doctor Wilson, without waiting for the next Board meeting.

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Texas Western College - Approval of Final Plans and Specifications for Warehouse-Shops Building. -- In accordance with action taken by the Regents at the meeting held January 23, 1960, working drawings and specifications have been prepared by the Associate Architect, Davis, Foster, Thorpe, and Associates, for a Warehouse-Shops Building to be constructed at Texas Western College. These final plans and specifications have been approved by the Building Committee of Texas Western College, President Smiley, Comptroller Sparenberg, and President Wilson. It is recommended that they be approved by the Board and that Comptroller Sparenberg be authorized to advertise for bids to be presented to the Board for consideration at a later meeting.

Main University - Ratification of Change Order to Contract for Repair of Roofs and Roof Decks, Main Building. -- A contract in the amount of \$9,992.00 was awarded some time ago to Scheumack Brothers, Austin, Texas, for Repair of Roofs and Roof Decks, Main Building, at the Main University. As the work on this project has progressed it has been found that the insulation under the old roof is in bad condition, being water-soaked and soft. It thus has no insulation value and will not support a new roof, nor will any roofing manufacturer bond a roof applied to this old insulation, which has been there twenty-three years. The specifications for this project did not include replacement of this insulation, because at the time the specifications were written, it was not known that the insulation was bad, since it could not be determined until the old roof was removed. It was felt that to continue with the installation of the new roof without replacing this insulation would be a serious mistake, and it was also felt that the most expeditious way of handling this matter was to issue a change order to the contract already in effect, calling for removal of the old insulation and replacement with asphalt saturated insulation, which was not used when the Main Building was constructed.

A quotation containing a complete breakdown of the various components of the job was obtained from the Contractor in the amount of \$7,178.77. This quotation has been carefully considered by all concerned and is believed to be reasonable. After approval by Comptroller Sparenberg, Vice-President Dolley, and President Wilson, a change order to the Scheumack Brothers contract was issued in this amount, using the \$500.00 Contingency Allowance and adding \$6,678.77 to the contract from Account No. 91558, the allotment account for the project. No new appropriation is required.

It is recommended that the issuance of this change order be ratified by the Board.

Texas Western College - Award of Contract for Classroom-Office Building. -- In accordance with authorization given at the meeting of the Board of Regents held May 14, 1960, bids were called for, and were opened and tabulated on June 21, 1960, as shown on Page 33, for the Classroom-Office Building at

Texas Western College. After consideration of these bids by all concerned, it is recommended by the Consulting Architect, Jessen, Jessen, Millhouse, and Greeven, the Associate Architect, Carroll and Daeuble and Associates, President Smiley, and Comptroller Sparenberg, which recommendations are concurred in by Vice-President Dolley and President Wilson, that a contract award be made to the low bidder as follows:

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Robert E. McKee General Contractor, Inc.,
El Paso, Texas:

Base Bid	\$1,217,000.00
Add Alternate No. 1	7,720.00
Add Alternate No. 2	3,360.00
Add Alternate No. 3	23,600.00
Add Alternate No. 4	11,550.00
Add Alternate No. 5	2,100.00
Add Alternate No. 6	<u>2,975.00</u>

Total Recommended Contract Award	\$1,268,305.00
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The contract award as recommended above plus Architects' Fees thereon and an allowance of \$150,000.00 for Movable Furniture and Equipment will total slightly less than \$1,500,000.00; the appropriation for this project is \$1,650,000.00.

Texas Western College - Proposal to Purchase Certain Lots Adjacent to Campus. -- It is recommended by President Smiley, which recommendation is concurred in by Vice-Presidents Cox and Dolley, and President Wilson, that Doctor Smiley, or his successor, be authorized to proceed immediately to negotiate contracts for purchase of five (5) lots on the South end of the Campus near the site of the Warehouse-Shops Building at a price of \$700 a lot, or a total of \$3,500.00, and a plot of approximately one acre which protrudes into the men's dormitory area. This latter plot can probably be acquired for a sum somewhere between \$1,500.00 and \$2,000.00, according to Doctor Smiley. It is further recommended that the source of funds for these purchases be the Unappropriated Balance of the 5¢ Constitutional Tax Building Fund. It is further recommended that these Purchase Contracts be made conditional on obtaining Legislative approval. It is further recommended that, as usual, these contracts be approved as to substance by the Comptroller and as to legal form by the University Attorney, Mr. Waldrep.

Texas Western College - Transfers from Appropriation for Classroom-Office Building. --As indicated above, in the recommendation covering the contract award for the Classroom-Office Building, it now seems that there will be a balance of approximately \$150,000.00 in the appropriation for this building which can be used for other projects. The transfers indicated

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below are recommended by President Smiley, with the concurrence of Consulting Architect H. E. Jessen, Comptroller Sparenberg, and Vice-President Dolley:

1. Transfer from this appropriation the sum of \$100,000.00 to the appropriation for the Gymnasium-Fieldhouse; this will increase the total appropriation for this building from \$725,000.00 to \$825,000.00. The purpose of this recommendation is to make more certain the inclusion of several hand-ball courts and a small auxiliary gymnasium in the final contract award for the Gymnasium-Fieldhouse, and also to cover additional site improvements and movable furniture and equipment.
2. Transfer \$15,000.00 from this appropriation to the appropriation for the Warehouse-Shops Building; this transfer will increase the total appropriation for this building from \$125,000.00 to \$140,000.00. This transfer is to cover additional site improvements, including particularly fencing and paving for a storage yard.

The appropriations for the Gymnasium-Fieldhouse and the Warehouse-Shops Building were reduced below the amounts originally requested in order to increase the appropriation for the Classroom-Office Building, and still stay within the \$2,500,000.00 appropriated from Permanent University Fund Bond money.

Main University - Purchase of Furniture for International House. -- The Board of Regents recently authorized the purchase of the former Alpha Chi Omega House, principally for quarters for the Main University International Office. The building also affords space for other official campus activities, such as meetings and receptions for distinguished visitors, parents of students, and other friends of the University. Doctor Ransom recommends that \$15,000 be allocated for furnishing and equipping the building for these purposes. The President concurs in this recommendation and requests approval of the Buildings and Grounds Committee for establishment of an account of \$15,000, funds to come from Permanent University Fund bond proceeds. This recommendation has also been approved by Vice-President Dolley. It is understood by the Regents' Buildings and Grounds Committee that charges against this additional appropriation of \$15,000. will be approved by the Comptroller in the usual fashion, and that the Comptroller is authorized to determine how the plans and specifications and other documents shall be prepared and by whom.

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M. D. Anderson Hospital and Tumor Institute - Authorization for Additional Building Construction (For Submission to Legislature, for Applications to Federal Government, for Permission to Prepare Preliminary Plans). --In the discussion of the Master Plan for Physical Plant Development at the M. D. Anderson Hospital and Tumor Institute, the Committee of the Whole on Friday, July 1, considered the following projects to be financed entirely from gifts and grants:

The following building projections are additions to the present building in an attempt to implement over the next ten years a significant upward thrust in research:

A. ADDITION I. 20,250 square feet, \$800,000.

Already approved by Regents and Legislature. Adds 4,050 square feet on each of 5 floors on North.

B. ADDITION II. 49,600 square feet, \$2,044,000.

Already approved by Regents for submission to Legislature; also approved submission of grant request based thereon. Adds 22,000 square feet each on floors 6 and 7, 1,400 square feet on each of 4 floors over loading dock.

C. ADDITION III. 74,500 square feet, \$2,500,000.

Tentatively referred to as "Gimbel Building," this would be a new East Wing of the research building, plus storage space made by enclosing sub-surface driveway. Furnishes animal quarters to each research floor, more space for nuclear medicine, expansion of laboratories and offices.

TOTAL (A, B, & C) \$5,344,000

It is recommended by the Buildings and Grounds Committee and the Administration that the following recommendation proposed on Page 17 of the Master Plan be approved:

Approve Project C (1) for submission to Legislature for permission to construct and (2) for preliminary applications to USPHS for matching funds. Specifically, these steps are to be authorized:

1. Application to United States Public Health Service for Hill-Burton funds.

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2. Amendment of application now before Health Research Facilities Branch of U. S. Public Health Service for Projects A and B to include portion of Project C.
3. Consulting Architects to prepare preliminary plans and specifications and MacKie and Kamrath be retained as Associate Architects to submit plans required for applications. (It was understood by all concerned--the Regents' Buildings and Grounds Committee and Central Administration--that the Consulting Architects and the Associate Architects will work together from the beginning, including the plans required for submission to the Federal Government.)
4. \$20,000 be transferred from the University Cancer Foundation to Unexpended Plant Funds for Consulting Architect fees. If grant funds are received, \$20,000 to be returned.

Adoption of Report. --The foregoing report of the Buildings and Grounds Committee was adopted upon motion of Mr. Thompson, seconded by Mrs. Devall.

Main University - Audit of Space Utilization. --Committee Chairman Thompson reported that on behalf of the Buildings and Grounds Committee he had met on June 24 with the University staff and representatives of Taylor, Lieberfeld, and Heldman, Inc., to discuss their report on space utilization at the Main University. Though the survey indicated that possibly some of the classrooms were too large, the percentage of classroom utilization was very favorable, and space utilization was quite good. Mr. Thompson reported he felt the Regents now have sound ground on which to stand in expending money for future buildings and that in his opinion it was a good investment to have neutral and expert parties to make this survey and present a report.

A copy of each the Digest Report and the Appraisal of Space Utilization at the Main University by Taylor, Lieberfeld, and Heldman, Inc., is in the Office of the Secretary of the Board.

Scheduled Meeting of the Buildings and Grounds Committee (September 16-17, 1960). --Committee Chairman Thompson announced that the Buildings and Grounds Committee had scheduled a meeting on September 16-17, 1960, to consider the ten-year physical plant development program. All members of the Board who can and desire to are invited to attend. The Secretary was instructed to remind each Regent of this meeting.

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REPORT OF THE MEDICAL AFFAIRS COMMITTEE. --At the request of Chairman Minter, Committee Chairman Bryan presented the report of the Medical Affairs Committee, to-wit:

Medical Branch: Curriculum for Alternate Three-year Program. -- The Medical Affairs Committee received as a matter of information a proposal of the Medical Branch at Galveston to offer an alternative curriculum schedule which would permit graduation from the Medical Branch in three years. A copy of this proposal was in the Material Supporting the Agenda for the July 1960 meeting. President Wilson approved this proposal with the understanding that no budgetary implications, no new degree programs, and no substantive curricular changes are involved. The proposal involves only scheduling changes.

Medical Branch: Proposal for Children's Psychiatric Unit. --In the discussion of matters relating to the Medical Affairs Committee, the Committee of the Whole, upon motion of Mr. Hardie, seconded by Mr. Thompson, authorized Doctor Truslow to explore with the State Hospital Board the possibilities of an interagency contract for \$250,000 to operate a Children's Psychiatric Unit. It was understood that Psycho Building II and Psycho Building III could provide forty beds for such a unit and that the major operation of the unit would be to train psychiatrists for child guidance.

Southwestern Medical School: (1) Affirmation of Previous Policy re Teaching Hospital (2) Negotiation Authorized re Allocation of Space, Presbyterian Hospital and Children's Hospital. --In the Material Supporting the Agenda mailed to each Regent were the policies re allocation of sites for proposed Presbyterian Hospital or any other private group hospital and re private teaching hospitals as adopted by the Board at its meeting on November 2-3, 1956. (Permanent Minutes, Volume IV, Pages 277-278)

Upon the recommendation of Dean Gill, concurred in by the Administration, the Medical Affairs Committee recommends that the prerequisites for a teaching hospital affiliation approved by a previous Board be reaffirmed and that Dean Gill be authorized to negotiate such an agreement with the Presbyterian Hospital group on the basis of these prerequisites if the hospital should be built at some distance from the campus.

The Committee of the Whole received an oral report from Dean Gill regarding developments that might ease the student housing problem at Southwestern Medical School as well as a review of the uncommitted acreage on the Southwestern Medical School campus. It was the consensus of the Committee of the Whole at its meeting on Friday, July 1, that this uncommitted space not be allocated to student housing.

Dean Gill suggested to the Medical Affairs Committee that it consider the allocation of some of the uncommitted space for the Presbyterian Hospital and for the Children's Hospital. In light of the present developments, the Medical Affairs Committee recommends that Dean Gill and Regent Thompson consult with the Southwestern Medical Foundation and negotiate with the Presbyterian Hospital group and the Children's Hospital group for a possible allocation of some of this uncommitted acreage to these groups.

Adoption of Report. -- The foregoing report was accepted upon a motion duly made and seconded.

SUMMARY REPORT OF INSTITUTIONAL HEAD, M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE. --The regularly scheduled summary report of Doctor R. Lee Clark, Jr. on M. D. Anderson Hospital and Tumor Institute was again deferred until the September 1960 meeting.

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APPROVAL OF MINUTES, MAY 13-14, 1960. --The minutes of the regular meeting of the Board of Regents of The University of Texas held in Galveston, Texas, on May 13-14, 1960, were approved in the form as circulated by the Secretary, upon motion of Mr. Heath, seconded by Mr. Madden.

REPORT OF EXECUTIVE COMMITTEE--INTERIM ACTIONS (APRIL 25--JUNE 14, 1960). --Upon motion of Mrs. Devall, seconded by Mr. Madden, the report of the Executive Committee as set out below and as submitted by Committee Chairman Hardie in the Material Supporting the Agenda was adopted:

During the period April 25 through June 14, 1960, twelve items have been presented to and approved (by mail vote) by the Executive Committee. Each item was recommended by the respective institutional head concerned, which recommendation was concurred in by President Wilson; with the exception of two items, each has been incorporated in the docket for the July 1-3, 1960 meeting with approval of Executive Committee indicated.

1. Budgetary Items

Medical Branch. --Two items recommended by Executive Dean and Director Truslow and reported in Items 2 and 3, Page G-1, of the attached docket.

2. Absences from the Campus in Excess of Two Weeks

- a. Main University. --Absence of Doctor Howard T. Odum, Professor William Junius Carter, Doctor Louis S. Kornicker, Miss Freddie Ruth Little, and Mrs. Florence D. Wilson reported in the attached docket on Page M-33.
- b. Medical Branch. --Absence of Doctor Joe Bert Nash reported in the attached docket as Item 5, Page G-5.

Absence of Doctor Wayne E. Truax. This item was not approved in time to be reported in the July docket, but will be reported in the subsequent docket.

- c. M. D. Anderson Hospital and Tumor Institute. -- Absence of Doctor Michael L. Ibanez and Doctor William O. Russell reported in the attached docket on Page A-2.

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Absence of Doctor Saul Kit. This item was not approved in time to be reported in the July docket, but will be reported in the subsequent docket.

These items are reported for ratification by the Board.

SCHEDULED MEETINGS OF THE BOARD. --The Board cancelled the meeting that had been scheduled on August 19-20, 1960, and approved the following calendar for the fall of 1960:

September 23-24, 1960, in Austin
October 21-22, 1960, in Houston
December 8-10, 1960, in El Paso

There was also scheduled at 10:00 a.m. on September 23, 1960, a joint meeting of the Governing Boards of State Colleges and Universities.

ITEM FOR THE RECORD. --The following action of the Committee of the Whole on May 14, 1960, is reported for the record:

Appointees, University Development Board. --At the March 1960 meeting of the Board of Regents, the Academic and Developmental Affairs Committee, acting through its chairman, was authorized to work with the Nominating Committee of the Ex-Students' Association in order to coordinate geographical and other distribution of appointments to be made to the University Development Board.

At the May 13-14, 1960, meeting in Galveston, Committee Chairman Devall presented the names of the following who were approved for appointment by the Board of Regents, effective September 1, 1960:

Mr. Ernest Cockrell, Jr., Houston, Texas
Mr. J. Francis Morgan, El Paso, Texas
Mr. J. L. Patton, Tyler, Texas
Mr. Preston Shirley, Galveston, Texas

At the first meeting of the University Development Board after September 1, 1960, the new appointees will draw for terms of either four or six years.

Letters of acceptance of membership on the Development Board have been received from each.

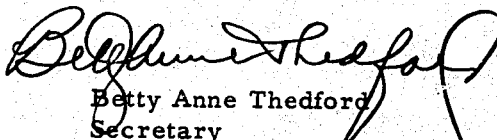
It is also reported for the record that the Ex-Students' Association has appointed and has received letters of acceptance from the following:

7-02-60

Mr. Edward Clark, Austin, Texas
Mr. Charles S. Coates, Chappel Hill, Texas

The full membership of the University Development Board will be reported in the Regents' minutes as soon as the new appointees have drawn for their terms of service.

ADJOURNMENT. --The Board adjourned at 5:00 p. m.


Betty Anne Thedford
Secretary

TABULATION OF BIDS

LOUNGE FOR "T" LETTERMEN AT TEXAS MEMORIAL STADIUM
 MAIN UNIVERSITY, THE UNIVERSITY OF TEXAS, AUSTIN
 Bids Opened: 2:30 P.M., Tuesday, June 14, 1960

939

7-02-60

CONTRACT

<u>Contractor</u>	<u>Base Bid</u>	<u>Alternate No. 1</u>	<u>Alternate No. 2</u>	<u>Alternate No. 3</u>	<u>Alternate No. 4</u>
ett Construction y, Inc.	\$37,546.00	/\$3,251.00	-\$325.00	-\$250.00	-\$220.00
nd Construction y	38,122.00	/ 3,027.00	- 349.00	- 272.00	- 239.00
. Ebach, General ctor	37,965.00	/ 4,485.00	- 410.00	- 230.00	- 200.00
imberly	33,800.00	/ 3,600.00	- 170.00	- 160.00	- 60.00

AL CONTRACT

<u>Contractor</u>	<u>Base Bid</u>	<u>Alternate E-1</u>	<u>Alternate E-2</u>	<u>Alternate E-3</u>
amins Electric Co.	\$5,941.00	-\$1,286.00	/\$100.00	/\$ 95.00
idt	5,531.00	- 1,070.00	/ 240.00	/ 111.00
nston, Inc.	5,221.00	- 1,124.00	/ 118.00	/ 48.00
th Electric Company	4,465.00	- 800.00	/ 200.00	/ 90.00
. Tew Electric	5,081.00	- 1,181.00	/ 94.00	/ 70.00

AL CONTRACT

<u>Contractor</u>	<u>PLUMBING CONTRACT</u>		<u>HEATING AIR CONDITIONING & VENTILATING CONTRACT</u>		<u>COMBINED PLUMBING, HEATING, AIR COND., & VENTILATING CONTRACT</u>	
	<u>Base Bid</u>	<u>Alternate P-1</u>	<u>Base Bid</u>	<u>Alt. HAV-1</u>	<u>Base Bid</u>	<u>Alt. PHAV-1</u>
er, ical Contractor					\$16,437.00	-\$229.00
idt	\$3,348.00	/\$246.00				
year	3,640.00	- -				
a & Sons	4,900.00	- -				
ann Air loning Co.			\$14,754.00	-\$445.00		
tinger	3,677.00	/ 230.00				
ratt			12,940.00	- 164.00	16,440.00	- 164.00

ers listed above are located in Austin, Texas.
 ers submitted with their bids a bidder's bond in the amount of 5% of the total bid.

TABULATION OF BIDS

940

CLASSROOM-OFFICE BUILDING, TEXAS WESTERN COLLEGE
THE UNIVERSITY OF TEXAS, EL PASO, TEXAS
Bids Opened: 2:30 P.M., Tuesday, June 21, 1960

7-02-60

<u>Contractor</u>	<u>Base Bid</u>	<u>Alternate No. 1 Asphalt Tile</u>	<u>Alternate No. 2 Vinyl Tile in Corridor</u>	<u>Alternate No. 3 Site Work</u>	<u>Alternate No. 4 Detroit Controls</u>
Avell & Company	\$1,258,000	/\$6,800	/\$3,200	/\$26,600	/\$11,500
McKee General Contractor, Inc.	1,217,000	/\$ 7,720	/\$ 3,360	/\$ 23,600	/\$ 11,550
Morgan and Sons	1,269,633	/\$ 8,250	/\$ 3,550	/\$ 51,400	/\$ 12,100
Brothers	1,323,000	/\$ 6,900	/\$ 3,135	/\$ 39,000	/\$ 11,450
and Son	1,289,000	/\$ 8,300	/\$ 3,190	/\$ 20,750	/\$ 12,000

	<u>Alternate No. 5 Clock & Bell System</u>	<u>Alternate No. 6 Venetian Blinds</u>	<u>Alternate No. 7 Series #138</u>	<u>Alternate No. 8 M.L. & P1 Partition</u>	<u>Alternate No. 9 Omit Ceramic Wall Tile</u>
Avell & Company	/\$2,000	/\$3,000	-\$24,000	-\$1,000	-\$31,000
McKee General Contractor, Inc.	/\$ 2,100	/\$ 2,975	- 25,500	/\$ 3,450	- 33,400
Morgan and Sons	/\$ 2,100	/\$ 3,200	- 23,800	/\$ 3,200	- 32,300
Brothers	/\$ 2,060	/\$ 3,375	- 22,500	- 1,650	- 27,500
and Son	/\$ 1,600	/\$ 2,990	- 24,500	/\$ 6,675	- 31,750

	<u>Alternate No.10 M.L. & P1 Partition Omit Ceramic Wall Tile</u>	<u>Alternate No.11 Omit Granite</u>	<u>Alternate No.12 Alt. Control System</u>	<u>Bidder's Bond</u>
Avell & Company	-\$32,000	-\$14,000	-\$800	5%
McKee General Contractor, Inc.	- 28,400	- 13,500	- 800	\$150,000
Morgan and Sons	- 27,000	- 12,000	- 800	5%
Brothers	- 31,000	- 13,500	- 800	5%
and Son	- 16,330	- 11,880	- 271	5%

Contractors listed above are located in El Paso, Texas

ATTACHMENT NO. 1

941

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 meeting of May 13, 1960. We ask that the Board ratify and approve these transactions:

7-02-60

PURCHASE OF SECURITIES

CORPORATE BONDS

<u>Security</u>	<u>Par Value of Bonds Purchased</u>	<u>Market Price at Which Purchased</u>	<u>Total Principal Cost*</u>	<u>Indicated Current Yield on Cost**</u>
Pennsylvania Electric Co. 5% First Mtge. Bonds, dated 5/1/60, due 5/1/90	\$ 250,000	100.625 Net	\$ 251,562.50	4.96%
Northwestern Bell Telephone Co. 4-7/8% Debentures, dated 6/1/60, due 6/1/98	500,000	101.304 Net	506,520.00	4.80
Baltimore Gas & Electric Co. 4-7/8% First Refunding Mtge. S. F. Bonds, dated 6/1/60, due 6/1/80	500,000	101.602 Net	508,010.00	4.75
Total Corporate Bonds Purchased	<u>\$1,250,000</u>		<u>1,266,092.50</u>	<u>4.81</u>

COMMON STOCKS

	<u>Number of Shares Purchased</u>			
Wisconsin Electric Power Company Common Stock	904	32.25 plus 10 rights	29,154.00	5.58
Eastman Kodak Company Common Stock	400	109-3/4	44,099.92	1.63
The Southern Company Common Stock	1,100	46-1/8(800) 46 (300)	51,162.48	3.01
Allied Chemical Corporation Common Stock	900	48-3/8(400) 48-1/2(400) 48-1/4(100)	43,963.89	3.68
Federated Department Stores, Inc. Common Stock	700	67-7/8(300) 67-3/4(300) 67 (100)	47,707.91	2.93
Houston Lighting & Power Company Common Stock	700	78-1/2	55,277.95	2.03
International Business Machines Corporation Capital Stock	100	464	46,475.00	0.65
Texaco Inc., Capital Stock	700	68 (300) 67-3/4(300) 67 (100)	47,745.44	3.81

brokerage commissions paid.
maturity for bonds; yield at present indicated dividend rate for stocks.

COMMON STOCKS (Continued)

7-02-60

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Security	Number of Shares Purchased	Market Price at Which Purchased	Total Principal Cost*	Indicated Current Yield on Cost**
Ford Motor Company Common Stock	700	69-1/2(100) 69 (100) 68-3/4(200) 68-5/8(100) 69-5/8(100) 69-1/4(100)	\$ 48,671.36	4.31%
C. I. T. Financial Corporation Common Stock	900	53-1/8(100) 52-3/4(300) 52-5/8(200) 52-7/8(100) 52-1/2(100) 53 (100)	47,898.51	4.89
Continental Illinois National Bank & Trust Co. of Chicago Common Capital Stock	200	110 Net	22,000.00	3.64
Security First National Bank (L. A.) Common Stock	300	62-1/2 Net	18,750.00	2.56
First City National Bank of Houston Common Capital Stock	500	42-1/2 Net	21,250.00	2.35
General Foods Corporation Common Stock	400	121-1/2	48,804.60	2.29
Armco Steel Corporation Common Stock	800	64-3/4(200) 64-1/2(600)	52,013.66	4.61
The Bendix Corporation Common Stock	800	69 (500) 68-3/8(300)	55,379.52	3.47
Norfolk & Western Railway Company Common Stock	400	99 (200) 99-1/2(100) 100-1/2(100)	39,995.80	4.90
Shell Oil Company Common Stock	1,700	36-1/2(700) 36-3/8(400) 36-1/4(400) 36-3/4(200)	62,582.79	2.99
Smith Kline & French Labora- tories Common Stock	900	63-1/2(400) 63-1/4(100) 63 (300) 62-1/2(100)	57,282.88	1.96
Caterpillar Tractor Company Common Stock	1,900	28-1/4	54,304.47	3.50
Florida Power & Light Company Common Stock	900	65 (400) 64 (500)	58,409.00	1.48
Oklahoma Gas & Electric Company Common Stock	1,500	32-1/4(400) 31-7/8(400) 31-3/4(100) 32-3/8(400) 32-1/8(200)	48,726.04	3.45

brokerage commissions paid.
present indicated dividend rate.

COMMON STOCKS (Continued)

943

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Year of Purchase	Security	Number of Shares Purchased	Market Price at Which Purchased	Total Principal Cost*	Indicated Current Yield on Cost**
1/60	Bank of America National Trust & Savings Association Common Capital Stock	500	42-7/8 Net	\$ 21,437.50	4.43%
1/60	Connecticut General Life Insurance Company Capital Stock	100	354 Net	35,400.00	0.68
	Total Common Stocks Purchased	<u>18,004</u>		<u>1,058,492.72</u>	<u>3.06</u>
	Total Corporate Securities Purchased			<u>\$2,324,585.22</u>	<u>4.01%</u>

Includes brokerage commissions paid.
Yield at present indicated dividend rate.

PERMANENT UNIVERSITY FUND INVESTMENT PROGRAM - PROPOSED CONTINUATION OF INVESTMENT ADVISER SERVICES OF LIONEL D. EDIE & COMPANY, INC., FOR 1960-61 FISCAL YEAR.--The Staff Investment Committee is of the opinion that the advisory services of the Lionel D. Edie & Company, Inc., should be continued for the 1960-61 fiscal year. Accordingly, it is recommended by the Land and Investment Committee that the Endowment Officer be authorized to execute a renewal contract with the Edie firm for a period from September 1, 1960, through August 31, 1961, at the same annual rate of \$7,500.00, payable quarterly at the end of each quarter after performance of the work called for under the contract, as required by the State Comptroller.

PERMANENT UNIVERSITY FUND INVESTMENT PROGRAM - PROPOSED SUCCESSOR FOR MEMBER OF INVESTMENT ADVISORY COMMITTEE WHOSE TERM EXPIRES ON AUGUST 31, 1960.-- Pursuant to action of the Board of Regents in September, 1958, the four members of the Investment Advisory Committee for the Permanent University Fund investment program were placed on a rotation system with the term of one member expiring on each August 31. To take the place of Mr. Donald D. James whose term expires as of August 31, 1960, it is recommended by the Staff Investment Committee and concurred in by the Land and Investment Committee that Mr.

VANCE FOSTER

be appointed to the Investment Advisory Committee for a four-year term beginning on September 1, 1960, and ending on August 31, 1964. See Page 918.

7-02-60⁹⁴⁴

PERMANENT UNIVERSITY FUND INVESTMENT PROGRAM - PROPOSED AMENDMENTS TO POLICIES GOVERNING INVESTMENT IN CORPORATE SECURITIES.--It is recommended that the following amendments be approved by the Board of Regents to Section I, under "Policies Governing Investment in Corporate Securities," page 2 of the Policies Governing Permanent University Fund Investment Program:

Add immediately after the first paragraph of Section I, which includes the table showing the percentage distribution of securities, the following amendments:

"Exceptions to the above provision, regarding exclusive purchase of corporate securities until the distribution is 50% in corporate securities, are approved as follows:

"Temporary investment in United States Treasury Bills is authorized when a large amount of cash is received (for example, from bonus payments on mineral leases or from bond maturities), with the object of earning some income pending orderly investment of the funds in corporate securities. Such purchases of Treasury Bills are to be made at the discretion of the Staff Investment Committee.

"Exchange of United States Treasury securities held by the Fund into refunding offers made by the Treasury Department is authorized, provided that those Treasury securities maturing prior to 1965 are not to be exchanged for Treasury securities with maturities extending beyond 1965."

PERMANENT UNIVERSITY FUND INVESTMENT PROGRAM - REPORT ON SWITCHING PROGRAM FOR HOLDING OF NONMARKETABLE TREASURY SECURITIES AUTHORIZED JUNE 13, 1959, AND RECOMMENDATION RE CONTINUATION OF THE PROGRAM.--At the June 13, 1959, meeting of the Board of Regents, the Endowment Officer was authorized to carry out a switching program up to a total of \$30,000,000 par value of the \$67,700,000 par value of the nonmarketable 2-3/4% Treasury Bonds, Investment Series B, due 4/1/80-75, held by the Permanent University Fund. The program approved was to exchange the 2-3/4s into marketable 1-1/2% Treasury Notes, the latest then being due 4/1/64, and to sell the notes and to use the net proceeds for reinvestment in a like par amount of either the Treasury 3-1/4s of 5/15/85 or the Treasury 3-1/2s of 2/15/90, the timing of such exchanges and sales and the reinvestment securities to be determined by the Staff Investment Committee. On October 3, 1959, the Board of Regents authorized continuation of the program with exchange into the 1-1/2s due 10/1/64, and subsequent sale and reinvestment as originally approved. At present, a total of \$15,000,000 par value of the nonmarketable 2-3/4s has been switched out into the 3-1/4s of 1985, with an average improvement in yield of one-half of one per cent. It is recommended that the Board again authorize continuation of the switching program as originally approved, with exchange into the latest issue of 1-1/2% Treasury Notes into which the nonmarketable 2-3/4s may be exchanged, subsequent sale and reinvestment in either the 3-1/4s of 1985 or the 3-1/2s of 1990.

7-02-60⁹⁴⁵

PERMANENT UNIVERSITY FUND INVESTMENT PROGRAM - RECOMMENDED CHANGES IN DIVERSIFICATION PATTERNS.--The following table reports the present industry percentage allocations for common stocks, as approved by the Board of Regents in November, 1959, and the recommended changes in such allocations. It is recommended that the Board approve the proposed percentage allocation changes as shown in the table:

PROPOSED CHANGES IN INDUSTRY PERCENTAGE ALLOCATIONS
(Dollar Allocations Based on \$150,000,000 in Common Stocks)

Corporations by Industry Groups	% of Total Common Stocks		Dollar Group Allocation	
	Present	Recommended	Present	Recommended
A. INDUSTRIALS				
Group I	(24.5%)	(25.0%)	(\$ 36,750,000)	(\$ 37,500,000)
1. Food & Household	6.0	6.0	9,000,000	9,000,000
2. Chemical Products	5.0	5.0	7,500,000	7,500,000
3. Containers	2.0	2.0	3,000,000	3,000,000
4. Paper Products	3.0	3.0	4,500,000	4,500,000
5. Retail Trade	3.0	3.0	4,500,000	4,500,000
6. Tobacco Products	1.5	1.5	2,250,000	2,250,000
7. Drugs	4.0	4.5	6,000,000	6,750,000
Group II	(22.0%)	(23.0%)	(\$ 33,000,000)	(\$ 34,500,000)
1. Air Transport	-0-	-0-	-0-	-0-
2. Building Materials	4.5	5.0	6,750,000	7,500,000
3. Electrical - Electronic	4.5	5.0	6,750,000	7,500,000
4. Office Equipment	3.0	3.0	4,500,000	4,500,000
5. Petroleum Products	8.0	8.0	12,000,000	12,000,000
6. Synthetic Fibres	-0-	-0-	-0-	-0-
7. Tires & Rubber	2.0	2.0	3,000,000	3,000,000
Group III	(12.0%)	(11.0%)	(\$ 18,000,000)	(\$ 16,500,000)
1. Autos & Auto Parts	2.5	2.5	3,750,000	3,750,000
2. Machinery & Equipment	2.5	2.0	3,750,000	3,000,000
3. Metals - Nonferrous	2.0	1.5	3,000,000	2,250,000
4. Steel & Iron	5.0	5.0	7,500,000	7,500,000
Group IV (Miscellaneous)	(4.0%)	(4.5%)	(\$ 6,000,000)	(\$ 6,750,000)
TOTALS - INDUSTRIALS	<u>62.5</u>	<u>63.5</u>	<u>93,750,000</u> (78 Cos.)	<u>95,250,000</u> (76 Cos.)
B. PUBLIC UTILITIES				
1. Light & Power	21.0	22.0	31,500,000	33,000,000
2. Gas Service & Transmission	2.0	-0-	3,000,000	-0-
3. Telephone	2.0	2.0	3,000,000	3,000,000
TOTALS - PUBLIC UTILITIES	<u>25.0</u>	<u>24.0</u>	<u>37,500,000</u> (32 Cos.)	<u>36,000,000</u> (28 Cos.)
C. RAILS	<u>2.0</u>	<u>2.0</u>	<u>3,000,000</u> (3 Cos.)	<u>3,000,000</u> (3 Cos.)
D. FINANCIAL CORPORATIONS				
1. Banks	5.5	5.5	8,250,000	8,250,000
2. Insurance - Fire & Casualty	1.5	1.5	2,250,000	2,250,000
3. Insurance - Life	1.5	1.5	2,250,000	2,250,000
4. Finance Companies	2.0	2.0	3,000,000	3,000,000
TOTALS - FINANCIAL CORPORATIONS	<u>10.5</u>	<u>10.5</u>	<u>15,750,000</u> (29 Cos.)	<u>15,750,000</u> (29 Cos.)
TOTALS	<u>100.0%</u>	<u>100.0%</u>	<u>\$150,000,000</u> (142 Cos.)	<u>\$150,000,000</u> (136 Cos.)

7-02-60

PERMANENT UNIVERSITY FUND INVESTMENT PROGRAM - RECOMMENDED CHANGES IN APPROVED LIST OF CORPORATIONS FOR BOND, PREFERRED STOCK, AND COMMON STOCK PURCHASES.--It is recommended that the deletion of the following corporations from the list approved by the Board of Regents on November 14, 1959, for the purchase of bonds, preferred stocks, and common stocks for the account of the Permanent University Fund be approved by the Board of Regents. It is further recommended that the Endowment Officer be authorized to sell the holdings in common stocks of those corporations approved for deletion, the timing of such sales to be subject to the discretion of the Staff Investment Committee with the understanding that the Staff Committee is to take as much time as necessary to sell on strength in the market on a dollar averaging basis for each common stock to be sold:

A. INDUSTRIAL CORPORATIONS --

Group III

Machinery & Equipment:

Link-Belt Company

Metals - Nonferrous:

Phelps Dodge Corporation

B. PUBLIC UTILITY CORPORATIONS --

Gas Service and Gas Transmission:

Consolidated Natural Gas Company

El Paso Natural Gas Company

Pacific Lighting Corporation

United Gas Corporation

The table beginning on the page following is presented for information. It presents the weightings currently approved by the Staff Investment Committee for common stock purchases within the industry groups, with dollar allocations to each company, based on the above recommended changes in industry percentage allocations, the above recommended deletions of corporations from the approved list, and assuming a total of approximately \$150,000,000 in common stocks at such time when the Permanent University Fund is in balance with 50% in corporate securities and 50% in government securities.

PERMANENT UNIVERSITY FUND--LAND MATTERS.--

7-02-60

LEASES AND EASEMENTS.--The Land and Investment Committee has given consideration to the following applications for various leases and easements on University Lands. All are at the standard rates, unless otherwise stated, are on the University's standard forms, with grazing leases carrying provision for renewal for an additional five years at negotiated terms, and all have been approved as to form by the University Land and Trust Attorney and as to content by the Endowment Officer. The Land and Investment Committee recommends that the Board approve these applications and authorize the Chairman of the Board to execute the instruments involved:

PIPE LINE EASEMENT NO. 1475, PHILLIPS PETROLEUM COMPANY, ANDREWS COUNTY.--This application for a pipe line easement covers 186.9 rods of $4\frac{1}{2}$ -inch line at \$0.50 per rod for a 10-year period beginning May 1, 1960 and ending April 30, 1970, located in Section 12, Block 10, and Section 11, Block 13, Andrews County. Consideration of \$93.45 for the 10-year period has been received.

PIPE LINE EASEMENT NO. 1476, SINCLAIR OIL AND GAS COMPANY, ANDREWS COUNTY (RENEWAL OF NO. 458).--This application for a pipe line easement covers 160 rods of $2\frac{1}{2}$ -inch line at \$0.25 per rod for a 10-year period beginning August 1, 1960 and ending July 31, 1970, located in Section 13, Block 13, Andrews County. Minimum consideration of \$50.00 has been received.

PIPE LINE EASEMENT NO. 1477, PHILLIPS PETROLEUM COMPANY, ANDREWS COUNTY (RENEWAL OF NO. 469).--This application for a pipe line easement covers 410.5 rods of 7-inch line at \$1.00 per rod for a 10-year period beginning November 1, 1960 and ending October 31, 1970, located in Sections 5 and 6, Block 13, Andrews County. Consideration of \$410.50 for the 10-year period has been received.

PIPE LINE EASEMENT NO. 1478, TEXAS-NEW MEXICO PIPE LINE COMPANY, CRANE COUNTY.--This application for a pipe line easement covers 466 rods of $4\frac{1}{2}$ -inch line at \$0.50 per rod for a 10-year period beginning April 1, 1960 and ending March 31, 1970, located in Sections 20 and 29, Block 30, Crane County. Consideration of \$233.00 for the 10-year period has been received.

POWER LINE EASEMENT NO. 1479, TEXAS ELECTRIC SERVICE COMPANY, CRANE COUNTY (RENEWAL OF NO. 464).--This application for a power line easement covers 2,504.97 rods of electric distribution lines at \$0.50 per rod for a 10-year period beginning July 1, 1960 and ending June 30, 1970, located in Sections 3, 10, 15, 22, 23, 26, 27, 34, and 35, Block 31, Crane County. This is a renewal of lines under Easement No. 464, together with new lines which have been installed. Consideration of \$1,252.49 for the 10-year period has been received.

POWER LINE EASEMENT NO. 1480, TEXAS ELECTRIC SERVICE COMPANY, ANDREWS COUNTY (RENEWAL OF NO. 465).--This application for a power line easement covers 247.03 rods of electric distribution lines at \$0.50 per rod for a 10-year period beginning July 1, 1960 and ending June 30, 1970, located in Sections 2 and 6, Block 10, Andrews County. The number of rods of line under this easement is based on a re-survey and differs from the number of rods under Easement No. 465, of which this is a renewal.

POWER LINE EASEMENT NO. 1481, TEXAS ELECTRIC SERVICE COMPANY, ANDREWS COUNTY.--This application for a power line easement covers 1,515.88 rods of electric transmission lines at \$0.50 per rod for a 10-year period beginning June 1, 1960 and ending May 31, 1970, located in Sections 5, 8, 17, 20, 28 and 29, Block 13, Andrews County. These lines will serve a sub-station under Easement No. 1474. Consideration of \$757.94 for the 10-year period has been received.

7-02-60

PIPE LINE EASEMENT NO. 1482, TRANSWESTERN PIPE LINE COMPANY, WARD COUNTY.--This application for a pipe line easement covers 1,858.60 rods of 8-inch line at \$1.00 per rod for a 10-year period beginning June 1, 1960 and ending May 31, 1970, located in Sections 3, 9, 14, 17, 22, 24 and 29, Block 16, Ward County. Consideration of \$1,858.60 for the 10-year period has been received.

PIPE LINE EASEMENT NO. 1483, PHILLIPS PIPE LINE COMPANY, ANDREWS COUNTY.--This application for a pipe line easement covers 120.4 rods of 4½-inch line at \$0.50 per rod for a 10-year period beginning June 1, 1960 and ending May 31, 1970, located in Section 1, Block 11, Andrews County. Consideration of \$60.20 for the 10-year period has been received.

PIPE LINE EASEMENT NO. 1484, PHILLIPS PETROLEUM COMPANY, ANDREWS COUNTY.--This application for a pipe line easement covers 68.4 rods of 2-3/8 - inch line and 495.3 rods of 3½-inch line at \$0.25 per rod, 249.7 rods of 4½-inch line at \$0.50 per rod, and 353.0 rods of 6-5/8 - inch line at \$0.75 per rod. These lines are located in Sections 33, 34, 39, 40, and 41, Block 9, Andrews County, for a 10-year period beginning June 1, 1960 and ending May 31, 1970. Consideration of \$530.52 for the 10-year period has been received.

PIPE LINE EASEMENT NO. 1485, EL PASO NATURAL GAS COMPANY, ANDREWS COUNTY.--This application for a pipe line easement covers 21.085 rods of 4½-inch line at \$0.50 per rod for a 10-year period beginning July 1, 1960 and ending June 30, 1970, located in Section 26, Block 1, and Sections 40 and 46, Block 9, Andrews County. Minimum consideration of \$50.00 for the 10-year period has been received.

POWER LINE EASEMENT NO. 1486, EL PASO NATURAL GAS COMPANY, HUDSPETH COUNTY.--This application for a power line easement covers 432.163 rods of power line at \$0.50 per rod for a 10-year period beginning July 1, 1960 and ending June 30, 1970, located in Sections 16 and 17, Block J, Hudspeth County. Consideration of \$216.08 for the 10-year period has been received. This line will serve a cathodic protection unit under Easement No. 1487.

CATHODIC PROTECTION UNIT EASEMENT NO. 1487, EL PASO NATURAL GAS COMPANY, HUDSPETH COUNTY.--This application for an easement covers a site in the SW/4 of NE/4 and NW/4 of SE/4 of Section 16, Block J, Hudspeth County, for the location of a cathodic protection unit for a 10-year period beginning July 1, 1960 and ending June 30, 1970, at a total consideration of \$50.00, which has been received. This Unit will be served by lines under Easement No. 1486.

POWER LINE EASEMENT NO. 1488, TEXAS ELECTRIC SERVICE COMPANY, ANDREWS, CRANE, UPTON AND WARD COUNTIES.--This application for a power line easement covers 2,186.97 rods of electric distribution lines at \$0.50 per rod for a 10-year period beginning June 1, 1960 and ending May 31, 1970, located in Section 27, Block 1, Sections 3, 4, 9, 22 and 27, Block 4, Sections 27, 33, 34 and 35, Block 9, Section 22, Block 12, Sections 29, 31 and 36, Block 13, and Section 11, Block 14, Andrews County; Sections 28, 29, 32, 42 and 43, Block 30, and Sections 7, 8, and 18, Block 31, Crane County; Section 37, Block 30, Crane and Upton Counties and Section 16, Block 16, Ward County. Consideration of \$1,093.49 for the 10-year period has been received.

PIPE LINE EASEMENT NO. 1489, PHILLIPS PETROLEUM COMPANY, ANDREWS COUNTY.--This application for a pipe line easement covers 345.1 rods of 4½-inch line at \$0.50 per rod for a 10-year period beginning June 1, 1960 and ending May 31, 1970, located in Section 13, Block 1, Section 9, Block 2 and Section 10, Block 13, Andrews County. Consideration of \$172.55 for the 10-year period has been received.

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MICROWAVE STATION SITE EASEMENT NO. 1490, HUMBLE PIPE LINE COMPANY, REAGAN COUNTY (RENEWAL OF NO. 454).--This application covers a 25' by 50' tract in Section 3, Block 48, Reagan County, for use as the location of a microwave station to be used in connection with the operation of lessee's pipe lines for a period of 10 years beginning October 6, 1960 and ending October 5, 1970. Consideration of \$100.00 for the 10-year period has been received.

PIPE LINE EASEMENT NO. 1491, GULF REFINING COMPANY, CRANE COUNTY (RENEWAL OF NO. 455).--This application for a pipe line easement covers 180.25 rods of 4½-inch line at \$0.50 per rod for a 10-year period beginning July 1, 1960 and ending June 30, 1970, located in Section 3, Block 31, Crane County. Consideration of \$90.13 for the 10-year period has been received.

CHURCH SITE EASEMENT NO. 1492, BAKERSFIELD HOLINESS CHURCH, PECOS COUNTY.--This application for a church site easement to the Bakersfield Holiness Church covers a one-acre tract in the NW/4 of SW/4, Section 31, Block 16, Pecos County, for a 10-year period beginning July 1, 1960 and ending June 30, 1970. No consideration is involved in this easement.

PIPE LINE EASEMENT NO. 1493, MAGNOLIA PIPE LINE COMPANY, ANDREWS COUNTY (RENEWAL OF NO. 463).--This application for a pipe line easement covers two 8-inch lines, each 1,237 rods in length and one 10-inch line 1,237 rods in length, at \$1.00 per rod; and one 12-inch line 1,237 rods in length at \$1.50 per rod. These lines are located in Sections 1, 2 and 12, Block 1, and Sections 4 and 9, Block 2, Andrews County, for a 10-year period beginning November 1, 1960 and ending November 1, 1970. Consideration of \$5,566.50 for the 10-year period has been received.

CALICHE PERMIT NO. 172, RUMBAUGH, INC., ANDREWS COUNTY.--This application for a caliche permit provides for the removal of 729 cubic yards of caliche from Block 9, Andrews County, at the rate of \$0.25 per cubic yard. Consideration of \$182.25 has been received.

CALICHE PERMIT NO. 173, MONTEREY OIL COMPANY, ANDREWS COUNTY.--This application for a caliche permit provides for the removal of 1,016 cubic yards of caliche from Block 13, Andrews County, at the rate of \$0.25 per cubic yard. Consideration of \$254.00 has been received.

CALICHE PERMIT NO. 174, W. A. (BILL) FARMER CONSTRUCTION COMPANY, ANDREWS COUNTY.--This application for a caliche permit provides for the removal of 390 cubic yards of caliche from Block 11, Andrews County, at the rate of \$0.25 per cubic yard. Consideration of \$97.50 has been received.

CALICHE PERMIT NO. 175, CAGE BROTHERS CONSTRUCTION COMPANY, REAGAN COUNTY.--This application for a caliche permit provides for the removal of 3,524 cubic yards of topping rock from Block 11, Reagan County, at the rate of \$0.25 per cubic yard. Consideration of \$881.00 has been received.

AMENDMENT OF SALT WATER DISPOSAL EASEMENT NO. 1090, PHILLIPS PETROLEUM COMPANY, ANDREWS COUNTY.--The Board of Regents on May 30, 1958, authorized Phillips Petroleum Company to use as a salt water disposal site a 10-acre tract in the NE/4 of Section 37, Block 4, Andrews County, the location of Phillips' University "CC" Well No. 17 which serves as the disposal and injection well. Easement No. 1090 covering this authorization provides for disposal and injection into the Devonian formation only of salt water, brines and other waste products produced from oil and/or gas wells owned or operated by Phillips on University lands. Because of insufficient porosity and permeability, injection of salt water into the Devonian formation has not been feasible, and Phillips requests that certain provisions of Easement No. 1090 be amended to permit injection of salt water and other waste products into formations above the top of the Devonian formation (12,400' approximate depth) but below the Grayburg formation (4,900' approximate depth), written approval to be secured from the Geologist-in-Charge of University Lands for injection into formations other than the San Andres and the Devonian.

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RELEASE OF 3.38 ACRES FROM EASEMENT NO. 186 (PYOTE AIR FORCE BASE, U. S. GOVERNMENT LEASE NO. W781-Eng-1437) FOR USE IN CONSTRUCTION OF INTERSTATE HIGHWAY NO. 20, WARD COUNTY.--At the request of the Texas Highway Department, the United States Government has released, for use in construction of Interstate Highway No. 20, 3.38 acres leased under Easement No. 186, which easement after subsequent supplemental agreements constitutes a portion of the acreage formerly used by the Government for the Pyote Air Force Base. Release by the Government of this 3.38-acre tract is covered by Supplemental Agreement No. 6.

REVISION OF SECTION (b) OF SURFACE GEOLOGY SURVEY PERMIT FORM.-- It is recommended that Section (b) of the University's Surface Geology Survey Permit form be revised so that data required to be submitted under that provision shall be sent to University Lands-Geology, P. O. Box 553, Midland, Texas, instead of University Lands-Geology, Austin, Texas.

CANCELLATION OF WATER CONTRACT NO. 82, PAN AMERICAN PETROLEUM CORPORATION, PECOS COUNTY.--On June 13, 1959, the Board of Regents authorized Pan American Petroleum Corporation to drill a water well in the SE/4 of Section 12, Block 18, Pecos County, for operation of a pilot waterflood project in a small area of the Taylor Link Field. Since Pan American has abandoned all efforts to install the proposed waterflood project, it is advisable that the authorization granted Pan American be withdrawn, which was identified as Water Contract No. 82 in the Regents' docket of October 3, 1959.

MINERAL LEASE NO. 2, B. H. MANSELL BRINE SALES, CRANE COUNTY.-- B. H. Mansell Brine Sales, a partnership of Midland, requests a lease for the purpose of brine production on approximately $2\frac{1}{4}$ acres in the N/2 of the N/2 of Section 4, Block 31, University Lands, Crane County. Royalty to the University will be at the rate of 2 cents per barrel of brine or $12\frac{1}{2}\%$ of sale price of the brine at lessee's loading dock, whichever is greater, with minimum royalty of \$100 per month to be paid during the term of the lease. Payment of \$300 is being made by the lessee to cover minimum royalty, or to apply on total royalty due, for the first three months of the lease. The lease will remain in effect for 1 year without right of relinquishment by the lessee, thus providing for payment of at least \$1,200 to the University before lessee has the right to drop it. Thereafter, the lease will remain in full force and effect so long as production of brine is at a rate sufficient for the University's royalty to amount to a minimum of \$100, or until the lease is relinquished by the lessee. Effective date of the lease will be August 1, 1960.

The lessee will have the right under the lease to drill for and produce water from the leased premises in amounts needed for production of the brine and will pay the University royalty of 10 cents per 1,000 gallons of water so produced.

It is recommended that the Board of Regents accept this proposal and authorize execution of the lease by the Chairman when approved as to form by the Land and Trust Attorney and as to content by the Endowment Officer.

GASOLINE PLANT EASEMENT NO. 1494, PHILLIPS PETROLEUM COMPANY, ECTOR COUNTY (RENEWAL OF NO. 451).--This application covers a tract of 51.6 acres in Section 1, Block 35, Ector County, for the location of a casinghead gasoline plant, as well as housing for employees engaged in operation and other activities of the plant. This easement is for a period of 10 years beginning July 1, 1960 and ending June 30, 1970 at a total consideration of \$5,160.00, payable at the rate of \$516.00 by July 1 during the term of the lease. Consideration of \$516.00 for the first year has been received.

TRUST AND SPECIAL FUNDS -- INVESTMENT MATTERS.--

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REPORT OF PURCHASES, EXCHANGE AND SALES OF SECURITIES.--The following purchases, exchange and sales of securities have been made for the Trust and Special Funds since the meeting of May 31, 1960. We ask that the Board ratify and approve these transactions:

PURCHASE OF SECURITIES

	<u>Security</u>	<u>Principal Cost</u>
10/60	22 Shares Wisconsin Electric Power Company Common Stock, purchased at 32.25 plus 10 rights per share (Funds Grouped for Investment)	\$ 709.50
	22 Shares Ditto (Hogg Foundation: Varner Properties)	709.50
	10 Shares Ditto (E. D. Farmer International Scholarship Fund)	322.50
7/60	\$600,000 par value U. S. 4-3/4% Treasury Notes of Series C-1960, dated 8/1/59, due 8/15/60, purchased at 100.296875 Net to yield 3.55% to maturity (Temporary Investments - Proceeds from Sale of Permanent University Fund Bonds)	601,781.25
	\$320,000 par value U. S. 4-3/8% Treasury Certificates of Indebtedness of Series B-1961, dated 5/15/60, due 5/15/61, purchased at 100.109375 Net to yield 4.30% to maturity (Archer M. Huntington Museum Fund)	320,350.00
1/60	\$3,000 par value U. S. 2-1/2% Treasury Bonds dated 2/15/54, due 11/15/61, purchased at 98.3125 Net to yield 3.74% to maturity (Murray Case Sells Foundation Student Loan Fund)	2,949.38
	\$28,000 par value U. S. 4% Treasury Notes of Series A-1961, dated 8/1/57, due 8/1/61, purchased at 100.25 Net to yield 3.77% to maturity (Ford Foundation Grant for School of Law)	28,070.00
PURCHASE MADE BY THE SEALY & SMITH FOUNDATION (Recommended by Staff Investment Committee)		
5/60	\$6,000 par value Baltimore Gas & Electric Company 4-7/8% First Refunding Mortgage Sinking Fund Bonds, due June 1, 1960, purchased at 101.602 Net to yield 4.75% to maturity (Special Fund under Joint Control of The Sealy and Smith Foundation for the John Sealy Hospital and the Board of Regents of The University of Texas)	\$6,096.12

EXCHANGE OF SECURITIES

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	<u>Security</u>	<u>Book Value</u>
6/60	730 Shares Tennessee Gas Transmission Company Common Stock received in exchange for 2,000 Shares Fifteen Oil Company Capital Stock at rate of 0.365 Shares Tennessee Gas Transmission Company Common Stock for each share Fifteen Oil Company Capital Stock held. (Hogg Foundation: Ima Hogg Scholarship in Mental Hygiene)	\$29,000.00(1)
	(1) Book value of 2,000 Shares Fifteen Oil Company Capital Stock sent in for exchange.	

SALES OF SECURITIES

	<u>Security</u>	<u>Net Proceeds</u>
1/60	58/100ths fractional Share The Chase Manhattan Bank Capital Stock, received in 2% Stock dividend (Hogg Foundation: W. C. Hogg Estate Fund)	\$ 34.66
10/60	200 rights to subscribe for Wisconsin Electric Power Company Common Stock, sold at 0.5318 (William Heuermann Fund for Cancer Research)	106.36

RECOMMENDATION RE SALE OF COMMON STOCKS HELD IN VARIOUS TRUST AND SPECIAL FUNDS IF COMPANY DELETED FROM APPROVED LIST FOR PERMANENT UNIVERSITY FUND.--The Board of Regents has had a recommendation submitted at the current meeting for approval of the deletion of six companies from the list of companies approved for common stock purchases for the Permanent University Fund. It is recommended that the following common stocks held by various trust and special funds of those companies approved for deletion from the Permanent University Fund approved list be authorized for sale by the Endowment Officer, the timing of such sales to be subject to the discretion of the Staff Investment Committee with the understanding that the Staff Committee is to take as much time as necessary to sell on strength in the market each common stock to be sold:

<u>Fund in Which Held</u>	<u>No. Shs. Held</u>	<u>Common Stocks of</u>
Funds Grouped for Investment	683	El Paso Natural Gas
Hogg Foundation: W. C. Hogg Estate	2,087	Ditto
Hogg Foundation: Varner Properties	400	Ditto
McLaughlin: Reserve for Depletion	400	Ditto
Will C. Hogg Memorial Scholarships	280	Ditto
Wilbur S. Davidson Educational Fund	200	Ditto
Funds Grouped for Investment	140	Pacific Lighting
Hogg Foundation: W. C. Hogg Estate	600	Ditto
Hogg Foundation: Varner Properties	350	Ditto
Rosalie B. Hite End. for Cancer Res.	75	Ditto
Hogg Foundation: W. C. Hogg Estate	700	Phelps Dodge
Hogg Foundation: Varner Properties	200	Ditto
E. D. Farmer International Scho.	100	Ditto
McLaughlin: Reserve for Depletion	100	Ditto
Wilbur S. Davidson Educational Fund	100	Ditto
Funds Grouped for Investment	100	United Gas Corporation

TRUST AND SPECIAL FUNDS--GIFT, REQUEST AND ESTATE MATTERS.-- 7-02-60)

THOMAS FREDERIC BUSH SCHOLARSHIP FUND - AMENDMENT TO AGREEMENT.--

An amendment dated June 29, 1959 to the original agreement dated August 4, 1941 with Mrs. Mary Adelaide Bush, individually and as Independent Executrix of the Estate of Thomas F. Bush, deceased, establishing the Thomas Frederic Bush Scholarship Fund was executed by Mrs. Bush and the Board of Regents to cover additional gift of stock worth approximately \$10,000 to the Fund and to liberalize some of the scholarship provisions.

It has now been brought to Mrs. Bush's attention that wording of the agreement as it now stands setting out second priority to the son or daughter of a duly ordained "rector" unduly limits the use of the Fund. Mrs. Bush has executed and presented to the University for execution on behalf of the Board of Regents an agreement amending the provision as to scholarships by substituting "clergyman" for "rector" in the second priority. This instrument has the effect of striking sub-paragraph (b) of Paragraph 8 in the agreement and substitutes the following:

"(b) The applicant must be of the Caucasian race, and the son or daughter of a duly ordained Clergyman of the Protestant Episcopal Church engaged in the ministry of said Church within the state of Texas; however, within this group of eligible applicants priority shall be given (other factors being equal) first, to a son or daughter of the Rector of St. Paul's Episcopal Church, Waco, Texas, if any, and second, to the son or daughter of a duly ordained Clergyman engaged in the work of the Episcopal Church within the Diocese of Texas, if any."

It is recommended that the Board of Regents agree to the amendment and authorize the execution of the instrument, when approved as to form by the Land and Trust Attorney and as to content by the Endowment Officer, by its Chairman.

SALE AND GIFT OF STOCK BY MRS. WILLIAM H. FRANCIS, JR. FOR W. H. FRANCIS, JR. CHAIR - LAW SCHOOL.--The University has received through Dean Keeton and Mrs. Francis' attorney, certificates for 1,400 shares of Standard Oil Company (New Jersey) Common Stock from Mrs. William H. Francis, Jr., with a proposal that the University pay Mrs. Francis \$7,000 for this stock worth approximately \$57,000 with the result that a gift of approximately \$50,000 is being made to the University for the endowment of a chair in the Law School in memory of the late William H. Francis, Jr. Mr. Francis was a graduate of our Law School with highest honors, Class of 1938, and a member of the Board of Trustees of the University of Texas Law School Foundation at the time of his death. The University is to receive, in addition to this gift, approximately \$25,000 from the William H. Francis Foundation in the near future as an addition to the Endowment Account.

It is contemplated that the chair will be awarded to a Professor of Taxation but can be awarded to any appropriate member of the Law School faculty by the Board of Regents. Recommendations as to the award will be submitted by the Dean of the Law School after consultation with a partner of the firm of Vinson, Elkins, Weems and Searls of Houston and a partner of the firm of Turner, White, Atwood, McLane and Francis of Dallas.

The \$7,000 to be paid to Mrs. Francis is to be realized from sale of part of the 1,400 shares of stock.

A similar transaction and gift was approved by the Board of Regents at its January, 1960 meeting (Southwestern Medical School Docket).

It is recommended that the Board of Regents accept this proposal and gift from Mrs. Francis and approve sale of the necessary shares of stock and payment of \$7,000 to Mrs. Francis.

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POLICY RE ACCEPTANCE OF GIFTS WITH INCOME RESERVED.--Other universities and colleges are soliciting and accepting gifts with income reserved, and possibilities in this field have been discussed by the Land and Investment Committee of the Board of Regents, by the University Development Board, and by the University staff. It is believed desirable that the Board of Regents adopt a policy regarding the solicitation and acceptance of such gifts. If it is the desire of the Board that such gifts be solicited and accepted, the following, approved as to legality by the University's attorney, is offered as a policy governing such gifts:

POLICY

It is the preference of the Board of Regents that arrangements covering such gifts for the benefit of the University be made with corporate fiduciaries. However, if the donor for reasons prefers to make such gift direct to the Board of Regents, with income reserved, the Board of Regents will accept such gifts that come within the policy statements below. Legal and tax advice will be the responsibility of the donor through private practitioners, with cooperation from the University attorney and other members of the staff.

A. Gifts of real estate or other tangible property, where income therefrom is reserved by the donor, are not to be sought and are to be accepted only when the donor agrees that such property may be sold by the University and proceeds invested at the discretion of the University in securities. Proposed gifts of mineral interests, with income reserved, will be considered by the Board of Regents under the terms of each proposal.

1. Reasons. The University is not in position to manage real estate; it is sound policy for the University to restore real property to tax rolls; management costs are too expensive and unpredictable for the University to assume.

B. With few exceptions, gifts of securities with income reserved are to be sought and accepted under the following conditions:

1. Donor may specify that income is to be paid to one beneficiary for his life, or to one or more beneficiaries successively for a total fixed term of not more than 20 years. The University will not guarantee income.
2. A suitable administrative fee is to be assessed against income.
3. The University will accept gifts with minimum value of approximately \$25,000. In case of proposed installment giving, minimum value will be determined by total of proposed installments. (Smaller amounts involve too much bookkeeping and other expense).
4. Full title to the fund and full discretion in investment and management of the fund are to pass to the University at termination of reserved income period.
5. Gifts may stipulate any one of the following:
 - (a) The specific securities donated are to be held intact by the University throughout the reserved income period.

(b) Donated securities are to be sold at market and reinvested in University-selected tax-exempt securities, with income therefrom to beneficiary.

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(c) At the discretion of the Board of Regents, donated securities, or proceeds from sale, are to be invested in a Grouped Fund account, or handled as separate fund for investment. If placed in Grouped Fund, beneficiary's income to be pro-rata of Grouped Fund's income.

Obligations undertaken by the University. If the foregoing policies are adopted, University will have to assume certain burdensome and perhaps controversial obligations.

1. In theory, at least, a public agency will be rendering some investment service to a private individual. The University benefits thereby, but the donor benefits likewise.
2. The University will become to some extent a competitor of the trust departments of banks, etc.
3. The University probably will have to prepare and file Fiduciary Income Tax returns on each account.
4. The University will assume considerable management, accounting, and other fiscal duties.

Advantages to the University. This style of giving is being widely publicized. Right now, it has outstanding advantages for the donor. Appeals for large donations can be more successful, perhaps, when securities rather than cash are involved.

7-02-60

TRUST AND SPECIAL FUNDS--REAL ESTATE MATTERS.--

HOGG FOUNDATION: W. C. HOGG MEMORIAL FUND - WEST COLUMBIA MINERAL PROPERTIES.--The University has been asked to sign a letter, along with Miss Ima Hogg and Mrs. Alice N. Hanszen, to Gulf Oil Corporation for salt water disposal in connection with its Mays lease in the West Columbia Field, Brazoria County, Texas, through facilities operated by Texaco Inc. on properties in the Geo. Tennille League, Abstract No. 131 and the Josiah H. Bell One and One-Half League, Abstract No. 40, also in Brazoria County, although the Mays lease is one in which Hogg Foundation has no interest. Texaco has given its consent. The University, as well as Miss Hogg and Mrs. Hanszen, is to receive \$50.00 consideration for the permission granted. The letter has already been signed by the two ladies and it is recommended that the Chairman of the Board of Regents be authorized to sign the letter for transmittal to Gulf Oil Corporation, after approval as to form by the Land and Trust Attorney and as to content by the Endowment Officer.

HAMAH SMITH CALLAWAY ESTATE - REPORT ON CLOSING OF SALE OF PROPERTY, CANCELLATION OF PARKING LOT LEASE, AND RECOMMENDATION FOR ESTABLISHMENT OF ENDOWMENT FUND.--The offer of the Texas State Teachers Association for the purchase of property known as 1206 Guadalupe Street, Austin, which came to the University under the will of Mrs. Hamah Smith Callaway, widow of Dr. Morgan Callaway, was accepted by the Board of Regents at its meeting of March 12, 1960. The total purchase price was \$61,750 net (no sales commission involved) with earnest money of \$3,000 tendered with the offer. The sale was closed on May 31, 1960.

At the request of the lessee of the property, Mr. Joe Lundell, and by agreement with the purchaser, the parking lot lease to Mr. Lundell was cancelled at the close of business on May 31, 1960. The Cancellation and Release was signed on behalf of the University by the Endowment Officer and executed copy has been furnished the Secretary of the Board of Regents. Ratification of such cancellation and release is recommended.

It is further recommended that the proceeds of the sale, \$61,750, plus the \$1,140.68 in Account No. 77845 (the sum remaining from proceeds of demolition and parking lease less expenses of taxes, appraisal, survey, abstract and miscellaneous expenses) to be added to Funds Grouped for Investment at the next quarterly addition date. The use of the income from the fund, to be known as the Morgan and Hamah Smith Callaway Fund, will be determined by the Board of Regents at a later date after staff recommendations through appropriate channels. The property was devised to the Board of Regents by Mrs. Callaway for use (or the proceeds therefrom) in connection with University activities in Austin.