

# OMISSION


Pages 109-301, 430-659

A. Ruth Baker

SIGNATURE OF OPERATOR

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

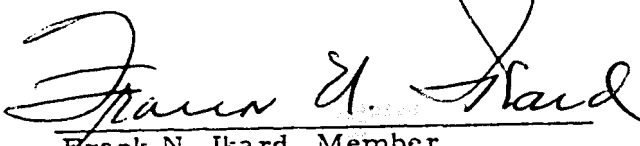
Signed this the 13th day of September, 1967, A. D.

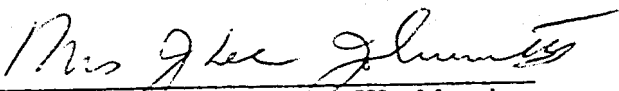
  
Frank C. Erwin, Jr., Chairman


  
Jack S. Josey, Vice-Chairman

\_\_\_\_\_  
W. H. Bauer, Member

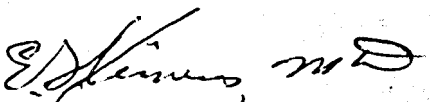
  
Walter P. Brennan, Member

  
Frank N. Ikard, Member

  
(Mrs.) J. Lee Johnson III, Member

  
Joe M. Kilgore, Member

\_\_\_\_\_  
Levi A. Olan, Member

  
E. T. Ximenes, M.D., Member

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Meeting No. 655

THE MINUTES OF THE BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

September 13, 1967

Arlington, Texas

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MEETING NO. 655

WEDNESDAY, SEPTEMBER 13, 1967. --Following the meetings of the Standing Committees and the Committee of the Whole, the Board of Regents of The University of Texas System convened in regular session at 5:15 p. m. on Wednesday, September 13, 1967 in Room 611, Library Building, The University of Texas at Arlington, Arlington, Texas.

## ATTENDANCE. --

<u>Present</u>	<u>Absent**</u>
Chairman Erwin, Presiding	Regent Bauer
Vice-Chairman Josey	Regent Olan
Regent Brenan	
Regent Ikard	
Regent (Mrs.) Johnson	
Regent Kilgore	
Regent Ximenes	
Mr. Peace*	
Chancellor Ransom	
Secretary Thedford	

INVOCATION. --At the request of Chairman Erwin, Vice-Chairman Josey offered the invocation.

APPROVAL OF MINUTES, JULY 28-29, 1967. --The minutes of the meeting of the Board of Regents of The University of Texas System held on July 28-29, 1967 were ordered corrected as follows:

1. On Page 42, add to the last line "to be substantially as follows" so that the section numbered 3 will read as follows:

"Proposed form of purchase and servicing agreement to be entered into with Seller -services to be substantially as follows."

2. On Page 87, in the paragraph numbered 1 insert the word "School" so that the paragraph reads:

"That the name of the new school be officially confirmed as The Lyndon Baines Johnson School of Public Affairs."

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\* Mr. Peace has been appointed by the Governor to succeed Walter P. Brenan of San Antonio, Texas, whose term has expired. (See Page 1 of the minutes of the July 1967 meeting.) However, he has not taken his oath of office.

\*\* Regent Bauer and Regent Olan were excused from attendance at the committee meetings and the meeting of the Board.



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3. On Page 91, change the first paragraph to read as follows:

"At this point, upon the recommendation of Chancellor Ransom, the Board ordered that the Littlefield Home be officially named the "Littlefield Home" and that the Littlefield Carriage House be officially named the "Littlefield Carriage House."

As corrected, the minutes were approved without objection and are recorded in Volume XIV, beginning with Page 1951 .

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## REPORTS OF STANDING COMMITTEES

REPORT OF THE ACADEMIC AND DEVELOPMENTAL AFFAIRS COMMITTEE (PAGES 3-7). --In the absence of Regent Olan, Vice-Chairman Josey presented the following report of the Academic and Developmental Affairs Committee. The report was unanimously adopted, and the committee's actions were thereby ratified:

1. U. T. System: Report from the Executive Director of The University of Texas System Development Board. --The following report was received from Mr. Blunk, Executive Director of The University of Texas System Development Board:

Gifts and grants are reported routinely through established procedures. Included for action are two new endowed professorships subject to formal announcement and publicity at a time to be designated by the donors.

The Development Board will meet on September 21 with three new members in attendance for the first time: Marvin K. Collie of Houston, Dan M. Krause of Fort Worth, and Jack D. Wrather of Los Angeles. Participating as ex-officio members will be Mayor Tom Vandergriff, Chairman of The University of Texas at Arlington Foundation Advisory Council, and Dr. R. W. Kimbro of Cleburne, Chairman of The University of Texas Medical Branch at Galveston Foundation Advisory Council. The University's efforts are strengthened considerably when men of this stature are appointed to serve in the development program.

A chairman and vice-chairman will be elected. Standing committees will be named, and plans of action for the new year will be discussed and acted on.

Mr. Preston Shirley of Galveston has served effectively as chairman for the past two years.

The first annual meeting of the Chancellor's Council will be held in Austin on September 29. Mr. Dan C. Williams of Dallas is chairman of this impressive group of 179 members. The Council is responsible for providing the University with substantial additional restricted and unrestricted funds.

During the past year several significant steps have been taken to broaden the base of the development program outside of Texas. It is interesting to note that The University of Texas System receives between one and two million dollars annually in gifts and grants from the New York City area.

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About 60 carefully selected alumni and friends will be invited to another luncheon in New York on October 12 to hear Chancellor Harry Ransom. Mr. Gene M. Woodfin and Mr. O. F. Thomas will be co-hosts. Two similar meetings were held last year in New York City, and several elsewhere. Tangible results of the meetings are evident.

Dean George Kozmetsky has been particularly helpful to the Development Staff in the New York City and Los Angeles-San Francisco areas.

With the recent establishment of three additional internal foundations, development activity in this area has broadened considerably. The Development Office provides substantial staff support to the internal foundations.

The Law School Foundation, an external foundation, has added a full-time staff member who works very closely with the Development Office. This foundation has intensified its effort to increase its endowment.

On recommendation of the Development Board, the Board of Regents in March authorized the creation of The University of Texas System Foundation, Inc. The Foundation has received its first gift, a sizeable one, which fully justifies the need for such a foundation.

Gifts to the University don't "just happen." Almost invariably they come from someone's efforts--a Regent, a Development Board member, an Advisory Council member, an alert friend or alumnus, a student, a professor, or a staff member. Major gifts usually result from the combined efforts of several. In each of the past three or four years well over a thousand volunteers have represented the University in its efforts to attract private support and their effectiveness is clearly visible.

2. U. T. System: Chancellor's Docket No. 18. --The Chancellor's Docket No. 18 was referred to the Committee of the Whole for consideration. (See Page 101 .)
3. U. T. System: Out-of-State Travel Authorization Exceptions to the Per Diem Allowance (Rules and Regulations, Part Two, Chapter III, Section 13.39). --Pursuant to the Regents' Rules and Regulations, Part Two, Chapter III, Section 13.39, the following administrative officers (two from each of the component institutions) as set out on the following page were authorized and directed by the Board of Regents and the Chancellor to represent their respective institutions outside the boundaries of the State of Texas, and in such representation they shall receive reim-

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bursement for the actual cost of meals, lodging and incidental expenses, not to exceed \$35.00 per day in lieu of any fixed per diem allowance:

The University of Texas at Austin:

Mr. James H. Colvin, Business Manager  
Mr. Jens M. Jacobsen, Executive Director, Office of Sponsored Projects

The University of Texas at Arlington:

Dr. S. T. Keim, Jr., Vice President for Academic Affairs  
Dr. W. H. Nedderman, Vice President for Research and Graduate Affairs

The University of Texas at El Paso:

Dr. Milton Leech, Vice President  
Dr. Clyde J. Wingfield, Vice President

The University of Texas Medical Branch at Galveston:

Mr. Warren G. Harding, Vice-President for Administration  
Mr. V. E. Thompson, Vice-President for Business Affairs

The University of Texas Southwestern Medical School at Dallas:

Mr. Rockwell Schulz, Associate Dean for Administrative and Hospital Affairs  
Mr. Julius E. Weeks, Associate Dean for Business Affairs

The University of Texas Medical School at San Antonio:

Mr. Bruce Smith, Business Manager  
Mr. Everitt Mahon, Assistant to the Dean

The University of Texas Dental Branch at Houston:

Mr. John D. Wetsel, Business Manager  
Dr. Barnet M. Levy, Director, Dental Science Institute

The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston:

Mr. Joe E. Boyd, Jr., Administrator  
Dr. Arthur I. Holleb, Associate Director (Education)

The University of Texas Graduate School of Biomedical Sciences at Houston:

Dr. Grant Taylor, Dean, Division of Continuing Education

At a later date officers from The University of Texas Nursing School at Austin and The University of Texas School of Public Health at Houston will be designated.

4. Regents' Rules and Regulations, Part Two: Amendment, Chapter III, Section 13.39 (Exception to Per Diem Allowance). -- The Regents' Rules and Regulations, Part Two, Chapter III, Section 13.39 was amended by adding the Executive Director of the Development Board to the list of those to receive reimbursement for actual expenses when traveling on official business.

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5. Houston Dental Branch: Reappointment of Doctor A. P. Westfall as Chairman of Preventive Dentistry (Orthodontistry) - Exception to Regents' Rules and Regulations, Part One, Chapter III, Section 31. (15). -- The Academic and Developmental Affairs Committee approved an exception to the Regents' Rules and Regulations, Part One, Chapter III, Section 31. (15) by permitting the reappointment of Doctor A. P. Westfall to serve as Chairman of the Preventive Dentistry (Orthodontistry) at The University of Texas Dental Branch at Houston for the fiscal year 1967-68. The approval of this exception was necessary since Doctor Westfall is past 65 years of age.
6. U. T. Austin: Dual Position for Millard H. Ruud under Attorney General's Opinion No. C-550. -- The following resolution was adopted in compliance with the Attorney General's Opinion No. C-550 relative to service on a state or federal board or commission by members of the faculty or administration of The University of Texas System within the meaning of Sections 12, 33, or 40 of Article XVI of the Constitution of Texas:

#### RESOLUTION

WHEREAS, Millard H. Ruud has an opportunity to serve as Texas Commissioner to the National Conference of Commissioners on Uniform State Laws:

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

1. That the said Millard H. Ruud be, and he is hereby, directed and required by the Board of Regents to serve as Texas Commissioner to the National Conference of Commissioners on Uniform State Laws until he no longer has an opportunity to do so or until this direction and requirement is amended or revoked by the Board of Regents;
2. That the said Millard H. Ruud be, and he is hereby, directed and required by the Board of Regents to serve as Texas Commissioner to the National Conference of Commissioners on Uniform State Laws as a duty of his employment by The University of Texas at Austin, and such duty

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shall be in addition to all other duties that have been or may hereafter be assigned or required of him by the Board of Regents;

3. That the Board of Regents finds that Millard H. Ruud's service as Texas Commissioner to the National Conference of Commissioners on Uniform State Laws is, and will continue to be, fully and entirely compatible with his employment by The University of Texas at Austin;
  4. That the Board of Regents finds that Millard H. Ruud's service as Texas Commissioner to the National Conference of Commissioners on Uniform State Laws is, and will continue to be, a benefit and advantage to The University of Texas at Austin and the State of Texas; and
  5. That the Board of Regents finds that neither the Commissioners on Uniform State Laws nor Millard H. Ruud as Texas Commissioner to the National Conference of Commissioners on Uniform State Laws will exercise any sovereign function or power of government.
7. Dallas Medical School: Exception to the Regents' Rules and Regulations, Part One, Chapter III, Section 31.1 for James Hurd. -- Approval was also given by the Academic and Developmental Affairs Committee to an exception of the Regents' Rules and Regulations, Part One, Chapter III, Section 31.1, by approving the recommendation of Chancellor Ransom, processed through appropriate channels, that Mr. James Hurd, Laboratory Helper in the Department of Physiology at The University of Texas Southwestern Medical School at Dallas, be allowed to continue employment for the fiscal year 1967-68. The approval of this exception is necessary since Mr. Hurd has passed his 75th birthday.
8. San Antonio Medical School: Acceptance of Grant from San Antonio Medical Foundation. -- A grant from the San Antonio Medical Foundation in the amount of \$12,500 to supplement the salary of the Dean of The University of Texas Medical School at San Antonio for the year 1967-68 was accepted. The Secretary was authorized to send to the San Antonio Medical Foundation an appropriate letter expressing the Regents' gratitude for this grant.

REPORT OF MEDICAL AFFAIRS COMMITTEE (PAGES 8-31 ). --  
The following report of the Medical Affairs Committee as presented  
by Vice-Chairman Josey was adopted without objection and the actions  
therein ratified:

1. U. T. System: Texas Regional Medical Program, Renewal of Grant No. 5 S02 RM-00007-02. -- The following report of the award of a grant by the Department of Health, Education, and Welfare for the Texas Regional Medical Program was received and approval was given for the institutions of The University of Texas System to participate in the Texas Regional Medical Program in accordance therewith:

The Department of Health, Education, and Welfare has approved a total award of \$1,260,181 for the Texas Regional Medical Program for the period July 1, 1967 through June 30, 1968. The award represents new funding of \$396,181 and an estimated carry-over balance of \$864,000 from the first year's grant award. The University of Texas System is the grantee institution, and Vice-Chancellor Charles A. LeMaistre is the Program Coordinator in accordance with the grant. Cooperating institutions with The University of Texas System within the Texas Regional Medical Program are the Baylor University College of Medicine and the Methodist Hospital, and some of the funds reported above will be expended by those institutions in accordance with previously approved contractual arrangements.

2. Dallas Medical School: Affiliation Agreements (1) with Callier Hearing and Speech Center of Dallas, (2) with Children's Medical Center of Dallas, and (3) with Methodist Hospital of Dallas. -- Approval was given to the affiliation agreements on behalf of The University of Texas Southwestern Medical School at Dallas as listed below with authority to the Chairman of the Board of Regents of The University of Texas System to execute each agreement when it has been approved by the Dean of The University of Texas Southwestern Medical School at Dallas, the Vice-Chancellor for Health Affairs, the University Attorney, and the Vice-Chancellor for Business Affairs:

Subdivision 1 - An Agreement between the Board of Regents of The University of Texas System and the Callier Hearing and Speech Center of Dallas, Texas:

THE STATE OF TEXAS

COUNTY OF DALLAS

The Board of Regents of The University of Texas System, acting for and on behalf of The University of Texas Southwestern Medical School at Dallas, which, in turn, is acting for and on behalf of the Diagnostic and Evaluation

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Center, a facility sponsored by the Children's Bureau of the Department of Health, Education, and Welfare, hereinafter called First Party, and the Callier Hearing and Speech Center of Dallas, Texas, hereinafter called Second Party, do mutually contract and agree as follows:

## I.

The Second Party contracts and agrees to furnish qualified Professional Specialists in Speech and Hearing approved by the Dean of the Medical School, or other persons directly supervised by such qualified Professional Specialists in Speech and Hearing, for sixty (60) hours each week to perform communication assessment functions in the program of the Diagnostic and Evaluation Center as follows:

- (a) Evaluations - speech, linguistic, and audiometric of all patients evaluated in the Diagnostic and Evaluation Center.
- (b) Counseling - of parents, nurses and physicians.
- (c) Participating in inter-disciplinary staff reviews contributing to the overall diagnosis from speech, linguistic and audiologic viewpoints and assisting in the development of a comprehensive home care program for the children evaluated.
- (d) Participating with the panel (staff) in the presentation of educational lectures to various interested community groups or organizations concerned with mental retardation.
- (e) Development or improvement of testing techniques used in assessing speech and hearing problems of mental retardates.
- (f) Collaborating with staff in clinical research projects which might be attempted during the implementation of the regular services of the Project.



II.

The First Party contracts and agrees to pay the Second Party at the rate of One Thousand Six Hundred Forty One Dollars (\$1,641.00) per month for the services received.

This payment to be the total amount payable by the First Party, with the Second Party to be responsible for all remuneration and any travel expense or reimbursement paid personnel furnished under this contract. However, speech and hearing personnel of the Second Party will be eligible for reimbursement for travel expenses at the same rate as other staff members when sent by the Diagnostic and Evaluation Center to areas outside Dallas County.

III.

It is further mutually agreed by the parties to this contract that the contract may be terminated by either party to this contract by notifying the other party ninety (90) days in advance.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 1967, to be effective on and after the \_\_\_\_\_ day of \_\_\_\_\_, 1967.

THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

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

CALLIER HEARING AND SPEECH CENTER

By \_\_\_\_\_

Approved:

\_\_\_\_\_  
Vice-Chancellor for Health Affairs

\_\_\_\_\_  
University Attorney

\_\_\_\_\_  
Vice-Chancellor for Business Affairs

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Subdivision 2 - An Agreement between the Board of Regents of The University of Texas System and the Children's Medical Center of Dallas, Texas:

THIS AGREEMENT, executed the \_\_\_\_\_ day of \_\_\_\_\_, 1967 between the Board of Regents of The University of Texas System, hereinafter called the University, and Children's Medical Center of Dallas, a non-profit Texas corporation, hereinafter called the Medical Center.

W I T N E S S E T H:

WHEREAS, the University anticipates that one of its divisions, to-wit, The University of Texas Southwestern Medical School at Dallas, will in the near future be the recipient of a grant of funds from the Department of Health, Education, and Welfare, Welfare Administration, Children's Bureau of the United States, for a Comprehensive Care program for children, and

WHEREAS, it is desired both by the University and the Medical Center that the Medical Center and its plant, facilities and services be available for the implementation of a major portion of the Comprehensive Care program, and

WHEREAS, the University and the Medical Center wish to set forth the terms of their agreement expressing the relationship with each other and the duties and obligations of each in carrying out and implementing the terms of the Comprehensive Care program, and

WHEREAS, the Medical Center has been advised by representatives of the Medical School that the respective Chairman of each major department and division of the faculty of the Medical School approved the Comprehensive Care program and desire the Medical Center to participate therein.

NOW, THEREFORE, the University and the Medical Center agree as follows:

1. The Board of Directors of Children's Medical Center shall maintain unimpaired its legal and historical role as the organization charged with the management of the affairs of the Medical Center and none of the management, powers, authority, or responsibility of said Board of Directors is, or shall be deemed to be, delegated to the University or to the Project Director of the Comprehensive Care program, provided that the existing written agreement between the parties hereto, heretofore executed relating among other things to the role of the Medical Center as a teaching hospital affiliated with the University, shall not be impaired.

2. To the same extent as presently exists, personnel serving in or about the Medical Center premises or facilities shall be and continue to be employees of the Medical Center and the Medical Center through its Board of Directors and the Administrator of the Medical Center appointed by the Board of Directors, shall maintain all rights of an employer including the right to hire, discharge, and fix the rates of compensation, terms of employment and working conditions of such persons, without regard to the fact that funds for compensation of such persons may be supplied to the Medical Center in whole or in part from the Comprehensive Care grant made or to be made to the University or the Medical School; and the Medical Center shall maintain control and jurisdiction over its premises and facilities and the use to be made thereof.

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3. The Medical Center shall not be obligated to employ any person, create any job or job classification or perform or permit to be performed any services or activity on its premises or by use of its facilities except in accordance with a Budget and plan of operation approved by the Board of Directors of the Medical Center or approved by the Budget Committee or other committee appointed by the Board of Directors of the Medical Center, and except consistent with the existing agreement between the parties.

4. Subject to the control and management retained by the Medical Center as set forth in the preceding paragraphs and elsewhere in this agreement, the Children's Medical Center and its premises and facilities will be available for use as the out-patient clinic and as an in-patient hospital, wherein the Comprehensive Care program described in the grant application of the University may be carried out.

5. The Project Director of the Comprehensive Care Program appointed to such office by the University, shall be a duly licensed and qualified medical doctor and have the responsibility for and the supervision of the medical diagnoses and treatment of patients receiving the benefits of the Comprehensive Care program in or about the facilities of the Medical Center, provided that said Project Director shall at the same time continue to have the professional responsibility and obligations accompanying the position of Chief of Staff of the Children's Medical Center; and provided further that nothing in this paragraph shall be construed to limit the authority normally exercised by the Administrator of the Medical Center.

6. The obligations of the Children's Medical Center to participate in the Comprehensive Care program and to make available its premises and facilities shall not result in any increase in costs or expenses of the operation of the Children's Medical Center; it having been represented to the Medical Center that its participation herein will not result in such increased expenses or costs.

7. The University shall pay and reimburse, from funds provided from the grant, the Medical Center for all expenses and costs incurred and all obligations contracted for and undertaken by the Medical Center as a participating agency in the aforementioned Comprehensive Care program, provided only that such costs, expenses and obligations have been included and set forth in advance in a Budget or other program of expenditures jointly agreed to by the University, acting through the Project Director or other designated representative, and by the Medical Center, acting through its Administrator or other designated representative. Such payment and reimbursement shall be made, in the case of salaries and compensation to employees, not later than the day that such salaries and compensation are due from the Medical Center to such employees and in all other cases such payment and reimbursement shall be made by the University to the Medical Center not later than 30 days from the date that such expenses or costs were incurred by the Medical Center - to the end that the Children's Medical Center shall not be obligated to use its own funds for such purposes. The University shall not, however, be obligated to make any such payment or reimbursement except upon the presentation to it within a reasonable time prior to the anticipated payment date of written statements, schedules, vouchers or other memoranda describing in reasonable detail the expenses and costs incurred certified to be true, accurate and lawfully due by the Administrator of the Medical Center or his duly designated nominee.

8. The books of account, files and other records of the Medical Center shall at all times be available for inspection, review and audit by the University and its representatives to determine the proper application and use by the Medical Center of all funds paid to or for the

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account or benefit of the Medical Center from the funds granted to the University for the Comprehensive Care program; in addition, the Medical Center shall provide periodic reports to the University accounting for the use of all such funds, the cost of such reports and accounting, however, to be borne by the University from the grant funds.

9. This agreement and the participation in the Comprehensive Care program by the Medical Center shall be subject to the approval of the United Fund of Dallas.

10. At any time from the date hereof, either party hereto may give notice in writing to the other of its election to terminate this agreement, such termination to be effective upon the 90th day following the mailing of such notice. If such notice is given by the Medical Center then its premises and facilities shall not be available for use in connection with the Comprehensive Care program after the effective termination date.

IN WITNESS WHEREOF, the parties have executed this agreement as of the day and year first above written, to be effective on and after such date.

ATTEST:

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

\_\_\_\_\_  
Secretary

BY \_\_\_\_\_  
Chairman

ATTEST:

CHILDREN'S MEDICAL CENTER OF DALLAS

\_\_\_\_\_  
Secretary

BY \_\_\_\_\_

Approved:

\_\_\_\_\_  
Vice-Chancellor for Health Affairs

\_\_\_\_\_  
University Attorney

\_\_\_\_\_  
Vice-Chancellor for Business Affairs

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Subdivision 3 - Articles of Agreement between the Board of Regents of The University of Texas System and the Methodist Hospital of Dallas, Texas:

ARTICLES OF AGREEMENT BETWEEN  
THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS  
SYSTEM ACTING FOR AND ON BEHALF OF  
THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL SCHOOL  
AT DALLAS  
AND  
THE METHODIST HOSPITAL OF DALLAS

1. INTRODUCTION

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

In recognition of contemporary trends and likely future requirements, The University of Texas Southwestern Medical School at Dallas and The Methodist Hospital of Dallas agree on the desirability of establishing a closer working relationship between the two institutions. (The two parties to this agreement are hereinafter referred to as Medical School and Hospital.)

These institutions share a common commitment to offer the people of Dallas, Texas, and the Southwest, a program of excellence in medical education. They also share the desire to coordinate all medical care resources for the benefit of improved patient care and the development of Dallas as a medical center. With these objectives in mind, representatives of Hospital and Medical School hereby express their desire and intent to develop an agreement which will encourage and use, in future years, the strength of both institutions to the maximum extent consistent with the interests of each.

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2. BRIEF DESCRIPTION OF THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL SCHOOL AT DALLAS.

The University of Texas Southwestern Medical School at Dallas is an accredited four-year school of medicine governed by the policies of the Board of Regents of The University of Texas System. A full-time faculty of 206 and over 800 part-time faculty conduct and supervise the instruction. The Medical Library now contains more than 70,000 volumes and receives currently over 1,250 domestic and foreign serial publications. The Medical School is fortunate in that it has the generous cooperation of many hospital facilities of the city and vicinity. In addition to The Methodist Hospital of Dallas, the following facilities are utilized in the teaching programs of the school: Parkland Memorial and Woodlawn Hospitals, Baylor University Medical Center, Texas Scottish Rite Hospital for Crippled Children, Presbyterian Hospital of Dallas, Children's Medical Center, St. Paul Hospital, the Dallas Veterans Administration Hospital, Timberlawn Sanitarium, the U.S. Public Health Service Hospital and the John Peter Smith Hospital in Ft. Worth, and the Terrell State Hospital in Terrell. The Medical School is dedicated to the promotion of medical education and research in Dallas and the entire Southwest.

3. BRIEF DESCRIPTION OF THE METHODIST HOSPITAL OF DALLAS.

The Methodist Hospital is a General Hospital presently composed of a main hospital unit of 412 beds and 50 bassinets, and additional facilities both in existence and planned (see below), which is owned and operated by the North Texas Conference of the Methodist Church. As a private, not for profit institution, it is charged to provide the highest quality medical care to the sick and injured without reference to color or creed, and to provide necessary succor to the lot of the poor and destitute, and to foster within its power to do so, education and research as they are related to the improvement of medical care.

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The Hospital is governed by a Board of Trustees, appointed by the parent Methodist Conference, which is charged with providing the policies for the direction of the institution, and is empowered to appoint a full-time administrator who is responsible to the Board for the business aspects of the institution, but who also represents the Medical Staff to the Board of Trustees.

The Hospital provides general care for patients with acute and chronic disorders and is equipped to provide a variety of specialized care. There are approximately 21,000 patients admitted each year in all categories.

The services thus provided are implemented by a physical plant consisting of a main hospital of 412 beds (50 bassinets) which provides services such as physical medicine, x-ray (including cobalt and isotope therapy), blood bank, recovery room and I.C.U. Construction is scheduled to begin which will add 97 additional beds and will include a new 17 unit I.C.U., and 8 bed cardiac I.C.U. In addition a 150 bed branch unit is soon to be constructed. The physical plant is completed by a Residence for Student Nurses, and the Weiss Educational Building for nurses. Methodist Towers, a 300 bed extended care center, is an affiliated institution.

The Hospital's Medical Staff is comprised of 217 members, of whom 156 (72%) are certified, or certificate eligible in a special field, while 102 (45%) hold clinical appointments on the Faculty of The University of Texas Southwestern Medical School.

Medical Education is the responsibility of a full-time Director, who organizes the teaching cadre from the Hospital Staff Society, and arranges the necessary conferences, rounds, et cetera. At present the Hospital offers approved rotating and straight Pathology internships, approved residency programs in Internal Medicine, Obstetrics and Gynecology, Pathology, Pediatrics, General Surgery and Radiology. There are available to medical students, clinical clerkships, medical clerkships, and externships. A diploma granting program in nurse's training presently enrolls about 160 students.

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4. EXTENT OF AFFILIATION AT THE DEPARTMENTAL LEVEL.

The purpose of this agreement is to establish a broad framework of institutional policy to facilitate cooperation at the department level. It is agreed that the initiative for establishing any departmental affiliation and working relationships will be vested in the respective department heads of the several departments of the Medical School and the corresponding chiefs of service of the Hospital Staff. It is further understood that individual departments of the Medical School may or may not establish affiliations with the Hospital, depending upon their needs and circumstances, and subject to appropriate action by the respective governing bodies.

5. PROVISION FOR FACULTY APPOINTMENTS FOR HOSPITAL STAFF MEMBERS.

Both parties agree that academic status is a strong inducement for attracting well qualified individuals for teaching positions at Hospital, and that academic appointments made by Medical School for individuals in key positions at Hospital should include tenure if possible. Tenure will be granted on an individual basis, subject to the approval of the person by the faculty of Medical School and satisfactory arrangements covering the financial obligations accompanying appointments with tenure. The alternatives for attaining appointments with tenure are:

- (1) Guarantee by Hospital for all future salary costs for any tenure appointment by Medical School.

Under this arrangement, Hospital would guarantee to pay to Medical School the salary for any personnel granted tenure in case their positions were terminated at Hospital. These payments would continue as long as Medical School was required to maintain these personnel.

- (2) Guarantee by Hospital of the future salary costs for a limited term tenure appointment of seven years following termination or discontinuation of a tenured position.

Under this agreement the faculty member would receive a tenure guarantee covering up to seven years dating from the notification



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of termination, and so long as the physician occupies a full-time faculty position at Medical School. Thus, if his position were discontinued at Hospital, he would receive salary from Hospital for a maximum of seven years, but only if he were full-time at Medical School.

Medical School may also grant non-tenure academic and clinical appointments when the best interests of both institutions would be served.

6. COMPENSATION ARRANGEMENTS FOR FULL-TIME FACULTY.

Full-time physicians at Hospital with academic appointments will be subject to The University of Texas System policy regarding private practice income. Fees earned in excess of the maximum allowed will be placed in a trust fund and used to develop medical education and research programs at Hospital. These funds should not be committed on a continuing basis for the salaries of additional full-time personnel. Management of these trust funds should be consistent with management of similar trust funds at Medical School.

7. JOINT SPONSORSHIP OF RESEARCH ACTIVITIES.

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

8. PROVISION FOR REVIEW OF RELATIONSHIP.

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

If any aspect of this agreement becomes unsatisfactory, a Medical School-Hospital Joint Committee shall be responsible for discussing and resolving the questions involved. If a change in the agreement is necessary,

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

EXECUTED the \_\_\_\_\_ day of \_\_\_\_\_, 1967, to be effective on and after the \_\_\_\_\_ day of \_\_\_\_\_, 1967.

THE UNIVERSITY OF TEXAS SYSTEM  
BOARD OF REGENTS

By \_\_\_\_\_

THE METHODIST HOSPITAL OF DALLAS

By \_\_\_\_\_

Approved:

\_\_\_\_\_  
Vice-Chancellor for Health Affairs

\_\_\_\_\_  
Dean, The University of Texas  
Southwestern Medical School at Dallas

\_\_\_\_\_  
Vice-Chancellor for Business Affairs

\_\_\_\_\_  
University Attorney

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3. Dallas Medical School: Ratification of Affiliation Agreement Between the Board of Regents and Texas Board of Mental Health and Mental Retardation Providing for a Working Arrangement Between the Dallas Neuropsychiatric Institute and Dallas Medical School. --The Medical Affairs Committee received the following report and ratified the action of the Chairman relating to a contract agreement between the Board of Regents of The University of Texas System and the Texas Board of Mental Health and Mental Retardation providing for a working arrangement between the Dallas Neuropsychiatric Institute and the Dallas Medical School:

On August 23, 1967 because of a deadline of August 31, 1967 for the Board of Mental Health and Mental Retardation, Chairman Erwin requested that the Secretary poll by telephone the members of the Board of Regents with respect to the approval of the proposed contract between the Board of Regents of The University of Texas System and the Board of Mental Health and Mental Retardation relating to the Dallas Neuropsychiatric Institute at Dallas. The proposed contract had been approved by the Board of Mental Health and Mental Retardation on August 12, 1967. In polling the members of the Board of Regents, the Secretary pointed out that if the Chairman was authorized to execute the contract that it would be delivered "upon the condition and with the understanding that the deed by which the Board of Regents of The University of Texas System conveys to the Texas Board of Mental Health and Mental Retardation the 8.9 acre tract of land mentioned in the contract will contain a reversionary clause to the effect that if for any reason an unqualified contract for the construction of the Neuropsychiatric Hospital is not awarded by the Texas Board of Mental Health and Mental Retardation on or before a date to be agreed upon by the Chairman of the Board of Regents and the Chairman of the Board of Mental Health and Mental Retardation, title to the 8.9 acre tract of land automatically revert to the Board of Regents of The University of Texas System."

All members of the Board were polled except Regent Brenan (who was out of the country) and Regent Olan (who was not available). Regent Bauer voted "No," because there was no definite date for the reversionary clause to become effective.

Pursuant to this poll, Chairman Erwin executed the contract and returned it to the Chairman of the Board of Mental Health and Mental Retardation with the attached letter of condition, both of which follow (Pages 21-24 ). It will be noted that the letter as delivered, contains the provision that the necessary date will be "a

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reasonable date that will be agreed upon by your  
(the Mental Health and Mental Retardation) Board  
and by the Board of Regents."

THE STATE OF TEXAS

COUNTY OF TRAVIS

WHEREAS, House Bill 348, Acts 59th Legislature, Regular Session, 1965  
(codified as Article 556ld, Vernon's Civil Statutes) authorizes the Board for  
Texas State Hospitals and Special Schools or its successor in function to  
establish, construct, maintain and operate the Dallas Neuropsychiatric Institute  
for treatment, teaching and research; and

WHEREAS, House Bill 1167, Acts 59th Legislature, Regular Session, 1965,  
appropriated to the Texas Department of Mental Health and Mental Retardation for  
the biennium ending August 31, 1967, the sum of \$250,000.00 to finance the plan-  
ning, construction and initial equipping and furnishing of a state mental  
hospital and research institute and the acquisition of necessary sites therefor  
to be established in Dallas County in conjunction with The University of Texas  
Southwestern Medical School; now,

THEREFORE, be it agreed and contracted by and between the Texas Depart-  
ment of Mental Health and Mental Retardation, represented herein by the Texas  
Board of Mental Health and Mental Retardation, hereinafter called "Department",  
and the Board of Regents of The University of Texas System, acting for and on  
behalf of The University of Texas Southwestern Medical School in Dallas, Texas,  
hereinafter called "University", as follows:

CONTRACT

I.

For and in consideration of the commitments and promises made and to  
be performed by University, Department agrees and promises to:

- A. Establish, construct, maintain and operate the Dallas  
Neuropsychiatric Institute for treatment, teaching and  
research; provided, however, no funds appropriated to  
Department to finance the planning or construction of  
the Institute shall be encumbered until University has  
decided the land described in the manner described in  
Paragraph II. B. below to Department. The design of  
the facility shall be as mutually agreed upon by both  
parties to this contract or their designated repre-  
sentatives. Should there be failure of agreement on  
the design of the facility, then in that event the  
design of the facility shall be as approved by the  
State Building Commission after consultation with  
both parties.

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- B. Permit the University of Texas Southwestern Medical School to use the Institute as a teaching and research facility fully integrated with the medical program of University. After consultation with the Commissioner of the Department, University shall designate members of its medical and professional staff to carry out the treatment, teaching and research program at the Institute. They shall have full-time or part-time faculty status at the medical school and the chairman of each department of the medical school shall be chief of the corresponding service for the Institute. Subject to the individual rights of the patients and the decision of the physician in charge of his case, all patients of the Institute shall be teaching patients.
- C. Provide non-professional personnel as shall be necessary and authorized by appropriation to support the treatment, teaching and research programs to be carried out at the Institute, including an administrative head of the Institute who shall not be appointed until the Dean of the University of Texas Southwestern Medical School has been consulted as to his suitability and qualifications.
- D. Subject to legislative appropriation, reimburse University for medical and professional personnel providing medical services to patients of the Institute under a contract made pursuant to the provisions of the "Inter-agency Cooperation Act" (Article 4413 (32), Texas Revised Civil Statutes), which contract as to the personnel and rates for which such reimbursement is to be made shall be negotiated and renegotiated annually or bi-annually as the Legislature appropriates funds for operation of the Institute. In this connection it is agreed between the parties to this contract that the budget in support of the Institute shall not be submitted to a Legislature until University has had an opportunity to study and make recommendations as to its contents. It is further agreed that both parties to this contract may appear before the Legislature in support and explanation of such budget request.

## II.

For and in consideration of the commitments and promises made to be performed by Department, University agrees and promises to:

- A. Provide a treatment, teaching and research program of the highest quality according to acceptable standards of the medical profession.
- B. Convey to Department fee simple title to a tract of land containing not more than 10 nor less than 8.9 acres out of that land now known as the campus of the University of Texas Southwestern Medical School, the same being in the William B. Coats Survey, Abstract No. 236, Dallas County, Texas, upon which land the Dallas Neuropsychiatric Institute shall be constructed.

This contract shall commence and be effective from the day it is approved by the governing boards of the parties thereto and may be terminated upon the mutual agreement of the parties or by operation of law.

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WITNESS our hands this \_\_\_\_\_ day of \_\_\_\_\_, 1967.

BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS

TEXAS DEPARTMENT OF MENTAL HEALTH  
AND MENTAL RETARDATION

By *Frank C. Erwin, Jr.*  
Frank C. Erwin, Jr., Chairman

By \_\_\_\_\_  
Horace E. Cromer, M.D., Chairman  
Texas Board of Mental Health  
and Mental Retardation

THE STATE OF TEXAS     |

COUNTY OF TRAVIS       |

BEFORE ME, the undersigned authority, on this day personally appeared Frank C. Erwin, Jr., Chairman of the Board of Regents of The University of Texas System, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said Board of Regents of The University of Texas System for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE,  
this the \_\_\_\_\_ day of \_\_\_\_\_, 1967.

\_\_\_\_\_  
NOTARY PUBLIC in and for Travis County, Texas

THE STATE OF TEXAS     |

COUNTY OF TRAVIS       |

BEFORE ME, the undersigned authority, on this day personally appeared Horace E. Cromer, M. D., Chairman Texas Board of Mental Health and Mental Retardation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said Board of Mental Health and Mental Retardation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE,  
this the \_\_\_\_\_ day of \_\_\_\_\_, 1967.

\_\_\_\_\_  
NOTARY PUBLIC in and for Travis County, Texas

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August 23, 1967

The Honorable Horace E. Cromer, M. D.  
Chairman, Texas Board of Mental Health and Mental Retardation  
Box S, Capitol Station  
Austin, Texas 78711

Dear Dr. Cromer:

Pursuant to special authorization granted by the Board of Regents of The University of Texas System, I have executed and hand you herewith five signed copies of the proposed contract with respect to the Dallas Neuropsychiatric Institute, which contract, I understand, was approved by your Board at its meeting on August 12, 1967.

In order to meet your deadline of August 31, 1967, I have signed the contract without change. However, the contract is delivered to you upon condition and with the understanding that the deed by which the Board of Regents of The University of Texas System conveys to your Board the 8.9 acre tract of land mentioned in the contract, will contain a reversionary clause to the effect that if for any reason an unqualified contract for the construction of the Neuropsychiatric Hospital is not awarded by your Board on or before a reasonable date that will be agreed upon by your Board and by the Board of Regents, title to the 8.9 acre tract of land will automatically revert to the Board of Regents of The University of Texas System.

On behalf of The University of Texas System, its faculty and administration, I am delighted to deliver this contract to you, and we look forward to many years of close cooperation with your Board in serving the people of this State.

At your convenience, please return two fully executed copies of this contract to me for our records.

Sincerely,

Frank C. Erwin, Jr., Chairman  
Board of Regents  
of  
The University of Texas System

xc: Members of the Board of Regents  
Dr. Ransom  
Dr. LeMaistre  
Mr. Walker  
Dr. Sprague  
Dr. Stubblefield  
Mr. Waldrep  
Miss Thedford

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4. Dallas Medical School: Authorization to Execute Appropriate Deed Conveying Land as a Site for the Dallas Neuropsychiatric Institute to the Texas Board of Mental Health and Mental Retardation. --The Medical Affairs Committee also authorized the Chairman to execute the deed set out below conveying land as a site for the Dallas Neuropsychiatric Institute to the Texas Board of Mental Health and Mental Retardation. This deed provides that if an unconditional contract for the construction of the Dallas Neuropsychiatric Institute is not awarded by the Texas Mental Health and Mental Retardation Board on or before September 1, 1971, title to the 8.8968 acre tract will revert to the Board of Regents of The University of Texas System:

D E E D

THE STATE OF TEXAS    )   
                           )   
 COUNTY OF DALLAS    )    KNOW ALL MEN BY THESE PRESENTS:

That the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, Grantor, acting herein by and through its Chairman hereunto duly authorized, for and in consideration of the sum of Ten Dollars (\$10.00) in hand paid by the Grantee herein named, receipt of which is hereby acknowledged, and other good and valuable consideration, has TRANSFERRED, GRANTED, SOLD and CONVEYED and by these presents does TRANSFER, GRANT, SELL and CONVEY unto the TEXAS BOARD OF MENTAL HEALTH AND MENTAL RETARDATION, a state agency, its successors and assigns, Grantee, the following described real property situated in Dallas County, Texas, to-wit:

Being a tract or parcel of land situated in the City of Dallas, Dallas County, Texas, and being a part of Block 6057 in the City of Dallas, and being more particularly described as follows:

BEGINNING at a point for corner in the original Northeasterly line of the Chicago, Rock Island and Pacific Railroad right-of-way, said point being in the Northeasterly direction a distance of 125.00 feet



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from the center line of said railroad right-of-way, said point also being the Southerly corner of a 3.6882 acre tract conveyed to Texas Womans University by lease dated 23 April 1965;

THENCE North 24° 29' 10" East along the South-easterly line of a tract of land conveyed to Callier Hearing and Speech Center by deed dated 20 January 1966, a distance of 598.14 feet to a point for corner;

THENCE South 65° 30' 50" East a distance of 649.17 feet to a point for corner;

THENCE South 24° 29' 10" West a distance of 596.90 feet to a point for corner in the original Northeasterly line of the Chicago, Rock Island and Pacific Railroad;

THENCE North 65° 30' 50" West along the original Northeasterly line of the Chicago, Rock Island and Pacific Railroad right-of-way a distance of 517.59 feet to the beginning of a curve to the left;

THENCE in a Northwesterly direction and continuing along the original Northeasterly line of the Chicago, Rock Island and Pacific Railroad right-of-way and along said curve to the left having a radius of 7000.55 feet and a central angle of 1° 04' 37" an arc distance of 131.58 feet to the place of beginning, and containing 8.8968 acres.

TO HAVE AND TO HOLD the above-described premises together with all and singular the rights and appurtenances thereunto in anywise belonging unto the said Grantee, Texas Board of Mental Health and Mental Retardation, its successors and assigns, forever, and the Board of Regents of The University of Texas System does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND, insofar as it is authorized by law so to do, all and singular, the said premises unto the said Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

This conveyance is made upon the following specific condition to which the Grantee herein by the acceptance of this deed agrees and accepts, to-wit:

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That if an unconditional contract for the construction of the Dallas Neuropsychiatric Institute is not awarded by Grantee on or before September 1, 1971, in accordance with plans and specifications prepared pursuant to the provisions of that certain agreement between Grantor and Grantee dated August 23, 1967, then this conveyance shall be null and void and title to the land hereby conveyed shall absolutely revert to and re-vest in the said Board of Regents of The University of Texas System, its successors and assigns, without the necessity of any further act, suit or action on the part of either the Grantor or Grantee herein. Grantee, however, does agree in such event to execute and deliver to Grantor, its successors and assigns, a proper deed of reconveyance in order to clear the record title.

The provision and condition set forth in the last preceding paragraph shall run with the land and shall be binding upon any grantee, transferee, assignee or successor of the Texas Board of Mental Health and Mental Retardation without regard to whether such grantee, transferee or assignee specifically assumes and agrees to the said provision and condition.

This conveyance is subject to all easements, rights of way, restrictions and servitudes of record.

All of the provisions and conditions herein contained shall extend to and be binding upon the parties hereto, their respective successors and assigns, and each designation in this instrument of one of the parties shall include not only that party but the successors and assigns of that party.

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IN WITNESS WHEREOF the Board of Regents of The University of Texas System has caused these presents to be signed by the Chairman of said Board and the common seal affixed, this the \_\_\_\_\_ day of \_\_\_\_\_, 1967.

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

Approved as to Form: Approved as to Content:  
\_\_\_\_\_  
University Attorney Vice-Chancellor for Medical Affairs

THE STATE OF TEXAS )  
                          )  
COUNTY OF TRAVIS )

BEFORE ME, the undersigned authority, on this day personally appeared FRANK C. ERWIN, JR., Chairman of the Board of Regents of The University of Texas System, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act and deed of the Board of Regents of The University of Texas System and that he executed the same as the act and deed of such Board for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this \_\_\_\_\_ day of \_\_\_\_\_, 1967.

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

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5. The University of Texas School of Public Health at Houston: Approval of Preliminary Plan and Authorization to Submit to Coordinating Board the Necessary Items; Appointment of Members of Clinical Faculty. -- The Medical Affairs Committee approved the following outline of a preliminary plan for the operation of The University of Texas School of Public Health at Houston and authorized the Administration to request approval of the Coordinating Board of such items as require Coordinating Board approval:

1. Change in Departmental Titles

- a. From - Department of Industrial Medicine  
To - Department of Occupational Medicine
- b. From - Department of History of Medicine  
To - Department of History of Medicine and Library Sciences

2. Orderly Establishment of the Additional Departments in the General Order Listed Below:

- \*a. Biomathematics
- \*b. Epidemiology
- \*c. Public Health and Medical Administration
- \*d. Pathobiology
- e. Population and Family Health
- f. Aerospace Medicine
- g. Chronic Diseases
- h. Environmental Health (already authorized)
- i. Mental Hygiene
- j. Biochemistry
- k. Radiology and Radiation Protection

\*(a, b, c, d) - Required by accrediting body, Committee on Professional Education, American Public Health Association.

3. Goals

- a. Vigorous pursuit of accreditation
- b. Degree structure recommended by the accrediting agency:

Master's Level

(1) Public Health Generalist - example M.P.H.

(2) Public Health Specialist - example M.Sc.

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## Doctor's Level

- (1) Public Health Generalist - example D.P.H.
  - (2) Public Health Specialist - example D.Sc.
4. Enrollment of acceptable candidates for M.Sc. and D.Sc. as soon as possible upon complying with requirements of the Graduate School.
  5. A target date of 1 September 1968 for beginning the first M.P.H. class.
  6. Utilization of Ernest L. Stebbins, M.D., M.P.H.; Retired Dean, School of Hygiene and Public Health, the Johns Hopkins University, and other consultants as deemed necessary.
  7. Appointments without tenure or salary as listed below:
    - a. To Clinical Professor of Public Health and Medical Administration
      - (1) James E. Peavy, M.D., Commissioner of Health of Texas, Austin
      - (2) Charles A. Pigford, M.D., Chief Health Officer, Houston
      - (3) Loyall D. Farragut, M.D., Chief Health Officer of Harris County, Houston
      - (4) Robert L. Callison, M.D., Chief Health Officer of Galveston
    - b. To Clinical Professor of Occupational Medicine
      - (1) Valliant C. Baird, M.D., Medical Director, Humble Oil, Houston
      - (2) John R. Hall, M.D., M.P.H., Kelsey-Seybold Clinic, Houston
    - c. To Clinical Professor of Aerospace Medicine
      - (1) Charles A. Berry, M.D., Medical Director, NASA, MSC, Houston
    - d. To Clinical Professor of Environmental Health
      - (1) Edward L. Beckman, M.D., (Capt. USN), NASA, MSC, Houston
    - e. To Clinical Professor of Radiology and Radiation Protection
      - (1) Robert D. Moreton, M.D., M. D. Anderson Hospital and Tumor Institute, Houston

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## f. To Clinical Associate Professor of Aerospace Medicine

(1) Allan Duane Catterson, M.D., Deputy Medical  
Director, NASA, MSC, Houston

## g. To Clinical Associate Professor of Industrial Hygiene

(1) James W. Hammond, B.Sc., B.S.C.E., M.S., Industrial  
Hygienist, Humble Oil Company, Houston

(2) Charles P. I. Bergtholdt, A.B., M.P.H., Chief  
Industrial Hygienist, NASA, MSC, Houston

## h. To Clinical Associate Professor of Occupational Medicine

(1) William U. Giessel, M.D., Milby Clinic, Houston

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## REPORT OF THE BUILDINGS AND GROUNDS COMMITTEE (Pages 32-62)

-- Without objection the following report of the Buildings and Grounds Committee as presented by Committee Chairman Johnson was approved:

1. U. T. System: Revision of Architect Fee Payments.--It is recommended that the Director of Facilities Planning and Construction be authorized to pay the Project Architects in accordance with the new payment schedule as follows:

	<u>6% Rate</u>
Completion of preliminary plans and outline specifications	1%
Working plans and specifications 75% complete, increase fee to	3½%
When contract is awarded, increase fee to	4½%*
Remaining payable monthly in proportion to work performed by Contractor	6%

(Rates based on total contract cost of project)

\*If the project is abandoned after completion of final working drawings and specifications, a fee of 4½% will be paid.

2. U. T. System: Award of Contract to J. W. Cooper Construction Company, Inc., for Office Building for University Lands in Midland, Texas.--It is recommended that award of a contract in the amount of \$167,507.00 be made to the low bidder, J. W. Cooper Construction Company, Inc., Odessa, Texas, for construction of an Office Building for University Lands in Midland, Texas. This contract award and the Architect's Fees thereon and miscellaneous expenses are within the amount of \$190,000.00 appropriated for this project.

3. U. T. System: Study of Parking Problems.--It is recommended that the administrative staff give careful consideration to the parking problems at the various component institutions of The University of Texas System and bring to the Board at the next meeting a recommendation as to whether an outside agency should be employed to make a comprehensive study of the parking situation system-wide or whether the administration wishes to undertake this study with members of the staff.

4. U. T. System: Additional Appropriation for Renovation of Regents' Room.--It is recommended that an additional appropriation of \$25,000.00 be made from the Unappropriated Balance of the Available University Fund to complete the renovation of the Regents' Room. This will include refinishing and reupholstering of furniture, addition of new desks, and new carpeting.

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5. U. T. Austin: Approval of Final Plans and Specifications for Joe C. Thompson Conference Center; Reconsideration of Site of Building

--It is recommended that the final plans and specifications for the Joe C. Thompson Conference Center at The University of Texas at Austin, as prepared by the Associate Architect, J. Herschel Fisher and Pat Y. Spillman, be approved by the Board, subject to the approval of the relocation of the site of the building by the Executive Committee upon recommendation of the Chairman of the Regents' Buildings and Grounds Committee and the Chairman of the Board. It is further recommended that after this approval, authorization be given to the Director of Facilities Planning and Construction to advertise for bids to be presented to the Board or the Executive Committee for consideration at a later date.

6. U. T. Austin: Approval for Construction of Addition to Service Building and a Physical Plant Warehouse at Balcones Research Center and Appropriations Therefor. -- Recommendations are made as follows in connection with the construction of an Addition to the Service Building and a Physical Plant Warehouse at Balcones Research Center, The University of Texas at Austin:

a. That an Addition to the Service Building at U. T. Austin be authorized at an estimated cost of \$325,000.00; that the plans and specifications be prepared by the U. T. Austin Physical Plant staff and approved by the Director of Facilities Planning and Construction; and that the Director, after this approval, be authorized to advertise for bids to be presented to the Board or the Executive Committee for consideration at a later date.

b. That a Physical Plant Warehouse of approximately 60,000 square feet at an estimated cost of \$200,000.00 be authorized at the Balcones Research Center; that plans and specifications be prepared by the U. T. Austin Physical Plant staff and approved by the Director of Facilities Planning and Construction, with authorization to the Director, after this approval, to advertise for bids to be presented to the Board or the Executive Committee for consideration at a later date.

c. That appropriations be made out of Permanent University Fund Bond proceeds in the amounts of \$325,000.00 and \$200,000.00 for the Addition to the Service Building and the Physical Plant Warehouse respectively, these funds being available in the Permanent University Fund Bond commitment schedule.

7. U. T. Austin: Ratification of Award of Contract to John H. Yochem Company for Furniture and Furnishings for the South Mall Office and Classroom Building. -- It is recommended that the Board ratify the action taken by the Special Committee appointed at the meeting held June 17, 1967, in awarding a contract for Furniture and Furnishings for the South Mall Office and Classroom Building at The University



of Texas at Austin to the low bidder, John H. Yochem Company, Corpus Christi, Texas, as follows:

Base Bid	\$57,651.40
Less Alternate No. 2 (Delete Typewriter Stands)	<u>378.00</u>
Total Contract Award	<u>\$57,273.40</u>

8. U. T. Austin: Approval of Specifications for Mechanical Equipment for Steam Generating System and Central Water Chilling Stations No. 3 and No. 4.--It is recommended that the specifications for Mechanical Equipment for Steam Generating System and Central Water Chilling Stations No. 3 and No. 4 at The University of Texas at Austin, as prepared by Brown and Root, Engineers on the project, be approved by the Board, with authorization to the Director of the Office of Facilities Planning and Construction to advertise for bids to be presented to the Board or the Executive Committee for consideration at a later date.

9. U. T. Austin: Approval of Specifications for Electrical Equipment for Steam Generating System and Central Water Chilling Stations No. 3 and No. 4.--It is recommended that the specifications for Electrical Equipment for Steam Generating System and Central Water Chilling Stations No. 3 and No. 4 at The University of Texas at Austin as prepared by Brown and Root, Engineers on the project, be approved by the Board, with authorization to the Director of the Office of Facilities Planning and Construction to advertise for bids to be presented to the Board or the Executive Committee for consideration at a later date.

10. U. T. Austin: Approval of Change Orders to the Contract with W. D. Anderson Company for Relocation of Closures of Memorial Stadium and Appropriation Therefor.--In order to provide additional closures on the east side of the Memorial Stadium at The University of Texas at Austin not originally contemplated when the contract for the Relocation of Closures of the Stadium was awarded, and to cover the cost of construction of five ticket booths to be located at the various openings of the Stadium, it is recommended that an appropriation of \$21,343.00 be made from Unappropriated Balance - Athletics Council General Account to the account for Relocation of Closures of Memorial Stadium. It is further recommended that the Director of the Office of Facilities Planning and Construction be authorized to issue additive change orders to the contract with W. D. Anderson Company on this project not to exceed this amount to cover the work outlined above.

11. U. T. Austin: Approval of Change Order to the Contract with Southwest Wrecking, Inc., for Relocation of Penick Tennis Courts and Appropriation Therefor.--In order to remove the retaining wall at the southwest corner of Memorial Stadium at The University of Texas at Austin to provide better pedestrian access and to install steps, paving, and planter boxes at this point, it is recommended that an appropriation of \$5,000.00 be made from Unappropriated Balance - Athletics Council General Account to the account for Relocation of Penick Tennis Courts. It is further recommended that authorization be given to the Director of the Office of Facilities Planning and Construction to issue a change order not to exceed this amount to the contract with Southwest Wrecking, Inc., to cover the work outlined above.

12. U. T. Austin: Approval of Change Order to Contract with W. D. Anderson Company for Remodeling and Rehabilitation of Locker and Dressing Rooms at Memorial Stadium and Appropriation Therefor. -- In order to provide ventilating fans for the locker rooms at the Memorial Stadium at The University of Texas at Austin not originally provided for when the contract for Remodeling and Rehabilitation of Locker and Dressing Rooms at the Stadium was awarded, it is recommended that \$1,700.00 be appropriated from the Unappropriated Balance - Athletics Council General Account to this project. It is further recommended that authorization be given to the Director of Facilities Planning and Construction to issue a change order covering these fans to the contract with W. D. Anderson Company for Remodeling and Rehabilitation of Locker and Dressing Rooms at Memorial Stadium not to exceed this amount.

13. U. T. Austin: Award of Contract to Miller's Concrete Contractors for Surface Drainage Improvements at Colorado Apartments (Brackenridge Tract) and Appropriation Therefor. -- It is recommended that a contract in the amount of \$8,004.00 be awarded to the low bidder, Miller Concrete Contractors, Austin, Texas, for Surface Drainage Improvements at the Colorado Apartments on the Brackenridge Tract, The University of Texas at Austin, and that an appropriation of \$8,004.00 to cover this contract award be made from Account No. [REDACTED] Reserve - Division of Housing and Food Service - Major Repairs, Remodeling and Replacement, and Operating Reserve. It is further recommended that U. T. Austin Business Manager Colvin be authorized to sign the contract and that the work be supervised by the U. T. Austin Physical Plant staff.

14. U. T. Austin: Approval of Change Order to Contract with Everhard Construction Company for Collections Deposit Library (Study Carrels) and Appropriation Therefor. -- In order to make better use of the attic space in the upper level of the Collections Deposit Library being constructed at The University of Texas at Austin by rearranging the area to provide for approximately 100 study carrels, it is recommended that the Board approve an appropriation of \$55,000.00 from Unallocated Proceeds of Permanent University Fund Bonds to this project. It is further recommended that the Director of Facilities Planning and Construction be authorized to issue a change order not to exceed this amount to the contract with Everhard Construction Company for the Collections Deposit Library, covering the cost of finishing, carpeting, installing acoustical tile, study carrels, and lighting the rearranged area.

15. U. T. Austin: Approval of Preliminary Plans for Humanities Research Center. -- It is recommended that the preliminary plans and outline specifications for the Humanities Research Center at The University of Texas at Austin as prepared by the Associate Architect on the project, Jessen, Jessen, Millhouse, Greeven, and Crum be approved by the Board, with authorization to the Associate Architect to proceed with the preparation of working drawings and specifications for the project based on the approved preliminary plans to be presented to the Board for approval at a later meeting.

16. U. T. Austin: Award of Contract to Rockford Furniture Associates for Furniture and Furnishings for the J. T. Patterson Laboratories Building (Biological Sciences Building). -- It is recommended that a contract award in the amount of \$49,476.56 be made to the low bidder, Rockford Furniture Associates, Austin, Texas, for Furniture and Furnishings for the J. T. Patterson Laboratories Building (Biological Sciences Building) at The University of Texas at Austin.

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17. U. T. Austin: Approval of Leasing of Space for the Special Education Instructional Materials Center at 304 West 15th Street from Blangger and Gouldthorpe Company.-- It is recommended that approval be given by the Board for the Special Education Instructional Materials Center at The University of Texas at Austin to continue to lease approximately 3,000 square feet of space at 304 West 15th Street, Austin, Texas, from the Blangger and Gouldthorpe Company, for a period of one year from September 1, 1967, at the same monthly rental rate of \$600.00 per month. Contract No. OEG-4-6-062267-1551 with the U. S. Office of Education has been renewed and provides funds with which to pay this rental. It is further recommended that the lease agreement be signed by Vice-Chancellor Walker after appropriate approvals as to content and legal form.

18. U. T. Austin: Award of Contract to T. C. Bateson Construction Company for Lyndon Baines Johnson Library and East Campus Library and Research Building and Appropriation Therefor; Payment to City of Austin Authorized for Work in Connection with Utility Tunnels.-- In connection with the construction of the Lyndon Baines Johnson Library and East Campus Library and Research Building at The University of Texas at Austin, the following recommendations are made:

That a contract award be made to the low bidder, T. C. Bateson Construction Company, Dallas, Texas, as follows, subject to the approval of the Federal Government:

Base Bid No. 2 (Italian Travertine)	\$11,319,000.00
Base Bid No. 4 (Site Work)	<u>530,000.00</u>

Total Recommended Contract Award	<u>\$11,849,000.00</u>
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That a Contingency Allowance of \$237,000.00 be approved, with authority to the Director of the Office of Facilities Planning and Construction to issue additive change orders to the contract with T. C. Bateson Construction Company not to exceed this amount.

That authority be given to the Director of Facilities Planning and Construction to pay the amount of \$30,023.00 from the appropriation for this project to the City of Austin for work to be performed by the City in connection with certain utility tunnels for the project.

That in addition to the appropriation of \$3,315,500.00 already made for this project (\$675,000.00 from Permanent University Fund Bond Proceeds and \$2,640,500.00 from Federal Grant No. 2-2212), appropriations be made of \$9,825,000.00 from Permanent University Fund Bond Proceeds and \$750,000.00 from Available University Fund.

19. U. T. Austin: Award of Contract to Pat Canion Excavating Company for Parking Lots Between 19th and 21st Streets and New Street Entrance to Campus at Congress Avenue and 19th Street and Appropriation Therefor.-- It is recommended that a contract award for Parking Lots between 19th and 21st Streets and a New Street Entrance to the Campus at Congress Avenue and 19th Street, The University of Texas at Austin, be made to the low bidder, as follows:

Pat Canion Excavating Company, Austin, Texas	\$54,286.00
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It is further recommended that an appropriation of \$54,286.00 be made from U. T. Austin Unappropriated Balance to cover this contract award.

The award of this contract will complete all of the parking areas authorized at the May 6, 1967, meeting of the Board except the area between the Kappa Annex and Robert E. Lee Hall. Plans for this area will be handled in conjunction with the location of the Warehouse and shipping room for The University of Texas Press, which is to occupy the Kappa Annex.

20. U. T. Austin: Approval by City of Austin for Closing of Certain Streets and Alleys, and Approval of Additional Entrances to the Campus and Guard Stations and Appropriation Therefor with Change Orders to Contract with W. D. Anderson Company for Closures of Memorial Stadium. -- The City Council of the City of Austin has, upon request by the Board of Regents of The University of Texas System, agreed to the closing of a number of streets and alleys between 19th and 21st Streets, and, as a consequence the entrances to the Campus of The University of Texas at Austin will be changed and additional guard stations will be needed. It is recommended that an appropriation of \$30,000.00 be made from the Unappropriated Balance of the Available University Fund for this project, with authorization to the Director of the Office of Facilities Planning and Construction to issue a change order covering this work to the contract with W. D. Anderson Company for Closures of Memorial Stadium not to exceed this amount.

21. U. T. Austin: Report on East Urban Renewal Project. -- Chairman Erwin reported that word had been received from Housing and Urban Development of the approval of the East Urban Renewal Project. This will involve the acquisition of fifteen blocks of land between Red River Street and the Expressway for use by The University of Texas at Austin.

22. U. T. Arlington: Approval of Preliminary Plans for University Hall (General Classroom-Office Building). -- It is recommended that the preliminary plans and outline specifications for University Hall (General Classroom-Office Building) to be constructed at The University of Texas at Arlington, as prepared by the Associate Architect on the project, Wright-Rich and Associates, be approved by the Board, with authorization to the Associate Architect to proceed with the preparation of final plans and specifications to be presented to the Board for approval at a later meeting.

23. U. T. Arlington: Authority to Issue Change Orders to Contract with Allen Brothers and O'Hara for Business-Life Science Building and Faculty Office Building and Appropriation Therefor; Plans for Laboratories therein Authorized. -- It is recommended that authority be granted to the Director of the Office of Facilities Planning and Construction to issue change orders to the contract with Allen Brothers and O'Hara for the construction of the Business-Life Science Building and Faculty Office Building at this time to cover partial finishing of the basement of the Business-Life Science Building by extension of elevator shafts, extension of stairways, excavation of unsuitable foundation material, and installation of stable material that will be necessary for the installation of a concrete slab at a future date after the planning of the basement laboratories has been completed. This was not included in the construction contract.

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It is further recommended that the Associate Architect on the project, Harwood K. Smith and Partners, be authorized to prepare plans and specifications for laboratories to be housed in the basement area. It is estimated that the complete finishing of the basement for future construction of laboratory areas including Architects' Fees will not exceed \$100,000.00, and it is recommended that an appropriation of this amount be made to this project from Unallocated Proceeds of State of Texas Constitutional Tax Bonds at The University of Texas at Arlington.

24. U. T. El Paso: Ratification of Award of Contract to Ray Ward and Son for Addition to Bell Hall Kitchen.--It is recommended that the Board ratify the action of the Special Committee appointed June 17, 1967, in awarding a contract in the amount of \$24,442.00 for the Addition to Bell Hall Kitchen at The University of Texas at El Paso to the low bidder, Ray Ward and Son, El Paso, Texas.

25. U. T. El Paso: Approval of Filling of Arroyo South of Sun Bowl and Installation of Drain Pipe in Arroyo South of New Physical Science Building; Appropriation Therefor, and Authorization to Director of Office of Facilities Planning and Construction.-- The following recommendations are made:

a. That approval be given to filling of the arroyo south of the Sun Bowl and the installing of a large drain pipe in the arroyo south of the new Physical Science Building at The University of Texas at El Paso.

b. That an appropriation of \$18,000.00 be made from Unappropriated Balance of U. T. El Paso for this project.

c. That the Office of Facilities Planning and Construction be authorized to approve plans and specifications for this project and to advertise for bids after this approval.

d. That the Director of the Office of Facilities Planning and Construction be authorized to award a contract for the project within the amount of money available.

26. Galveston Hospitals: Award of Contract to Wood-Leppard Air Conditioning Company for Upgrading Air Conditioning in Operating Suites of John Sealy Hospital and Additional Appropriation Therefor.--It is recommended that a contract award in the amount of \$187,746.00 be made for Upgrading Air Conditioning in the Operating Suites of John Sealy Hospital at The University of Texas Medical Branch at Galveston to the low bidder, Wood-Leppard Air Conditioning Company, Houston, Texas, this amount including an addition of \$15,000.00 to the Contingency Allowance originally included in the contract in order that the Contractor can purchase and install the equipment needed to complete the project. In order to cover this contract award, Engineer's Fees thereon, and miscellaneous expenses, it is recommended that an additional \$50,000.00 be appropriated to the project from Permanent University Fund Bond proceeds, being part of the allocation for Remodeling and Renovation in the Five-Year Plan for the Galveston Medical Branch, bringing the total appropriation for the project to \$200,000.00.

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27. Galveston Medical Branch: Easement Covering Land South of Avenue A Between North Boulevard Drive and 4th Street North of Sealy and Smith Foundation Tract to Houston Lighting and Power Company for Installation of Underground Circuits and Larger Substation Area for Transformers and Switchgear Serving the Galveston Medical Branch.-- For the benefit of The University of Texas Medical Branch at Galveston, it is recommended that an easement be granted to the Houston Lighting and Power Company across, under, and over a tract of land lying immediately south of Avenue A and located between North Boulevard Drive and 4th Street, north of The Sealy and Smith Foundation tract in the City of Galveston, Texas, as follows:

(A) A strip 10 feet wide approximately 360 feet long for installation of the Company's underground distribution system; and

(B) An area 30 feet wide by 100 feet long immediately adjacent to the Galveston Medical Branch's Central Chilling Plant for installation of additional transformers and switchgear to serve the Central Chilling Station. This easement overlaps in part a 36 foot by 45 foot substation site previously granted by the Board at the meeting held October 6, 1962, the remaining portion of which will be released when this easement is granted.

It is further recommended that the Chairman of the Board be authorized to execute the easement instrument after approval as to content by the Director of the Office of Facilities Planning and Construction and as to legal form by the University Attorney.

28. Galveston Medical Branch: Approval of Rental of 600 Square Feet of Space in Sealy-Smith Professional Building for Physicians Referral Service Trust.--It is recommended that approval be given for the rental of 600 square feet of space in the Sealy-Smith Professional Building at their standard rate of \$0.35 per square foot per month for an office to establish and implement the Physicians Referral Service Trust for Billing and Collection of Professional Fees at The University of Texas Medical Branch at Galveston. The establishment of the PRST office will permit the Galveston Medical Branch to proceed with the planning for the full implementation of this program in accordance with action taken by the Board of Regents at the meeting held July 29, 1967 (Permanent Minutes, Volume XIV, Page 2022). The rental for this space will be paid for out of Medical Branch Trust Funds.

It is further recommended that Vice-Chancellor Walker be authorized to sign a lease agreement after the appropriate approvals as to content and legal form.

29. Galveston Medical Branch: Award of Contract to Eriksson Construction Company, Inc., for Laundry Expansion, Additional Appropriation Therefor, and Acceptance of Grant No. Tex. 416M.--It is recommended that a contract award be made to the low bidder, Eriksson Construction Company, Inc., Galveston, Texas, as follows, for Expansion of the Laundry at The University of Texas Medical Branch at Galveston:

Base Bid		\$642,400.00
Deduct Alternates:		
No. 1 (Omit Feeder, Spreader & Conveyor)	\$ 6,103.00	
No. 2 (Omit Elevator Work)	2,929.00	
No. 3 (Omit One Operator Shirt Presser)	5,239.00	
No. 4 (Omit Clean Linen Carts)	43,238.00	
No. 5 (Omit Water Softener)	1,442.00	
No. 6 (Omit Washer-Extractor)	12,760.00	71,711.00
Total Recommended Contract Award		<u>\$570,689.00</u>

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An appropriation of \$250,000.00 has been made to this project from Permanent University Fund Bond Proceeds, and Hill-Burton Grant No. Tex. 416M in the amount of \$245,950.00 has been received. It is recommended that this grant be accepted and added to the appropriation for the project. In order to cover the recommended contract award, Contingency Allowance, Architects' Fees thereon, and miscellaneous expenses, it will be necessary to appropriate additional funds therefor. It is, therefore, recommended that \$150,000.00 be added to this project, the money to come from The Sealy and Smith Foundation.

It is further recommended that a Contingency Allowance of \$27,000.00 be set up, with authorization to the Director of the Office of Facilities Planning and Construction to issue additive change orders to the contract not to exceed this amount.

30. Dallas Medical School: Award of Contracts to Warren Contracting Corporation for Addition to Physical Plant Storage Building and to Texas Bitulithic Company for Access Road and Service Drive and Additional Appropriation Therefor.--It is recommended that contract awards be made for two projects at The University of Texas Southwestern Medical School at Dallas to the low bidders, as follows:

Addition to Physical Plant Storage Building:	
Warren Contracting Corporation, Dallas, Texas	
Base Bid	\$13,824.00
Access Road and Service Drive:	
Texas Bitulithic Company Dallas, Texas	
Base Bid	<u>21,878.52</u>
Total Recommended Contract Awards	<u>\$35,702.52</u>

In order to cover the total recommended contract awards plus miscellaneous expenses, it is further recommended that an additional appropriation of \$15,000.00 be made to the projects from the Unappropriated Surplus of The University of Texas Southwestern Medical School at Dallas.

31. Dallas Medical School: Appointment of Harrell and Hamilton as Consultants for Master Planning and Appropriation Therefor.--In order to carry out a study, revision, and expansion of the site development at The University of Texas Southwestern Medical School at Dallas, it is recommended that \$35,000.00 be appropriated from the Unappropriated Balance at the Dallas Medical School. This planning will encompass land utilization, physical facilities, academic development, and plans for funding of both operations and facilities.

It is further recommended that the firm of Harrell and Hamilton be employed on a per diem basis to assist in this planning at the following rates:

\$ 4.00 per hour for draftsmen  
6.00 per hour for planners  
10.00 per hour for partners

Plus 150% of salaries for overhead, profit, and other operating expenses.

It may be necessary to employ consultants other than the firm of Harrell and Hamilton to study and make recommendations in specific areas pertinent to the overall master plan. Recommendations concerning other consultants will be presented to the Board for prior approval.



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This recommendation is in accordance with the procedures adopted by the Board at the meeting held June 17, 1967. (Permanent Minutes, Volume XIV, Page 1812 )

32. San Antonio Medical School: Award of Contracts to Don Wittig Office Furniture, Library Bureau Systems, Remington-Rand, and Abel Contract Furniture and Equipment, Inc., for Office and Library Furniture.-- It is recommended that contract awards for Office and Library Furniture for the new building being constructed at The University of Texas Medical School at San Antonio be made to the low bidders, as follows:

## Base Bid "A"

Don Wittig Office Furniture, San Antonio, Texas	\$130,500.00
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## Base Bid "B"

Library Bureau Remington Rand Office Systems Division Sperry Rand Corporation, Austin, Texas	8,779.00
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## Base Bid "C"

Abel Contract Furniture and Equipment Company, Inc., Austin, Texas	<u>20,467.70</u>
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Total Recommended Contract Awards	<u>\$159,746.70</u>
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33. San Antonio Medical School: Approval of Contract with Central Energy Corporation for Central Heating and Chilled Water Plant.-- It is recommended that the contract as set out below (Pages 41-61 ) with Central Energy Corporation for construction and operation of a central utility plant to provide chilled water and steam for The University of Texas Medical School at San Antonio be approved by the Board, with authorization to the Chairman to sign the document. This proposed contract has been reviewed and approved by Mr. Paul Horton of McCall, Parkhurst, and Horton, Bond Attorneys, Mr. Burnell Waldrep, University Attorney, Mr. Lester E. Palmer, Director of the Office of Facilities Planning and Construction, Mr. R. L. Anderson, Comptroller, Mr. E. D. Walker, Vice-Chancellor for Business Affairs, Brown and Root, Engineers, and Mr. B. Segall, Jr., Engineer for the Bexar County Hospital District, which district will also enter into a contract with this company to furnish steam and chilled water to the Bexar County Teaching Hospital:

CUSTOMER AGREEMENT

This AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1967, by and between CENTRAL ENERGY CORPORATION, a Texas corporation with its principal place of business in Dallas, Dallas County, Texas, hereinafter sometimes referred to as "CEC,"



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and the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM for the use and benefit of The University of Texas Medical School at San Antonio, hereinafter sometimes referred to as "Board,"

WITNESSETH:

WHEREAS, Board desires that a central plant and underground distribution system be provided to furnish chilled water and steam to the buildings constituting The University of Texas Medical School at San Antonio; and

WHEREAS, CEC represents to Board that it has the requisite experience, skill and personnel properly to serve Board in the capacities specified below, and Board in reliance on such assurances is willing to contract to obtain chilled water and steam from CEC and to provide for the construction, operation and maintenance of a central plant and underground distribution system;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties agree as follows:

1. Construction of Central Plant. CEC hereby agrees to construct a central plant and an underground distribution system to provide chilled water and steam to those buildings constituting The University of Texas Medical School at San Antonio described in Exhibit A attached hereto and made a part of this agreement together with such other buildings and facilities as may be added by Board and to which service is requested by Board. Board agrees to purchase all requirements of chilled water and steam for buildings described in Exhibit A. Board further agrees that it will not provide or otherwise obtain chilled water and steam from any other source for buildings described in Exhibit A during the term of this agreement. Such chilled water and steam shall be provided on a 24 hour-a-day basis. The central plant shall be designed of masonry construction of a design to harmonize with the present buildings on the site. The cooling tower shall be located on the roof of the building and enclosed with masonry

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screen. The central plant will be designed to be readily expandable. Before any work is begun or any commitments made as to materials and design of the central plant and underground distribution systems, all plans and specifications shall be approved by the Director of Facilities Planning and Construction and the Board. All future locations of pipelines, if any, shall have the prior approval of the Director of Facilities Planning and Construction.

2. Term. This agreement shall be for a primary term ending August 31, 1993. CEC shall have the stage of construction so advanced that:

- a. The system is capable of delivering chilled water and steam not later than April 1, 1968;
- b. The Central plant and underground distribution systems have been substantially completed, tested and placed in operation not later than June 1, 1968;

CEC shall notify Board in writing as soon as each of the phases of construction, outlined above, have been completed.

3. Design and Plant Capacity. The central plant and underground distribution system shall be designed and constructed to provide services both to Board and to facilities of the Bexar County Hospital District. The initial plant shall have an installed cooling capacity of 6,000 tons and an installed heating capacity of 80 million BTU. The design will provide for multiple boilers and for 100 percent steam capacity in the event the largest boiler is out of service or in the event of a total loss of electrical or gas utility service, or both. The design will also provide for multiple chiller units capable of performing at approximately 60 percent of capacity with the largest unit cut of service and approximately 30 percent of capacity in the event of a total loss of electrical or gas utility service, or both.

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Chilled water shall be circulated to the delivery points at a temperature of not less than 39° F to not more than 42° F and at a pressure of approximately 125 p.s.i.g. If requested by Board, CEC will provide chilled water during peak cooling periods within range of 39° F to 40° F. Saturated steam shall be circulated to the delivery points at a pressure of not less than 150 p.s.i.g. and not more than 225 p.s.i.g.

The capacities which the central plant shall be designed to provide to the Board are as follows:

<u>GPM Chilled Water</u>	<u>COOLING</u>	
	<u>Refrigeration Capacity (Tons)</u>	<u>Maximum Steam Demand (Pounds per Hour)</u>
4,590	2,700	31,400

In addition to the capacities dedicated for the provision of services to the Board, the central plant will be capable of providing 3,910 GPM of chilled water with a refrigeration capacity of 2,300 tons and 46,600 pounds per hour of steam to the facilities of the Bexar County Hospital District. The Board acknowledges that this usage of the plant will be permitted and that the rates to the Board prescribed herein are established and agreed to by it with full knowledge of CEC's intention to provide such services to the facilities of the Bexar County Hospital District. Rates to Bexar County Hospital District or any other user approved by the Board shall never be less than the rates charged to Board.

4. Commencement of Construction; Ground Lease. CEC hereby agrees to commence construction of the said central plant and underground distribution system upon the lands of Board above described within a reasonable time from the date of this agreement. CEC will obtain from its contractors a performance and payment bond assuring CEC of completion of the project in sufficient time

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to commence the provision of services as herein specified. Should CEC permanently abandon the construction of said plant, title to all improvements shall vest in Board. As a part of the consideration of this agreement Board agrees to lease to CEC a tract of land within the site and at the location shown on Exhibit B attached hereto of approximately 150 feet by 290 feet containing 43,500 square feet, upon which CEC can erect the central plant building and install the central plant. The parties hereby agree to execute on the date hereof a lease agreement attached hereto as Exhibit C reflecting the terms and conditions under which said land is to be used.

5. Metering Equipment; Point of Delivery. Board will provide CEC with space in the building(s) designated in Exhibit B to install equipment for measuring and metering the chilled water, steam and steam condensate delivered or returned from each delivery point serving such building. Delivery points to the building will be at the underground point mutually agreed to by Board and CEC, terminating approximately five (5) feet from the point of entrance of the building to be served. Circulation from the delivery point will be done by Board. The necessary mixing valves, control system, pumps and regulators will be installed in the circulating system of the building by Board. Readings from the meters shall be totaled and such totals used for determining the monthly billing charge by CEC to Board.

6. Ownership and Repair of Central Plant. Board shall not, by virtue of this agreement during the term hereof, acquire any interest or right in or to the central plant, central plant building, distribution system, or any other equipment installed by CEC, except as otherwise provided in this agreement and the

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lease agreement attached hereto. CEC shall repair and maintain such building, systems and equipment. If all or any part of such facilities shall at any time be destroyed or damaged so that the production or circulation of chilled water and steam is not adequate to maintain the standards herein contained, CEC shall proceed promptly to rebuild, replace and/or repair the same. CEC shall have the right, upon reasonable notice to the Director, Physical Plant, of Board, to interrupt the supply of chilled water and steam to Board's facilities for the purposes of making any necessary repairs; but CEC shall in each instance accomplish such work at such times and in such manner as to cause as little interruption or inconvenience to the occupants of the building as is reasonably possible and shall restore its facilities to operation as quickly as shall be reasonably possible under the circumstances.

7. Right of Entry. Board agrees that CEC, its agents, representatives and workmen and all persons designated by CEC shall have free ingress and egress at all times to the areas within which the central plant building is located.

8. Return of Chilled Water and Steam. Board shall be responsible for the return to the circulation system of all chilled water and condensate from the steam as follows:

(a) Board shall endeavor to return chilled water at a pressure sufficient to enter CEC's return lines within approximately 10 p.s.i. of the delivered pressure.

(b) Board shall endeavor to return steam condensate at a minimum temperature of 150° F and at a pressure sufficient to enter CEC's return lines but not in excess of 50 p.s.i. CEC's return lines shall be designed and operated so as to permit such entry under all usual operating conditions. The necessary mixing valves, control systems, pumps and regulators in the circulation system of the buildings served shall be installed by Board at its sole expense. The design of such equipment shall

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provide for the automatic return of the steam condensate within the prescribed limits. If Board shall fail to return steam condensate as herein provided, it shall pay a charge of \$0.35 per thousand gallons for each thousand gallons of steam condensate, in excess of 30 thousand gallons, not returned to CEC during any month.

9. Rates for Chilled Water. Board shall pay to CEC a base charge for producing, furnishing and circulating chilled water at the base rate, subject to adjustment as herein provided, of 2.95 cents per ton hour. One "ton-hour" is defined as 12,000 BTU of energy for a period of one hour.

Such base charges will be increased or, as the case may be, decreased from time to time as follows:

(a) For the refrigeration produced using steam turbines or absorption chillers, \$.0002 per ton hour for each cent by which the average annual cost to CEC per million BTU of the fuel utilized in the central plant systems varies from twenty-two and one-half cents per million BTU.

(b) For the refrigeration produced using electric motor-driven chillers, \$.0011 per ton hour for each one tenth cent by which the average annual cost to CEC per kilowatt hour (KWH) of electrical energy, including cost determined on the basis of demand, varies from \$.01 per KWH. Where electric driven chillers are not utilized the electrical cost adjustment shall be \$.00033 per ton-hour per .1 cent change in cost of electrical energy including demand from 1.1 cent per kilowatt hour.

(c) \$.0002 per ton hour for each two cents by which the average annual cost to CEC per thousand gallons of water utilized in the central plant system varies from fifteen cents per thousand gallons of water.

(d) \$.00012 per ton hour for each five percent change in the average cost of labor prevailing for manufacturing employees in the San Antonio labor market for the month of December of each

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contract year from the average cost of labor prevailing for manufacturing employees in the San Antonio labor market for December, 1968. The average cost of labor prevailing for manufacturing employees in the San Antonio labor market shall be determined by reference to and in conformity with the index of Gross Average Hours and Earnings in the San Antonio Metropolitan Area published by the Texas Employment Commission in cooperation with the United States Bureau of Labor Statistics.

(e) By an adjustment to reflect the increase or decrease in taxes, as herein defined, for taxable periods commencing January 1, 1969. Adjustments with respect to ad valorem taxes assessed to and paid by CEC shall be made for changes in the tax charged resulting from any change in the tax rate or in the percent of assessed value includible in the defined "base" for taxation. Such adjustment, which shall be made to the base charge payable at the date services are first provided hereunder, shall be computed at the end of each calendar year during the term of this contract in which a change in taxes shall have occurred as follows:

Step 1. Multiply the total assessed value at the most recent assessment date of all property used by CEC in the performance of this contract ("Property Value") by the tax rate and percentage of assessed value included in the tax base used for the determination of tax for the preceding year.

Step 2. Multiply the Property Value used in Step 1 by the tax rate and percentage of assessed value included in the tax base used for the determination of tax for the year which includes the date at which service is commenced hereunder.

Step 3. Subtract the product of Step 2 from the product of Step 1.

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Step 4. Divide the remainder of Step 3 by the number of ton hours of chilled water sold by CEC during the preceding calendar year.

Step 5. Multiply the quotient of Step 4 by a fraction of which the denominator is the total revenue realized by CEC from the sale of chilled water and steam during the preceding calendar year to all parties from the plant constructed hereunder and the numerator of which is the total revenue realized by CEC from the sale of chilled water to Board hereunder during the preceding calendar year.

Step 6. If the product of Step 5 is a plus figure, add to base charge for chilled water, or, if the product of Step 5 is a minus figure, subtract from the base charge.

Upon any adjustment to the base rate as provided in this paragraph 9, CEC shall give written notice to Board of its computation of such adjustment not later than April 30 of each year. The adjustment shall be applied commencing with the beginning of the next succeeding fiscal year of the Board.

10. Rates for Steam. Board shall pay to CEC a base charge for producing, furnishing and circulating steam at the base rate, subject to adjustment as hereinafter provided, of 75 cents per million BTU.

Such base charges will be increased or, as the case may be, decreased from time to time as follows:

(a) \$.0015 per million BTU for each one tenth cent by which the average annual cost to CEC per million BTU of the fuel



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utilized in the central plant system allocated to production of steam for sale varies from twenty-two and one-half cents per million BTU.

(b) \$.002 per million BTU for each one tenth cent by which the average annual cost to CEC per KWH of electrical energy, including cost determined on the basis of demand, varies from \$.011 per KWH.

(c) \$.005 per million BTU for each one cent by which the average annual cost to CEC per thousand gallons of water utilized in the central plant system varies from fifteen cents per thousand gallons of water.

(d) \$.013 per million BTU for each five percent change in the average cost of labor prevailing for manufacturing employees in the San Antonio, Texas, labor market for December of each contract year from the average cost of labor prevailing for manufacturing employees in the San Antonio, Texas, labor market for December, 1968, such costs determined as provided in paragraph 10.

(e) By a tax adjustment identical with the adjustment provided in (e) of paragraph 9 hereof, except that (1) in Step 4 the remainder of Step 3 shall be divided by the number of million BTU's of steam sold by CEC during such preceding calendar year from the central plant system, and (2) the quotient of Step 4 shall be multiplied by a fraction the denominator of which is the total revenue of CEC from the sale of chilled water and steam from the central plant system for said 12 months period and the numerator of which is the total revenue of CEC from the sale of steam from the said central plant system for such preceding calendar year. The amount so determined shall, if a plus figure, be added to or, if a minus figure, be subtracted from the base charge for steam.

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Upon any adjustment to the base rate as provided in this paragraph 10, CEC shall give written notice to the Board of its computations of such adjustment not later than April 30 of each year. The adjustment shall be applied commencing with the beginning of the next succeeding fiscal year of the Board.

11. Modification in Event of Expansion. In the event the parties hereto agree to an increase in services requiring a significant expansion of the central plant, or if CEC shall expand the central plant significantly with the approval of the Board, to serve customers other than Board, the rates for chilled water and steam and the remaining terms of this contract shall be subject to modification by agreement between the parties.

12. Encumbrances and Removal of Property. Except for financing of the initial construction and equipment for the facilities described in this agreement, CEC agrees not to further encumber any property located on the land described in Exhibit B without approval of Board; and CEC further agrees not to remove any of said property without approval of Board. CEC covenants that in financing the said initial construction and equipment it will provide for substantially level annual payments in retiring indebtedness.

13. Statements for Charges; Payment. Statements shall be rendered monthly by CEC to Board not later than the fifth business day of each month for the prior month's service, and shall be payable on or before thirty days thereafter.

14. Verification of Metering. Board shall have access at all reasonable times to metering equipment and all instruments used in determining the measurement of the contract units of chilled water, steam and steam condensate, but the reading, adjustment and maintenance thereof shall be performed only by representatives of CEC. Upon request of Board, CEC shall submit to Board its records and readings of such meters and measuring equipment, and a representative of Board may, at the request of Board, be present when

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periodic tests or adjustments are made of such meters and measuring equipment; and CEC shall give reasonable notice of its intention to make such test or adjustments. Board, through a representative, shall have the right at reasonable times to have its representatives test the accuracy of such meters and measuring equipment, and if upon any test of the meters or measuring equipment by Board or by CEC any of such meters or measuring equipment is found to be inaccurate by 2% or more, such meter or measuring device shall be promptly corrected, and payments based upon such inaccurate registration shall be corrected for the period during which said inaccuracy is known to have existed, but in case such period is not known or agreed upon, then for a period extending back for one-half ( $\frac{1}{2}$ ) of the lapsed time since the previous test of the accuracy of such meter or measuring equipment. Calculations of energy usage by plant records of temperature differential and flow may be used when mutually agreed.

15. Equipment Under Control of Board. CEC will not be responsible for insufficient cooling or heating within any building attributable to defects or inadequacy of air handling, heat exchange or other related equipment not under the exclusive control of CEC.

16. Indemnification and Insurance. CEC will indemnify and hold Board harmless from any loss, cost, damage or expense proximately resulting from the negligent performance by it of its obligations hereunder or from its violation of the covenants made by it hereunder. CEC shall be promptly notified in writing of any claim or demand for payment made on account of which Board claims that it is entitled to indemnification under this agreement; and such CEC shall have a reasonable opportunity and the right to contest, at its own expense, any such claim or demand asserted against Board. Board shall cooperate in defending against

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any such claim or demand and shall make available to CEC any business records appropriate for use in contesting any such liability.

At all times during the term of this agreement CEC shall maintain in full force and effect the following insurance coverage:

(a) Public liability insurance in an amount not less than \$500,000.00 for each occurrence.

(b) Workmen's compensation insurance in accordance with applicable laws.

(c) Water damage liability insurance, in the amount of \$100,000.00/\$300,000.00.

17. Assignment of Proceeds. CEC represents that, incident to its financing the building of the facilities contracted by it to be built hereunder, it will designate a trustee to protect the interests of the holders of the bonds sold to provide such financing. The trustee so designated shall be acceptable to Board and Board agrees to make payments from time to time for services rendered to it under the terms hereof to such trustee under the following conditions:

(a) Upon receipt of instructions to do so, in writing, duly signed by CEC; or

(b) In the event CEC becomes unable to continue the performance of services as herein provided because of its bankruptcy, insolvency, or for any other reason.

Under the circumstances outlined in subparagraph (b) above, the trustee shall designate a successor plant operator of the central plant which shall be acceptable to the Board. If the trustee fails to appoint an acceptable successor plant operator, Board shall either appoint a successor plant operator or shall itself take over the operation of such plant. In

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such latter event, Board shall pay the operating and maintenance expenses, the total of which shall be deducted from the sum of the amounts payable by it for services hereunder and the amounts received by it from any services rendered to others, which amounts shall be due and payable to Board as operator of central plant, and the balance of which, if any, shall be remitted to trustee to be applied to the payment of the principal and interest on the bonds issued by CEC for the building of the central plant facilities and reasonable fees for the services rendered by it.

Should it become necessary, due to the circumstances outlined in subparagraph (b) above, to provide for the payment of CEC's outstanding bonds through the trustee, then this agreement, and the lease to CEC of the plant site, shall terminate on August 31, 1993, or at the time when the last of the bonds issued by CEC for the facilities built hereunder are paid in full, whichever event occurs first. If termination occurs as a result of the payment of such bonds, then all the remaining personal property then constituting the plant, and any supplies then on hand, shall become the property of the Board.

18. Inspection of Plant and Systems. Board will cause a semi-annual inspection to be made under the supervision of the Director, Office of Facilities Planning and Construction, of the central plant and distribution systems. A written report of the results of such inspection shall be given to CEC and to the trustee. If deficiencies are indicated in report, CEC shall have a reasonable time to correct such deficiencies or request reconsideration thereof.

19. CEC Not a Public Utility. Board stipulates that Board understands that CEC is not and will not become a "public utility," that CEC does not and will not dedicate any of its property or facilities to the public use or to any use which would cause CEC to become a public utility. Board will at not time

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during the term of this agreement urge or press any claim or charge that CEC is or should be a public utility, nor will Board urge any such claim after the termination of this agreement based upon any occurrence or set of facts which existed during the term of this agreement.

20. Notices. All notices and bills hereunder shall be in writing and shall be deemed to have been delivered when deposited in the United States mail, postage prepaid, if properly addressed as follows:

If to Board: The University of Texas Medical School  
at San Antonio  
San Antonio, Texas.

If to CEC: 2102 Proctor Street  
Dallas, Texas.

Either party may by written notice to the other change its address for purposes of notices and bills hereunder.

21. Merger Clause; Amendments. This written agreement constitutes the whole agreement between the parties hereto, and all prior or contemporaneous oral commitments or understandings are merged herein. This agreement may be modified or amended only by an agreement in writing signed by each of the parties hereto.

22. Force Majeure. CEC will not be responsible for any interruptions of the delivery of chilled water or steam or for the performance of any of the duties assumed hereunder by CEC, due to strikes, fires, or governmental interference of order or regulation of or by any governmental authority, acts of God, or causes beyond the control of CEC, but CEC will at all times exercise the highest of diligence to have the central plant system furnish an uninterrupted supply of chilled water and steam.

23. Successor and Assigns. This agreement shall be binding upon the successors and assigns of the parties hereto. Except for the assignment of proceeds as provided in paragraph 16 hereof,

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CEC may not sell or assign this agreement without prior written consent of Board, which consent shall not be unreasonably withheld.

24. Waiver. No failure by any party hereto to enforce any of its rights hereunder shall constitute a waiver or release of any such right or effect the validity of this agreement. No waiver of any breach of this agreement shall be deemed a waiver of any other or subsequent breach.

25. Authority. The parties represent and warrant that each has legal power to enter into this agreement and that each has taken all action necessary to authorize its duly authorized officers to execute this agreement.

26. No Indebtedness Created. This agreement shall not be construed as creating an indebtedness against the State of Texas, and all obligations of the Board hereunder are subject to the availability of appropriations by the Legislature of the State of Texas.

27. Partial Invalidity. If any provision of this agreement is held to be invalid and not binding on any party hereto, such invalidity shall not affect the validity or enforceability of the remainder of this agreement.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and delivered as of the date and year first above written.

ATTEST:

\_\_\_\_\_  
Secretary

ATTEST:

\_\_\_\_\_  
Secretary

Approved as to Form:

\_\_\_\_\_  
University Attorney

BOARD OF REGENTS OF  
THE UNIVERSITY OF TEXAS SYSTEM

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

CENTRAL ENERGY CORPORATION

By \_\_\_\_\_  
President

Approved as to Content:

\_\_\_\_\_  
Vice-Chancellor for  
Business Affairs

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EXHIBIT A

BUILDINGS OF THE UNIVERSITY OF TEXAS MEDICAL SCHOOL AT SAN ANTONIO FOR WHICH THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYTEM AGREES TO PURCHASE CHILLED WATER AND STEAM FROM CENTRAL ENERGY CORPORATION

The University of Texas Medical School at San Antonio Building (one building only) located in San Antonio, Bexar County, Texas, on the tract of land more fully described as follows:

100 acres, more or less, bounded by Floyd Curl Drive, Louis Pasteur Drive, Babcock Road, Access Drive running approximately N. E. from Babcock Road, and Medical Drive, being a part of Block 6, N.C.B. 12816, Oak Hills Park, Unit 1, in the Manuel Tejada Survey No. 89.

EXHIBIT BS I T E

All of that certain tract or parcel of land out of Oak Hills Park Unit One, a subdivision of Bexar County, Texas, as recorded in Volume 5502, page 90, of the Deed and Plat Records of Bexar County, Texas, said tract being more particularly described by metes and bounds as follows:

BEGINNING at a point in the West line of the said Oak Hills Park Unit One at the common South corner of the South Texas Medical School Building and the Bexar County Teaching Hospital Building;

THENCE along the West line of the said Oak Hills Park Unit One S 1° 04' 16" W for a distance of 120.23 feet;

THENCE continuing along the West line of the said Oak Hills Park Unit One S 41° 43' 46" W for a distance of 353.72 feet;

THENCE N 81° 38' E for a distance of 131.53 feet to the Northwest corner and place of beginning hereof;

THENCE N 81° 38' E for a distance of 150.00 feet to an iron stake at the Northeast corner hereof;

THENCE S 8° 22' E for a distance of 290.00 feet to an iron stake for the Southeast corner hereof;

THENCE S 81° 38' W for a distance of 150.00 feet to an iron stake for the Southwest corner hereof;

THENCE N 8° 22' W for a distance of 290.00 feet to the place of beginning, and containing 43,500 square feet of land, more or less.



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EXHIBIT C

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LEASE AGREEMENT

THE STATE OF TEXAS }  
 COUNTY OF TRAVIS }

This AGREEMENT made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1967, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, herein called "Lessor," and CENTRAL ENERGY CORPORATION, a Texas corporation with its principal place of business in Dallas, Dallas County, Texas, herein called "Lessee,"

## WITNESSETH:

For and in consideration of the construction, operation and maintenance of a central chilled water and steam plant and an underground distribution system by Lessee to furnish services to the buildings constituting The University of Texas Medical School at San Antonio, which shall revert to Lessor at the expiration of the term of this lease as herein provided, the covenants and agreements to be kept and performed by Lessee pursuant to that certain customer agreement of even date herewith by and between Lessee and Lessor to which reference is here made for all purposes, and the payment by Lessee of ten dollars per annum, Lessor does hereby lease unto Lessee for a term commencing on the date hereof and terminating on August 31, 1993, or such other date as may be determined under provisions of the customer agreement whereby said customer agreement is terminated, the following described tract of land located on the site of The University of Texas Medical School at San Antonio to-wit:

All of that certain tract or parcel of land out of Oak Hills Park Unit One, a subdivision of Bexar County, Texas, as recorded in Volume 5502, page 90,

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of the Deed and Plat Records of Bexar County, Texas, said tract being more particularly described by metes and bounds as follows:

BEGINNING at a point in the West line of the said Oak Hills Park Unit One at the common South corner of the South Texas Medical School Building and the Bexar County Teaching Hospital Building;

THENCE along the West line of the said Oak Hills Park Unit One S 1° 04' 16" W for a distance of 120.23 feet;

THENCE continuing along the West line of the said Oak Hills Park Unit One S 41° 43' 46" W for a distance of 353.72 feet;

THENCE N 81° 38' E for a distance of 131.53 feet to the Northwest corner and place of beginning hereof;

THENCE N 81° 38' E for a distance of 150.00 feet to an iron stake at the Northeast corner hereof;

THENCE S 8° 22' E for a distance of 290.00 feet to an iron stake for the Southeast corner hereof;

THENCE S 81° 38' W for a distance of 150.00 feet to an iron stake for the Southwest corner hereof;

THENCE N 8° 22' W for a distance of 290.00 feet to the place of beginning and containing 43,500 square feet of land, more or less.

The following terms and conditions as to the use of the leased premises hereby granted are expressly agreed to by and between Lessee and Lessor:

1. Lessee agrees to construct a central water chilling and steam plant and underground distribution system in accordance with the terms and conditions of the customer agreement. Lessor agrees to furnish Lessee the necessary rights of ingress and egress to the central plant site in accordance with the plat attached hereto and marked Exhibit A. Lessor further agrees and hereby grants to Lessee the right to use as much of the surface adjacent and contiguous to the leased premises as may be reasonably necessary for the operation and maintenance of the central plant and underground distribution system, including facilities required for the rendition of services from the central plant to institutions other than Lessor. Such operation

and maintenance by Lessee shall not in any manner restrict or interfere with any proposed new building which may be constructed by Lessor on said premises. Lessee hereby agrees to relocate its underground distribution lines when requested to do so by Lessor. If the relocation is caused by a change in the use by the Lessor of its premises after the Lessor shall have approved the original location of such lines, the expense of such relocation shall be borne by the Lessor. Otherwise, the expenses incurred in relocating such lines shall be borne by the Lessee. Lessee hereby agrees that at all times it will restore the surface of the leased premises on any lands covered hereby to the same condition as prior to the construction, replacing, repairing or maintaining of its underground distribution system or related facilities.

2. It is agreed and understood that title to the central water chilling and steam plant and the underground distribution system including all personal and movable property, such as compressors, boilers, cooling towers, switch gears, chillers, pumps and internal piping and all other improvements and equipment, shall vest in Lessor upon the expiration or termination of this lease.

3. Lessee shall not commit or suffer to be committed waste upon said premises, and shall keep said premises and the improvements and equipment thereon in good order and repair and in clean, safe and healthful condition, and shall comply with all state, federal and local laws, rules and regulations with regard to the use and conditions of the demised premises and improvements and equipment thereon.

4. It is agreed and understood that Lessor is not to be liable for any damages or injuries to any person or persons or property on account of the occupancy, use or improvements placed

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on said premises by the Lessee, its successors or assigns, and Lessee shall indemnify and hold harmless Lessor from any such liability in the manner and to the extent provided in the customer agreement.

5. Lessee shall pay all charges connected with the operation of said premises, including all taxes, assessments and charges, general and specific, that may be levied or assessed against Lessee by reason of its use of said premises and improvements and equipment situated thereon.

6. This lease may be transferred or assigned by Lessee only in the event of an assignment or transfer of the customer agreement after receipt of approval therefor from Lessor.

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

ATTEST:

BOARD OF REGENTS OF  
THE UNIVERSITY OF TEXAS SYSTEM

\_\_\_\_\_  
Secretary

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

LESSOR

ATTEST:

CENTRAL ENERGY CORPORATION

\_\_\_\_\_  
Secretary

By \_\_\_\_\_  
President

LESSEE

Approved as to Form:

Approved as to Content:

\_\_\_\_\_  
University Attorney

\_\_\_\_\_  
Vice-Chancellor for  
Business Affairs

THE STATE OF TEXAS

COUNTY OF TRAVIS

BEFORE ME, the undersigned authority, on this day personally appeared FRANK C. ERWIN, JR., Chairman of the Board of Regents of The University of Texas System, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and

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acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Board of Regents of The University of Texas System.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this \_\_\_\_\_ day of \_\_\_\_\_, 1967.

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

THE STATE OF TEXAS }  
COUNTY OF DALLAS }

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ of the Central Energy Corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of the said Central Energy Corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this \_\_\_\_\_ day of \_\_\_\_\_, 1967.

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

34. Anderson Hospital: Addition to Contingency Allowance of Contract with Manhattan Construction Company of Texas for Construction of Addition to M. D. Anderson Hospital Building. - It is recommended that \$40,000.00 be transferred to Account Number 85-9306-0122 - M. D. Anderson Hospital and Tumor Institute - Major Additions and Some Alterations to M. D. Anderson Hospital Building - Manhattan Construction Company of Texas - Contingency Allowance from Account Number 85-9306-0099 - M. D. Anderson Hospital and Tumor Institute - Major Additions and Some Alterations to M. D. Anderson Hospital Building - Allotment Account.

It is further recommended that authorization be given to the Office of the Director of Facilities Planning and Construction to issue change orders up to this amount to the contract with Manhattan Construction Company of Texas for construction of the major additions and alterations to the M. D. Anderson Hospital Building.

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35. G. S. B. S.: Appointment of Mr. Francis Andries as Engineering Consultant.--It is recommended that Mr. Francis Andries, the Director of MEDI Corporation in Houston, be employed as an engineering consultant to Dr. Grant Taylor for the installation of a coaxial cable in the Texas Medical Center for educational purposes, for which an appropriation has been made to the Division of Continuing Education of The University of Texas Graduate School of Biomedical Sciences at Houston. Mr. Andries is to be paid at the rate of \$500.00 per month for these services beginning September 1, 1967, and continuing for a period not to extend beyond July 1, 1968. Funds for payment for these services will come from the appropriation for the equipment.
36. G. S. B. S.: Division of Continuing Education - Rental of 1,193 Square feet of Space in Jesse H. Jones Library Building from the Houston Academy of Medicine for Regional Medical Program.--It is recommended that the present lease agreement with the Houston Academy of Medicine for 1,193 square feet of office space in the Jesse H. Jones Library Building in the Texas Medical Center for use of the Division of Continuing Education, The University of Texas Graduate School of Biomedical Sciences at Houston, be extended for the period September 1, 1967, to August 31, 1968, the lease agreement to be executed in the prescribed manner. This space has been occupied and is needed for the period above indicated for personnel supported by the Public Health Service Regional Medical Program Planning Grant. The rental rate is \$0.36 per square foot per month, or a total of \$429.48 per month for this area, payable from grant funds.
37. G. S. B. S.: Division of Graduate Studies - Rental of 11,700 Square Feet of Space in the Hermann Professional Building Garage.--It is recommended that the Division of Graduate Studies, The University of Texas Graduate School of Biomedical Sciences at Houston be authorized to lease 11,700 square feet of space in the Hermann Professional Building Garage presently leased by M. D. Anderson Hospital and Tumor Institute at a rate of \$0.30 per square foot per month. The present lease by Anderson Hospital expires on October 31, 1967, and it is anticipated that Anderson Hospital will have vacated this space prior to that time because of completion of the addition to the Anderson Hospital Building, and the Hermann Hospital in answer to a call for bids by the State Board of Control has offered to rent this space to the Division of Graduate Studies at the same rate as that being paid by Anderson Hospital. It is further recommended that execution of the lease agreement as prepared by the State Board of Control be authorized. Funds are available in the 1967-68 budget of Division of Graduate Studies for rental of additional offices, classrooms, and laboratories needed by this Division for the expansion of its programs.

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REPORT OF THE LAND AND INVESTMENT COMMITTEE  
 (Pages 63 - 86 ). --The following report of the Land and Investment Committee was adopted without objection as presented by Committee Chairman Brennan. The Executive Director of Investments, Trusts and Lands was authorized to execute all necessary instruments relating to real estate or mineral interests held or controlled by the Board of Regents as a part of the Permanent University Fund or as a part of any trust or special fund when such instruments are approved by appropriate authority.

I. Permanent University Fund

A. Investment Matters

1. Report of Purchases, Sales and Exchanges of Securities. --The report of purchases, sales, and exchanges of securities for the Permanent University Fund from July 1 through August 31, 1967, was approved as follows:

PURCHASES OF SECURITIES

U. S. GOVERNMENT SECURITIES

Date of Purchase	Security	Maturity Value Bills Purchased	Market Price at Which Purchased	Total Principal Cost*	Equivalent Bond Yield on Cost
7/21/67	U. S. Treasury Bills, dated 4/20/67, due 10/19/67, on a 4.20% yield basis	\$ 725,000	99.0083337N	\$ 717,810.42	4.30%
8/4/67	U. S. Treasury Bills, dated 5/2/67, due 11/2/67, on a 4.15% yield basis	450,000	99.008611N	445,538.75	4.23
TOTAL GOVERNMENT SECURITIES PURCHASED		<u>\$1,175,000</u>		<u>\$1,163,349.17</u>	<u>4.27%</u>

CORPORATE BONDS

Date of Purchase	Security	Par Value Bonds Purchased	Market Price	Total Principal Cost**	Indicated Current Yield on Cost***
7/19/67	Texaco Inc. 5-3/4% Debentures, dated 7/15/67, due 7/15/97	\$500,000	100.4375 Av.	\$ 502,187.50	5.72%

COMMON STOCKS

Date of Purchase	Security	No. of Shares Purchased	Market Price	Total Principal Cost**	Indicated Current Yield on Cost***
7/13/67	PepsiCo, Inc. Capital Stock	1,600	44-1/2(800) 44 (400) 43-1/4(400)	\$ 71,156.52	2.02%

\*Includes brokerage commissions paid.

\*\*Yield to maturity on bond; yield at present indicated dividend rates on stocks.

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## COMMON STOCKS (Continued)

Date of Purchase	Security	No. of Shares Purchased	Market Price at Which Purchased	Total Principal Cost*	Indicated Current Yield on Cost**
7/13 & 14/67	J. C. Penney Co., Inc. Common Stock	1,500	65-3/4(400) 65-3/8(300) 65-1/4(400) 65 (400)	\$ 98,695.56	2.74%
7/14/67	Oklahoma Gas & Electric Co. Common Stock	2,000	25-1/2(1800) 25-1/4(200)	51,584.76	3.88
7/14/67	National Dairy Products Corp. Common Stock	1,800	36-3/8	66,144.42	3.81
7/17/67	Gulf Oil Corp. Capital Stock	1,600	65-1/4(400) 66-1/8(300) 66 (800) 65-3/4(100)	106,442.23	3.91
7/14/67	PepsiCo, Inc. Capital Stock	300	43-1/2 Net	13,050.00	2.07
7/17/67	Deere & Co. Common Stock	1,200	60-3/4	73,440.96	2.94
7/18/67	National Dairy Products Corp. Common Stock	1,200	36-3/4	44,548.56	3.77
7/18/67	J. C. Penney Co., Inc. Common Stock	500	65-1/4	32,852.65	2.74
7/18/67	Deere & Co. Common Stock	800	59	47,559.20	3.03
7/18/67	Oklahoma Gas & Electric Co. Common Stock	1,000	25-3/8	25,691.90	3.89
7/19/67	General Motors Corp. Common Stock	1,300	82	107,213.60	4.91
7/19/67	PepsiCo, Inc. Capital Stock	1,600	42 (700) 41-7/8(900)	67,726.96	2.13
7/20/67	Oklahoma Gas & Electric Co. Common Stock	2,000	25-1/4	51,132.60	3.91
7/20/67	Bank of America NT&SA (San Francisco) Common Capital Stock	1,200	57-5/8 Net	69,150.00	3.82
7/21/67	Bank of America NT&SA (San Francisco) Common Capital Stock	1,300	58 Net	75,400.00	3.79
7/24/67	National Dairy Products Corp. Common Stock	2,400	39-1/8(2000) 39-7/8(400)	94,724.96	3.55
7/24/67	Texaco Inc. Capital Stock	2,000	76-1/8(500) 76 (1000) 75-3/4(400)	152,906.98	3.47

\*Includes brokerage commissions paid.

\*\*Yield at present indicated dividend rates.



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## COMMON STOCKS (Continued)

Date of Purchase	Security	No. of Shares Purchased	Market Price at Which Purchased	Total Principal Cost*	Indicated Current Yield on Cost**
7/24 & 25/67	Public Service Co. of Indiana, Inc. Common Stock	2,200	46-1/2(600) 46-3/8(100) 46-1/8(300) 46 (500) 46-1/4(700)	\$ 102,676.78	4.11%
7/25/67	Oklahoma Gas & Electric Co. Common Stock	2,800	26-1/8(1300) 26 (1500)	73,859.28	3.79
7/25/67	Otis Elevator Co. Common Stock	1,300	46 (600) 45-7/8(600) 45-3/4(100)	60,245.52	4.32
7/25/67	Sterling Drug Inc. Common Stock	1,100	50 (300) 49-7/8(200) 49-3/4(200) 49-5/8(400)	55,257.88	1.79
7/25/67	Commonwealth Edison Co. Common Stock	1,500	49-3/8	74,717.85	4.42
7/25/67	National Cash Register Co. Common Stock	100	102-1/2	10,299.25	1.17
7/26/67	Bank of America NT&SA (San Francisco) Common Capital Stock	2,200	57-7/8N(1200) 57-3/4N(1000)	127,200.00	3.81
7/26/67	General Motors Corp. Common Stock	1,300	82	107,213.60	4.91
7/26/67	Xerox Corp. Common Stock	500	270	135,330.00	0.52
7/26/67	Gulf Oil Corp. Capital Stock	1,900	70 (200) 69-7/8(500) 69-3/4(300) 69-5/8(300) 69-1/2(600)	133,323.47	3.71
7/26/67	PepsiCo, Inc. Capital Stock	2,300	43 (800) 42-3/4(1500)	99,454.70	2.08
7/27/67	Deere & Co. Common Stock	2,000	57-3/4	116,395.60	3.09
7/27/67	National Dairy Products Corp. Common Stock	2,400	39 (1200) 38-7/8(700) 38-3/4(500)	94,310.48	3.56
7/27/67	Public Service Co. of Indiana, Inc. Common Stock	2,200	47-3/8(1800) 47-1/4(100) 47 (300)	105,038.55	4.02
7/28/67	Oklahoma Gas & Electric Co. Common Stock	2,900	27-1/2	80,699.75	3.59

\*Includes brokerage commissions paid.  
\*\*Yield at present indicated dividend rates.

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## COMMON STOCKS (Continued)

Date of Purchase	Security	No. of Shares Purchased	Market Price at Which Purchased	Total Principal Cost*	Indicated Current Yield on Cost**
7/28/67	Columbia Broadcasting System, Inc. Common Stock	2,000	62-3/8(200) 62-1/4(100) 61-3/4(100) 61-5/8(100) 61-3/8(1000) 61-1/4(500)	\$ 123,940.60	2.26%
7/28/67	Commonwealth Edison Co. Common Stock	900	50-3/4(500) 50-5/8(400)	46,021.64	4.30
7/28/67	National Cash Register Co. Common Stock	1,100	107 (300) 106-7/8(200) 106-3/4(200) 106-3/8(400)	117,921.40	1.19
7/31/67	Public Service Co. of Indiana, Inc. Common Stock	2,100	47-1/4(300) 47-1/8(700) 47 (1000) 46-3/4(100)	99,730.69	4.04
7/31/67	Commonwealth Edison Co. Common Stock	600	51-1/4(300) 51-1/8(300)	30,977.22	4.20
7/31/67	PepsiCo, Inc. Capital Stock	700	43-1/4(600) 43 (100)	30,534.28	2.06
7/31/67	Texaco Inc. Capital Stock	1,500	74-1/4	112,071.45	3.55
7/31/67	Otis Elevator Co. Common Stock	1,200	45-7/8(300) 45-3/4(200) 45-5/8(500) 45-1/2(200)	55,327.13	4.34
7/31/67	Sterling Drug Inc. Common Stock	1,300	51-7/8(500) 51-5/8(300) 51-1/2(500)	67,749.18	1.73
8/1/67	Avon Products, Inc. Capital Stock	1,000	112	112,502.00	1.24
8/1/67	Eastman Kodak Co. Common Stock	800	129	103,615.20	1.58
8/1/67	Gulf Oil Corp. Capital Stock	1,900	70-1/4	134,349.57	3.68
8/1 & 2/67	National Dairy Products Corp. Common Stock	2,200	38-3/8(1000) 38-1/8(1000) 38 (200)	85,441.00	3.86
8/2/67	Chas. Pfizer & Co., Inc. Common Stock	2,000	90 (1000) 88-1/2(1000)	179,458.50	1.62
8/2/67	Sterling Drug Inc. Common Stock	600	52-3/4(200) 52-5/8(200) 52-1/8(200)	31,765.50	1.70

\*Includes brokerage commissions paid.

\*\*Yield at present indicated dividend rates.

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## COMMON STOCKS (Continued)

Date of Purchase	Security	No. of Shares Purchased	Market Price at Which Purchased	Total Principal Cost*	Indicated Current Yield on Cost**
8/2/67	United Air Lines, Inc. Common Stock	1,600	83-1/4(400) 83 (400) 82-3/4(400) 82-3/8(400)	\$ 133,306.60	1.20%
8/2/67	Continental Can Co., Inc. Common Stock	2,000	60-3/4(1100) 60-1/2(300) 60-1/4(200) 60 (400)	121,926.09	3.28
8/2/67	Bank of America NT&SA (San Francisco) Common Capital Stock	2,200	59-3/4 Net	131,450.00	3.68
8/8/67	Xerox Corp. Common Stock	500	264 (100) 262-1/8(400)	131,576.24	0.53
8/11/67	Public Service Co. of Indiana, Inc. Common Stock	1,500	46-7/8(1100) 46-3/4(400)	70,898.86	4.06
8/11/67	Southern Co. Common Stock	3,000	25-3/4	78,206.40	3.91
8/14/67	Eastman Kodak Co. Common Stock	1,000	129-7/8	130,394.90	1.57
8/14/67	Xerox Corp. Common Stock	500	261-1/2(100) 261 (100) 260-3/4(100) 260-1/2(100) 260-1/4(100)	130,725.41	0.54
8/14/67	Continental Oil Co. Common Stock	2,000	68-3/8	137,666.80	3.78
8/15/67	Public Service Co. of Indiana, Inc. Common Stock	1,500	46-3/8(800) 46-1/4(700)	70,107.43	4.11
8/15/67	Southern Co. Common Stock	1,000	25-3/4(900) 25-5/8(100)	26,056.23	3.91
8/15/67	Virginia Electric and Power Co. Common Stock	2,800	44-1/4(900) 44-1/8(400) 44 (1500)	124,624.41	3.06
8/15/67	Continental Illinois NB&T Co. of Chicago Common Capital Stock	2,000	35 Net	70,000.00	4.00
8/16 & 17/67	Continental Oil Co. Common Stock	2,000	69-3/4(200) 69-1/2(1200) 69-3/8(300) 69-1/4(300)	139,856.47	3.72
8/16/67	Texaco Inc. Capital Stock	2,000	75-1/4	151,430.60	3.50

\*Includes brokerage commissions paid.

\*\*Yield at present indicated dividend rates.

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COMMON STOCKS (Continued)

Date of Purchase	Security	No. of Shares Purchased	Market Price at Which Purchased	Total Principal Cost*	Indicated Current Yield on Cost**
8/17/67	Southern Co. Common Stock	3,000	25-1/2	\$ 77,452.50	3.95%
8/18/67	Continental Illinois NB&T Co. of Chicago Common Capital Stock	2,000	34-3/4 Net	69,500.00	4.03
8/18/67	Continental Oil Co. Common Stock	1,000	71 (200) 70-3/4(500) 70-1/4(300)	71,110.69	3.66
8/18/67	Virginia Electric and Power Co. Common Stock	1,200	45 (700) 44-7/8(500)	54,435.20	3.00
8/21/67	PepsiCo, Inc. Capital Stock	2,000	41-1/2	83,795.00	2.15
8/22/67	Continental Oil Co. Common Stock	1,200	71 (800) 70-7/8(400)	85,703.16	3.64
8/22/67	Xerox Corp. Common Stock	500	261	130,825.50	0.54
	Total Common Stocks Purchased	<u>108,400</u>		<u>6,177,898.42</u>	<u>3.00</u>
	TOTAL CORPORATE SECURITIES PURCHASED			<u>\$6,680,085.92</u>	<u>3.20%</u>

\*Includes brokerage commissions paid.

\*\*Yield at present indicated dividend rates.

SALES OF CORPORATE SECURITIESBlocks of Common Stocks Sold

Date Sold	Security Sold	No. of Shares Sold	Net Sales Proceeds	Book Value of Holding	Gain or (Loss) on Sale
7/12/67	American Tobacco Co. Common Stock	24,200	\$ 845,968.89	\$ 699,934.19	\$146,034.70
7/12/67	R. J. Reynolds Tobacco Co. Common Stock	59,600	2,381,593.96	2,174,418.44	207,175.52
7/1/67	Commercial Credit Co. Common Stock	27,600	885,897.92	952,005.40	( 66,107.48)
7/17/67	1/2 Share First National Bank in Dallas Common Capital Stock, received in 10% stock dividend				\$ 15.75
7/19/67	5/100ths Share Security First National Bank (LA) Common Stock, received in 15% stock dividend				1.84
7/14/67	35/40ths Share International Business Machines Corp. Capital Stock, received in 2-1/2% stock dividend				445.29

Cash received deposited to principal endowment and holding of stock involved written down by same amount.

EXCHANGE OF TREASURY SECURITIES

BONDS EXCHANGED

Date Exchanged	Description & Par Value Exchanged	Book Value Exchanged*	Amortized Annual Income	Current Rate of Return
<u>3s of 2/15/95</u>				
7/7/67	(1) \$ 3,000,000	\$ 2,991,491.36	\$ 90,303.88	3.02%
7/13/67	(2) 3,000,000	2,992,065.36	90,283.38	3.02
7/19,21/67	(3) 4,000,000	3,977,427.04	120,805.82	3.04
7/24,25/67	(4) 4,000,000	3,981,376.08	120,665.14	3.03
8/4,7,9/67	(5) 6,000,000	5,966,339.45	181,224.02	3.04
8/11,15,16,17/67	(6) 7,000,000	6,991,194.05	210,320.58	3.01
8/18,22,24/67	(7) 6,000,000	5,993,992.35	180,217.46	3.01
TOTALS (1) - (7)	<u>33,000,000</u>	<u>32,893,895.69</u>	<u>993,820.28</u>	<u>3.02%</u>
<u>3-1/4s of 5/15/85</u>				
8/21/67	(8) 10,000,000	9,963,899.20	327,005.60	3.28%
TOTALS -- (1) through (8)	<u>\$43,000,000</u>	<u>\$42,857,794.89</u>	<u>\$1,320,825.88</u>	

BONDS RECEIVED

Description & Par Value Received	Principal Adjustment Required##	Book Value on Interest Exchange Date**	Amortized Annual Income	Current Rate of Return	INCREASE IN Rate of Return Annual Income	
<u>3-1/2s of 11/15/98</u>						
\$ 3,000,000 (1)	\$ 26,250.00	\$ 3,017,741.36	\$ 104,427.70	3.46%	0.44%	\$ 14,123.82
3,000,000 (2)	26,250.00	3,018,315.36	104,409.18	3.46	0.44	14,125.80
4,000,000 (3)	32,500.00	4,009,937.04	139,679.45	3.48	0.44	18,873.63
4,000,000 (4)	32,500.00	4,013,676.08	139,552.38	3.48	0.45	18,887.24
6,000,000 (5)	48,750.00	6,015,089.45	209,513.24	3.48	0.44	28,289.22
7,000,000 (6)	55,312.50	7,046,506.55	243,499.79	3.46	0.45	33,179.21
6,000,000 (7)	45,625.00	6,039,617.35	208,722.02	3.46	0.45	28,504.56
TOTALS (1) - (7)	<u>267,187.50</u>	<u>33,161,083.19</u>	<u>1,149,803.76</u>	<u>3.47%</u>	<u>0.45%</u>	<u>155,983.48</u>
<u>3-1/2s of 2/15/90</u>						
10,000,000 (8)	- 0 -	9,963,899.20	351,569.60	3.53%	0.25%	24,564.00
TOTALS -- (1) through (8)	<u>\$43,000,000</u>	<u>\$43,124,982.39</u>	<u>\$1,501,373.36</u>			<u>\$180,547.48</u>

\*Book value last interest payment date prior to interest exchange date.  
 #Principal payup required to be paid by University to dealer.  
 \*\*Book value of bonds sent in for exchange adjusted for principal payup required.

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2. Designation of Seller-Servicers for FHA Mortgage Program. --The following applications for designation as Seller-servicers from whom FHA loans may be purchased were approved, and the Executive Director of Investments, Trusts and Lands was authorized to enter into agreements with these applicants on the form heretofore approved by the Board of Regents:

## AUSTIN

Austin Mortgage & Trust Company, 1315 Lavaca Street,  
Austin, Texas 78701

R. B. Lewis, President  
George T. Huff, Vice President  
Total Servicing \$ 31,604,000  
Net Worth 558,424

First Austin Company, P. O. Box 1908, Austin, Texas 78767

W. H. Bullard, President  
Robert L. Smithers, Executive Vice President  
J. C. McCarn, Jr., Vice President  
Richard E. Johns, Vice President  
Total Servicing \$ 29,000,000  
Net Worth 358,732

Lumbermen's Investment Corporation, P. O. Box 40, Austin,  
Texas 78767

Julian H. Zimmerman, President  
Jack V. Nunley, Senior Vice President  
R. Don Harden, Vice President  
Total Servicing \$125,968,267  
Net Worth 571,699

## DALLAS

Crum, M. P., Company, 1404 Kirby Building, Dallas,  
Texas 75201

Paul Crum, President  
Total Servicing \$100,000,000  
Net Worth 393,320

Hinton Mortgage & Investment Co., P. O. Box 748, Dallas,  
Texas 75221

Chas. F. Hinton, Jr., President  
Thomas R. Casey, Jr., Senior Vice President  
Howard Crow, Senior Vice President  
Total Servicing \$100,000,000  
Net Worth 300,877

Murray Investment Company, 1818 North Akard Street,  
Dallas, Texas

J. F. Murray, President  
J. DuVal West, Executive Vice President  
W. C. Ross, III, Executive Vice President  
Total Servicing \$282,024,839  
Net Worth 250,857

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## SELLER-SERVICERS - FHA MORTGAGE PROGRAM (continued)

Southern Trust & Mortgage Company, Dallas, Texas  
 Aubrey M. Costa, Chairman of the Board  
 M. J. Greene, President  
 Total Servicing \$385,000,000  
 Net Worth 1,071,539

## FORT WORTH

Fort Worth Mortgage Corporation, 300 Sandage Street,  
 Fort Worth, Texas 76109  
 J. S. DuBose, President  
 Lee S. Dickerson, Executive Vice President  
 G. B. Whitney, Vice President  
 W. M. Hickman, Vice President  
 Total Servicing \$ 50,074,000  
 Net Worth 255,605

Foster, J. E. & Son, Inc., P. O. Box 171, Fort Worth,  
 Texas 76101  
 Alvin E. Soniat, Chairman of the Board  
 Total Servicing \$150,000,000  
 Net Worth 1,342,239

Ryan Mortgage Company, 301 E. Fifth Street, Fort Worth,  
 Texas 76102  
 Thomas M. Ryan, Chairman of the Board  
 T. W. Reilly, President  
 John P. Ryan, Executive Vice President and Treasurer  
 Total Servicing \$220,000,000  
 Net Worth 1,712,893

Welborn Mortgage Corporation, P. O. Box 2346, Fort Worth,  
 Texas  
 Robert T. Welborn, President  
 Jack W. Townes, Executive Vice President  
 Total Servicing \$ 40,000,000  
 Net Worth 474,030

## HOUSTON

American General Investment Corporation, P. O. Box 1375,  
 Houston, Texas 77001  
 Gus S. Wortham, Chairman of the Board  
 Benjamin N. Woodson, President  
 M. F. Griffin, Vice President  
 Total Servicing \$400,000,000  
 Net Worth 4,831,663

American Mortgage Company, 3401 Main, Houston, Texas 77002  
 Jake Kamin, President  
 G. M. Shanks, Executive Vice President  
 Total Servicing \$ 85,000,000  
 Net Worth 432,922

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## SELLER-SERVICERS - FHA MORTGAGE PROGRAM (continued)

T. J. Bettes Company, P. O. Box 1328, Houston, Texas 77001  
 John F. Austin, President  
 Everett Mattson, Executive Vice President  
 Total Servicing \$1,573,114,818  
 Net Worth 11,260,526

Fannin Bank, Main at Holcombe, Houston, Texas 77025  
 Alfred J. Knapp, Chairman of the Board  
 Jere H. Cavanaugh, President  
 Gerald R. Murphy, Vice President  
 Perry Russell, Vice President  
 Total Servicing \$ 45,000,000  
 Net Worth 5,172,323

First Continental Mortgage Co., P. O. Box 1529, Houston, Texas 77001  
 Garrett Butler, President  
 E. H. Monk, Executive Vice President  
 Total Servicing \$ 140,000,000  
 Net Worth 1,893,599

First Mortgage Company of Houston, Inc., P. O. Box 1413,  
 Houston, Texas 77001  
 T. A. Robinson, Chairman of Board  
 C. Travis Traylor, President  
 Total Servicing \$ 282,000,000  
 Net Worth 1,146,949

Gulf Coast Investment Corporation, P. O. Box 1660,  
 Houston, Texas 77001  
 Robert W. Drye, Vice President  
 Total Servicing \$ 338,000,000  
 Net Worth 2,682,908

Holland Mortgage and Investment Corporation, P. O. Box 3085,  
 Houston, Texas 77001  
 Robert M. Dawson, Executive Vice President  
 Total Servicing \$ 137,000,000  
 Net Worth 907,818

Medical Center National Bank, P. O. Box 25125, Houston,  
 Texas 77005  
 Joe H. Hodges, President  
 Irvin H. Reeves, Senior Vice President  
 Dick Stahl, Vice President  
 Total Servicing \$ 70,000,000  
 Net Worth 1,670,000

Mortgage and Trust, Inc., P. O. Box 53210, Houston,  
 Texas 77052  
 Jerome L. Howard, President  
 Edward R. Godwin, Vice President  
 Total Servicing \$ 401,046,651  
 Net Worth 2,867,512



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## SELLER-SERVICERS - FHA MORTGAGE PROGRAM (continued)

Wilson, Robert C., Company, P. O. Box 3071, Houston,  
Texas 77001

Robert C. Wilson, Jr., President  
Total Servicing \$ 39,807,831  
Net Worth 402,867

## SAN ANTONIO

Ansley, D., Company, Inc., Majestic Building, San Antonio,  
Texas 78205

Joe C. Ansley, President  
Jimmy D. Ansley, Vice President  
Total Servicing \$ 54,469,255  
Net Worth 419,819

Mortgage Investment Corporation, St. Mary's at Commerce,  
San Antonio, Texas 78205

A. H. Cadwallader III, President  
A. H. Cadwallader, Jr., Chairman of the Board  
James Klaver, Chief Executive Officer  
Total Servicing \$170,000,000  
Net Worth 766,549

The Richard Gill Company, 615 Soledad Street, San Antonio,  
Texas

Ames L. Gill, President  
Total Servicing \$ 99,308,173  
Net Worth 476,219

3. Title Insurance Companies for FHA Mortgage Program. --The Executive Director of Investments, Trusts and Lands was authorized, but not required, to accept policies written by any title insurance company authorized to do business in Texas whose net worth exceeds \$2,500,000.

4. Ratification of Appointment of Mortgage Loan Officer and Budget Activating Mortgage Loan Program. --Ratification was given for the appointment of Mr. Wm. Errett Cummings as Mortgage Loan Officer effective September 1, 1967, and for the approval of the budget for the Mortgage Loan Program for the 1967-68 fiscal year as follows:

Mortgage Loan Officer	\$17,500.
Senior Secretary	4,392.
Maintenance & Operation	4,108.
Travel	2,500.
Equipment	1,500.
Total	<u>\$30,000.</u>

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5. Sale of Certain Stocks Held in Permanent University Fund. -- Approval was given for the Executive Director of Investments, Trusts and Lands to be authorized to sell the following stocks held in the Permanent University Fund should favorable opportunities for such sales develop:

<u>Technological</u>		
Allied Chemical Co.	16,044	Shares
National Lead	9,800	"
<u>Heavy Cyclical</u>		
Pittsburgh Plate Glass	15,325	"
Ingersoll Rand	21,700	"
Libbey Owens Ford Glass <sup>1</sup>	20,100	"
Republic Steel	19,900	"
Norfolk & Western RR	10,000	"
Union Pacific RR	27,500	"
<u>Consumer &amp; Services</u>		
National Bank of Detroit	10,833	"
CIT Financial	30,400	"
Continental Casualty Co. <sup>1</sup>	7,500	"
Kimberly Clark	16,416	"
Kroger Co.	27,600	"
BF Goodrich	5,000	"

<sup>1</sup> heretofore approved, but included here to show total sale authorizations.

B. Land Matters

1. Easements and Surface Leases (Nos. 2435-2459) and Material Source Permits (Nos. 320-324). --Easements and Surface Leases Nos. 2435-2459 and Material Source Permits Nos. 320-324 were approved as follows: (All are at standard rates, unless otherwise stated, and are on the University's standard forms. Payment has been received in advance, unless otherwise stated. All have been approved as to form and content by the appropriate administrative officials and the Executive Director of Investments, Trusts and Lands is authorized to execute these documents.)

EASEMENTS AND SURFACE LEASES

NO.	GRANTEE	TYPE OF PERMIT	COUNTY	LOCATION	DISTANCE OR AREA	PERIOD	CONSIDERATION
2435	Shell Oil Company (Renewal of 991)	Pipe Line	Hudspeth	Blocks "J", "K" and "L"	10,155.35 rds 6-5/8"	9/1/67 - 8/31/77	\$ 12,186.42
2436	Pan American Petroleum Corp.	Pipe Line	Andrews	Block 13	1,796.97 rds 6"	7/1/67 - 6/30/77	1,078.18
2437	Bewick Transport Company (Renewal of 1007)	Surface Lease (Business Site)	Reagan	Block 11	200' x 200'	8/1/67 - 7/31/68	200.00*
2438	The Permian Corporation (Renewal of 979)	Surface Lease (Butane Storage Tank Site)	Reagan	Block 11	200' x 200'	8/1/67 - 7/31/68	200.00*
2439	El Paso Natural Gas Company (Renewal of 1047)	Pipe Line	Andrews	Block 9	263.636 rds 8-5/8"	1/1/68 - 12/31/77	316.37
2440	El Paso Natural Gas Company (Renewal of 1051 & 1053)	Pipe Line	Andrews	Block 1	378.485 rds 4-1/2"	1/1/68 - 12/31/77	227.10
2441	U. S. Natural Gas Corporation	Pipe Line	Andrews	Block 13	277.9 rds 3-1/2"	8/1/67 - 7/31/77	166.74
2442	El Paso Natural Gas Company	Pipe Line	Upton	Block 3	3.03 rds 4-1/2"	1/1/67 - 12/31/76	50.00 (Min.)

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EASEMENTS AND SURFACE LEASES, Continued

NO.	GRANTEE	TYPE OF PERMIT	COUNTY	LOCATION	DISTANCE OR AREA	PERIOD	CONSIDERATION
2443	Lower Valley Oil Company	Surface Lease (Roadside Sign)	El Paso	Block "L"	40' x 300'	9/1/67 - 8/31/68	\$ 75.00*
2444	Phillips Petroleum Company (Renewal of 955)	Pipe Line	Crane and Upton	Block 30	2,232.5 rds various sized line	5/1/67 - 4/30/77	2,264.16
2445	Phillips Petroleum Company	Pipe Line	Winkler	Blocks 17 and 21	254.5 rds 3-1/2" 1,057.1 rds 4-1/2"	8/1/67 - 7/31/77	760.73
2446	Humble Oil & Refining Co. (Renewal of 1003)	Pipe Line	Ector	Block 35	351.4 rds 4"	7/1/67 - 6/30/77	210.84
2447	Phillips Petroleum Company (Renewal of 1010)	Pipe Line	Crane	Block 30	258.5 rds 4-1/2"	9/1/67 - 8/31/77	149.93
2448	Reeves County Gas Company (Renewal of 1039)	Pipe Line	Pecos	Block 28	529.0 rds 3-1/2"	12/1/67 - 11/30/77	306.82
2449	Cardinal Petroleum Corp.	Pipe Line	Martin	Block 6	1,122.42 rds 4-1/2"	7/1/67 - 6/30/77	673.45
2450	Phillips Petroleum Company (Renewal of 1027)	Pipe Line	Andrews	Blocks 1, 4, 5, 8, 9, 10 and 14	40,222.3 rds various sized line	5/1/67 - 4/30/77	39,752.28
2451	El Paso Natural Gas Company (Renewal of 1062 and 1063)	Pipe Line	Andrews	Blocks 1 and 9	50.060 rds 4-1/2"	2/1/68 - 1/31/78	50.00 (Min.)
2452	Phillips Petroleum Company	Pipe Line	Andrews	Blocks 3, 4, 8, 9 and 13	690.8 rds various sized line	3/1/67 - 2/28/77	44.48
2453	Phillips Petroleum Company	Pipe Line	Crane and Upton	Block 30	359.2 rds 4-1/2"	8/1/67 - 7/31/77	208.34

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EASEMENTS AND SURFACE LEASES, Continued

NO.	GRANTEE	TYPE OF PERMIT	COUNTY	LOCATION	DISTANCE OR AREA	PERIOD	CONSIDERATION
2454	Northern Natural Gas Company	Surface Lease (Plant Site)	Pecos	Block 19	8.15 acres	9/1/67 - 8/31/68	\$ 122.25*
2455	Phillips Petroleum Company	Pipe Line	Andrews	Blocks 10 and 11	1,944.6 rds 2-3/8" 539.5 rds 3-1/2"	8/1/67 - 7/31/77	1,440.78
2456	Phillips Petroleum Company	Pipe Line	Andrews	Blocks 9 and 11	593.0 rds 2-3/8"	8/1/67 - 7/31/77	343.95
2457	Mobil Pipe Line Company (Renewal of 1008)	Surface Lease (Pump Station Site)	Andrews	Block 13	10 acres	9/1/67 - 8/31/68	150.00*
2458	Service Pipe Line Company	Pipe Line	Andrews	Block 13	239.333 rds 4-1/2"	8/1/67 - 7/31/77	138.81
2459	Reeves County Gas Co.	Pipe Line	Pecos	Block 28	218.76 rds 4-1/2"	8/1/67 - 7/31/77	126.88

\*Renewable from year to year, not to exceed a total of ten (10) years. Consideration shown is for the first year's rental.

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MATERIAL SOURCE PERMITS

<u>NO.</u>	<u>GRANTEE</u>	<u>COUNTY</u>	<u>LOCATION</u>	<u>QUANTITY</u>	<u>CONSIDERATION</u>
320	L. C. Younger Construction Co., Inc.	Andrews	Block 9	354 cubic yards	\$ 106.20
321	Tripp Construction, Inc.	Andrews	Block 9	678 cubic yards	203.40
322	W. A. (Bill) Farmer Const. Co.	Andrews	Block 9	456 cubic yards	136.80
323	Tripp Construction, Inc.	Andrews	Block 9	1,074 cubic yards	322.20
324	D. D. Poyner Construction Company	Reagan	Block 11	1,830 cubic yards	549.00

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2. Proposal from Mr. Hank Avery of Midland for Purchase of Potable Water. --Approval was given for a Committee composed of Messrs. Kilgore (Chairman), Zimmerman and Shelton to negotiate with Mr. Hank Avery of Midland for an 18-month exploration option on University Lands in Block 16, Ward County, with purchase option of a 10-year term, with 4 renewal options of 10 years each. Mr. Avery owns the water rights under about 9 sections of land 12 or 14 miles north of the University land. Data developed by Mr. Avery in his evaluation of the University Land, should the option be granted, will be supplied the University, whether the purchase option is exercised or not.

A recommendation will be made to the Board at a later meeting.

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## II. Trust and Special Funds

## A. Investment Matters

1. Report of Purchases and Sales of Securities. --  
The report of purchases and sales of securities for Trust and Special Funds from July 1 through August 31, 1967, was approved as follows:

PURCHASES OF SECURITIES

Date of Purchase	Security	Principal Cost
7/14/67	2 rights to subscribe for Continental Oil Co. Common Stock in order to round out one extra share purchased (The University of Texas System Common Trust Fund)	\$ 1.37
7/19/67	\$6,678.75 par value Austin National Bank 5-1/2% Time Certificate of Deposit, dated 7/19/67, due 1/19/68, at par (Development Board - Development Projects and Publications - Temporary)	6,678.75
7/3/67	\$56,000 maturity value U. S. Treasury Bills, dated 7/31/67, due 7/31/68, on a 4.99% yield basis at a dollar price of 95.043071 (includes \$3.00 wire transfer fee) with an equivalent bond yield of 5.26% to maturity (Texas Union - Reserve for Repair and Replacements)	53,224.12
7/14/67	500 Shares Columbia Broadcasting System, Inc. Common Stock, at 61-1/2	30,975.75
	500 Shares Chemical Bank New York Trust Co. Capital Stock, at 49-3/4 Net	24,875.00
	500 Shares Continental Oil Co. Common Stock, at 68-1/2	34,479.25
	1,000 Shares National Dairy Products Corp. Common Stock, at 39-5/8	40,013.10
	500 Shares Otis Elevator Co. Common Stock, at 44-3/4	22,581.90
	500 Shares Owens-Illinois, Inc. Common Stock, at 57-3/4	29,098.90
	500 Shares Public Service Co. of Indiana, Inc. Common Stock, 100 at 46-5/8 and 400 at 46-1/2	23,473.81
	500 Shares Sterling Drug Inc. Common Stock, at 50-7/8	25,657.95
	100 Shares Xerox Corp. Common Stock, at 256-1/2	25,714.65
8/14/67	1,500 Shares Southern Co. Common Stock, at 25-5/8	38,914.65
8/15/67	200 Shares Eastman Kodak Co. Common Stock, at 131-5/8	26,429.32
8/15/67	500 Shares Sears, Roebuck and Co. Common Stock, at 58-5/8	29,536.80
8/21/67	300 Shares PepsiCo, Inc. Capital Stock, 200 at 41-3/4 and 100 at 41-5/8 (The University of Texas System Common Trust Fund)	12,632.07



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SALES OF SECURITIES

Date Sold	Security	Principal Proceeds
7/14/67	8 rights to subscribe for Continental Oil Co. Common Stock (Hogg Foundation: W. C. Hogg Estate Fund)	\$ 5.49#
	3 rights Ditto (The University of Texas System Common Trust Fund)	3.13#
7/14/67	2 Shares International Telephone and Telegraph Corp. Common Stock, sold at 100 (Anderson Hospital Research Fund)	193.89
7/19/67	85/100ths share Security First National Bank (LA) Common Stock, received in 15% stock dividend (Archer M. Huntington Museum Fund)	31.35#
1/3/57	671 Shares Allied Chemical Corp. Common Stock, sold 600 at 40-1/4 and 71 at 40-1/8 (Gain on sale over book value \$5,619.03)	26,698.76
	1,100 Shares Atchison, Topeka & Santa Fe Railway Co. Common Capital Stock, sold 700 at 29-7/8 and 400 at 29-5/8 (Gain on sale over book value \$2,428.00)	32,334.02
	600 Shares Bethlehem Steel Corp. Common Stock, sold at 36 (Loss on sale over book value \$2,565.22)	21,347.56
	600 Shares C. I. T. Financial Corp. Common Stock, sold at 31-1/8 (Gain on sale over book value \$1,498.30)	18,437.26
	400 Shares Commercial Credit Co. Common Stock, sold at 34 (Loss on sale over book value \$3,574.52)	13,435.72
	90 Shares Inland Steel Co. Capital Stock, sold at 38-5/8 (Gain on sale over book value \$377.30)	3,437.30
	600 Shares Libbey-Owens-Ford Glass Co. Common Stock, sold at 52-1/2 (Gain on sale over book value \$1,045.66)	31,203.87
	500 Shares Norfolk & Western Railway Co. Common Stock, sold at 106 (Gain on sale over book value \$3,670.58)	52,725.94
	300 Shares Parke, Davis & Co. Common Stock, sold at 30 (Loss on sale over book value \$3,158.82)	8,882.82
	200 Shares Republic Steel Corp. Common Stock, sold at 48-1/8 (Gain on sale over book value \$345.18)	9,528.68
	2,800 Shares R. J. Reynolds Tobacco Co. Common Stock, sold 2,100 at 42-7/8, 400 at 43, 200 at 42-5/8 and 100 at 42-3/4 (Gain on sale over book value \$39,024.86)	118,762.80
	406 Shares Union Pacific Railroad Co. Common Capital Stock, sold 400 at 44 and 6 at 43-7/8 (Gain on sale over book value \$5,633.11)	17,672.31
	212 Shares United States Steel Corp. Common Capital Stock, sold 200 at 47-3/4 and 12 at 47-5/8 (Loss on sale over book value \$6,700.02)	10,014.20
	(Net gain on total sales over total book value \$43,643.44) (The University of Texas System Common Trust Fund)	

Cash received deposited to principal endowment and holding of stock involved written down by the same amount.

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2. U. T. System Common Trust Fund: Additions Thereto. --The following supplemental additions to The University of Texas Common Trust Fund endowment account on September 1, 1967 were ratified:

Fund	Recommended Addition
Joseph F. Barthmaier, Jr. Memorial Scholarship (Business Administration) (\$2,360.00 already in Common Fund)	\$ 100.00
The Marquis G. Eaton Accounting Education Fund (College of Business Administration Foundation) (\$13,097.00 already in Common Fund)	100.00
Edward Louis Dodd and Alice Laidman Dodd Fellowship Fund (\$50,607.66 already in Common Fund)	96.76
1965 M. E. Class Fund (College of Engineering Foundation) (\$35.28 already in Common Fund)	10.37
Department of Drama Ex-Students Scholarship Fund (College of Fine Arts Foundation) (\$9,490.00 already in Common Fund)	259.20
Mary E. Gearing Bequest for Child Welfare and Parent Education Foundation (\$37,784.09 already in Common Fund)	71.40
W. P. Bybee Memorial Fund (Geology Foundation) (\$135,579.75 already in Common Fund)	90.00
Robert H. Cuyler Memorial Scholarship in Geology (Geology Foundation) (\$13,457.57 already in Common Fund)	10.00
Ray E. Green Scholarship Fund (Geology Foundation) (\$7,373.45 already in Common Fund)	120.00
Hogg Foundation - Eloise Helbig Chalmers - Ima Hogg Fund (\$1,135.77 already in Common Fund)	47.61
Wm. E. Hogg - Residuary Legacy (\$3,293.05 already in Common Fund)	36.06
Journalism Department - Various Donors (\$7,824.14 already in Common Fund)	1,660.00
Library Memorial Fund - Various Donors (\$2,726.75 already in Common Fund)	100.00
The Perry and Tommie Patterson Fund in Political Science (\$520.12 already in Common Fund)	15.00
Ma Lee Pederson Scholarship Fund, Graduate School of Social Work (\$3,735.52 already in Common Fund)	20.00
The Albert Schweitzer Scholarship Fund (\$398.07 already in Common Fund)	45.10
The J. V. and H. A. Stiles Foundation (\$98,976.58 already in Common Fund)	22.13

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COMMON TRUST FUND -- ADDITIONS  
(Continued)

Fund	Recommended Addition
John Arch White Professorship in Business Administration ((\$13,199.78 already in Common Fund)	\$ 400.00
Rupert Estel Hall Fund for Needy Students (Houston Dental Branch) (NEW FUND)	2,024.50
Willette Professorship of Obstetrics and Gynecology (Dallas Medical School) ((\$9,531.77 already in Common Fund)	168.84
C. D. Belding Memorial Fund (U. T. El Paso) ((\$5,647.00 already in Common Fund)	500.00
Passinger Memorial Lecture Fund (U. T. El Paso) ((\$1,713.96 already in Common Fund)	400.00
Daniel L. Hill, Jr. Scholarship (U. T. El Paso) (NEW FUND)	5,000.00
Library Endowment Fund (U. T. El Paso) ((\$2,069.00 already in Common Fund)	323.00
Lloyd A. Nelson Professorship in Geology (U. T. El Paso) ((\$24,914.03 already in Common Fund)	1,105.00
Supplemental additions made to Common Trust Fund on September 1, 1967	<u>\$12,724.97*</u>

The above total of \$12,724.97 submitted for approval, supplements additions in the amount of \$5,778.40 made to the Common Trust Fund on September 1, 1967, previously approved by the Land and Investment Committee.

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## B. Gift, Bequest and Estate Matters

1. Houston Dental Branch - Acceptance of Bequest Under the Will of Daisy J. Hall. -- The bequest under the will of Mrs. Daisy J. Hall was accepted for the establishment at the Houston Dental Branch of the Rupert Estel Hall Fund. The net cash bequest of \$2,024.50 is being invested in the Common Trust Fund for the endowment which Mrs. Hall directed. The income will be expended in aiding worthy and needy students who are attending The University of Texas Dental Branch at Houston in the form of a scholarship, loan without interest, or as matching funds for the Health Professions Student Loan Fund to enable The University of Texas Dental Branch at Houston to afford greater financial aid to worthy and needy students.

In addition to the fund, above, an antique picture and an antique lamp were in the bequest to the Houston Dental Branch and have been delivered to that institution.

2. U. T. El Paso - U. T. Austin - Delta Kappa Gamma Society - Transfer of Funds from the Yvette C. Rosenthal Scholarship Fund to the Annie Webb Blanton Scholarship Fund. -- Approval was given for the transfer of the original gift of \$2,500 for the establishment of the Yvette C. Rosenthal Scholarship Fund at U. T. El Paso, plus accrued interest, to the Annie Webb Blanton Scholarship Fund at U. T. Austin.

The Society requested such transfer in an exchange of correspondence with the Chairman of the Board.

## C. Real Estate Matters

1. U. T. El Paso: Frank B. Cotton Trust Fund - Proposal for Purchase of approximately 2,178 acres in Hudspeth County to Tidwell Ranches, Inc. -- The proposal of Tidwell Ranches, Inc. for purchase of approximately 2,178 acres in Sections 1, 3, 5, and 7 G. C. and S. F. Survey, Block 5, Hudspeth County for \$21,875 cash, with the University to retain 1/2 of the minerals was rejected.

The purchaser is to be advised by officials of U. T. El Paso that the Board is not willing to sell any of the minerals under the land but will consider an offer for all or part of the lands owned by the Frank B. Cotton Trust in Hudspeth and Culberson Counties at its October 1967 meeting, such offer to be submitted through the Executive Director, Investments, Trusts and Lands.

2. U. T. El Paso - Frank B. Cotton Trust Fund - Approval of Sale of 2.25 acres, Cotton Addition, El Paso to K.A.W. Investment Company. -- Approval was given for sale of 2.25 acres Cotton Addition, El Paso to K.A.W. Investment Company for \$1.25 per square foot, cash - approximately \$121,000.

This is the same tract on which Ted F. Karam et al were granted a new lease for 20 years from April 1, 1968 at monthly rental of \$607 for the first 10 years with re-

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appraisal for establishing rental for the last 10 years. The K.A.W. Investment Company will be given until March 1, 1968 to close the purchase and, should the purchase not be consummated, the new lease will go into effect on April 1. All minerals will be reserved for the Cotton Trust but without the use of the surface for drilling or mining operations.

3. U. T. El Paso - Lucille T. Stevens Scholarship Fund - Approval of Sale of Five Points Property in El Paso to J. M. Anstater. Approval was given for the sale of the Five Points Property, which came to U.T. El Paso under the will of Lucille T. Stevens, subject to a life estate in her brother who is also deceased. The purchaser, J. M. Anstater, offers \$51,000 cash for the property. Commission of 6% will be paid to J. Ted Cottle, El Paso realtor, who was given an exclusive sales listing by the Board of Regents in May, 1967.

Mrs. Stevens' bequest was for scholarship purposes at U.T. El Paso.

#### D. Bond Matters

1. U.T. Austin: Approval of Execution of Loan Agreement with Department of Housing and Urban Development for Construction Loan for Women's Cooperative Housing Project No. 2. -- By letter dated August 8, 1967, the University was advised that the Department of Housing and Urban Development had approved its application for a construction loan of \$520,000 for the Women's Cooperative Housing Project No. 2 at U.T. Austin.

The Chairman of the Board was authorized to execute the proposed loan agreement and the following resolution was adopted:

#### RESOLUTION APPROVING LOAN AGREEMENT

WHEREAS, there has been filed with the U. S. Department of Housing and Urban Development by The University of Texas System (hereinafter called the "Applicant") an application for a loan of \$520,000 to assist in the construction of four new cooperative housing units to house approximately 20 single women students each and two cooperative housing units to house approximately 18 single women students each, for a total of approximately 116 students; and

WHEREAS, the U. S. Department of Housing and Urban Development has offered to make said loan and has transmitted a Loan Agreement to the Applicant for consideration; and

WHEREAS, the proposed Loan Agreement has been duly examined and considered in accordance with all applicable rules of procedure and legal requirements, and made a part of the records of the Board of Regents of The University of Texas System (herein called the "Board") of the Applicant; and

WHEREAS, it is deemed advisable and in the interests of the Applicant that the proposed Loan Agreement be accepted and its execution authorized.

NOW, THEREFORE, be it resolved by the Board of the Applicant that the proposed Loan Agreement be and the same is hereby accepted without reservation or qualification.

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BE IT FURTHER RESOLVED that the Chairman of the Board of Regents of The University of Texas System be and he is hereby authorized to execute said Loan Agreement on behalf of the Applicant, and the Secretary of the Board of the Applicant be and is hereby authorized to attest the execution of said Loan Agreement, and the proper officials of the Applicant are hereby authorized to take such further action as is necessary to provide for the construction of the Project, and to consummate the loan.

2. U. T. Arlington - Authorization for Sale of \$3,490,000 of Ad Valorem Tax Bonds.--Approval was given for the Executive Director, Investments, Trusts and Lands to advertise for bids for the sale of \$3,490,000 Ad Valorem Tax Bonds for U.T. Arlington, with the bids to be opened on October 26 and presented to the Board of Regents at its meeting on October 27, 1967.

3. U. T. Arlington: Funds for Purchase of Land. --The possible issuance and sale of bonds for purchase of land for U. T. Arlington was indefinitely postponed.

Funds for such purchase of land will be from approximately \$200,000 of Skiles Act Funds now on hand, as well as net revenues, after provision for principal, interest and reserve requirements on all outstanding bonds estimated to be in the following amounts annually:

Building Use Fees	\$200,000
Parking Revenues	70,000
Exchange Store	90,000
	<u>\$360,000</u>

Such funds will be used for acquisition of land and construction of parking facilities.

Approval was also given for the transfer of free net balances in such accounts from time to time to an appropriate Land Acquisition and Construction Account. (Adopted by the Committee of the Whole.)

4. U. T. El Paso: Student Union Building Bonds. --The Executive Director of Investments, Trusts and Lands reported that it is anticipated that construction bids will be received on or before the October meeting of the Board, and that based thereon, definite recommendations for plans for the sale of the Student Union Building Bonds at The University of Texas at El Paso will be made at such meeting.

Approval was given for the employment of Sam E. Macin as bond consultant for the marketing of the proposed bonds, which involves refunding the outstanding bonds. The firm of McCall, Parkhurst and Horton of Dallas has previously been employed as bond counsel.

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REPORT OF EXECUTIVE COMMITTEE (Pages 87-92 ). --In the absence of Regent Bauer, Regent Brennan presented the following report of the Executive Committee which was adopted without objection:

The following interim actions have been approved by the Executive Committee since the Committee's last report on July 29, 1967. It is recommended that these actions be approved, confirmed, and ratified:

1. U. T. Austin: Minutes of the Board of Directors of TSP, Inc., Including 1967-68 Budget (30-M-66). --Approval was given to the minutes of the meeting of the Board of Directors of Texas Student Publications, Inc., held on June 19, 1967. The following items in the minutes which require Regental consideration were thereby approved:
  - a. The 1967-68 Budget for Texas Student Publications, Inc., at The University of Texas at Austin and rates with a total proposed net income of \$3,825. (A copy of the 1967-68 TSP Budget is in the Secretary's Files, Volume XIV.)
  - b. The solicitation of advertising for Riata, student literary magazine, at rates to be determined after study by the TSP Advertising Department.
2. U. T. El Paso: Award of Contract to Guldemann Construction and Engineering, Inc., for Addition to Physical Plant Building (31-M-66). --A contract was awarded to the low bidder, Guldemann Construction and Engineering, Inc., El Paso, Texas, for the addition to the Physical Plant Building at The University of Texas at El Paso, as follows:
 

Base Bid	\$75,219.00
Add Alternate No. 2 (Add Acoustical Ceiling in Printing Room)	<u>1,268.00</u>
Total Recommended Contract Award	<u>\$76,487.00</u>
3. U. T. Austin, Galveston Medical Branch, Dallas Medical School, Houston Dental Branch, and Anderson Hospital: Amendments to the 1966-67 Budgets (15-B-66) and (17-B-66). --Approval was given to the amendments to the 1966-67 Budget of U. T. Austin, Galveston Medical Branch, Dallas Medical School, Houston Dental Branch, and Anderson Hospital as follows and as set out on Pages 88-90 :

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THE UNIVERSITY OF TEXAS AT AUSTIN  
 AMENDMENT TO 1966-67 BUDGET  
 Source of Funds - Departmental Appropriations  
 (Unless Otherwise Specified)

Item No.	Explanation	Present Status	Proposed Status	Effective Dates
138.	Auxiliary Enterprises - Housing and Food Service - Littlefield Dormitory Transfer of Funds	From: Unappropriated Balance - Housing and Food Service via Estimated Income	To: Salaries and Wages \$ 4,250 Raw Food 6,990 General Expense 2,231 Unallocated 1,401	
	Amount of Transfer	\$14,872	<u>\$14,872</u>	---

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON  
 AMENDMENTS TO 1966-67 BUDGET  
 Source of Funds - Departmental Appropriations  
 (Unless Otherwise Specified)

Explanation	Present Status	Proposed Status	Effective Dates
Joe A. Mascorro Anatomy Salary Rate Source of Funds: NIH Grant	Electron Microscopy Technician II \$ 6,780	Electron Microscopy Technician II \$ 7,800	8/1/67
Richard G. Benton Surgery Salary Rate Source of Funds: VRA Grant	Research Assistant Professor \$11,500	Research Assistant Professor \$13,000	8/1/67



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THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL SCHOOL AT DALLAS  
 AMENDMENTS TO 1966-67 BUDGET  
 Source of Funds - Departmental Appropriations  
 (Unless Otherwise Specified)

Item No.	Explanation	Present Status	Proposed Status	Effective Dates
40.	James A. Belli Radiology Salary Rate Source of Funds: U.S.P.H.S. Career Development Award	Assistant Professor \$19,000	Assistant Professor \$20,000	7/1/67
41.	Alan R. Hull Internal Medicine Salary Rate Source of Funds: U.S.P.H.S. Grant	Fellow \$ 7,500	Fellow \$10,000	7/1/67
42.	Lewis H. Lackner Internal Medicine Salary Rate Source of Funds: U.S.P.H.S. Grant	Fellow \$ 8,000	Fellow \$11,000	7/1/67
43.	Frederick J. Oerther Internal Medicine Salary Rate Source of Funds: U.S.P.H.S. Grant	Fellow \$ 7,500	Fellow \$ 9,100	7/1/67
44.	Akira Ohneda Internal Medicine Salary Rate Source of Funds: U.S.P.H.S. Grant	Fellow \$ 7,500	Fellow \$ 8,500	7/1/67
45.	Burnell R. Brown Pharmacology Salary Rate Source of Funds: U.S.P.H.S. Grant	Fellow \$ 9,500	Fellow \$11,600	7/1/67
46.	Federico A. Dostal Pharmacology Salary Rate Source of Funds: U.S.P.H.S. Grant	Fellow \$ 7,800	Fellow \$ 8,800	7/1/67
47.	John R. Kinsinger Psychiatry Salary Rate Source of Funds: Terrell State Hospital Inter- agency Contract	Fellow \$ 500	Fellow \$ 3,000	7/1/67

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Explanation	Present Status	Proposed Status	Effective Dates
48. Leslie E. Shelton, Jr. Psychiatry Salary Rate Source of Funds: Terrell State Hospital Inter- agency Contract	Fellow \$ 1,000	Fellow \$ 3,000	7/1/67
49. Kenneth M. Wiggins Psychiatry Salary Rate Source of Funds: U.S.P.H.S. Contract	Fellow \$ 3,600	Fellow \$12,000	7/1/67
50. Ronald L. Wathen Surgery Salary Rate Source of Funds: USPHS Grant	Fellow \$ 7,152	Fellow \$12,000	8/1/67

THE UNIVERSITY OF TEXAS DENTAL BRANCH AT HOUSTON  
AMENDMENT TO 1966-67 BUDGET  
Source of Funds - Departmental Appropriations  
(Unless Otherwise Specified)

Explanation	Present Status	Proposed Status	Effective Dates
Thomas E. Daly Community Cancer Demonstration Project Salary Rate Source of Funds: USPHS Contract	Staff Dentist \$12,000	Staff Dentist \$13,200	8/1/67

THE UNIVERSITY OF TEXAS M.D. ANDERSON HOSPITAL AND TUMOR INSTITUTE  
AT HOUSTON  
AMENDMENTS TO 1966-67 BUDGET  
Source of Funds - Departmental Appropriations  
(Unless Otherwise Specified)

Item No.	Explanation	Present Status	Proposed Status	Effective Dates
29.	Joseph G. Sinkovics Medicine Salary Rate Source of Funds: NIH Grant	Associate Internist; Associate Professor \$22,000	Associate Internist; Associate Professor \$25,000	7/1/67
30.	Leon L. Dmockowski Virology Salary Rate	Virologist; Professor \$20,500	Virologist; Professor \$21,750	7/1/67

4. U. T. Austin: 1967-68 Budget for Texas Petroleum Research Committee (16-B-66). -- Approval was given for the 1967-68 Budget for the Texas Petroleum Research Committee of The University of Texas at Austin, as follows:

BUDGET OF THE UNIVERSITY OF TEXAS AT AUSTIN DIVISION  
TEXAS PETROLEUM RESEARCH COMMITTEE  
Fiscal Year 1967-68  
(12 Months)

ESTIMATED INCOME:	<u>1966-67</u>	<u>1967-68</u>
One-half of State Appropriation to Oil and Gas Division of Railroad Commission of Texas out of Special Fund known as Oil and Gas Enforcement Fund in State Treasury	\$60,000	\$60,000
TOTAL ESTIMATED INCOME:	<u>\$60,000</u>	<u>\$60,000</u>

ESTIMATED EXPENDITURES:

Item No.	Supplemental Data		Budget 1966-67	Budget 1967-68
	1966-67	1967-68		
			....(A)	....(A)
1.			\$14,000	\$16,500
2.			4,584	4,800
3.	\$ 8,160	\$ 8,160	5,100	6,120
4.	8,160	8,160	5,140	6,120
5.	\$ 7,104	\$ 7,440	\$ 4,440	\$ 5,580
6.	---	7,440	---	4,650
7.	6,468	6,780	4,043	5,085
8.	---	6,780	---	4,238

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## ESTIMATED EXPENDITURES: (continued)

Item No.	Supplemental Data		Budget 1966-67	Budget 1967-68
	1966-67	1967-68		
9.			4,042	4,237
	6,468	6,780		
			(1/2T. 9/1-5/31; Full Time 6/1-8/31) Base Salary Rate (12 mos.)	
			Material, Equipment, Travel, Publications, and Wages (hourly)	
			7,209	2,670
			<u>TOTAL BUDGET</u>	<u>\$60,000</u>
			<u>\$60,000</u>	<u>\$60,000</u>

(A) Paid from TPRC-A&amp;M Division

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS. --Though there had not been a meeting of the Board for Lease of University Lands since the Regents' meeting on July 29, 1967, Regent Brenan reported again that there would be an auction on oil and gas leases on University Lands on October 5.

## REPORT OF THE COMMITTEE OF THE WHOLE

Chairman Erwin presented the following report of the Committee of the Whole (See Page 107 for adoption.):

REGENTS' RULES AND REGULATIONS, PART ONE: AMENDMENTS TO CHAPTER II AND CHAPTER VII RELATING TO THE UNIVERSITY OF TEXAS SYSTEM DEVELOPMENT BOARD.-- The rule (Part One, Chapter IX, Section 4) requiring the second reading of an amendment to the Regents' Rules and Regulations, Part One was waived and the following amendments to the Regents' Rules and Regulations, Part One, Chapter II and Chapter VII, were adopted:

1. Amend the Regents' Rules and Regulations, Part One, Chapter II, Section 2.1 by adding "Executive Director of The University of Texas System Development Board," on the fifth full line of the section between "Business Affairs," and "the Comptroller."
2. Amend the Regents' Rules and Regulations, Part One, Chapter II, by adding the following as a new section to be numbered 2.47 and by changing Sections 2.47, 2.48, 2.49, 2.4(10), 2.4(11), and their respective subdivisions to 2.48, 2.49, 2.4(10), 2.4(11), and 2.4(12):
  - 2.47 The Executive Director of The University of Texas System Development Board. The Executive Director of The University of Texas System Development Board is an officer of the Central Administration.
    - 2.471 In carrying out his duties and responsibilities, he:
      - 2.471(1) Serves as executive officer for The University of Texas System Development Board.
      - 2.471(2) Acts under the authority delegated by the Chancellor for private fund development for The University of Texas System.
      - 2.471(3) Develops, administers, and co-ordinates policies and activities involving internal foundations and University-related external foundations.
      - 2.471(4) Collaborates with executive heads of the component units in development programs.
      - 2.471(5) Co-ordinates or directs efforts of University officials to create a favorable climate for philanthropic support among various constituencies including alumni, foundations, business and industry, associations, parents of students, friends, and benefactors.
      - 2.471(6) Advises University administrative officials, deans, and directors on projects involving private gift support, suggests possible granting agencies or benefactors, and assists when needed in the preparation of grant proposals and their presentation.

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- 2.471(7) Establishes procedures for the preparation of gift records, gift processing, gift acknowledgments, and gift docketts for the Board of Regents.
- 2.472 The Executive Director of The University of Texas System Development Board reports to and is responsible to the Chancellor.
- 3. Amend the Regents' Rules and Regulations, Part One, Chapter II, by changing in Section 3.21(11) the period (.) to a comma (,) and adding the following: "and in collaboration with the Executive Director of the University Development Board."
- 4. Amend the Regents' Rules and Regulations, Part One, by deleting Chapter VII and substituting in lieu thereof the following:

CHAPTER VII

THE UNIVERSITY OF TEXAS SYSTEM DEVELOPMENT BOARD AND FOUNDATIONS

Sec. 1. The University of Texas System Development Board.

- 1.1 Responsibilities of the Board of Regents and Administrative Officials of The University of Texas System in Private Fund Development.-- Among the most important responsibilities of the Board of Regents are those of establishing policies and procedures by which the developmental needs of The University of Texas System and its component institutions can be determined and of directing vigorous efforts to attract private fund support for meeting these needs. For the discharge of these responsibilities, the Chancellor is to serve as the chief executive agent of the Board of Regents, with fund development a major obligation, and the administrative head of each component institution is to serve as chief executive officer in this regard for his institution.
- 1.2 Responsibilities and Duties of The University of Texas System Development Board:
  - 1.21 The University of Texas System Development Board is the agency responsible to the Chancellor, and through him to the Board of Regents, for all private fund development for The University of Texas System. Provided, however, that with the approval of the Chancellor and the Board of Regents any component institution may have a fund development group dedicated to its own unique interests.
  - 1.22 The University of Texas System Development Board shall, after conference with the Chancellor, recommend to the Board of Regents policies which shall govern activities and respon-

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- sibilities in cultivating and securing private funds for The University of Texas System and its component institutions.
- 1.23 In the absence of unusual circumstances, no major fund development effort or decision not covered by previously adopted regulations of the Board of Regents shall be recommended by the Chancellor to the Board of Regents without prior advice thereupon by The University of Texas System Development Board, which advice shall be transmitted to the Board of Regents.
  - 1.24 All fund development agencies and organized fund development enterprises of The University of Texas System shall be under the jurisdiction of The University of Texas System Development Board and shall operate under policies adopted by it and approved by the Chancellor and the Board of Regents.
  - 1.25 The University of Texas System Development Board shall have particular responsibility for formulating and actively promoting support for both current and long-term programs designed to meet developmental needs of The University of Texas System and its component institutions. The Chancellor shall lay before The University of Texas System Development Board at periodic intervals descriptions of current needs as determined by the Board of Regents, the University administration, and the several faculties, taking into account any such needs as The University of Texas System Development Board has recommended for consideration. The University of Texas System Development Board should also be continuously alert to gift possibilities not necessarily related to predetermined projects. The programs of activities formulated by The University of Texas System Development Board shall be submitted to the Chancellor and the Board of Regents for information, and periodic reports of progress shall be made. It is expected that the continuing program of The University of Texas System Development Board will include vigorous cultivation and dissemination of information supporting gifts and endowments.
- 1.3 Composition and Operation of The University of Texas System Development Board.
- 1.31 The University of Texas System Development Board shall consist of one member of the Board of Regents designated by the Chairman, with the consent of the Board of Regents, the Chancellor, six members named by the Executive Council of the Ex-Students' Association of The University of Texas at Austin, and at least fifteen members named by the Board of Regents.

All appointees, except the Chancellor and the member from the Board of Regents, shall serve for three-year terms. Terms are staggered and begin on September 1 of the appropriate year. In selecting members, the Board of Regents and the Executive Council of the Ex-Students' Association of The University of Texas at Austin shall give due consideration to geographical and component institution factors. Vacancies shall be filled by the original appointing agency.

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- 1.32 The University of Texas System Development Board shall designate one of its members as Chairman, and shall provide for such other officers as it deems necessary. It shall adopt bylaws governing its operations and shall file them, and subsequent amendments thereto, with the Secretary to the Board of Regents. It shall cause accurate minutes of its proceedings to be kept, and shall file copies with the Chancellor and the Secretary to the Board of Regents. It shall prepare an annual evaluation report on its activities, incorporating such recommendations as it cares to make, and transmit this report to the Chancellor and to the Board of Regents through the Secretary to the Board.
- 1.33 The Development Board shall conduct its operations to accord with policies and regulations of the Board of Regents, and shall make recommendations concerning modifications and additions to those policies through the Chancellor to the Board of Regents.
- 1.4 General Policies of The University of Texas System Development Board:
- 1.41 The University of Texas System Development Board shall seek to enlist the aid of numerous friends of The University of Texas System and its component institutions in fund development efforts, and may establish such committees and other groups as seem desirable in carrying out its program.
- 1.42 The University of Texas System Development Board shall serve all component institutions of The University of Texas System.
- 1.43 The University of Texas System Development Board will work closely with all internal foundations, and no such foundation shall be established or continued in existence except with the approval of the Chancellor and the Board of Regents. The executive officer of The University of Texas System Development Board shall be responsible for stimulating, guiding, and assisting the internal foundations and may require suitable annual reports from each. All such activities shall be coordinated through the office of the respective institutional heads.
- 1.44 From time to time, special campaigns for specific objects may be conducted, with or without the assistance of private fund-raising counsel. Such campaign may originate upon recommendation by the Board of Regents, the Chancellor, or the institutional head with the Chancellor's concurrence, or The University of Texas System Development Board. No such campaign shall be authorized or undertaken, however, until The University of Texas System Development Board has recommended concerning it and the campaign has been approved by the Board of Regents.
- 1.45 Notwithstanding the provisions hereof conferring authority upon and placing responsibility in The University of Texas System Development Board for fund development and fund raising, it is understood that the Ex-Students' Association of The University of Texas at Austin and its counterparts at other component institutions may engage in fund raising for their own support through dues and payments for memberships,



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both annual and life. However, it is hoped and expected that such ex-students associations will not sponsor or participate in any other organized fund-raising effort without first consulting and advising with The University of Texas System Development Board, the Chancellor, and the Board of Regents.

1.46 The Development Board shall recommend, and upon authorization of the Board of Regents, effectuate such recognition of donors as appears wise.

1.5 Executive Office of The University of Texas System Development Board:

1.51 Within the Office of the Chancellor there shall be an officer responsible to the Chancellor and to The University of Texas System Development Board as its executive officer. He shall be appointed by the Chancellor upon recommendation of The University of Texas System Development Board. He is to be charged solely with fund development activity, and subject to supervision, evaluation, and termination of employment by the Chancellor. The Chancellor, however, shall secure periodic evaluations of this officer's services from The University of Texas System Development Board and take these into full account in continuing employment and in according recognition for accomplishment. He shall have such title and rank as established by the Board of Regents upon recommendation of the Chancellor and The University of Texas System Development Board.

1.52 The University of Texas System Development Board executive officer shall have such staff and such operating funds as shall be determined from time to time by budgets recommended by him and said Development Board, endorsed by the Chancellor, and adopted by the Board of Regents. Duties of staff members shall be established by the executive officer.

1.6 Finances.--Financial support of The University of Texas System Development Board and the executive office shall be provided exclusively by appropriation of the Board of Regents. Such appropriation will be made through established budgetary procedures. The Board of Regents may accept gifts designated for use by The University of Texas System Development Board and may make such funds available for expenditure by said Development Board.

Sec. 2. Foundations.-- The following policies shall govern the creation and administration of foundations:

2.1 Internal Foundations.

2.11 The establishment of internal foundations shall be limited to teaching and research divisions of The University of Texas System. This is not in any sense to be construed as excluding non-teaching and non-research divisions from seeking support from private sources through The University of Texas System Development Board as the authorized agency for correlating all fund-raising activities.

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- 2.12 The establishment of foundations for other than component institutions, colleges or schools shall be limited to divisions and departments with respect to which it can be clearly demonstrated that there exists actually or potentially the support of a strong business or professional group, such as exists in the case of the Geology Foundation of The University of Texas at Austin, and the activities of which will not be in substantial conflict with the foundation which represents the school or college of which the division or department is a part. It is believed that divisions and departments which cannot meet these tests may effectively work as separate groups within the framework of the foundation which represents this school or college. The provisions now existing for the designation of special funds to be used for specific activities should continue within the framework of the various foundations. This opportunity to earmark funds obtained by specific groups should help to avoid stifling the interest and initiative of these groups.
- 2.13 Any foundation in addition to those now existing shall be authorized by the Board of Regents only after approval by The University of Texas System Development Board and by the Chancellor.
- 2.14 The work of all internal foundations shall be considered a part of the work of The University of Texas System Development Board, and each such foundation, through its directing head and the institutional head shall cooperate closely with The University of Texas System Development Board office and shall keep that office informed of its activities. It is the duty of The University of Texas System Development Board to cooperate with such foundations at all times and to stimulate their efforts by counsel, by personal contacts, and by providing promotional materials. Further, the foundations shall report periodically to The University of Texas System Development Board. Every effort should be made to permit free range of initiative within the foundations, but activities should be in conformity with The University of Texas System Development Board policies so as to permit maximum over-all achievements in fund raising.
- 2.15 There should be periodic reviews of the activities of each foundation to determine its effectiveness, and provision should be made for its dissolution if it is unproductive over a reasonable length of time.
- 2.16 Internal foundations shall not necessarily be restricted to The University of Texas at Austin but should be established at component institutions where conditions may warrant.
- 2.17 There shall be established, wherever practicable, advisory councils to the foundations. The Executive Director of The University of Texas System Development Board shall be an ex-officio nonvoting member of each such advisory council.
- 2.2 The presently authorized Internal Foundations are:

<u>Foundation</u>	<u>Date Established</u>
John Charles Townes Foundation (School of Law, The University of Texas at Austin)	1941

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<u>Foundation</u>	<u>Date Established</u>
Pharmaceutical Foundation of the College of Pharmacy (The University of Texas at Austin)	1949
Fine Arts Foundation of the College of Fine Arts (The University of Texas at Austin)	1950
Architectural Foundation of the School of Architecture (The University of Texas at Austin)	1952
Genetics Foundation of the Zoology Department (The University of Texas at Austin)	1952
College of Business Administration Foundation (The University of Texas at Austin)	1953
The Psychological Research Foundation of The University of Texas at Austin	1953
Geology Foundation (The University of Texas at Austin)	1953
Arts and Sciences Foundation (The University of Texas at Austin)	1955
Engineering Foundation (The University of Texas at Austin)	1955
Teacher Education Foundation (The University of Texas at Austin)	1956
School of Journalism Foundation (The University of Texas at Austin)	1959
School of Social Work Foundation (The University of Texas at Austin)	1966
The University of Texas at Arlington Foundation	1967
The University of Texas Medical Branch at Galveston Foundation	1967

2.3 External Foundation.

2.31 The establishment of additional external foundations over which the Board of Regents and the Chancellor have no control shall be prohibited.

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- 2.32 Wherever such external foundations now exist, The University of Texas System Development Board should establish a working relationship with the officials of the foundation and should seek to coordinate their activities in such a way as to bring them into line with the general policies of The University of Texas System Development Board and those of the Chancellor and the Board of Regents.
- 2.33 The only presently authorized External Foundation is:

<u>Foundation</u>	<u>Date Established</u>
The University of Texas System Foundation, Inc.	1967

U. T. SYSTEM: AMENDMENT TO THE ARTICLES OF INCORPORATION AND TO THE BY-LAWS OF THE UNIVERSITY OF TEXAS SYSTEM FOUNDATION, INC. (MEMBERSHIP OF BOARD OF DIRECTORS).-- The Articles of Incorporation of The University of Texas System Foundation, Inc. and the By-Laws of The University of Texas System Foundation, Inc. were amended so that (1) the first two paragraphs of Article X of the Articles of Incorporation shall read as follows:

The Board of Directors of this Corporation shall consist of at least seven persons appointed for three year terms by the Board of Regents of The University of Texas System, who shall serve without compensation.

The terms of the directors shall be staggered as determined by the Board of Regents.

and (2) Article II of the By-Laws, Section 2 shall read as follows:

The number of directors shall be at least seven (7) appointed by the Board of Regents of The University of Texas System.

U. T. SYSTEM: THE UNIVERSITY OF TEXAS SYSTEM FOUNDATION, INC.-- Pursuant to Article X of the Articles of Incorporation of The University of Texas System Foundation, Inc., the following were named as members of the Board of Directors of The University of Texas System Foundation, Inc.:

<u>Name</u>	<u>For Terms Expiring</u>
Marvin K. Collie, Houston	December 31, 1968
Jack S. Josey, Houston	December 31, 1968
E. G. Morrison, Austin	December 31, 1968
Doctor Harry Ransom, Austin	December 31, 1968
Preston Shirley, Galveston	December 31, 1968
James L. Bayless, Houston	December 31, 1969
Jack V. Curlin, El Paso	December 31, 1969
B. R. Dorsey, Pittsburg	December 31, 1969
B. K. Johnson, La Pryor	December 31, 1969
Robert Strauss, Dallas	December 31, 1969
Thomas H. Law, Fort Worth	December 31, 1969
Benno C. Schmidt, New York City	December 31, 1970
Gail Whitcomb, Houston	December 31, 1970
Gene M. Woodfin, New York City	December 31, 1970

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U. T. SYSTEM: AMENDMENT TO 1967-68 BUDGET FOR SYSTEM OFFICES. --The 1967-68 budget for System Offices was amended by changing the salary rate of:

1. Graves W. Landrum, Vice-Chancellor for Staff Operations, to \$28,000 for 12 months.
2. Raymond Vowell, Vice-Chancellor for Public Affairs, to \$26,000 for 12 months.
3. E. D. Walker, Vice-Chancellor for Business Affairs, to \$28,000 for 12 months.

U. T. SYSTEM: APPROVAL OF CHANCELLOR'S DOCKET NO. 18. -- Chancellor's Docket No. 18 was approved, and is attached to (following Page 107 ), and made a part of the minutes.

U. T. AUSTIN: REQUEST FOR APPROPRIATION FROM RETAINED EARNINGS OF CAMPUS SERVICES, INC. WITHDRAWN AND TERMINATION OF CHILEAN EXCHANGE STUDENT PROGRAM (CONTRACT NO. SCC-40876). --Chancellor Ransom's request for an appropriation from Retained Earnings of Campus Services, Inc., in support of the Chilean Exchange Student Program was withdrawn. It was ordered that The University of Texas at Austin not participate in the Chilean Exchange Student Program beyond the termination of the current contract (No. SCC-40876) on November 30, 1967.

U. T. AUSTIN, LAND ACQUISITION PROGRAM AUTHORIZED BY 60TH LEGISLATURE (HOUSE BILL NO. 287): EMPLOYMENT OF BEN F. LOONEY AS NEGOTIATOR AND HAROLD LEGGE AND JIM FREDERICK AS APPRAISERS. -- To assist Business Manager Colvin in the acquisition of the 52 taxable pieces of property, with nineteen owners, located in the area between Guadalupe, Speedway, and 27th Street as authorized by the 60th Legislature (House Bill No. 287), Mr. Ben F. Looney was named as a negotiator to represent the University at a fee of \$28,500, to be paid at the rate of \$1,500 per ownership as the property is acquired. In addition, Mr. Looney will be paid \$50 per day, or any portion thereof, for court testimony in the event of condemnation.

Mr. Harold Legge and Mr. Jim Frederick were employed to appraise these properties for a fee of \$10,000; and, in addition, each appraiser will be paid at the rate of \$18.75 per hour for court preparation and testimony.

Business Manager Colvin was authorized to execute a contract with Mr. Looney and with Mr. Legge and Mr. Frederick based on the above fee arrangements, with the fees to be paid out of Available University Fund.

U. T. AUSTIN: INCREASE IN STUDENT SERVICES FEE AND ALLOCATION THEREOF. -- The student services fee at The University of Texas at Austin was increased effective September 1, 1968, in the amount of \$3.00 per semester and \$1.00 per six-week summer term with the understanding that the total increase would be devoted to Health Center purposes. Such purposes will be reported at the appropriate time.

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U. T. AUSTIN: METHOD OF SELECTION OF TEAM PHYSICIAN.-- The team physician for The University of Texas at Austin shall be selected jointly by the Director of the Health Center and the Athletic Director subject to the approval of the Athletic Council and the Chancellor.

U. T. AUSTIN: MEDICAL ATHLETIC ADVISORY COUNCIL .-- Upon the recommendation of Athletic Director Royal, Vice-Chancellor Hackerman and Vice-Chancellor LeMaistre, and concurred in by Chancellor Ransom, it was ordered that:

- (1) A Medical Athletic Advisory Council be appointed for the purpose of liaison between the U. T. Austin Athletic Department and the Medical System of The University of Texas.
- (2) The recommended initial composition of the Medical Athletic Advisory Council (MAAC) be initially composed of:

Dean C. C. Sprague, Chairman  
 Dr. Stanley Burnham, Vice-Chairman  
 President T. G. Blocker, Jr.  
 Dean J. V. Olson  
 Dean F. C. Pannill

Meetings will be called by the vice-chairman with the concurrence of the chairman. The vice-chairman will also serve as liaison between the Athletic Department at The University of Texas at Austin and the MAAC.

The purpose of the MAAC is four-fold:

- (1) To review medical problems referred and/or presented by U. T. Austin Athletic Department physicians.
- (2) To recommend to Athletic Department physicians steps in the solution of the medical problems, such as further diagnosis, treatment or consultation. It is expected that the MAAC submit specific suggestions regarding referrals, equipment and facilities available for professional care.
- (3) Upon acceptance by the U. T. Austin Athletic Department physicians of the recommendations of the MAAC, the MAAC will serve to coordinate services that involve units or personnel of The University of Texas Medical System.
- (4) Each referral will be followed in an active file and reviewed at each meeting until the medical problem is resolved.

In handling of the medical problems all ethical and professional considerations necessary to conform to the highest standards of medical practice will be observed.

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U. T. ARLINGTON: INSTITUTE OF URBAN STUDIES.--The Administration was instructed to present at the October 1967 meeting a resolution providing for the establishment of the Institute of Urban Studies (authorized by the Texas 60th Legislature S. B. No. 464, R. S., 1967) at The University of Texas at Arlington under the governance of President Woolf and the budget therefor within the framework of the U. T. Arlington budget. The activities and programs of the Institute of Urban Studies shall extend to all the institutions within The University of Texas System.

U. T. EL PASO: ADMISSION TO WESTERN ATHLETIC CONFERENCE --The Board authorized The University of Texas at El Paso to accept the invitation to become a member of the Western Athletic Conference (composed of The University of Arizona, Arizona State University, Brigham Young University, The University of Utah, The University of Wyoming, and The University of New Mexico) effective June 1, 1968.

GALVESTON MEDICAL BRANCH: DISPOSITION OF OLD MACO STEWART HOME (MARGIE B. STEWART CONVALESCENT HOME FOR CHILDREN). --The Executive Director of Investments, Trusts and Lands reported that the proposed purchaser (Mr. R. J. St. Germaine of Houston) of the old Maco Stewart Home (Margie B. Stewart Convalescent Home for Children) had declined to complete this purchase which was authorized by the Board of Regents at its July 1967 meeting. It was ordered that if the sale of the old Maco Stewart Home is not consummated on or before September 30, 1967, that the sale be called off and the Stewart House and all other improvements on the site be demolished.

GALVESTON MEDICAL BRANCH: AMENDMENT TO 1967-68 BUDGET --The 1967-68 Budget for The University of Texas Medical Branch at Galveston was amended by changing the salary rate of Warren Harding, Vice-President for Administration, to \$28,000 for 12 months.

GALVESTON MEDICAL BRANCH: APPROVAL OF RENTAL OF SPACE (SEALY AND SMITH PROFESSIONAL BUILDING) FOR ADMINISTRATIVE OFFICES. --Approval was given for The University of Texas Medical Branch at Galveston to rent approximately 2,200 square feet of space in the Sealy and Smith Professional Building at their standard rate of \$1.35 per square foot per month, payable from Medical Branch Trust funds. The purpose of this space is to establish offices for the President, the Vice-President for Administration, and the Director of Information Service.

Vice-Chancellor Walker was authorized to sign the lease agreement after the appropriate approval as to content and legal form.

U. T. HOUSTON: APPOINTMENT OF BROOKS, BARR, GRAEBER, AND WHITE AS CONSULTANTS FOR MASTER PLAN STUDY AND APPROPRIATION THEREFOR.--At the Regents' meeting held November 24, 1965, an appropriation of \$10,000 was made for master planning at The University of Texas at Houston, and the firm Brooks, Barr, Graeber, and White, as Consulting Architect and the firm of McKie and Kamrath, as Associate Architects,

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were authorized to proceed with this planning. To continue and extend the master planning for the Houston campus, an additional appropriation of \$30,000 was made from the Available University Fund Unappropriated Balance to cover the cost of continued master planning for U. T. Houston. The firm of Brooks, Barr, Graeber, and White was appointed as architect for this study, and the firm of McKie and Kamrath was relieved of further responsibility on this particular project.

THE UNIVERSITY OF TEXAS MEDICAL SYSTEM: SALARY PLAN (BASIC AUGMENTATION AND FRINGE BENEFIT PROGRAM) FOR GALVESTON MEDICAL SCHOOL, DALLAS MEDICAL SCHOOL, AND SAN ANTONIO MEDICAL SCHOOL, ANDERSON HOSPITAL, AND THE PUBLIC HEALTH SCHOOL. --In accordance with the policy statement adopted by The University of Texas System Board of Regents on November 4, 1966, entitled, Policy Statement of the Board of Regents Regarding the Use of Income Earned by the Faculty of The University of Texas Medical System under Medicare and Related Programs, as amended by the action of the Board of Regents on July 29, 1967, stipulating that institutional rather than departmental Physicians Referral Service Trust Funds are preferred and should be established at all medical schools within the U. T. System no later than September 1, 1970, a salary plan for The University of Texas Medical School at Galveston, The University of Texas Southwestern Medical School at Dallas, The University of Texas Medical School at San Antonio, The University of Texas M. D. Anderson Hospital and Tumor Institute at Houston, and The University of Texas School of Public Health at Houston was adopted, to be effective at each institution at a date to be determined by the institutional head but in no event later than September 1, 1970. (See exceptions on Page 106 that were adopted with respect to The University of Texas Medical School at Galveston.) A proposal will later be submitted for The University of Texas Dental School at Houston.

Basic Salary Augmentation and Fringe Benefit Program:  
The University of Texas Medical Schools and M. D. Anderson Hospital  
and Tumor Institute and the Public Health School

The basic salary scale, the permissive salary augmentation plan, and the fringe benefit program shall be uniform for the above-designated institutions. All members of the full-time medical faculties shall participate in the program. All income for professional services, as defined below, shall be deposited in an institutional trust fund or an institutional non-profit foundation for that purpose.

Funds shall be disbursed in accordance with a plan developed at each institution and approved by the Central Administration and the Board of Regents. The institutional plans shall provide for representation in disbursement by those earning the income, preferably through the participation of clinical department chairmen and division heads in the administration of the fund, under the direction of the institutional head.

Participation by part-time faculty members will be determined on the basis of: (1) professional activities in primary teaching hospitals affiliated with The University of Texas System, which result in income to the fund, and (2) academic rank.



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The rates for basic salary, salary augmentation and fringe benefit program shall be reviewed annually and submitted with recommendations for approval by the Central Administration and the Board of Regents. In order to ensure the development and maintenance of excellence among the health profession faculties, additional recommendations through the Health Affairs Council by the institutional head are anticipated.

A. Basic Salary Ranges

Professor and Chairman	\$ 25,000 - \$ 30,000
Professor	21,000 - 28,000
Associate Professor	18,000 - 24,000
Assistant Professor	15,000 - 22,000
Instructor	11,000 - 16,000

B. Permissive Salary Augmentation

The income level for each individual will be determined annually, subject to the availability of funds and the specific recommendation of the department chairman, approved by the dean, administrative head of the institution, Chancellor and the Board of Regents.

Sources of income for augmentation will be derived from professional income as outlined herein and/or other trust funds that may be available to the department or the school. Funds appropriated by the legislature may not be used in the augmentation described below. Such funds must be generated by the individual and/or the school. Amounts of salary augmentation permitted are as follows:

Professor and Chairman	0 - \$ 15,000
Professor	0 - 15,000
Associate Professor	0 - 12,000
Assistant Professor	0 - 11,000
Instructor	0 - 8,000

The potential maximum income for full-time faculty by academic rank is therefore provided by a combination of University base salary plus the salary augmentation. Only the University base salary can be guaranteed at the present time.

C. Fringe Benefit Program

A more or less uniform fringe benefit program including life and disability insurance, hospitalization, and retirement benefits, designed to complement and supplement official University of Texas programs, will be provided all full-time faculty when sufficient funds are available from the institutional trust fund. The program will be submitted for approval of the Central Administration and the Board of Regents.

D. Professional Fees for Services Rendered

Professional fees from the sources listed below will be deposited to an institutional trust fund account, or non-profit foundation:

- a. Fees generated from activities as a member of the institutional faculty, including third party payment plans.
- b. Fees from all professional consultations.

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- c. Fees for services rendered at any other state-supported medical facility or institution in the State of Texas.
- d. Fees for individual service at Federal or other affiliated hospitals.
- e. Fees from court appearances.

Professional income which is excluded from this policy statement is as follows:

- a. Honoraria, royalties, lecture fees, and non-professional retainers.
- b. Payments for editing scientific publications.
- c. Consultation fees (honoraria) as a regional or national consultant to any branch of the U.S. Government, such as NIH or a branch of the military.

#### E. Physicians Referral Service

A Physicians Referral Service will be the agent for the billing and collection of fees to be received by the institutional fund. All administrative and operating expenses will be paid from income to the trust fund. The plan for the Physicians Referral Service will be developed at each institution in conformity with professional ethics and legal requirements and submitted for approval by the Central Administration and the Board of Regents.

THE UNIVERSITY OF TEXAS MEDICAL SYSTEM SALARY PLAN:  
EXCEPTIONS WITH RESPECT TO GALVESTON MEDICAL SCHOOL. --  
To the Salary Plan (Basic Augmentation and Fringe Benefit Program)  
for The University of Texas Medical System, the following exceptions  
to permissive augmentation for 1967-68 for The University of Texas  
Medical School at Galveston were approved:

<u>Department</u>	<u>1967-68 Budget Total</u>	<u>Permissive Augmentation Recommended 1967-68</u>	<u>Permissive Total 1967-68</u>
<u>ANESTHESIOLOGY</u>			
<u>Professor and Chairman</u> Allen, Charles R.	\$30,000	\$28,000	\$58,000
<u>DERMATOLOGY</u>			
<u>Professor and Chairman</u> Mullins, Jonas F.	28,000	32,000	60,000
<u>INTERNAL MEDICINE</u>			
<u>Professor</u> Hejtmancik, Milton R.	21,000	17,000	38,000
Levin, William C.	21,000	35,000	56,000
Middleton, John W.	21,000	22,000	43,000
<u>NEUROLOGY &amp; PSYCHIATRY</u>			
<u>Professor</u> Bruce, Elmer I.	24,000	24,000	48,000
White, Robert B.	24,000	21,000	45,000

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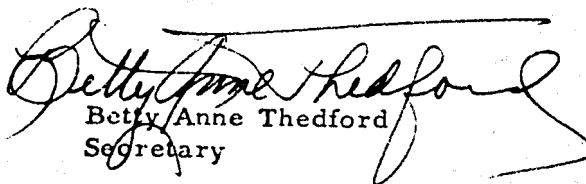
<u>Department</u>	<u>1967-68 Budget Total</u>	<u>Permissive Augmentation Recommended 1967-68</u>	<u>Permissive Total 1967-68</u>
<b>SURGERY</b>			
<u>Professor and Chairman</u> Williams, Roger D.	30,000	20,000	50,000
<u>Professor and Chief</u> Derrick, John R.	25,000	35,000	60,000
Lewis, Stephen R.	27,000	33,000	60,000
<u>Professor</u> Blocker, Jr., Truman G.	37,500	27,500	65,000
<u>Associate Professor</u> Hooks, Charles A.	20,000	16,000	36,000
Lynch, John B.	18,000	34,000	52,000
Wolma, Jr., Fred J.	20,000	30,000	50,000
<u>Assistant Professor</u> Coe, John E.	16,000	24,000	40,000

THE UNIVERSITY OF TEXAS MEDICAL SYSTEM: EMPLOYMENT OF MARVIN COLLIE FOR INTERNAL REVENUE SERVICE RULING WITH REFERENCE TO SALARY PLAN. -- Authorization was given to employ Mr. Marvin Collie of Houston to obtain a ruling from the Internal Revenue Service with respect to the salary plan for The University of Texas Medical System as adopted at this meeting. Vice-Chairman Josey was authorized to negotiate with Mr. Collie and report the details of his employment to the Board.

SCHEDULED MEETINGS OF THE BOARD. -- The place of the meeting of the Board of Regents scheduled on December 8-9, 1967 was changed to Houston. In addition to the meetings scheduled on October 27-28 and December 8-9, 1967, a meeting was set on January 26-27, 1968, in San Antonio.

Adoption of the Report. -- The foregoing report of the Committee of the Whole was unanimously adopted upon motion of Vice-Chairman Josey, seconded by Regent Johnson.

ADJOURNMENT. -- The meeting was adjourned at 6:00 p. m.

  
Betty Anne Thedford  
Secretary

September 19, 1967