

VIII &

38

CONTENTS OF THIS VOLUME
1960-1961

<u>Meeting Nos.</u>	<u>Dates</u>
591	September 23-24, 1960
592	October 21-22, 1960
593	December 9-10, 1960
594	January 16-17, 1961
595	February 18, 1961
596	March 17-18, 1961
600	July 22, 1961
598	May 12-13, 1961
597 - Special Meeting - No material.	
599 - Bond Meeting - No material.	



THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS

Material Supporting

Agenda

Meeting Date: October 21-22, 1960

Meeting No.: 592

Name: Office Copy

FOR REGENTS' NOTES

CALENDAR
MEETING OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS
HOUSTON, TEXAS
October 21-22, 1960

Place: Bank of the Southwest Building

Telephone No.: Capitol 5-1551, Extensions 316 or 317
(Miss Johnson)

		<u>Page No.</u>
<u>Friday, October 21</u>		
9:30 a. m.	Meeting of the Buildings and Grounds Committee (Regents Thompson, Hardie, Heath and McNeese) <u>Blue Room, Bank Lobby floor</u>	12
	Meeting of the Medical Affairs Committee (Regents Bryan, Devall, Johnson, and Madden) <u>Room 215 Trust Conference Room</u>	21
11:00 a. m.	Meeting of the Land and Investment Committee (Regents Johnson, Bryan, McNeese, and Thompson) <u>Blue Room, Bank Lobby floor</u>	*
	Meeting of the Academic and Develop- mental Affairs Committee (Regents Devall, Hardie, Heath, and Madden) <u>Room 215 Trust Conference Room</u>	9
12:00 m.	Lunch	

* Attachment No. 1, legal size bound volume.

Friday, October 21

2:00 p. m.

Meeting of the Committee of the Whole
Board Room, Bank Lobby floor

29

2:00 p. m. Institutional Heads individually to present emergency items not on the original agenda but which have been previously cleared with Chancellor Wilson for presentation.

3:00 p. m. Reports by institutional heads
 a. Doctor Clark
 b. Doctor Gill
 c. Doctor Olson
 d. Doctor Taylor

(These are strictly reports and are not to include new items to be acted on at this meeting.)

4:00 p. m. To receive items referred by the standing committees

Saturday, October 22

9:30 a. m.

Meeting of the Committee of the Whole
Board Room, Bank Lobby floor

9:30 a. m. To receive special items by:
 a. Chancellor Wilson
 b. Members of the Board

10:30 a. m.

Meeting of the Board of Regents
Board Room, Bank Lobby floor

31

NOTE: The time may vary, but the items will be considered in this order.

AGENDA
STANDING COMMITTEES
AND
COMMITTEE OF THE WHOLE
October 21-22, 1960

Page No.

I. Standing Committees (Friday, October 21, 1960)

A. Academic and Developmental Affairs Committee
(Regents Devall, Hardie, Heath, and Madden)

9

Central Administration

- a. Docket
- b. Amendment to Rules and Regulations re
Employment of Aliens

B. Buildings and Grounds Committee
(Regents Thompson, Hardie, Heath, and McNeese)

12

1. Main University

- a. New Printing Division Building: Approval of
Inscription on Cornerstone
- b. Undergraduate Library and Academic Center:
Approval of Final Plans and Specifications
- c. Certain Specific Existing Buildings, 1960-67:
Proposed Procedures for Handling the Moderni-
zation and Remodeling
- d. Chemistry Building: Award of Contract for
Furniture and Furnishings for Addition
- e. Transistorized Computer: Appropriation and
Authority to Contract for Purchase
- f. Business Administration-Economics Building:
Appropriation and Authority for Architects to
Prepare Plans for Language Laboratory in
Basement
- g. Report on Widening of Colorado River by City
of Austin

2. Medical Branch

New Out-Patient Building: Possible Approval
of Preliminary Plans and Appointment of
Associate Architect for this Project

3. Texas Western College
 - a. Gymnasium-Field House: Approval of Final Plans and Specifications
 - b. New Stadium for Texas Western College, et al: Proposal by El Paso County to Build on Land Owned by Board of Regents

- C. Land and Investment Committee *
(Regents Johnson, Bryan, McNeese, and Thompson)
 1. Permanent University Fund
 - a. Investment Matters
 - b. Land Matters
 - c. Discussion of Additional Surveying of Parts of University Lands (Committee Members only)
 2. Trust and Special Funds
 - a. Investment Matters
 - b. Gift, Bequest and Estate Matter
 - c. Real Estate Matters
 - d. Discussion of Hogg Foundation-Varner Properties Capitol and Fannin (Committee Members only)

- D. Medical Affairs Committee 21
(Regents Bryan, Devall, Johnson, and Madden)
 1. Medical Branch
 - a. Special Faculty Salary Increases
 - b. Report of Commitments of The Sealy and Smith Foundation as of October 3, 1960
 2. Southwestern Medical School
Report re Negotiations with Presbyterian Hospital Group

- II. Committee of the Whole 29
 - A. Items Relating to Component Institutions (Institutional Heads individually to present emergency items not on the original agenda but which have been previously cleared through Chancellor Wilson for presentation.)
(Friday, October 21, 2:00 p. m.)
 1. Main University (Doctor Ransom)

* See Attachment No. 1 (separate legal size volume entitled Attachments Nos. 1 and 2) for Administration's recommendations and Exhibit A for detailed agenda and documentation.

2. Texas Western College (Doctor Ray)
3. Medical Branch (Doctor Truslow)
4. Dental Branch (Doctor Olson)
5. M. D. Anderson Hospital and Tumor Institute
(Doctor Clark)
6. Southwestern Medical School (Doctor Gill)
7. Postgraduate School of Medicine (Doctor Taylor)

B. Reports by Institutional Heads (Friday, 3:00 p. m.)

1. Doctor Clark
2. Doctor Gill
3. Doctor Olson
4. Doctor Taylor

C. Items Referred either for Action or for Information by:
(Friday, 4:00 p. m.)

1. Academic and Developmental Affairs Committee
(Committee Chairman Devall)
2. Buildings and Grounds Committee
(Committee Chairman Thompson)
3. Land and Investment Committee
(Committee Chairman Johnson)
4. Medical Affairs Committee
(Committee Chairman Bryan)
5. Board for Lease of University Lands
(Regent Johnson)
Report, if any

D. Special Items (Saturday, 9:30 a. m.)

1. Chancellor Wilson
 - a. Central Administration: Private Fund Development, Ten-Year Building Plan
 - b. Main University
 - (1) Reports by Doctor Ransom
 - (a) Excellence Fund for 1957-60
 - (b) Planned Expenditures of Appropriation for Teaching Assistants, 1960-61
 - (2) Building to be Named for Will C. Hogg
 - c. Texas Western College: Teaching Salaries
2. Members of the Board

AGENDA
 MEETING OF THE BOARD OF REGENTS
 OF
 THE UNIVERSITY OF TEXAS
 HOUSTON, TEXAS
 Telephone: CA 5-1551
 Extensions: 316 or 317 (Miss Johnson)

	<u>Page No.</u>
<u>Place:</u> Bank of the Southwest Building, Board Room, Bank Lobby floor	
<u>Date and Time:</u> Saturday, October 22, 1960, 10:30 a. m.	
I. Approval of Minutes: September 23-24, 1960	31
II. Report of the Committee of the Whole (Chairman Minter)	31
III. Reports of the Standing Committees	
A. Executive Committee - Interim Actions (Committee Chairman Hardie)	32
1. Budgetary Items	
2. Absences in Excess of Two Weeks	
B. Academic and Developmental Affairs Committee (Committee Chairman Devall)	33
C. Buildings and Grounds Committee (Committee Chairman Thompson)	33
D. Land and Investment Committee (Committee Chairman Johnson)	33
E. Medical Affairs Committee (Committee Chairman Bryan)	33
F. Board for Lease of University Lands (Regent Johnson)	34

Report by Arthur Andersen and
 Company re West Texas Land
 Offices

		<u>Page No.</u>
IV.	Special Items	34
V.	Item for the Record	34
	Local Committee (El Paso), Cotton Estate	
VI.	Scheduled Meetings	35

**Academic and Developmental Affairs
Committee**

ACADEMIC AND DEVELOPMENTAL AFFAIRS COMMITTEE

Date: Friday, October 21, 1960

Time: 11:00 a. m.

Place: Room 215 Trust Conference Room

Members: Mrs. Devall, Chairman
Mr. Hardie
Mr. Heath
Mr. Madden

Page No.

Central Administration

- | | |
|--|----|
| a. Docket | 10 |
| b. Amendments to Rules and Regulations re Employment of Aliens | 10 |

A. ACADEMIC AND DEVELOPMENTAL AFFAIRS COMMITTEE

CENTRAL ADMINISTRATION

- a. Docket. -- The docket of Chancellor Wilson, dated October 6, 1960, is labeled Attachment No. 2 and is bound in the legal size volume. An outline of this docket is enclosed as a separate letter.

If the Medical Affairs Committee recommends and the Board concurs in the proposed salary increases at the Medical Branch, then such increases will be incorporated in the Medical Branch portion of the docket as Page G-3a.

- b. Amendment to Rules and Regulations, Part One, Chapter III, Section 3: Employment of Aliens. -- Doctor Smiley and President Ransom have approved the suggestion of Mr. Jens Jacobsen, Director of the Office of Government Sponsored Research, that the Rules and Regulations, Part One, Chapter III, subsection 3.2, Employment of Aliens on Government Research Projects, be amended to bring the rule into conformity with existing policy and procedures of security agencies of the Federal Government and to broaden somewhat the scope of the existing rule:

Recommendation
of Main University

Current

Recommended

Section 3.2 Employment of Aliens on Government Research Projects

3.21 No alien shall be employed on Government research contracts without express approval of the Board of Regents unless such person has security clearance by the Federal Bureau of Investigation or other equivalent agency.

3, 21 Delete

(Reason: Neither the Federal Bureau of Investigation nor other security agencies of the Federal Government will undertake security clearances of our employees, unless access to classified material is involved. In the latter instance, such clearance is routine and is a prerequisite to employment under Federal regulations.)

Current

3.22 Where the contract for government research does not otherwise prohibit such employment, a foreign student may be employed upon certification by the Director of the International Office at the Main University and by an appropriate administrative officer at the other component institutions that the student's visa has been examined and found to be in order and that the student has the approval of the immigration authorities to accept such employment.

Recommended

3.2 Employment of Aliens on Sponsored Projects. Where sponsored contracts and grants do not otherwise prohibit or limit the employment of non-citizens, such non-citizens may be employed upon certification by the Director of the International Office at the Main University, or by an appropriate administrative officer at the other component institutions, that he has examined the applicant's visa and found it to be in order and has ascertained that the applicant has the approval of the United States Immigration authorities to accept such employment.

(Reason: The present rule applies only to foreign students and is limited to Government programs. It is believed wise to extend the requirement to all foreign nationals employed in sponsored programs, whether sponsored by the Government, industry, foundations, etc.)

Chancel-
lor's
Recom-
mendation

Chancellor Wilson recommends that the proposed change be approved at the October 1960 meeting and be given final approval at the December 1960 meeting.

Buildings & Grounds Committee

BUILDINGS AND GROUNDS COMMITTEE

Date: Friday, October 21, 1960

Time: 9:30 a.m.

Place: Blue Room, Bank Lobby Floor

Members

Mr. Thompson, Chairman
 Mr. Hardie
 Mr. Heath
 Mr. McNeese

Page No.

1. Main University

- | | | |
|----|--|----|
| a. | New Printing Division Building: Approval of Inscription on Cornerstone | 14 |
| b. | Undergraduate Library and Academic Center: Approval of Final Plans and Specifications | 15 |
| c. | Certain Specific Existing Buildings, 1960-67: Proposed Procedures for Handling the Modernization and Remodeling | 15 |
| d. | Chemistry Building: Award of Contract for Furniture and Furnishings for Addition * | |
| e. | Transistorized Computer: Appropriation and Authority to Contract for Purchase ** | |
| f. | Business Administration-Economics Building: Appropriation and Authority for Architects to Prepare Plans for Language Laboratory in Basement ** | |
| g. | Report on Widening of Colorado River by City of Austin ** | |

2. Medical Branch

New Out-Patient Building: Possible Approval of Preliminary Plans and Appointment of Associate Architect for this Project **

* Bids not opened in time to prepare recommendation.

** There is no documentation.

3. Texas Western College
- a. Gymnasium-Field House: Approval of Final Plans and Specifications 16
 - b. New Stadium for Texas Western College, et al: Proposal by El Paso County to Build on Land Owned by Board of Regents *** 16

*** Additional data on pp. 18-20i .

THE UNIVERSITY OF TEXAS
OFFICE OF THE COMPTROLLER
AUSTIN 12

14

RECOMMENDATIONS TO REGENTS'
BUILDINGS AND GROUNDS COMMITTEE

October 6, 1960

1. MAIN UNIVERSITY - APPROVAL OF INSCRIPTION ON CORNERSTONE FOR NEW PRINTING DIVISION BUILDING.--It is recommended that the inscription as set out below be approved for the cornerstone of the New Printing Division Building at the Main University. This inscription follows the standard pattern approved by the Board of Regents.

PRINTING DIVISION BUILDING

Main face:

1960
BOARD OF REGENTS

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

Side face:

Logan Wilson, President
Charles H. Sparenberg, Comptroller

---00---

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

---00---

Jessen, Jessen, Millhouse, and Greeven, Consulting Architect
Baldrige and Saunders, Associate Architect
C. D. Yarbrough Construction Company, General Contractor

2. MAIN UNIVERSITY - APPROVAL OF FINAL PLANS AND SPECIFICATIONS FOR UNDERGRADUATE LIBRARY AND ACADEMIC CENTER.--In accordance with actions taken by the Regents, working drawings and specifications have been prepared by the Associate Architect, George L. Dahl, on the Undergraduate Library and Academic Center at the Main University. These final plans and specifications have been approved by the Consulting Architect, Jessen, Jessen, Millhouse, and Greeven, the Main University Faculty Building Committee, President Ransom, Comptroller Sparenberg, and Chancellor Wilson. It is recommended that they be approved by the Board and that authorization be given to Comptroller Sparenberg to advertise for bids on this project, these bids to be presented to the Board for consideration at a later meeting.

3. MAIN UNIVERSITY - PROPOSED PROCEDURES FOR HANDLING THE MODERNIZATION AND REMODELING OF CERTAIN SPECIFIC EXISTING BUILDINGS, 1960-67.--The Board of Regents at their meeting on September 23 and 24, 1960 gave approval, without specific appropriations, to an item entitled "Modernization and Remodeling of Existing Buildings", at an estimated cost of \$2,500,000.00, with authorization dates estimated from 1960 to 1967. This item was approved as an integral part of the proposed Ten-Year Building Program. The 15 specific buildings which were included in this recommendation, their estimated costs, and a contingency allowance of \$275,000.00 are set out in detail on page b of the "Report to the Committee of the Whole", most of which was approved at the meeting of September 23 and 24, 1960.

After several staff conferences, including members of both Main University Administration and the Central Administration, it is now recommended by President Ransom, the Comptroller's Office, and the Chancellor's Office that the procedures set out below be followed in handling these particular modernization and remodeling projects. These recommendations do not involve any changes in standard procedures already approved by the Board of Regents except those set out below, and do not involve any projects except those included in the \$2,500,000.00 item, except where future developments indicate that it is feasible to combine these funds with other funds already appropriated for repair and remodeling work on these particular buildings.

1. It is recommended that the Comptroller be given authority to engage the services of Zumwalt & Vinther, Consulting Mechanical Engineers, Dallas, Texas, to prepare all the plans and specifications needed for these various projects, including structural work as well as mechanical, to prepare the usual contract documents, etc., and to supervise the actual construction work. It is understood that the total fee for this work will not exceed 6%.
2. It is recommended that a proper person be appointed by President Ransom, to serve as an "Expediter" on all the projects included in this \$2,500,000.00, this person to be attached to the Main University staff. It is understood that this "Expediter" will be made directly and personally responsible for conducting the multitudinous conferences necessary with the various members of the departments involved of the Main University, with the Physical Plant staff of the Main University, with the Business Manager

and President of the Main University, and with the Comptroller's Office. It is further understood that this "Expediter" will be given authority to participate in the inspection of the construction work as it progresses. It is further understood that, in an effort to speed this work as much as possible, said "Expediter" will serve as the chief liaison officer between the departments involved, the engineers, Zumwalt & Vinther, the Physical Plant staff of the Main University, and the Comptroller's Office.

It is understood that the Main University Physical Plant staff will be given full and complete opportunity to make their views known to the engineers, the Comptroller's Office, and others, during the preparing of plans and specifications for these projects, and also that they will be given full opportunity to inspect the actual construction work as it progresses, and express their opinions and criticisms to the engineers and the Comptroller's Office in regard thereto. This stipulation does not involve any change in the rights and privileges the said Physical Plant already have.

It is further understood that all of the usual approvals of plans and specifications, contract awards, etc., presently required under the Regents' rules and regulations, will be in full force and effect on these projects, except that the approval of the Faculty Building Committee will not be required on the plans and specifications for these "Modernization and Remodeling" projects.

It is contemplated that most of the work involved in these projects will be handled as "turnkey" construction contracts, and that relatively little of the actual work will be done by the Physical Plant staff.

It is also understood, of course, that the actual appropriations for the individual projects included in this list will be made from time to time by the Board of Regents.

4. TEXAS WESTERN COLLEGE - APPROVAL OF FINAL PLANS AND SPECIFICATIONS FOR GYMNASIUM-FIELD HOUSE.--In accordance with action taken by the Regents at the meeting held May 14, 1960, working drawings and specifications have been prepared by the Associate Architect, Monroe, Licht, and Higgins, of El Paso, Texas, on the Gymnasium-Field House at Texas Western College. These final plans and specifications have been approved by the Consulting Architect, Jessen, Jessen, Millhouse, and Greeven, Texas Western College Building Committee, President Ray, Comptroller Sparenberg, and Chancellor Wilson. It is recommended that they be approved by the Board and that authorization be given to Comptroller Sparenberg to advertise for bids on this project, these bids to be presented to the Board for consideration at a later meeting.

5. TEXAS WESTERN COLLEGE - PROPOSAL BY EL PASO COUNTY TO BUILD NEW STADIUM FOR TEXAS WESTERN COLLEGE, ET AL, ON LAND OWNED BY BOARD OF REGENTS.--At the meeting of the Regents' Buildings and Grounds Committee held May 13, 1960, the proposal from El Paso County to build a stadium on land owned by the Board of Regents to be used by Texas

Western College and others was presented for discussion. Copies of three letters setting out the proposal in some detail has been transmitted in advance to the members of the Board of Regents. It was agreed that the administration would study the proposition further, especially the legal aspects of the matter, and would report back later to the Committee and the Board. Such a study has been made by the administration, and copies of a report to the County Commissioners' Court from "The Committee Appointed to Study Construction of a New Sun Bowl", dated September 15, 1960, have been received. Copies of this report, together with copies of a legal opinion from the University Attorney on this matter, are being sent to the members of the Board of Regents as supplementary material along with these recommendations.

In view of the report of the committee which studied the matter in great detail, Mr. Waldrep's opinion that the legal questions can probably be worked out satisfactorily with the approval of the Legislature, and the fact that the County Commissioners' Court has ordered a vote on a bond issue amounting to \$1,750,000.00 at the general election in November, it is recommended by President Ray, Comptroller Sparenberg, Vice Chancellor Dolley, and Chancellor Wilson that the Board at this meeting express willingness to agree to the construction of this stadium in accordance with the terms set forth in the various documents supporting this proposal, provided that the matter receives the approval of the Legislature.

OTHER MATTERS TO BE CONSIDERED BY THE
REGENTS' BUILDINGS AND GROUNDS COMMITTEE

Main University - Award of Contract for Furniture and Furnishings for Addition to Chemistry Building

Main University - Appropriation and Authority to Contract for Purchase of Transistorized Computer

Main University - Appropriation and Authority for Architects to Prepare Plans for Language Laboratory in Basement of Business Administration-Economics Building

Main University - Report on Widening of Colorado River by City of Austin

Medical Branch - Possible Approval of Preliminary Plans on New Out-Patient Building and Appointment of Associate Architect for this Project

THE UNIVERSITY OF TEXAS
P. O. Box 7999 University Station
Austin 12

18

September 27, 1960

BURNELL WALDREP
W. R. LONG
Attorneys

MEMORANDUM

To: Dr. J. C. Dolley, Vice-Chancellor for Fiscal Affairs
From: Burnell Waldrep, Land and Trust Attorney
Subject: Stadium site in El Paso County, Texas

There is enclosed for your consideration a copy of an opinion recently written to Judge Hardie in connection with the proposed arrangement between the County of El Paso and The University of Texas whereby the University will convey certain properties and receive in return a leasehold interest in and to the Sun Bowl Stadium. Subsequent to the date of this opinion we have determined that the site proposed is that land on the campus which is now used as a football practice field.

I am not sure as to the type of bond proposal, but it has been intimated that none of the revenues will have to be pledged. If this is true, it may furnish an avenue for better understanding as to the maintenance question. The maintenance problem was also pointed out to Judge Hardie.

If the Legislature approves and the University sees no urgent need for a utilization of the property in the years to come, and if the maintenance problem is satisfactorily adjusted, I know of no reason from a legal standpoint why the arrangement could not be accomplished. It is understood, of course, that for any grant of land we would receive a benefit in kind. To me, this benefit would be free use of the stadium for a period of ninety-nine years.

/s/ Burnell Waldrep

BW:tr
Enc.

THE UNIVERSITY OF TEXAS
P. O. Box 7999 University Station
Austin 12

19

July 19, 1960

BURNELL WALDREP
W. R. LONG
Attorneys

Mr. Thornton Hardie, Member
Board of Regents, The University of Texas
El Paso Natural Gas Company Building
El Paso, Texas

Dear Judge Hardie:

You have requested our opinion as to the validity of a proposed arrangement whereby the Board of Regents of The University of Texas will convey to the County of El Paso, Texas, a certain tract of land upon which a stadium will be constructed by the County. It is our understanding that the proposed arrangement contemplates that after the construction, the County of El Paso, as part of the original consideration, will lease and demise the stadium to the Board of Regents of The University of Texas for the use and benefit of Texas Western College for a term of 99 years. The consideration for this lease agreement would be \$1.00 and other good and valuable considerations which would include the right of the County to conduct the annual Sun Bowl football game and other comparable events in the stadium at such times as may be agreed upon by the parties.

When all details of the proposal have been agreed upon, suitable and appropriate legislation will be submitted seeking legislative authority for the conveyance of the land, leasehold arrangements, and payment of any maintenance costs which may be involved. It is assumed, however, that the maintenance of the stadium will be cared for from revenues derived from stadium use by the College.

It is our opinion that the proposed arrangement between the County of El Paso and the Board of Regents of The University of Texas would be valid subject to certain qualifications hereinafter stated.

The subject of a contract, the length of term for which a contract may be made, and the general policies to contracts are clearly within the legislature's powers. Texas National Guard Armory Board v. McCraw, 132 Tex. 613, 126 S.W.2d 627. The powers of the Board of Regents of The University of Texas are defined by law and all agreements on behalf of the University must be expressly authorized or at least reasonably implied. Splawn v. Woodward, 287 S.W. 677 (Tex.Civ.App., 1926); Fort Worth Cavalry Club v. Sheppard, 125 Tex. 339, 83 S.W.2d 660 (1935).

The County of El Paso will vote upon a bond issue to finance the stadium at the General Election in November. It is our understanding that the revenues received from stadium use by the County of El Paso will be pledged and the bonds so issued shall not constitute a debt of the County but shall be payable solely from the revenues.

The pattern in most of our bond statutes provides for the pledging of the net revenues together with a statement that all or a part of the revenues could be pledged. Presumably only the revenues received from stadium use by the County of El Paso would be pledged to the debt and the revenues of Texas Western College games would be a source of revenue for maintenance. In the negotiations which follow it may be possible to work this out in the lease agreement as well as the legislative proposal. Basically, our obligation would stem from a 99-year lease, but we could only give an assurance of maintenance on a biennial basis. Since our athletic funds are not at present governed by the Appropriation Act it might be a more satisfactory arrangement to pay maintenance from this source of funds. At any rate, we should give careful consideration to this phase of the agreement with the County of El Paso.

Inasmuch as this proposal is to be submitted to the Legislature and that they can authorize practically anything they so desire which is not in violation of the Constitution, I assume that the real question to be determined is whether there are any constitutional prohibitions forbidding this legislative authorization. The prohibition in Section 51, Article III of the Constitution of Texas relates to the granting of public monies to any individual, association of individuals, or municipal corporation. It would not apply here because in our factual situation there would be a valid consideration by and between the parties and therefore the arrangement would not be a granting of aid within the meaning of the constitutional provision.

Section 6, Article VIII of the Constitution of Texas relates to the method and length of time for an appropriation of money from the State Treasury. In our factual situation there would be an appropriation from biennium to biennium if it is necessary to rely upon state funds for maintenance.

Passing to another phase of the proposal under consideration, it should be mentioned that if any type of lien is required as further security for the payment of the bonds a serious question is presented as to the authority of the Board of Regents to accept a leasehold encumbered with a lien. In other words, it is quite possible that we could convey land belonging to the University and receive a lease in return with a lien attached if that contingency happened to be one required in the bond transaction.

Please let us know if we can furnish anything additional in this connection.

Sincerely yours

/s/ Burnell Waldrep

Burnell Waldrep

BW:bw

El Paso
September 15, 1960

The Honorable Woodrow Bean
The Honorable Jerry Callison
The Honorable Dick Davis
The Honorable Baker Etheridge
The Honorable Tom Mays
City County Building
El Paso, Texas

Gentlemen:

In December, 1959, we were appointed a committee to study the feasibility of constructing a large, new modern Sun Bowl in the County of El Paso. It is our pleasure to submit to you our report.

Careful study was made of all phases of the proposed stadium. Comprehensive and authoritative studies, costing several thousand dollars and financed by Southwestern Athletics, Inc., were made by W. E. Simpson Company of San Antonio, one of the outstanding structural designing and engineering firms in the United States.

On the basis of the facts gathered, the committee unanimously recommends that the honorable El Paso Commissioners Court submit a bond issue in the amount of \$1,750,000 to the voters of this county on November 8, 1960. These funds will finance a stadium with 30,000 seats, together with parking space for thousands of cars, lighting, access roads, and related facilities.

The committee further recommends that the new stadium be called the Sun Bowl and be referred to hereafter by that name.

The committee finds that:

1. A new Sun Bowl is essential for continuation of the Sun Carnival.
2. A new stadium is essential for Texas Western College's athletic program.
3. Many other uses will develop for the new stadium when it is built.

4. On the basis of experience, the Sun Bowl Game will draw crowds of 27,000 to 28,000 with occasional sell-outs; Texas Western football games will draw crowds of 24,000 to 25,000 with occasional sell-outs.
5. Existing facilities cannot be satisfactorily expanded.
6. The new Sun Bowl will be among the most beautiful and satisfactory in the United States.
7. Recommended site on Texas Western College land will make it possible to direct all expenditures into the stadium itself and avoid the cost of purchasing land.
8. The Sun Bowl provides substantial revenues to residents of El Paso County.
9. Cost of Sun Bowl to typical homeowner will be about \$1.00 per year.

The reasons supporting these findings are in the report attached.

It was an honor to serve on this committee.

Sincerely yours

B. Marshall Willis
B. Marshall Willis, Chairman

Robert E. Kolliner
Robert E. Kolliner

William Hanley
William Hanley

Thomas Patterson
Thomas Patterson

Robert Ingram
Robert Ingram

REPORT OF THE COMMITTEE APPOINTED TO STUDY
CONSTRUCTION OF A NEW SUN BOWL

September 15, 1960

A committee consisting of Marshall Willis (Chairman), William Hanley, Robert Ingram, Robert Kolliner, and Thomas Patterson was appointed in December, 1959 to study the possibility of the construction of a new Sun Bowl in El Paso.

The committee unanimously recommends that the honorable El Paso Commissioners Court submit a bond issue in the amount of \$1,750,000 to the voters of the county on November 8, 1960. These funds will finance a stadium with 30,000 seats, together with parking space for thousands of cars, lighting, access roads, and related facilities.

The committee finds:

New Sun Bowl is Essential for Continuation of the Sun Carnival.

The key event in the successful promotion of the Sun Carnival is the Sun Bowl Football Game. For many years the revenues from the Sun Bowl, after payment of guarantees to the participating teams, were used to finance the parade and to promote and publicize the Sun Carnival. Today, however, the guarantees which must be paid to attract good teams are so much higher than formerly that the Sun Bowl Game is hardly more than a break-even proposition. Losses can be expected in the near future. The financing of the Sun Carnival is totally inadequate and

unless the revenue picture can be improved, the Sun Carnival can continue only a few more years.

There is no means by which revenues can be expanded in the existing stadium. Sun Bowl tickets are now the highest priced in the country. In addition, many of the purchasers of tickets contribute to the Sons of the Sun in order to place ticket orders early. Price increases to raise revenues are out of the question. To make the Sun Bowl game big enough to carry the entire Sun Carnival program, new facilities are a must.

Finances are not the only reason for expansion of the Sun Bowl Game. The Sun Carnival and the Sun Bowl game are the largest events in which the entire city joins to enjoy life. These promotions are also the means by which we let the world know that El Paso is a lively community. The facilities in which the game is now held are so limited that the game lacks the glamour and prestige which attach to major spectacles. To continue to try to promote the Sun Bowl in the existing facilities fails to yield the excitement, glamour, and attention which El Paso deserves. In fact, to some extent, we tend to look a little silly. El Paso is now one of the fifty largest cities in the nation. Its stadium, however, is one of the smallest.

New Stadium is Essential for Texas Western College's Athletic Program.

The new Sun Bowl will not only make possible the continuation and growth of the Sun Carnival but it will be of immense importance to many other civic activities. Among the outstanding of these is the contribution which the Sun Bowl would make to

Texas Western College.

Currently, Texas Western College is having difficulty holding-its-own among colleges of the west. Almost all traditional rivals of Texas Western College now have larger stadiums and it is to be expected that it will be increasingly difficult to get these colleges to play in the small stadium which now exists in El Paso. Arizona State University of Tempe now plays in a 30,000 seat stadium in Tempe; Arizona University has long had a 26,700 seat stadium; the University of New Mexico in Albuquerque will begin playing this autumn in a 30,000 seat stadium. When these institutions, together with other outstanding colleges of the west, began discussions on the formation of the Great Western Conference (which has not yet definitely been formed) Texas Western could not be considered because its stadium was too small.

Texas Tech, always popular in El Paso, cannot afford to play here any more. Cincinnati, West Virginia, and Wichita are colleges which have dropped Texas Western from their schedules because El Paso does not have a stadium large enough. Unless a larger stadium is built in this city, Texas Western College will either revert to playing small, little schools or give up football altogether.

Many Other Uses for Sun Bowl will Develop When it is Built.

It is axiomatic that the existence of a first-class facility such as the proposed Sun Bowl generates uses which are not anticipated at the time the facility is constructed. In addition to the Sun Bowl Game and to Texas Western football games, it should be anticipated that El Paso high schools will make use of the Sun Bowl on several occasions each year. Most of the high schools have satisfactory stadium

arrangements for their games. Occasionally, however, there are outstanding games which draw larger crowds than can fit into high school stadiums. When such rivals as El Paso and Austin or Bowie or Jefferson have winning seasons, they tend to draw crowds that exceed capacity at local high school stadiums. Bi-district football games, and, occasionally, quarter-final games in this city will draw crowds which only the new Sun Bowl will hold.

In addition to these already existing events, professional exhibition football games could be scheduled. It might be possible to schedule world championship boxing matches. The stadium could be used for major political meetings (presidential candidates would find it advantageous to come to El Paso in order to meet both Texas and New Mexico residents.) Outdoor sessions are frequently part of major conventions. El Paso churches might wish to sponsor Billy Graham or some other noted religious leader. It is not possible to predict all of the possibilities for use of the new Sun Bowl. It is safe to predict, however, that the facilities will be used frequently. Major events, not currently possible in this city, will be held in the new Sun Bowl.

On the Basis of Experience, the Sun Bowl Game will Draw Crowds of 27,000 to 28,000 with Occasional Sell-Outs; Texas Western Football Games will Draw Crowds of 24,000 to 25,000 with Occasional Sell-Outs.

Attendance records throughout the country show that the enlargement of a stadium causes crowds to grow proportionately greater than the stadium. If, for example, a stadium is running 90% full and is doubled in size, then the new stadium tends to run more than 90% full. Specific instances are:

El Paso: Until 1954, Kidd Field had a capacity of 7,700 but attendance averaged only about 6,000. In 1954, the stadium was enlarged to 12,000 and attendance has been about 10,000 with occasional sell-outs. The old stadium was practically never filled; in the new stadium attendance has never fallen below 8,500 even in unattractive games in losing seasons on stormy nights.

Phoenix: For many years, Arizona State University played in a stadium of 13,000 capacity, drawing crowds of about 11,000. In 1958, Arizona State University began playing in a stadium with 30,000 capacity. Attendance has averaged 27,000 (90%) with frequent sell-outs. This attendance has been achieved even though no parking space was built at the new Arizona State University stadium whereas space for thousands of cars will be made available at El Paso's new Sun Bowl.

Gator Bowl: The most similar to the Sun Bowl of all other bowl games, the Gator Bowl of Jacksonville provides an outstanding illustration of the successful expansion of a stadium.

In its first four years, playing in a 20,000 seat stadium, the Gator Bowl drew an average crowd of 11,500 or 57%. It was never sold out.

Nonetheless, the Gator Bowl was expanded to 36,000 seats. For seven years, attendance averaged 27,300 or 76%. It was never filled.

Nonetheless the Gator Bowl was then expanded to 42,000 seats. Average attendance in this stadium for the past five years has been 36,500 or 87%.

In the Gator Bowl, average attendance in the expanded stadium has always exceeded previous capacity. The relationship of attendance to capacity has always increased.

Texas Tech at Lubbock, Baylor at Waco, and Texas Christian University at Fort Worth have similarly experienced vastly improved attendance through stadium expansion. A big stadium draws a big crowd.

In the two years that it has been played on New Year's Eve and has not competed with telecasts of large bowl games, the Sun Bowl has had an average paid attendance of 96% of capacity. Projecting attendance at 90%, rather than the 96% experience, it can be anticipated that the Sun Bowl will draw paid attendance of 27,000 to 28,000 with occasional sell-outs.

Texas Western College games are now played before crowds of 80% with occasional sell-outs. It is to be anticipated that in the new Sun Bowl, Texas Western College will draw crowds of 24,000 to 25,000 with occasional sell-outs.

In 1960, more people were crowded into the Sun Bowl than there is capacity at Kidd Field. This was accomplished by putting hundreds of people, such as the Sun Queen and her court and various bands in totally inadequate seats along the sidelines. There were nearly 15,000 people in attendance at the 1960 Sun Bowl in a stadium with 12,000 capacity. To be a first-class undertaking, the Sun Bowl should provide adequate seating for guests, as well as for paid attendance.

In projecting stadium attendance, it should be remembered that current facilities were built when El Paso had a population of about 130,000. Today, population is 273,000. The new stadium will offer improved parking, much improved access roads, adequate restroom facilities, magnificent lighting, and other features which will stimulate attendance. Last, and certainly not least, with a large stadium both the Sun Bowl game and Texas Western College can schedule teams with far more popular appeal than some which now play here.

Any community that has waited to build a new stadium until the old one is filled is still playing in a small stadium.

Existing Facilities Cannot Be Satisfactorily Expanded.

Studies show that to expand Kidd Field to 30,000 capacity will cost more than to start from scratch and build an all new stadium.

Furthermore, the stadium as it now exists has been built a few thousand seats at a time without any central, long-range plan. Having been constructed on a piece-by piece arrangement, the stadium can be expanded only on a make-shift basis and is certain to have the defects which occur when efforts are made to remodel any major project. Some of the drawbacks are:

1. The north stands at Kidd Field can be enlarged only by doubledecking. The columns which would be necessary would interfere with practically all of the seats that now exist. Hundreds of these seats would be made practically useless.
2. Pathways for the crowd channel people in front of seats. This means that in the early part of the game late arrivals cut off the view of hundreds of spectators. This is also true in the closing minutes of the game when many people leave early.
3. The rows of seats in both the north and the south stands parallel the field. People toward the ends find it difficult to watch action at the other end or at the midfield. Modern stadiums are built on a curve so that all seats face the midfield.
4. No adequate restroom facilities exist and cannot be added except at prohibitive expense.
5. To enlarge the south stands, Holliday Hall would have to be demolished. It is to be doubted that this can legally be accomplished. In any event, Holliday Hall would cost several hundred thousand dollars to duplicate. Now dedicated to Texas Western intra-mural sports program, its destruction would be a serious loss.
6. The field lies in an east-west direction. This does not interfere with night games but is highly objectionable for the daytime Sun Bowl Game.

7. A track lies between the seats of the stadium and the football field, thus increasing the distance between the spectators and the game by 12 to 15 yards. Modern football stadiums almost universally eliminate the track. The field cannot be lowered to eliminate the track because the slope of the stands is too slight and seats toward the top could not see the field.

8. Remodeling existing facilities would almost certainly prevent use of the field for a year. The Sun Bowl Game would have to be cancelled or played in a stadium so small that college teams could not be obtained. Texas Western games would have to be played all out-of-town or transferred to smaller stadiums in El Paso. The loss of revenue to the Sun Carnival and to Texas Western, assuming that games would be scheduled in smaller stadiums, would be about \$150,000.

Kidd Field, incidentally, will prove to be of much value to Texas Western College even after the new Sun Bowl is constructed. It will serve for track meets, intra-murals, band practice, ROTC, and a practice field.

New Sun Bowl will be Among the Most Beautiful and Satisfactory in the United States.

Preliminary plans show that the Sun Bowl will be among the finest, most beautiful, and most satisfactory stadiums in the entire nation. These plans were prepared by Mr. W. E. Simpson of San Antonio, considered to be one of the most competent structural designers in the nation. He designed Baylor Stadium and many others.

After an exhaustive study, Mr. Simpson selected a site near Texas Western College as the most promising in this city. The stadium would nestle against the hills in a splendid setting. The Sun Bowl in this location will be outstanding and one of the most magnificently located stadiums in the country.

Among some of its most important features will be:

1. The field would lie in a north-south direction.
2. Both sides of the Sun Bowl would curve so that persons at any point would look toward the midfield.
3. Adequate restrooms would be built.
4. A forty-foot road will be built around the entire stadium and additional access roads will be provided. When the freeway is built, connection will be made to the interchange.
5. Parking for several thousand cars will be available.
6. A press box which will be comfortable, big enough to house all newsmen, and a credit to this city will be built.
7. First-class lighting will be installed.
8. Means to prevent crowds from getting onto the field will be provided.
9. All 30,000 seats will be along the sidelines. None are end zone seats.

Beautiful parks, good roads, and fine recreational facilities are essential to a good city and to the morale of its residents. The Sun Bowl will not only contribute to the pleasure and recreation of the residents of this county but will be a source of pride to all of us.

Recommended Site on Texas Western College Land will Make it Possible to Direct All Expenditures into the Stadium Itself and Avoid the Cost of Purchasing Land.

The Sun Bowl should be located within a reasonable distance of most of the people of El Paso. It would not be practical to locate it near the Hueco Mountains, for example, nor in the distant upper valley. At the same time, the amount of land required must include space not only for the field and the stadium, but for parking

and for access roads.

To purchase land in the quantity needed and within, say, a ten mile radius of the city's population center would be difficult. For one thing there are just not many large areas of land available. For a second thing, the cost of acquiring such land would range from several hundred thousand dollars to as much as a million dollars.

Texas Western College has available a large amount of land close to the college which will not be needed for expansion of educational facilities of the school. An extremely promising site for the Sun Bowl is recommended. This site is in a natural bowl lying northwest of Kidd Field. Part of the area is now the south practice field at the college. The use of this site means that all expenditures will be directed into the stadium and related facilities. The expense of purchasing land will be avoided. At the same time, Texas Western College will receive tremendous benefit from having the Sun Bowl located close-by its campus.

It is recommended that Texas Western College deed the appropriate land to El Paso County and that the Sun Bowl be built on this land. It is further recommended that the County then lease the Sun Bowl and related facilities to the college on a long-range basis at, say, one dollar per year with Texas Western agreeing to meet all problems and expenses of maintenance out of its athletic funds. This will avoid the need of the County's undertaking recurring maintenance expenses and adding to its staff. Texas Western, on the other hand, already has the staff necessary to do the job and must meet stadium expenses anyway.

Discussions with Dr. Joseph Ray, with the Board of Regents and with El Paso legislators indicate that the suggested arrangements can readily be accomplished.

It should be remembered that Texas Western College is an important part of this county and has the affection and support of all of its residents. The residents of El Paso County, the supporters of the Sun Carnival, and the supporters of Texas Western College are all one and the same. The suggested arrangement will save money and provide the most practical and efficient method of building and operating the Sun Bowl.

The Sun Bowl Brings Substantial Revenues to Residents of El Paso County.

Although the most compelling reasons for building a new Sun Bowl are the pleasure and pride which El Pasoans can take in the stadium and the Sun Carnival, it should be remembered that the Sun Carnival attracts an impressive amount of business to the city. A recent survey estimates that out-of-town visitors spend more than \$672,000 during Sun Carnival week. This survey was based on the number of out-of-town band members and their parents known to come to this city, the number of out-of-town Sun Princesses and their parents, and the number of out-of-town tickets. The survey appears to be reliable and conservative.

The Sun Carnival is also instrumental in publicizing the city and, in effect, attracting tourists throughout the year. The large new Sun Bowl would be of immense benefit to Texas Western College in its growth plans. It is difficult to estimate the economic returns to El Paso from these effects but they are substantial in value.

The new Sun Bowl, with 30,000 seats will obviously increase the number of out-of-town visitors. To assume that current returns will merely continue at the same rate, therefore, would seem to be a conservative way of measuring economic returns to the county.

The cost of amortizing the bonds to finance the Sun Bowl together with interest will be \$96,000 per year, according to the County Auditor, Mr. A. J. McKay. There will be no other expenses to operate and maintain the Sun Bowl since these would be met by Texas Western College Athletic Funds. In short and in summary, the money brought into the county during Sun Carnival week alone is far greater than will be the annual payments on bonds and interest. Clearly, there is a substantial economic benefit to the county to be gained by building the Sun Bowl.

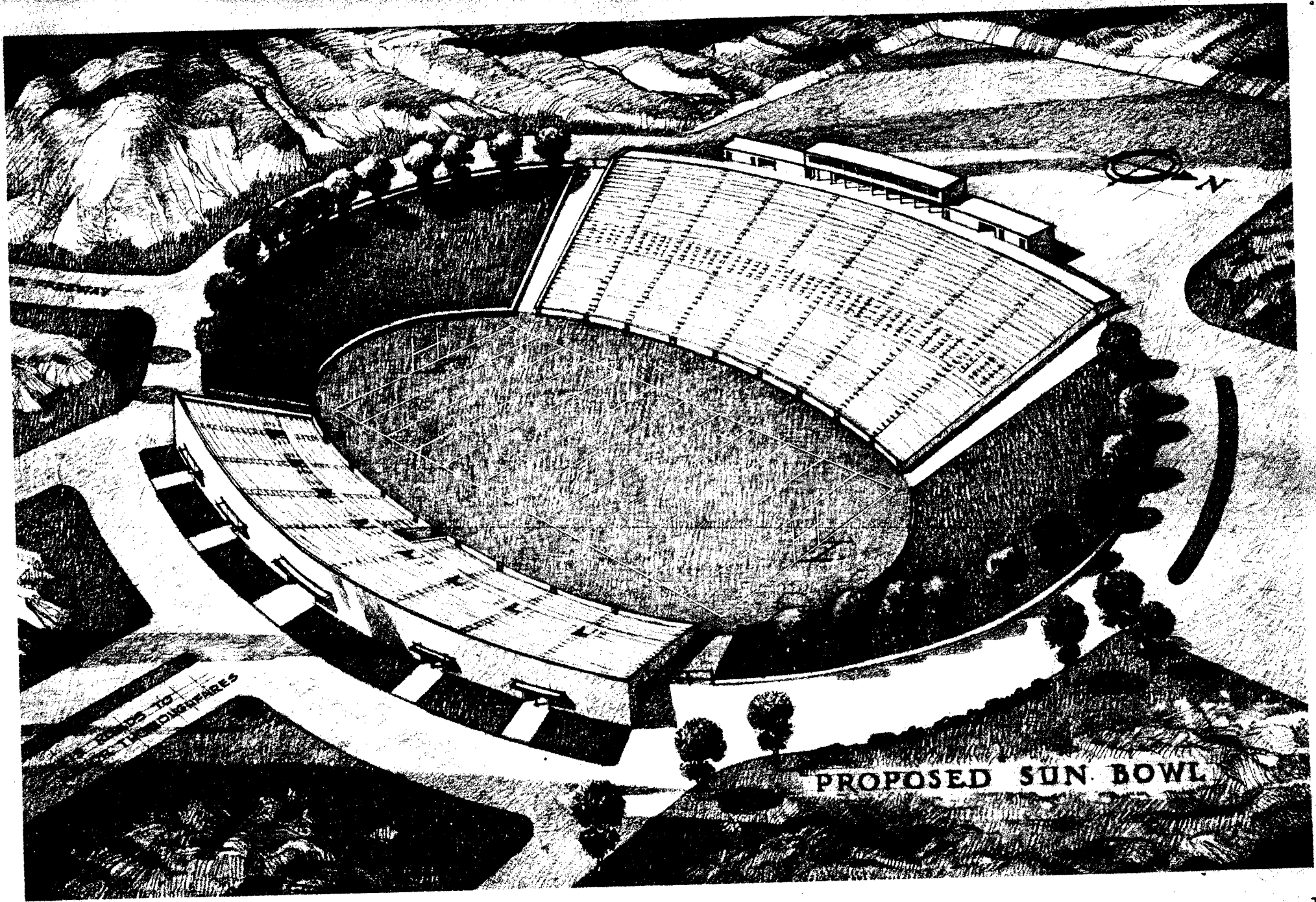
Cost of Sun Bowl to Typical Homeowner will be About \$1.00 per year.

Studies by El Paso County's Auditor, Mr. A. J. McKay, show that \$1.00 per year will be the share of the cost which will come from the taxes paid by a typical homeowner--a person owning a \$14,000 house.

Conclusion

Although the attendance at any single football game might be 25,000 to 30,000 people, the specific individuals vary from game to game so that, in a year's time, 40,000 to 45,000 individuals will enjoy the new Sun Bowl. This is probably a greater number of people than use any park that now exists in this city or that use any comparable facility. The stadium will make possible recreation not only for these 40,000 people but by financing the Sun Parade will bring delight and pleasure to 250,000 people.

In other words, the stadium will provide recreation for most of the people of El Paso County. The Sun Bowl is a proper activity for El Paso County to finance. It will benefit the county, help build the community, entertain people, and provide a financial return far greater than its cost.



PROPOSED SUN BOWL

ROADS TO THE DIAMONDS



PROPOSED
SUN BOWL

KIDD FIELD

TEXAS WESTERN
COLLEGE

BALTIMORE DR

STANTON ST

CINCINNATI AVE

MESA ST

ROBINSON ST

OREGON ST

COLLEGE AVE

WIGGINS DRIVE

HAWTHORNE ST

Medical Affairs Committee

MEDICAL AFFAIRS COMMITTEE

Date: Friday, October 21, 1960

Time: 9:30 a. m.

Place: Room 215 Trust Conference Room

Members:	Mr. Bryan, Chairman
	Mrs. Devall
	Mr. Johnson
	Mr. Madden

	<u>Page No.</u>
1. Medical Branch	
a. Special Faculty Salary Increases	22
b. Report of Commitments of The Sealy and Smith Foundation as of October 3, 1960	27
2. Southwestern Medical School	
Report re Negotiations with Presbyterian Hospital Group	28

C. MEDICAL AFFAIRS COMMITTEE

1. MEDICAL BRANCH

- a. Special Faculty Salary Increases. -- Doctor Truslow has recommended the following changes in the Medical Branch budget effective September 1, 1960, which involve salary rate increases in excess of \$1,000 per year and, therefore, require Regental approval:

Recommendations
of
Doctor Truslow

Salary Rate

No. 1

Radiology (RBC 22)

Instructor

Carlos Bazan

From

\$ 8,000.00

To

10,000.00

Increase

\$ 2,000.00

Source of Funds: Radiology
Department

Justification:

Doctor Truslow states: "Doctor Bazan has a capacity for thoroughness and attention to detail which is unusual. He lectures well and is a good teacher, and although he has just completed his residency, we feel that he has at least an above the average academic career ahead of him.

"The Bazan story simply reflects the fact that until we get appropriate space in diagnostic radiology and the elementary tools and equipment in radiotherapy, we shall be 'justifying' salary adjustments such as this to keep a few people an extra year or two against the blandishments of well-equipped, high-salaried hospitals in this field." (On July 1, 1960, Doctor Bazan's rate was increased \$2,000.)

No. 2

Pathology (RBC 44)

Instructor

Julian M. Chen

From

\$ 6,080.00

To

8,000.00

Increase

\$ 1,920.00

Source of Funds: USPHS
Contract

Recommendations
of
Doctor Truslow

Salary Rate

No. 2
(Cont'd)

Justification:

Doctor Truslow states: "Doctor Chen was accepted for a four-year residency training program in Pathology beginning July 1, 1955 and ending June 30, 1959. During the past year Doctor Chen has extended his research, making special studies of certain cytologic techniques useful in the early diagnosis of cancer and other diseases. With Doctor Childers' resignation earlier in the summer, we have found ourselves quite dependent on Doctor Chen to carry out the exfoliative cytologic diagnostic service in the department.

"Doctor Chen, a citizen of China, is an Exchange Visitor and his visa was recently extended for an additional year.

"We have been pleased with Doctor Chen's performance and feel that the increase to \$8,000.00 per year is well justified."

No. 3

Obstetrics and Gynecology (RBC 52)

Teaching Fellow

Michael Howett

From	\$ 6,480.00
To	8,500.00
Increase	<u>\$ 2,020.00</u>

Source of Funds: Obstetrics
and Gynecology
Department

Justification:

Doctor Truslow states: "It was previously planned to recommend that Doctor Howett be promoted to the rank of Instructor effective September 1, 1960, but due to unforeseen delay in his clearance of citizenship and State Board Licensure, he cannot be appointed to an academic position at this time.

"We have been most pleased with Doctor Howett's overall competence and performance and feel that the increase to \$8,500.00 per year is well justified."

Recommendations
of
Doctor Truslow

Salary Rate

No. 4

Obstetrics and Gynecology (RBC 61)

Assistant Professor

Leslie C. Powell

From \$12,500.00

To 15,500.00

Increase \$ 3,000.00

Source of Funds: Professional
Fees - Obstetrics
and Gynecology

Justification:

Doctor Truslow states: "We must, at this time, raise Doctor Powell who is serving as the number two man in the department or we will run the risk of losing him. By being full-time and short of help, neither Doctor McGanity nor Doctor Powell have been able to make very much from private practice to increase their restricted fund and Doctor Powell's raise is essential to bring him to a reasonable level. In the future, we hope that the income of the department will be of more help than it is at present.

"Effective September 1, 1960, all private professional fees received by Doctor Powell will be deposited to the Departmental Current Restricted Account and will be used to supplement salaries, for travel, and for departmental maintenance and equipment."

No. 5

Ophthalmology (RBC 82)

Associate Professor and Acting
Chairman

Wendell D. Gingrich

From \$10,000.00

To 11,500.00

Increase \$ 1,500.00

Source of Funds: Unallocated
Salaries -
Teaching

Justification:

Effective July 5, 1960, Doctor Gingrich's title was changed from Associate Professor to Associate Professor and Acting Chairman. He received no salary increase at that time, it being postponed until September 1, 1960.

Recommendations
of
Doctor Truslow

Salary Rate

No. 6

Surgery (RBC 70)

Instructor

Anselmo Pineda

From

\$ 7,500.00

To

9,000.00

Increase

\$ 1,500.00

Source of Funds: Surgery
Department

Justification:

Doctor Truslow states: "Doctor Pineda has been a capable, conscientious, and ambitious member of the Neurological Surgery Division of the Department of Surgery, and we feel that he deserves this increase in salary."

As of January 1, 1960, Doctor Pineda's rate was increased from \$5,500 to \$7,500.

No. 7

Neurology and Psychiatry (RBC 64)

Associate Professor

Harold A. Goolishian

From

\$ 8,600.00

To

11,000.00

Increase

\$ 2,400.00

Source of Funds: Neurology and
Psychiatry
Department

Justification:

Doctor Truslow recommends that "we create a Division of Psychology in the Department of Neurology and Psychiatry effective September 1, 1960; and that Doctor Harold A. Goolishian, Assistant Professor (Psychology), be changed to Associate Professor and Chief of the Division of Psychology in the Department of Neurology and Psychiatry.

"In the past we have had psychologists working in four different departments; and it is our plan to consolidate and to improve our work in psychology by placing all of the psychologists in a single division in the Department of Neurology and Psychiatry. We have a clear understanding between the Department of Neurology and Psy-

Recommendations
of
Doctor Truslow

Salary Rate

No. 7
(Cont'd)

chiatry and Pediatrics that this Division will supply services to Pediatrics as before but these changes will add flexibility to the program and will increase liaison between the psychologists. "

No. 8

Hospitals - Clinical Laboratory (RBC 104)
Technical Director, Laboratory Technology
William K. Perry

From	\$ 7,104.00
To	8,160.00
Increase	<u>\$ 1,056.00</u>

Source of Funds: Pathology
Fees

Justification:

Doctor Truslow states: "This recommendation is prompted in part by offers which Mr. Perry has had to work at other institutions for considerably more than he is receiving here, but even more important, the recommended increase reflects Mr. Perry's worth to the Laboratories, the Department, and the Medical Branch.

"Before joining us here at the Medical Branch Mr. Perry was in charge of the Clinical Laboratories at Brooke General Hospital - a most responsible position and one which he discharged very effectively. Since Mr. Perry has been with us he has taken on more responsibilities and is directly responsible (under Doctor Baird) for the work schedules and efficient operation of some 50 Medical Technologists and technical assistants in the Laboratories, and also has major responsibility for the operation and maintenance of a wide variety of valuable and sensitive equipment. It is Doctor Baird's feeling that Mr. Perry has contributed a great deal to the increased efficiency of the Clinical Laboratories during the past two years, and I concur in this feeling. With our new program of teaching clinical pathology during the coming year, Mr. Perry will play an important role in the laboratory aspect of this teaching and has already helped Doctor Baird very considerably in the planning of the laboratory portion of this course. "

Chancellor's
Recommendation

Chancellor Wilson recommends approval of the foregoing changes.

- b. Report of Commitments of The Sealy and Smith Foundation as of October 3, 1960. --Chancellor Wilson has received from Mr. McCullough, President of the Sealy and Smith Foundation for The John Sealy Hospital, the following letter dated October 3, 1960. This letter lists the commitments made by The Sealy and Smith Foundation for The University of Texas Medical Branch as of October, 3, 1960:

"Referring to your favor of the 20th ultimo, our Directors have approved the request of the University for the sum of \$1,250,000.00 toward the cost of construction of a new out-patient addition for the John Sealy Hospital. Of this sum, we have previously agreed that \$25,000.00 be used for architects' fees. Needless to say, we are pleased to know that matching funds have been granted by the Texas State Board of Health out of the Hill-Burton appropriations.

"So that it may be recorded here and by the Board of Regents, the following sets out the amounts for which we are committed at this date:

For new out-patient building -----	\$1,250,000.00
Renovation present out-patient building-----	600,000.00
Housing for cobalt machine-----	200,000.00
Neurology Laboratory (Klingman) - 1960 -----	20,000.00
Neurology Laboratory (Klingman) - 1961 -----	20,000.00
(This will complete payment of \$100,000.00 grant Made for this project.)	
Public Information - 1960 -----	15,000.00
Public Information - 1961 -----	15,000.00
(This will complete payment of \$45,000.00 grant made for this project.)	
Maintenance and repairs - per annum -----	60,000.00
Salary Supplements ----- per annum -----	<u>12,500.00</u>
 Total Commitments -----	 \$2,192,500.00

"We will be glad to hear from time to time as to progress of your building program, particularly when your plans have matured and letting of the contract for construction is under consideration. I am sure we will be in a position to meet our proportion of progress payments during construction.

v "In view of the substantial sum for which we are now committed, I venture the opinion that our Board will be unable to consider any further requests for grants of consequence until after the building program has been completed. "

2. SOUTHWESTERN MEDICAL SCHOOL

Report re Negotiations with Presbyterian Hospital
Group. -- This will be an oral report.

Committee of the Whole

COMMITTEE OF THE WHOLE
Chairman Minter, presiding

Date: October 21 and 22, 1960

Place: Board Room, Bank Lobby Floor

- A. ITEMS RELATING TO COMPONENT INSTITUTIONS (Institutional Heads individually to present emergency items not on the original agenda but which have been previously cleared through Chancellor Wilson for presentation.) (Friday, October 21, 2:00 p.m.)
1. Main University (Doctor Ransom)
 2. Texas Western College (Doctor Ray)
 3. Medical Branch (Doctor Truslow)
 4. Dental Branch (Doctor Olson)
 5. M. D. Anderson Hospital and Tumor Institute (Doctor Clark)
 6. Southwestern Medical School (Doctor Gill)
 7. Postgraduate School of Medicine (Doctor Taylor)
- B. REPORTS BY INSTITUTIONAL HEADS (Friday, 3:00 p.m.)
1. Doctor Clark
 2. Doctor Gill
 3. Doctor Olson
 4. Doctor Taylor
- C. ITEMS REFERRED EITHER FOR ACTION OR FOR INFORMATION BY: (Friday, 4:00 p.m.)
1. Academic and Developmental Affairs Committee
(Committee Chairman Devall)
 2. Buildings and Grounds Committee
(Committee Chairman Thompson)

Special Item for October 21-22 Meeting of Board of Regents

RECOMMENDATION BY OFFICE OF THE CHANCELLOR

SUBJECT: COMMUNICATION TO BE TRANSMITTED BY THE BOARD OF REGENTS TO THE UNIVERSITY DEVELOPMENT BOARD

The University Development Board is scheduled to meet in early November. To make a formal request to the Board for private fund implementation for the Ten Year Plan, we recommend that the Board of Regents send the following communication:

"TO THE UNIVERSITY DEVELOPMENT BOARD:

"On September 24, 1960, the Board of Regents adopted a ten-year plan in support of its determination to improve the standing of The University of Texas within that period. Greater distinction in teaching, in research, in service to Texas and the nation, is to be made possible by new dimensions of financial support. The attached summaries and charts illustrate the magnitude of the financial backing needed for the program.

"For several years, the Board of Regents and the University Development Board have been working toward establishing an effective organization to develop the private financial support necessary to achieve distinction for the University. We believe that the Development Board executive staff is ready to start a fund-raising program now to underwrite the Ten-Year Plan for the University system and request your Board to consider the need of private funds at its November meeting. The Chancellor and his staff are prepared to present detailed information about the programs which require major private support. In making this request, we pledge positive official and individual support by the Board of Regents."

CHART I

THE TEN YEAR PLAN IS BASED
UPON THESE ASSUMPTIONS

1. At least the present level of income from all sources -
(a) General Revenue, (b) fees, (c) governmental and
private contracts and grants, (d) gifts and bequests,
plus (e) a reasonable increase in keeping with predicted
enrollment gains and current developmental programs.
2. That any component institution added to The University
of Texas system will be financed, for operations and
physical plant, from legislative appropriations or
outside sources.
3. That The University of Texas system has a popular
mandate to become one of the nation's best.

The Ten Year Plan which follows
is related to expenditures addi-
tional to those provided by the
sources of funds enumerated above

for

1. Program Supplementation*
2. Buildings and Equipment for
All Component Institutions

*Only figures for Main University are included.
Those for program supplementation at other component
institutions will be presented later.

CHART II

FINANCIAL DEMANDS OF THE PLAN

1. Total Support for The University of Texas
in The Ten Year Period

- A. From General Revenue and Local Funds,
including continuation of 1958-59
level of contract research 74.0 per cent
- B. From continuation of 1958-59 level of gifts
and income from private fund endowment 7.5 per cent
- C. From the Available Fund, revenue bonds, gifts
and grants for buildings and equipment 10.5 per cent
- D. From the Available Fund, gifts and grants
for program supplementation 8.0 per cent

The Ten Year Plan is addressed
particularly to C and D. Here is
where excellence is to be achieved.

2. Distribution of New Financial
Support Necessary for C. and D.

- Minimum Total \$148,880,000
- 1. From Available Fund, Permanent University
Fund bonds, and revenue bonds, \$90,000,000 62 per cent
- 2. From matching grants by governmental
agencies and national private foundations,
\$25,500,000 17 per cent
- 3. From gifts and grants by Texans and other
friends of the University, \$33,000,000. 21 per cent

3. Yearly Summary of Targets for New Gifts
and Grants by Texans and Other Friends

	<u>For Program</u> <u>Supplementation</u>	<u>Annual Average for</u> <u>Bldgs. and Eqpt.</u>	<u>Totals</u>
1961-62	\$150,000	\$3,000,000	\$3,150,000
1962-63	225,000	3,000,000	3,225,000
1963-64	400,000	3,000,000	3,400,000
1964-65	550,000	3,000,000	3,550,000
1965-66	600,000	3,000,000	3,600,000
1966-67	650,000	3,000,000	3,650,000
1967-68	700,000	3,000,000	3,700,000
1968-69	750,000	3,000,000	3,750,000
1969-70	750,000	4,625,000	5,325,000

These targets are for the specific objectives listed in the Ten Year Plan. Many other objectives should continue to be advanced by gifts and bequests. The Ten Year Plan is the center but not the circumference of an adequate program for private fund development in the next decade.

CHART III

THE TEN YEAR PLAN FOR
PROGRAM SUPPLEMENTATION
AT THE MAIN UNIVERSITY

A. What is Sought

Financial resources sufficient (1) to attain and assure continuation of an improved academic program and (2) to get and hold an increasingly able faculty.

B. Supplementation Needed

As a minimum:

- . From 1961-62 through 1969-70
 \$61,880,000
- . But, the Board of Regents has allocated tentatively from the Available Fund
 \$51,600,000
 for these purposes
- . And, from governmental and national foundation grants the target is
 \$ 5,500,000
- . With gifts and grants from Texans totaling
 \$ 4,775,000
 in new cash income

It is assumed that much more gift money than this will be secured. The Ten Year Plan places no ceiling on excellence. It does build a floor under it. The \$4,775,000 is needed for very specific objects in order to complete the strategy for absolutely minimum progress.

CHART IV

THE TEN YEAR PLAN
FOR BUILDINGS AND EQUIPMENT
AT ALL COMPONENT INSTITUTIONS

- . Total estimated highly desirable expenditures for buildings and equipment between 1961-62 and 1969-70, total

\$87,000,000

- . From Permanent University Fund Bonds and Available Fund cash a hard core of projects can be financed, totaling

\$30,725,000

- . And, from Federal matching grants we shall seek vigorously

\$20,000,000

- . From revenue bonds, we can finance

\$7,650,000

- . This leaves, as a minimum, to be financed from non-governmental gifts, grants, and bequests

\$28,625,000

at all component institutions

CHART V

SUMMARY

The Board of Regents requests that the Development Board and the Director of Development devise the approaches and procedures to be used in securing gifts to The University of Texas.

To this end, the following suggestions are made by the Board of Regents:

1. A comprehensive and long-range plan for obtaining voluntary gift support should be formulated by the University Development Board.
2. The Ten Year Plan provides a floor but not a ceiling for gift support; it is expected that strong efforts will continue to obtain gift money over and above the specific targets listed herein.
3. Most of the money for program supplementation will be allocated from the Available Fund on the assumption that gift money for buildings and equipment is relatively easier to raise. This arrangement is highly flexible.
4. The availability of University funds with which to match private gifts toward buildings should make it easier to attract private support for this purpose, especially since the donor of a "matched" building could still choose the name for the building.
5. Major acquisitions of library and museum collections are contemplated. Because negotiations for such collections are closely related to academic matters and are highly complex in nature, we suggest that direction and coordination of gift efforts in this field reside with President Ransom.

3. Land and Investment Committee
(Committee Chairman Johnson)
4. Medical Affairs Committee
(Committee Chairman Bryan)
5. Board for Lease of University Lands
(Regent Johnson)
Report, if any.

D. SPECIAL ITEMS (Saturday, 9:30 a.m.)

1. Chancellor Wilson

- a. Central Administration: Private Fund Development, Ten-Year Building Plan. -- The material supporting this item will not be completed in time to be bound in this book, but will be mailed as a separate item either in this same package or as soon as possible thereafter.
 - b. Main University. -- The following will be presented orally at the meeting:
 - (1) Reports by Doctor Ransom
 - (a) Excellence Fund for 1957-60
 - (b) Planned Expenditures of Appropriation for Teaching Assistants, 1960-61
 - (2) Building to be Named for Will C. Hogg
 - c. Texas Western College: Teaching Salaries. -- This item is on the agenda as a reminder if any report or recommendation is completed.
2. Members of the Board. -- This time is allotted for any member of the Board to present items.

W:

10-7-60

OFFICE OF THE PRESIDENT

Verifax given to Miss Shepard ←
She expects this will be the
basis for an oral report.

THE UNIVERSITY OF TEXAS
AUSTIN 12

HJ

OFFICE OF THE PRESIDENT
MAIN UNIVERSITY

LDH?
October 6, 1960

Dr. Logan Wilson, Chancellor
The University of Texas

Dear Dr. Wilson:

This is in comment on your memorandum concerning the Regents' expectation of discussing in October the proposal to name a building at the University for Will Hogg.

First, I should like to repeat my casual and informal suggestion at the last Regents meeting that the University place a large tablet (somewhat similar in design to the bronze account at the entry to the present Main Building)--recounting the various Hogg family benefactions--in the Hogg Auditorium, which will always be a central meeting place at the University.

Second, as for the particular memorial to Will Hogg, it seems to me that two places would be admirable sites, one already built and the other vaguely planned. The first is the new addition to the Student Union; it might well be called the Will Hogg Annex. Mr. Hogg's generous interest in the undergraduate student and in the support of his education is so well known that it hardly needs amplification here.

Another possibility would be the Alumni House, if and when such a structure were opened.

The naming of a mere classroom annex or a building for instruction seems to me not to catch the spirit of Mr. Hogg's redoubtable efforts among the alumni and the public and his dedication to the idea represented by the union.

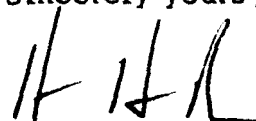
A less likely suggestion might follow the cue that Will Hogg was deeply concerned with the health--physical and mental--of students. The Health Center could by that means memorialize him by a plaque properly placed in the lobby.

I am compelled to add that I think that the rechristening of buildings from time to time is a confusing and adventitious sort of policy. Witness the failure of the "Barker Center" to supplant the older and more literal name of "Old Library Building" or the sonorous but completely unused title of the

Main University Library as "The Mirabeau B. Lamar Library." I doubt that anybody in the University or the state refers to the Main University Library as the Lamar Library once in the year.

None of this is to suggest that I am not enthusiastic about remembering the great benefactions of Will Hogg, including the vigorous years he gave to the interests of the University.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'H. H. Ransom'. The signature is stylized with a large 'H' and a long, sweeping 'R'.

H. H. Ransom

mc

Meeting of the Board

DOCUMENTATION

MEETING OF THE BOARD OF REGENTS

- I. APPROVAL OF MINUTES, SEPTEMBER 23-24, 1960

- II. REPORT OF COMMITTEE OF THE WHOLE (Chairman Minter)

FOR
REGENTS'
NOTES:

III. REPORTS OF THE STANDING COMMITTEES

A. REPORT OF EXECUTIVE COMMITTEE--INTERIM ACTIONS (September 1--October 7, 1960). --Mr. Hardie, Chairman of the Executive Committee, submits the following report:

There have been presented to and approved (by mail vote) by the Executive Committee two items since its last report of August 31, 1960, as reported in the minutes of September 23-24, 1960. Each item was recommended by the respective institutional head concerned, which recommendation was concurred in by Chancellor Wilson. All Budgetary Items and Absences from the Campus are included in the attached docket unless otherwise indicated.

1. Budgetary Items

- a. Medical Branch. --One item recommended by Executive Dean and Director Truslow and reported in the attached docket in Item 6, Page G-3.
- b. Southwestern Medical School. --One item recommended by Dean Gill and reported in the attached docket in Item 2, Page S-2. This item was approved by the Executive Committee at the September meeting but not in sufficient time to be incorporated in the docket for that meeting.

2. Absences from the Campus in Excess of Two Weeks

Medical Branch. --Absence of Mr. Bart H. Danford recommended by Executive Dean and Director Truslow. The absence of Mr. Danford was not approved in time to be incorporated in the October docket.

The absence of Doctor Poth, approved by the Executive Committee at the September meeting but not in sufficient time to be incorporated in the docket, is in the attached docket as Item 1, Page G-11.

The absence of Doctor John B. Truslow, also approved by the Executive Committee at the September meeting but not in sufficient time to be reported in the September docket, is not reported in the October docket. The Executive Committee requests that it be reported in the docket for December.

These items are reported for ratification by the Board.

- B. REPORT OF ACADEMIC AND DEVELOPMENTAL AFFAIRS COMMITTEE. -- This report will be presented by Committee Chairman Devall.
1. Docket
 2. Amendment of Rules and Regulations re Employment of Aliens
 3. Additional Items, if any
- C. REPORT OF BUILDINGS AND GROUNDS COMMITTEE. -- This report will be presented by Committee Chairman Thompson.
1. Original Recommendations of Administration
 2. Supplementary Recommendations of Administration
 3. Additional Items or Changes, if any
- D. REPORT OF LAND AND INVESTMENT COMMITTEE. -- This report will be presented by Committee Chairman Johnson.
1. Original Recommendations of Administration
 2. Supplementary Recommendations of Administration
 3. Additional Items or Changes, if any
- E. REPORT OF MEDICAL AFFAIRS COMMITTEE. -- This report will be presented by Committee Chairman Bryan.
1. Medical Branch
 - a. Special Faculty Salary Increases. -- If adopted, this item will be incorporated in the docket.
 - b. Report of Commitments of Sealy and Smith Foundation as of October 3, 1960
 2. Southwestern Medical School
 - Progress Report re Negotiations with Presbyterian Hospital Group
 3. Additional Items, if any

F. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS. -- This report will be presented by Vice-Chairman Johnson or Mr. Heath. Accompanying this volume is a copy of the System Analysis of West Texas Land Offices by Arthur Andersen and Company which was referred to at the September meeting.

IV. SPECIAL ITEMS. --As of this date, there have been no special items approved for consideration.

V. ITEM FOR THE RECORD. -- You will recall that Mr. Hardie was authorized to appoint a committee from five to ten members of local citizens (El Paso) regarding the Cotton Estate property. Mr. Hardie has indicated it might be well insofar as the public is concerned that the committee be recommended by Doctor Joe Ray. With this in mind, the following is suggested as an item to be recorded in the Minutes of the meeting at which the names of those appointed to the committee are submitted:

Special Committee of Local Citizens (El Paso), Cotton Estate Property, Texas Western College. -- The Committee of the Whole at its meeting on September 23, 1960, authorized a special committee of local citizens (El Paso) to make recommendations with reference to the handling of the Cotton Estate property at Texas Western College.

In accordance with the foregoing authorization, President Joe Ray has appointed the following as members of that special committee:

<u>Sam D. Young</u>	<u>Harlan Hugg</u>
Chairman	
<u>L. Riley Allison</u>	<u>Richard H. Miller</u>
<u>Otis C. Coles</u>	<u>J. Frances Morgan</u>
<u>J. Ted Cottle</u>	<u>Dale Pesler</u>
<u>Pat DeWitt</u>	<u>Jack C. Powell, Sr.</u>

VI. SCHEDULED MEETINGS

Commitments for 1960

December 2, 1960, San Antonio--Banquet of The San Antonio Medical
Foundation

December 8-10, 1960 (El Paso)

22

MATERIAL SUPPORTING THE AGENDA

Volume VIIIa

September 1960 - February 1961

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on September 23-24, October 21-22, December 9-10, 1960, and January 16-17, 1971.

The material is divided according to the Standing Committees and the meetings that were held and is submitted on three different colors, namely:

- (1) white paper - for the documentation of all items that were presented before the deadline date
- (2) blue paper - all items submitted to the Executive Session of the Committee of the Whole and distributed only to the Regents, Chancellor, and Chancellor Emeritus
- (3) yellow paper - emergency items distributed at the meeting

Material distributed at the meeting as additional documentation is not included in the bound volume, because sometimes there is an unusual amount and other times maybe some people get copies and some do not get copies. If the Secretary were furnished a copy, then that material goes in the appropriate subject folder.

This volume contains the recommendations to the Land and Investment Committee (Attachment No. 1), Docket (Attachment No. 2), and Budget Docket for meetings 591 through 594.



THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS

Attachment Nos. 1 & 2

To Minutes of the Board of Regents

Meeting Date: October 21-22, 1960

Meeting No.: 592

Name: Office Copy

CONTENTS

	<u>Page No.</u>
I. <u>Attachment No. 1: Recommendations to Land and Investment Committee, Pages L-1 through L-12, PUF 1-16, and Appendix A</u>	
A. Permanent University Fund	
1. Securities	
a. Purchased Since Last Report	L-1
(1) Corporate Bonds <u>\$250,000.00</u> Par Value	
(2) Common Stock <u>\$988,373.96</u> (Principal Cost Including Commissions)	
b. Sales and Exchanges <u>\$31,801,032.63</u> (Book Value of New Securities) SWITCHING PROGRAM	L-3
2. Investment Program	
a. AMENDMENTS (6)	L-4
b. POLICIES (With Amendments Incorporated)	PUF 1-16
3. Land Matters	
a. Easements, Caliche Permits, etc.	L-5
b. AMENDMENTS TO PROCEDURES, Oil and Gas Leases and Geophysical Exploration Permits (Form Attached)	L-6
c. Extension of Easement No. 1460, Lloyd M. Bentsen	L-6
d. Grazing Lease No. 718, Assignment	L-6
e. WATER EXPLORATION PERMIT NO. 89	L-7
B. Trust and Special Funds	
1. Report of Securities	
a. Purchases <u>\$137,299.84</u> (Principal Cost)	L-8
b. Exchanges <u>\$183,608.62</u> (Book Value of New Securities)	L-9
c. Sales <u>\$24,434.84</u> (Net Proceeds) -- Includes <u>\$19,154.64</u> by Sealy and Smith Foundation	L-9
d. Special Fund Under Joint Control of the Sealy and Smith Foundation, RECOMMENDATION RE PARTIAL SALE OF SOCONY MOBIL COMMON STOCK	L-10

2. Reports on Gift, Bequest, and Estate Matter

Estate of Hattie E. Gaines - WILL CONTEST SUIT L-11

3. Real Estate Matters

a. Brackenridge Tract - Release from City for Site of President's Home L-12

b. Hogg Foundation: Varner Properties L-12

(1) Sale of Sens Property, Closing of

(2) Rossonian Property: OPTION TO PURCHASE

II. Attachment No. 2: Docket of Chancellor Wilson

A. Central Administration
(Pages C-1 through C-2)

B. Main University
(Pages M-1 through M-34)

C. Texas Western College
(Pages W-1 through W-3)

D. Medical Branch
(Pages G-1 through G-13)

E. Dental Branch
(Pages D-1 through D-2)

F. M. D. Anderson Hospital and Tumor Institute
(Pages A-1 through A-2)

G. Southwestern Medical School
(Pages S-1 through S-5)

H. Postgraduate School of Medicine
(Pages P-1 through P-6)

ATTACHMENT NO. 1

PERMANENT UNIVERSITY FUND -- INVESTMENT MATTERS.--

REPORT OF PURCHASES, SALES AND EXCHANGES OF SECURITIES.--The following purchases, sales and exchanges of securities have been made for the Permanent University Fund since the meeting of September 24, 1960. We ask that the Board ratify and approve these transactions:

PURCHASES OF SECURITIES

CORPORATE BONDS

Date of Purchase	Security	Par Value of Bonds Purchased	Market Price at Which Purchased	Total Principal Cost*	Indicated Current Yield on Cost**
9/14/60	Virginia Electric & Power Company First & Refunding Mortgage Bonds Series P, 4-5/8%, dated 9/1/60, due 9/1/90	\$250,000	100.729 Net	\$ 251,822.50	4.58%

COMMON STOCKS

Date of Purchase	Security	No. of Shares Purchased	Market Price at Which Purchased	Total Principal Cost*	Indicated Current Yield on Cost**
9/2/60	Minnesota Mining & Manufacturing Company Common Stock	600	72-3/8(100) 72-3/4(200) 72-1/2(300)	\$ 43,815.05	0.82%
9/2/60	Otis Elevator Company Common Stock	800	49-7/8(200) 50-3/8(200) 50 (400)	40,401.96	2.97
9/6/60	Gulf Oil Corporation Capital Stock	1,400	28-5/8(500) 28-1/2(900)	40,428.30	3.46
9/6/60	International Business Machines Corporation Capital Stock	100	547-1/2	54,825.00	0.55
9/7/60	J. C. Penney Company, Inc., Common Stock	1,200	44-1/4(700) 44-1/8(500)	53,530.71	3.36
9/7/60	Minneapolis-Honeywell Regulator Company Common Stock	400	158-7/8	63,769.56	1.25
9/8/60	Florida Power & Light Company Common Stock	700	59-1/2(300) 59-1/4(300) 59 (100)	41,839.54	1.61
9/8, 9, 12 & 13/60	The Southern Company Common Stock	1,000	47-7/8(200) 48-5/8(200) 48-1/2(300) 48-3/4(100) 48-1/4(100) 48 (100)	48,781.76	2.87
9/9/60	American Home Products Corporation Capital Stock	300	186	55,972.80	2.30
9/12 & 13/60	Philadelphia Electric Company Common Stock	1,000	52 (700) 51-3/4(300)	52,366.94	4.28
9/14 & 15/60	General Electric Company Common Stock	600	80 (100) 79-7/8(100) 79-1/2(100) 79-1/4(100) 78-7/8(100) 78-1/2(100)	47,881.61	2.51

*Includes brokerage commissions paid.

**Yield to maturity on bonds; yield at present indicated dividend rate for stocks.

COMMON STOCKS (Continued)

Date of Purchase	Security	No. of Shares Purchased	Market Price at Which Purchased	Total Principal Cost*	Indicated Current Yield on Cost**
9/14, 15, & 16/60	Inland Steel Company Capital Stock	1,200	41 (200) 41-1/4(100) 40-3/4(500) 40-1/2(200) 40-1/4(200)	\$ 49,322.29	3.89%
9/16 & 19/60	The Dow Chemical Company Common Stock	700	78-5/8(100) 78 (100) 76-7/8(100) 76-5/8(100) 76 (100) 75-3/4(100) 75-1/2(100)	54,064.24	1.81
9/16, 19, & 20/60	The Procter & Gamble Company Common Stock	400	123-1/2(100) 123 (100) 122-1/4(100) 120 (100)	49,079.88	2.12
9/16, 19, & 20/60	United States Gypsum Company Common Stock	500	92-3/4(100) 93 (100) 92-1/2(100) 91 (200)	46,266.03	3.24
9/19/60	Houston Lighting & Power Company Common Stock	600	83	50,083.80	1.92
9/19/60	Oklahoma Gas & Electric Company Common Stock	1,400	33-3/4(1000) 33-1/2(400)	47,651.80	3.29
9/21/60	Eastman Kodak Company Common Stock	500	115	57,752.50	1.56
9/21/60	Parke, Davis & Company Capital Stock	1,300	41-1/4	54,140.19	3.36
9/26/60	National Bank of Detroit Common Capital Stock	400	55-3/4 Net	22,300.00	3.59
9/26/60	Republic National Bank of Dallas Common Capital Stock	200	70-1/2 Net	14,100.00	2.38
	Total Common Stocks Purchased	<u>15,300</u>		<u>988,373.96</u>	<u>2.48</u>
	TOTAL CORPORATE SECURITIES PURCHASED			<u>\$1,240,196.46</u>	<u>2.90%</u>

*Includes brokerage commissions paid.

**Yield at present indicated dividend rate.

SALES AND EXCHANGES OF U. S. TREASURY SECURITIES

<u>Date</u>		<u>Book Value New Securities</u>
9/21/60	\$2,000,000 par value U. S. 2-3/4% Treasury Bonds, Investment Series B, due 4/1/80-75, switched into marketable 1-1/2% Treasury Notes, due 4/1/65, which were sold and the proceeds used to purchase like par amount of U. S. 3-1/2% Treasury Bonds, due 5/15/85, with necessary principal adjustment of \$7,500.00 paid to the University	\$2,002,793.46
9/23/60	\$3,887,000 par value U. S. 2-1/2% Treasury Bonds, due June 15, 1967-62, exchanged for \$3,887,000 par value U. S. 3-1/2% Treasury Bonds, dated and bearing interest from October 3, 1960, due November 15, 1980, allotted in full	3,892,880.32#
	\$9,437,000 par value U. S. 2-1/2% Treasury Bonds, due December 15, 1968-63, exchanged for \$9,437,000 par value U. S. 3-1/2% Treasury Bonds, dated February 14, 1958, with interest from October 3, 1960, due February 15, 1990, allotted in full	9,391,074.68#
	\$7,216,000 par value U. S. 2-1/2% Treasury Bonds, due June 15, 1969-64, exchanged for \$7,216,000 par value U. S. 3-1/2% Treasury Bonds, dated and bearing interest from October 3, 1960, due November 15, 1998, allotted in full	7,186,519.42#
	\$9,368,000 par value U. S. 2-1/2% Treasury Bonds, due December 15, 1969-64, exchanged for \$9,368,000 par value U. S. 3-1/2% Treasury Bonds, dated and bearing interest from October 3, 1960, due November 15, 1998, allotted in full	9,327,764.75#

#Amortized book value as of June 15, 1960, of bonds surrendered for exchange.

PERMANENT UNIVERSITY FUND INVESTMENT PROGRAM - EDITING OF AND PROPOSED AMENDMENTS TO POLICIES GOVERNING PROGRAM.--A careful editing of the "Policies Governing Permanent University Fund of The University of Texas Investment Program" has been made by the Staff Investment Committee in order to clarify the statements of policy in various sections, to bring estimates for the future in line with actual increments to the Fund during the past three years, and to incorporate additional amendments to the policies as adopted by the Board of Regents on January 12, 1957, and as subsequently amended through July 2, 1960.

Outlined below are the proposed amendments as recommended by the Regents' Land and Investment Committee to the Board of Regents for consideration and approval at the October 22, 1960 meeting of the Board. The proposed amendments have been incorporated in the edited copy of the policies, pages A and 1 through 16, PUF, following page L-12 Land and Investment Committee docket.

Amendment #1:

Amend Section VI. B., page 4 under "Policies Governing Investment in Corporate and Government Securities," so as to permit the Staff Investment Committee at its discretion to liquidate temporary investments in Treasury Bills prior to approval by the Board of Regents.

Amendment #2:

Amend Section I. F., page 5, under "Minimum Investment Standards to Determine Eligibility for Purchase," so as to have the policy restriction of not more than 4% of the voting stock of any one corporation approved for ownership at any one time by the Permanent University Fund changed to 5% as provided in the Constitutional Amendment authorizing investment in corporate securities.

Amendment #3:

Amend Section II, page 6, Section IV, page 7, and Section V, pages 8 and 9, under "Investment Diversification Patterns," so as to change the dollar allocations estimated for common stocks when the broad diversification patterns have been brought into balance from a total of \$180,000,000 to \$200,000,000, to reflect (1) the change in percentage allocation to common stocks from 35% as originally approved to 40% (transfer of 5% from mortgage paper fully guaranteed by the United States Government to common stocks) and (2) the larger total amount estimated to be in the investment portfolio of the Permanent University Fund when balance is achieved with 50% in government securities and 50% in corporate securities.

Amendment #4:

Amend Section I. A., page 10, under "Procedures," so as to delete the position of Senior Security Analyst from the Staff Investment Committee membership.

Amendment #5:

Amend Section I. C., page 10, under "Procedures," so as to permit selection of investment advisory committee members from the investment department staffs of the larger life insurance companies in Texas and from the financial officers of public utility corporations in Texas as well as from the investment and trust department staffs of the larger commercial banks in Texas.

Amendment #6:

Amend Section I. A. and Section II. B., page 10, under "Procedures," so as to set out clearly the manner in which decisions are to be made by the Staff Investment Committee.

PERMANENT UNIVERSITY FUND -- LAND MATTERS.--

LEASES AND EASEMENTS.--The Land and Investment Committee has given consideration to the following applications for various leases and easements on University Lands. All are at the standard rates, unless otherwise stated, are on the University's standard forms, with grazing leases carrying provision for renewal for an additional five years at negotiated terms. Payments for easements and caliche permits have been received in advance. All have been approved as to form by the Land and Trust Attorney and as to content by the Endowment Officer. Approval of the applications and execution of the instrument involved by the Chairman of the Board is recommended.

No.	Grantee	Type of Permit	County	Location	Distance or Area	Period	Consideration
1532	El Paso Natural Gas Co.	Pipe Line	Andrews	Sec. 6, Bl. 9	15.83 rds. 4½ in.	10/1/60-9/30/70	\$ 50.00
1533	Texaco Inc.	Pipe Line (Salt Water Disposal)	Crane	Sec. 7, 8, 17, 18, 20, 29, 30, 32, Bl. 30	391 rds. 2-3/8 in. 1543 rds. 3½ in. 283 rds. 4½ in.	9/1/60-8/31/70	625.00
1534	Ward County	Road Right-of-Way	Ward	Sec. 32, 37, Bl. 16	3.167 a.; 7.273 a.	10/1/60 -	- 0 -
1535	Monterey Oil Company	Water Treating and Pumping Plant Site Lease	Andrews	SE/4 of NW/4 of Sec. 5, Bl. 13	9.66 acres	9/1/60-8/31/70 (with right of renewal upon mutually agree- able terms	966.00
5-1 181	T. B. Tripp & Sons	Caliche	Andrews	Bl. 9, Sec. 46	340 cu. yds.	-	85.00
182	Frank Montgomery	Caliche	Andrews	Bl. 11	200 cu. yds.	-	50.00
183	Frank Montgomery	Caliche	Andrews	Bl. 9	1030 cu. yds.	-	257.50
184	Frank Montgomery	Caliche	Andrews	Bls. 9, 11	200 cu. yds.	-	50.00
185	Frank Montgomery	Caliche	Andrews	Bl. 11	200 cu. yds.	-	50.00
186	Frank Montgomery	Caliche	Andrews	Bl. 9	1170 cu. yds.	-	292.50
187	Frank Montgomery	Caliche	Andrews	Bl. 12	1307 cu. yds.	-	326.75
188	Frank Montgomery	Caliche	Andrews	Bl. 11	200 cu. yds.	-	50.00
189	Frank Montgomery	Caliche	Andrews	Bl. 9	984 cu. yds.	-	246.00
1536	Tri-Cities Broadcasting Co.	Microwave Station Site	Hudspeth	Sec. 44, Bl. G	250' x 250'	10/1/60-9/30/70	1,000.00

PROPOSED AMENDMENTS TO REQUIRED OPERATING AND REPORTING PROCEDURES UNDER UNIVERSITY OIL AND GAS LEASES AND UNDER GEOPHYSICAL EXPLORATION PERMITS.--
The Required Operating and Reporting Procedures under University Oil and Gas Leases and under Geophysical Exploration Permits are subject to approval by both the Board for Lease of University Lands and the Board of Regents. Revisions and amendments to certain of the procedures were approved by the Board for Lease of University Lands at its meeting of September 22, 1960 upon recommendation of the University Staff. The revisions approved by that Board are as follows:

1. Rule I.A.3 - Reporting of Production Separately for Oil and for Gas by Producing Horizons.
2. Rule I.A.4.a.(1) - Exclusion of Railroad Commission "EB" Reports from Production Data to be Filed.
3. Rule I.A.4.a.(2) - Inclusion of Data on LACT Units, Commingling of Production and Vapor Recovery Units in the Production Data to be Filed, in Addition to Data on Common Tankage.
4. Rule I.A.4.c - Allowance of a Volume Credit but not a Dollar Cost Basis Credit, for Injected and/or Recovered Substances Used in Fracturing or Otherwise Treating Wells.
5. Rule I.A.7 - A new provision setting forth Procedure to be Followed upon Abandonment of Producing Leases.
6. Rule I.B.4 - A new provision outlining meter data to be filed.
7. Rule II.D.1.b. Groups 2 and 3 - Change in Depth of Pattern Control Holes Drilled in Seismic Operations.

The Required Operating and Reporting Procedures which will become effective October 22, 1960, if the above revisions are approved by the Board of Regents, are attached to this docket as Appendix A. Approval is recommended.

EXTENSION OF BUSINESS SITE EASEMENT NO. 1460, LLOYD M. BENTSEN AND ELMER C. BENTSEN, REAGAN COUNTY.--Business Site Easement No. 1460 was issued to Noble Holt for a 3-year period, May 1, 1960 through April 30, 1963, covering a tract 600' x 415' in Section 7, Block 11, Reagan County for a drive-in theater. Annual rental is \$500 per year payable in advance. The easement was assigned by Mr. Holt to M. F. Klose and by Mr. Klose to the Messrs. Bentsen at the September 24, 1960 meeting of the Board of Regents. Mr. Lloyd M. Bentsen and Mr. Elmer C. Bentsen have now made application for an extension of the lease for an additional 7-year period, May 1, 1963 through April 30, 1970, at an annual rental of \$1,000 per year payable in advance. Approval is recommended with the Chairman authorized to execute the instrument when approved as to form by the Land and Trust Attorney and as to content by the Endowment Officer.

ASSIGNMENT OF GRAZING LEASE NO. 718 TO NEWNHAM & WHITTENBURG FROM CHARLES J. COX, PECOS COUNTY.--This application covers assignment of Grazing Lease No. 718 to Newnham & Whittenburg from Charles J. Cox on 4,530 acres in Blocks 27 and 28, Pecos County for the remaining period of the lease. The lease was granted for the 5-year period July 1, 1957 through June 30, 1962 at the annual rate of \$0.22 per acre for the first 6 months and \$0.30 per acre for the remaining 4½ years. Semiannual rental, due January 1 and July 1 of each year from the Assignee, is \$679.50. Assignment bonus of \$700 and General Land Office filing fee of \$1.00 have been received.

WATER EXPLORATION PERMIT NO. 89, HORIZON LAND COMPANY, BLOCK L, EL PASO COUNTY.--The University has from Horizon Land Company, developers of Horizon City east of El Paso, a proposal for a water exploration permit on Block L, University Lands, El Paso County, comprising approximately 11,520 acres, for possible lease of water rights to serve Horizon City. Horizon Land Company will pay a fee of \$1,000 to the University for the permit, will be responsible for surface damages, and will furnish the University all exploration data. The permit will run for a term of 2 years and will allow Horizon Land Company priority for negotiation of a water lease within that period, all terms of the lease to be subject to negotiation. It is recommended that the Board of Regents accept this proposal and authorize the execution of the permit when approved as to form by the Land and Trust Attorney and as to content by the Endowment Officer.

TRUST AND SPECIAL FUNDS -- INVESTMENT MATTERS.--

REPORT OF PURCHASES, EXCHANGES AND SALES OF SECURITIES.--The following purchases, exchanges and sales of securities have been made for the Trust and Special Funds since the meeting of September 24, 1960. We ask that the Board ratify and approve these transactions:

PURCHASES OF SECURITIES

<u>Date</u>	<u>Security</u>	<u>Principal Cost</u>
9/26/60	\$9,000 par value U. S. 4% Treasury Bonds, due October 1, 1969, purchased at 102.6875 Net to yield 3.64% to maturity (Texas Western College of The University of Texas - Reserve Fund (Dormitory Revenue) Bonds - Series 1946)	\$ 9,241.88
9/27/60	200 Shares The Chase Manhattan Bank Capital Stock, purchased at 58-7/8 Net	11,775.00
	200 Shares General Foods Corporation Common Stock, purchased at 65-3/8	13,166.08
	100 Shares Libbey-Owens-Ford Glass Company Common Stock, purchased at 49-3/8	4,981.19
	400 Shares Oklahoma Gas & Electric Company Common Stock, purchased at 32-1/2	13,141.00
	300 Shares Parke, Davis & Company Capital Stock, purchased at 39-3/4	12,041.64
	300 Shares Public Service Electric & Gas Company Common Stock, purchased at 40-1/4	12,192.39
	200 Shares Southern California Edison Company Common Stock, purchased at 60-1/4	12,140.06
	300 Shares Virginia Electric & Power Company Common Stock, purchased at 47 (Funds Grouped for Investment)	14,227.50
9/28/60	\$6,000 par value The Austin National Bank 3% Time Certificate of Deposit, dated September 28, 1960, due August 28, 1961 (Temporary Investment - Treador Trust Fund for Salary Supplementation of the School of Law)	6,000.00
9/30/60	200 Shares Texas Utilities Company Common Stock, purchased at 75-1/2	15,193.10
	300 Shares Bank of America National Trust & Savings Association Common Capital Stock, purchased at 44 Net (Funds Grouped for Investment)	13,200.00

EXCHANGES OF SECURITIES

<u>Date</u>	<u>Security</u>	<u>Book Value New Securities</u>
9/23/60	\$30,000 par value U. S. 2-1/2% Treasury Bonds, due December 15, 1968-63, exchanged for \$30,000 par value U. S. 3-1/2% Treasury Bonds, dated February 14, 1958, with interest from October 3, 1960, due February 15, 1990, allotted in full (Reserve for Possible Losses by Fire, etc., Temporary Student Housing Units)	\$ 29,615.63#
	\$150,000 par value Ditto (Temporary Investments - Division of Housing & Food Service - Major Repairs, Remodeling & Replacement & Operating Reserve Fund)	148,078.49#
	\$6,000 par value U. S. 2-1/2% Treasury Bonds, due December 15, 1969-64, exchanged for \$6,000 par value U. S. 3-1/2% Treasury Bonds, dated and bearing interest from October 3, 1960, due November 15, 1998, allotted in full (Student Property Deposit Scholarship Fund)	5,914.50#
	#Amortized book value as of June 15, 1960, of bonds surrendered for exchange.	

SALE OF SECURITY

<u>Date</u>	<u>Security</u>	<u>Net Proceeds</u>
9/8/60	\$5,000 par value U. S. 4-3/4% Treasury Notes of Series A-1964, due May 15, 1964, sold at 104.09375 Net with interest to September 9, 1960 (Gain on sale over book value \$1,193.64) (John H. Houghton Loan Fund)	\$5,280.20

SALES MADE BY THE SEALY & SMITH FOUNDATION
(Recommended by Staff Investment Committee)

<u>Date</u>	<u>Security</u>	<u>Net Proceeds</u>
9/14/60	560 Rights to subscribe for El Paso Natural Gas Company Common Stock (Based on holding of El Paso Natural Gas Company Common Stock)	\$ 218.71
	560 Shares El Paso Natural Gas Company Common Stock (Gain on sale over book value \$9,784.15) (Special Fund under Joint Control of The Sealy and Smith Foundation for the John Sealy Hospital and the Board of Regents of The University of Texas)	18,935.93

SPECIAL FUND UNDER JOINT CONTROL OF THE SEALY AND SMITH FOUNDATION FOR THE JOHN SEALY HOSPITAL AND THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS - RECOMMENDATION RE PARTIAL SALE OF HOLDINGS OF SOCONY MOBIL COMMON STOCK.--The Special Fund under the joint control of the Sealy & Smith Foundation and the Board of Regents held as of August 31, 1960, 9,375 shares of Socony Mobil Common Stock with a book value of \$233,734.56 or 24.93 per share, this holding representing 31.8% of the security portfolio for the Special Fund.

On June 30, 1951, the Special Fund held 15,300 shares of Socony Mobil Common Stock with a book value of \$480,000.00 or 31.37 per share, representing 65% of the security portfolio. At the July 25, 1951, meeting of the Board of Regents, approval was given to recommending to the Foundation that approximately one-half of the stock be sold. The Foundation subsequently sold 7,800 shares as follows: 7,400 shares at 33 and 400 shares at 33-1/8, total net proceeds \$254,993.90, the sale of the shares netting a small profit for the Special Fund. Since that time, various stock dividends and exercise of rights have increased the number of shares remaining to the present total as shown above.

Currently the common stock is selling around 37-7/8 (close September 30, 1960). It is recommended that the Board of Regents notify the Foundation that the Board approves sale of 4,000 shares of the presently held 9,375 shares of Socony Mobil Common Stock with the net proceeds to be reinvested in corporate securities to be suggested by the University's Staff Investment Committee and approved by the Foundation for purchase.

TRUST AND SPECIAL FUNDS -- GIFT, REQUEST AND ESTATE MATTERS.--

ESTATE OF HATTIE E. GAINES - AUTHORIZATION TO INTERVENE IN WILL CONTEST SUIT.--The will contest suit filed on behalf of the grandchildren of Mrs. Gaines against The Austin National Bank, as Independent Executor and Trustee under the Will, was reported to the Board of Regents at its September 19, 1958 meeting and again at the January 23, 1960 meeting. The University is a beneficiary under the Will for the establishment of the John Q. Gaines Foundation for Cancer Research. The University has not been joined in the suit, though the answer filed by The Austin National Bank urged that this be done, and authorization for such suit against the State was obtained on behalf of the grandchildren during the 1959 session of the Legislature. The matter has already been reviewed by the Attorney General, and it is recommended that the Board of Regents authorize its Land and Trust Attorney to request the Attorney General to intervene in the suit on behalf of the University.

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

MAIN UNIVERSITY - BRACKENRIDGE TRACT - RELEASE OF 11.637 ACRES FROM CITY OF AUSTIN MUNICIPAL GOLF COURSE LEASE FOR USE AS SITE OF PRESIDENT'S HOME.-- On September 24, 1960, the Board of Regents approved final plans and specifications for the President's home to be constructed on that part of the Brackenridge Tract lying at the intersection of Enfield Road and Exposition Boulevard, which site is covered by the Municipal Golf Course lease held by the City of Austin. The Golf Course Lease, subject to certain rights of cancellation on the part of the University, runs to March 30, 1987. Members of the staff have made arrangements with the City for a release of 11.637 acres of the tract to be used as the site of the President's home, and it is recommended that the Board of Regents authorize joinder by the University in such release with the appropriate instrument to be executed by the Chairman when approved as to form by the Land and Trust Attorney and as to content by the Endowment Officer.

HOGG FOUNDATION: VARNER PROPERTIES - REPORT ON CLOSING OF SALE TO A. S. KOEHLER OF SENS PROPERTY, MILAM AND CONGRESS, HOUSTON, TEXAS.-- Sale of Lots 1 and 2, Block 18, SSBB, City of Houston, known as the Sens Property for \$40,000 cash, to A. S. Koehler, with commission of \$2,000 payable to Mitchell Koppel, was authorized by the Board of Regents on July 13, 1960, with an amendment to that action on September 24. This sale was closed on September 30 by delivery of deed from the University dated September 23, receipt of \$40,000 by the University, and payment by the University of \$2,000 commission to Mr. Koppel.

HOGG FOUNDATION: VARNER PROPERTIES, ROSSONIAN PROPERTY ON WALKER AVENUE BETWEEN FANNIN AND SAN JACINTO, HOUSTON, TEXAS - PROPOSAL FROM MR. MELVIN SILVERMAN FOR OPTION TO PURCHASE.--Mr. Melvin Silverman, a responsible developer, of Houston proposes that the Board of Regents grant him a 90-day option to purchase the property on Walker Avenue, known as the Rossonian Property, for \$1,000,000 cash. Mr. Silverman offers no cash consideration for this option, stating that he needs it in an effort to arrange plans and financing for development of the property.

This property was acquired in the Varner Company transaction in 1952 and was carried in that transaction at a value of \$900,000, which is the University's book value on the property. It is under lease to Classified Parking System to March 31, 1962 at \$4,000 per month plus 50 per cent of annual gross income over \$75,000. Reports on gross income indicate that no rental above the guaranteed monthly rental will be received during the term of this lease. Thus return, before Unrelated Business Income Tax, to the University on book value is 5.333 per cent. Return on the proposed option price would be 4.8 per cent.

The property was appraised in October, 1959 at a value of \$950,000 by Mr. Neville Allison.

The property consists of Lots 6-10, inclusive, Block 134, SSBB, running 250 feet on Walker Avenue across the entire block and extending 100 feet in depth on Fannin and San Jacinto Streets. It is one block from the new First City National Bank building and is across the street from the present First City National Bank property which has recently been acquired by Texas Eastern Pipe Line Company.

It is recommended that the Board of Regents grant Mr. Silverman an option for 90 days to purchase this property for \$_____ cash, with Mr. Silverman to pay \$_____ for this option (blanks to be filled in at meeting of the Land and Investment Committee). It is further recommended that, upon notice of exercise of the option and deposit with the University of \$50,000 as earnest money, that the Chairman of the Board of Regents be authorized to execute a contract of sale with Mr. Silverman when approved as to form by the Land and Trust Attorney and as to content by the Endowment Officer.

POLICIES GOVERNING
PERMANENT UNIVERSITY FUND OF THE UNIVERSITY OF TEXAS
INVESTMENT PROGRAM

(As adopted by the Board of Regents of The University of Texas on January 12, 1957, pursuant to the provisions of a self-enacting amendment to Section 11a, Article VII, Constitution of the State of Texas, which was approved at the General Election of November 6, 1956; and as subsequently amended through October 22, 1960.)

PERMANENT UNIVERSITY FUND OF THE UNIVERSITY OF TEXAS
INVESTMENT PROGRAM

Investment Requirements

I. Change in Investment Restrictions:

Constitution and subsequent interpretations of the Attorney General --

Authorize placing up to 50% of the total Permanent University Fund in --

Corporate bonds and stocks

Remainder to be invested in --

Government securities issued by --

The United States, State of Texas, and Texas Municipalities

II. Nature of the Permanent University Fund:

A perpetual endowment fund --

Principal cannot be expended for any purpose other than --

To purchase investment securities

Trading profits and losses to be credited and charged
to principal

It follows that liquidity and marketability are of little relative
importance in the selection of investment securities

Tax exemption is of no value

The size of the income return (especially cash income) is of major
importance

Because a permanent endowment fund --

The volume of switching transactions would normally be small --

Switches made only --

To improve quality, i.e., to get out of a deteriorating
situation or to improve yields where offsetting losses
would not be too great

III. Investment Objectives:

A. Safety of principal, to be accomplished by --

1. Emphasis on quality --

Minimum quality standards as to all but United States
Government securities

Continuous review after purchase

2. Diversification, especially as to corporate securities

B. High income return consistent with safety requirement

Policies Governing Investment in Corporate and Government Securities

I. Investment of Cash:

A. To be limited exclusively to corporate securities until the Permanent University Fund's distribution as to types is as follows (the percentages to be based on book value--cost or amortized cost--of all securities purchased) --

Government Securities (Issued by the United States, State of Texas, and Texas Municipalities)	50%
Corporate Bonds (including rail equipment trust certificates) and Preferred Stocks.	10
Common Stocks.	40

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

1. Temporary investment in United States Treasury Bills is authorized when a large amount of cash is received (for example, from bonus payments on mineral leases or from bond maturities), with the object of earning some income pending orderly investment of the funds in corporate securities. Such purchases of Treasury Bills are to be made at the discretion of the Staff Investment Committee.
2. Exchange of United States Treasury securities held by the Fund into refunding offers made by the Treasury Department is authorized, provided that those Treasury securities maturing prior to 1965 are not to be exchanged for Treasury securities with maturities extending beyond 1965. Such exchanges are to be made at the discretion of the Staff Investment Committee.

C. Any amendments to the above investment limitations or to the following investment policies require specific approval of the Board of Regents.

II. Sources of Funds for the Purchase of Corporate Securities:

A. New money paid into the Permanent University Fund from --

1. Royalties (oil, gas, water, etc.)
2. Bonus payments from sale of mineral leases
3. Mineral lease rentals

B. Proceeds from maturities of government securities

C. Proceeds from authorized sales of corporate and/or government securities --

1. It is not contemplated that government bond holdings will be sold in order to provide funds for the purchase of corporate securities. However, such sales may be authorized by the Board of Regents when government bonds can be sold advantageously.

III. Investment Standards and Diversification Patterns:

A. The sections following entitled "Minimum Investment Standards to Determine Eligibility for Purchase" and "Investment Diversification Patterns" for corporate securities, as approved by the Board of Regents, are to be adhered to by the Staff Investment Committee.

Policies Governing Investment in Corporate and Government Securities
(Continued)

IV. Eligibility for Specific Corporate Securities:

A. To be eligible for purchase, corporate bonds (including bonds issued by wholly-owned subsidiaries), preferred stocks, and common stocks must be issued by corporations which have been formally approved by the Board of Regents, as listed under the section entitled "Procedures," beginning on page 10, except as noted in Section IV. B, following:

B. Corporate bonds issued by corporations not on the approved list as outlined in IV. A. above must meet both the requirements of the Constitutional Amendment and the financial statement ratio standards and price requirement of the policy as formally approved by the Board of Regents as detailed below:

1. Constitutional Amendment Requirements --

- a. Company must be incorporated within the United States.
- b. Not more than 1% of the Permanent University Fund may be invested at any one time in securities issued by any one corporation.

2. Rating Requirement --

- a. Bonds must be rated "A" or higher by either Moody's or Standard & Poor's, with the following exception:

Bonds offered by private placement, by custom not rated, will carry the same rating as comparable bonds issued by the same company which have been rated "A" or better.

3. Financial Statement Ratio Standards --

- a. Funded Debt to Book Value of Total Investment --

Public Utilities - not to exceed 55%
Railroads - not to exceed 45%
Industrials - not to exceed 30%

- b. Times Bond Service Covered (before taxes) --

Public Utilities - average of at least 5 times during past 5 years
Railroads - average of at least 6 times during past 5 years
Industrials - average of at least 7 times during past 5 years

- c. Net Profit (after taxes) to Book Value of Total Investment --

Public Utilities and Financial Corporations - average of at least 4-1/2% during past 5 years
Railroads - average of at least 4-3/4% during past 5 years
Industrials - average of at least 6% during past 5 years

4. Price Requirement --

- a. Yield on corporate bonds must exceed the prevailing yield on the longest term Treasury Bond by at least 1/4%.

5. Approval by the Board of Regents --

Any corporate bond meeting the above requirements is approved by the Board of Regents for purchase either on original offering or in the secondary market.

Policies Governing Investment in Corporate and Government Securities
(Continued)

V. Dollar Cost Averaging Principle:

- A. Corporate securities are to be purchased on the dollar cost averaging principle, averaging to be based on industry groupings rather than on individual corporations --

That is --

1. When funds become available, securities are to be purchased without any attempt to appraise the short-term market trend; and
2. Although percentage allocations to the various industry groupings will be maintained substantially as approved, purchases of stocks of companies within each industry group will be weighted in favor of the companies considered to have better than average long-term investment merit and growth potentials. Size becomes a factor in weighting only when considered in relation to the Constitutional Amendment restriction that not more than 5% of the voting stock of any one corporation may be owned by the Permanent University Fund at any one time.

VI. Policies with Respect to Purchases and Sales of Corporate and Government Securities:

- A. As funds become available, the Endowment Office is authorized to purchase corporate and government securities within the policies and program as approved by the Board of Regents.
- B. Sales of corporate and government securities, except for sales of temporary investments in Treasury Bills, require prior approval of the Board of Regents. Liquidation of Treasury Bills prior to maturity is to be made at the discretion of the Staff Investment Committee. After approval by the Board of Regents, the Endowment Office is empowered to effect the authorized sales.
- C. All purchases and sales of corporate and government securities shall be reported through the Regents' Land and Investment Committee to the Board of Regents at the next following meeting for ratification and approval.

VII. Policies with Respect to Stock Rights, Fractional Shares and Proxies:

- A. As a general rule, stocks rights received are to be exercised. In each instance, exercise or sale of the rights is to be made at the discretion of the Staff Investment Committee.
- B. As a general rule, fractional shares received from stock dividends, etc., are to be sold. In each instance, the decision to round out fractional shares or to sell will be made by the Staff Investment Committee.
- C. With few exceptions, voting stocks held are to be voted by returning proxies to present management. Exceptions require approval of the Board of Regents.

Minimum Investment Standards to Determine Eligibility for Purchase

I. As to Quality:

- *A. Stocks must be issued by companies incorporated within the United States.
- *B. Except for bank and insurance shares, stocks must be listed on a registered security exchange.
- *C. Stock must have an unbroken dividend record over the preceding ten years.
- D. Issuer must be one of the leading corporations in its industry.
- *E. Not more than 1% of the Permanent University Fund may be invested at any one time in securities issued by any one corporation.
- *F. Not more than 5% of the voting stock in any one corporation may be owned by the Permanent University Fund at any one time.
- G. Corporate bonds must be rated "A" or higher by either Moody's or Standard & Poor's.
- H. The corporation must measure up to the following minimum financial statement ratio standards. (These standards apply to initial purchase only. If after purchase, a corporation should drop below the minimum levels, the Staff Investment Committee will decide whether or not to recommend sale of the corporation's securities held by the Fund.) --

1. Bonded Debt to Book Value of Total Investment# --

- Public Utilities - not to exceed 55%
- Railroads - not to exceed 45%
- Industrials - not to exceed 30%

#Total Investment is Fixed Liabilities plus Net Worth.

2. Times Bond Service Covered (before taxes) --

- Public Utilities - average of at least 5 times during past 5 years
- Railroads - average of at least 6 times during past 5 years
- Industrials - average of at least 7 times during past 5 years

3. Net Profit (after taxes) to Book Value of Total Investment --

- Public Utilities and Financial Corporations - average of at least 4-1/2% during past 5 years
- Railroads - average of at least 4-3/4% during past 5 years
- Industrials - average of at least 6% during past 5 years

*Required by provisions of Constitutional Amendment authorizing investment in corporate securities for the Permanent University Fund.

II. As to Price:

- A. As a general rule, corporate bonds and preferred stocks will be purchased to the extent possible at yields to exceed the yield on the longest term Treasury Bond by the following minimum margins:

Corporate Bonds - 1/4%

Preferred Stocks - 1/2%

Investment Diversification Patterns

I. Size of Permanent University Fund when Investment Diversification Patterns Become in Balance:

That is, 50% in Government Securities and 50% in Corporate Securities

Assumptions (From September 1, 1960 through August 31, 1968) --

	<u>Millions</u>
Size of Permanent University Fund as of August 31, 1960	\$350
<u>Add --</u>	
Estimated Additions (new money and profit from sales of securities) for Next Eight Years - at Average Annual Rate of \$19 Million.	<u>152</u>
Estimated Total Size of Permanent University Fund as of August 31, 1968	<u>\$502</u>

Broad Investment Diversification Patterns --

Total Government Securities Held as of August 31, 1960.	\$272
<u>Deduct --</u>	
Government Security Maturities through August 31, 1968	<u>18</u>
Total Government Securities to Be Held as of August 31, 1968	<u>254</u>
Total Corporate Securities Held as of August 31, 1960	78
<u>Add --</u>	
Investment of All Additions Estimated to Be Received through August 31, 1968, in Corporate Securities	152
Reinvestment of All Government Security Maturities through August 31, 1968, in Corporate Securities	<u>18</u>
Estimated Total Corporate Securities to Be Held as of August 31, 1968	<u>248</u>
Estimated Total to Be Held in All Securities as of August 31, 1968	<u>\$502</u>

Broad Investment Diversification Patterns Balance --

If above assumptions are realized, the broad diversification patterns balance would be achieved early in the 1968-69 fiscal year --

When the Permanent University Fund reaches over \$502 million

When the balance is achieved, purchases in all classes of securities, including government securities in all eligible categories, would be resumed so as to maintain the balance as required by the Constitutional Amendment of at least 50% in government securities.

II. Investment Diversification Patterns by Types of Securities:

When the Permanent University Fund reaches an approximate total of \$500,000,000 --

	<u>Total Approximate Amount</u>	<u>Per Cent</u>
A. United States Government Securities and Texas Municipal Bonds	\$250,000,000	50%
B. Corporate Bonds and Preferred Stocks.	50,000,000	10
C. Common Stocks	<u>200,000,000</u>	<u>40</u>
Totals.	<u>\$500,000,000</u>	<u>100%</u>

Investment Diversification Patterns
(Continued)

III. Corporate Bonds and Preferred Stocks Broad Diversification Patterns:

Based on estimated total of \$50,000,000 in corporate bonds and preferred stocks --

Investment of about \$500,000 or \$250,000 each purchase,
depending upon size of individual issue

	<u>No. Issues</u>	<u>Total Approximate Amount</u>	<u>Per Cent</u>
A. Industrials	15	\$ 7,500,000	15%
B. Public Utilities.	120	40,000,000	80
C. Railroads (including rail equipment).	2	1,000,000	2
D. Finance Companies	<u>3</u>	<u>1,500,000</u>	<u>3</u>
Totals	<u>140</u>	<u>\$50,000,000</u>	<u>100%</u>

IV. Common Stocks Broad Diversification Patterns:

Based on estimated total of \$200,000,000 in common stocks --

Average investment of about \$50,000 each purchase in common stocks
of all companies except banks and insurance companies where each
purchase averages about \$20,000.

Total amount invested in common stock of each company depends upon
the weight assigned to each company within a particular industry
group, weights being subject to change at any time when deemed
advisable by Staff Investment Committee

	<u>No. Issues</u>	<u>Total Approximate Amount</u>	<u>Per Cent</u>
A. Industrials	76	\$127,000,000	63.5%
B. Public Utilities.	28	48,000,000	24.0
C. Railroads	3	4,000,000	2.0
D. Financial Corporations.	<u>29</u>	<u>21,000,000</u>	<u>10.5</u>
Totals	<u>136</u>	<u>\$200,000,000</u>	<u>100.0%</u>

Investment Diversification Patterns
(Continued)

V. Common Stocks Diversification Patterns by Industries:

Based on per cent of total common stocks --

A. Industrials (Based on total of \$127,000,000)

	<u>No.</u> <u>Issues</u>	<u>Total</u> <u>Approximate</u> <u>Amount</u>	<u>Per Cent</u>
<u>Group I</u> (Earning Power Stable - 25.0%)			
1. Food and Household.	7	\$ 12,000,000	6.0%
2. Chemical Products	6	10,000,000	5.0
3. Containers.	3	4,000,000	2.0
4. Paper Products.	5	6,000,000	3.0
5. Retail Trade (Merchandising).	4	6,000,000	3.0
6. Tobacco Products.	2	3,000,000	1.5
7. Drugs	5	9,000,000	4.5
Sub-Total - Group I	(32)	(50,000,000)	(25.0)
<u>Group II</u> (Some Variation in Earning Power - 23.0%)			
1. Air Transport	0	-	-
2. Building Materials.	5	\$ 10,000,000	5.0%
3. Electrical - Electronic	5	10,000,000	5.0
4. Office Equipment.	3	6,000,000	3.0
5. Petroleum Products.	9	16,000,000	8.0
6. Synthetic Fibres and Textiles	0	-	-
7. Tires and Rubber Products	3	4,000,000	2.0
Sub-Total - Group II.	(25)	(46,000,000)	(23.0)
<u>Group III</u> (Considerable Variation in Earning Power - 11.0%)			
1. Autos & Auto Parts.	3	\$ 5,000,000	2.5%
2. Machinery & Equipment	3	4,000,000	2.0
3. Metals - Nonferrous	3	3,000,000	1.5
4. Steel and Iron.	5	10,000,000	5.0
Sub-Total - Group III	(14)	(22,000,000)	(11.0)
<u>Group IV</u> (Miscellaneous)	(5)	(9,000,000)	(4.5)
Totals - Industrials	<u>76</u>	<u>127,000,000</u>	<u>63.5</u>

Investment Diversification Patterns
(Continued)

V. Common Stocks Diversification Patterns by Industries:
(Continued)

B. Public Utilities (Based on total of \$48,000,000)

	<u>No.</u> <u>Issues</u>	<u>Total</u> <u>Approximate</u> <u>Amount</u>	<u>Per Cent</u>
1. Light and Power	26	\$ 44,000,000	22.0%
2. Gas Service and Transmission.	0	-	-
3. Telephone and Telegraph	<u>2</u>	<u>4,000,000</u>	<u>2.0</u>
Totals - Public Utilities.	<u>28</u>	<u>48,000,000</u>	<u>24.0</u>

C. Railroads (Based on total of \$4,000,000).

.	<u>3</u>	<u>\$ 4,000,000</u>	<u>2.0%</u>
-----------	----------	---------------------	-------------

D. Financial Corporations (Based on total of \$21,000,000)

1. Banks	15	\$ 11,000,000	5.5%
2. Fire & Casualty Insurance Cos.	6	3,000,000	1.5
3. Life Insurance Companies.	5	3,000,000	1.5
4. Finance Companies	3	4,000,000	2.0
5. Mutual Funds.	<u>0</u>	<u>-</u>	<u>-</u>
Totals - Financial Corporations.	<u>29</u>	<u>21,000,000</u>	<u>10.5</u>
TOTALS - ALL CORPORATIONS	<u>136</u>	<u>\$200,000,000</u>	<u>100.0%</u>

Procedures

I. Changes in Investment Policies and in Lists of Approved Corporations and of Approved Broker-Dealer Firms:

A. To be initiated by the Staff Investment Committee and requiring approval of the Chairman of the Committee --

1. Comprised of --

Vice Chancellor (Fiscal Affairs), Chairman
Endowment Officer
Assistant to the Endowment Officer

B. Recommended changes to be submitted through the Regents' Land and Investment Committee to the Board of Regents for approval

C. Investment Advisory Committee --

1. Comprised of --

Four members selected from the investment and trust department staffs of the larger commercial banks in Texas, from the investment department staffs of the larger life insurance companies in Texas, and from financial officers of public utility corporations in Texas.

2. Selection procedure --

Recommended by the Vice Chancellor (Fiscal Affairs) --

Approved by the Board of Regents

3. Meetings -- Quarterly beginning March 1, 1957

4. Functions --

To advise Staff Investment Committee concerning recommendations as to --

Changes in investment policies and procedures
Changes in list of approved corporations
Changes in security purchase and sale patterns

5. Consultant Fee -- \$100 each member per meeting attended

6. Term -- Four-year rotation system with the term of one member expiring each August 31

II. Purchases and Sales of Corporate and Government Securities:

A. The Staff Investment Committee is empowered to determine the following --

1. The weights to be assigned to the companies within each industry group for the purchase of common stocks

2. The specific corporate and government securities to be purchased and the timing of such purchases as cash becomes available for investment

3. The timing of sales authorized by the Board of Regents

B. Decisions of the Staff Investment Committee shall be by majority vote, with the vote of the Chairman decisive. In the absence of the Chairman, the Endowment Officer shall serve as Acting Chairman of the Committee.

C. The specific issues of corporate and government securities purchased are to be presented to the next subsequent meeting through the Regents' Land and Investment Committee to the Board of Regents for ratification and approval.

Procedures
(Continued)

II. Approved List of Corporations for Bonds, Common and Preferred Stock Purchases
(As approved through July 2, 1960)

A. INDUSTRIAL CORPORATIONS --

Group I (Earning power stable - 25.0%)

1. Food and Household:

Borden Company, The
Coca-Cola Company, The
Corn Products Company
General Foods Corporation
National Biscuit Company
National Dairy Products Corporation
Procter & Gamble Company, The

2. Chemical Products:

Allied Chemical Corporation
American Cyanamid Company
Dow Chemical Company, The
E. I. du Pont de Nemours & Company
Monsanto Chemical Company
Union Carbide Corporation

3. Containers:

American Can Company
Continental Can Company, Inc.
Owens-Illinois Glass Company

4. Paper Products:

Crown Zellerbach Company
International Paper Company
Kimberly-Clark Corporation
Scott Paper Company
Union Bag-Camp Paper Corporation

5. Retail Trade (Merchandising):

Federated Department Stores, Inc.
Kroger Co., The
J. C. Penney Company, Inc.
Sears, Roebuck and Company

6. Tobacco Products:

American Tobacco Company, The
R. J. Reynolds Tobacco Company

7. Drugs:

American Home Products Corporation
Merck and Company
Parke, Davis & Company
Chas. Pfizer & Company, Inc.
Smith Kline & French Laboratories, Inc.

Procedures
(Continued)

II. Approved List of Corporations for Bonds, Common and Preferred Stock Purchases (75.5%)
(As approved through July 2, 1960) (Continued)

A. INDUSTRIAL CORPORATIONS (Continued) --

Group II (Some Variation in earning power - 23.0%)

1. Air Transport - None

2. Building Materials:

Armstrong Cork Company
Johns-Manville Corporation
Otis Elevator Company
Pittsburgh Plate Glass Company
U. S. Gypsum Company

3. Electrical - Electronic:

Bendix Corporation, The
General Electric Company
Minneapolis-Honeywell Regulator Company
McGraw-Edison Company
Westinghouse Electric Corporation

4. Office Equipment:

Addressograph-Multigraph Corporation
International Business Machines Corporation
National Cash Register Company, The

5. Petroleum Products:

Continental Oil Company (Delaware)
Gulf Oil Corporation
Phillips Petroleum Company
Shell Oil Company
Sinclair Oil Corporation
Socony Mobil Oil Company, Inc.
Standard Oil Company of California
Standard Oil Company (New Jersey)
Texaco Inc.

6. Synthetic Fibres and Textiles - None.

7. Tires and Rubber:

Firestone Tire & Rubber Company, The
B. F. Goodrich Company, The
Goodyear Tire and Rubber Company, The

Procedures
(Continued)

II. Approved List of Corporations for Bonds, Common and Preferred Stock Purchases (cont.)
(As approved through July 2, 1960) (Continued)

A. INDUSTRIAL CORPORATIONS (Continued) --

Group III (Considerable variation in earning power - 11.0%)

1. Autos and Auto Parts:

Ford Motor Company
General Motors Corporation
Libbey-Owens-Ford Glass Company

2. Machinery & Equipment:

Caterpillar Tractor Co.
Ex-Cell-O Corporation
Ingersoll-Rand Company

3. Metals - Nonferrous:

Aluminum Company of America
American Smelting & Refining Company
Kennecott Copper Corporation

4. Steel and Iron:

Armco Steel Corporation
Bethlehem Steel Corporation
Inland Steel Company
Republic Steel Corporation
United States Steel Corporation

Group IV (Miscellaneous)
(4.5%)

Corning Glass Works
Eastman Kodak Company
Minnesota Mining & Manufacturing Company
National Lead Company
General American Transportation Corporation

Procedures
(Continued)

II. Approved List of Corporations for Bonds, Common and Preferred Stock Purchases
(As approved through July 2, 1960)(Continued)

B. PUBLIC UTILITY CORPORATIONS --

1. Light and Power - (22.0%):

American Electric Power Company, Inc.
Baltimore Gas and Electric Company
Carolina Power and Light Company
Central and South West Corporation
Cincinnati Gas and Electric Company, The

Cleveland Electric Illuminating Company
Commonwealth Edison Company
Consumers Power Company
Detroit Edison Company, The
Florida Power and Light Company

Gulf States Utilities Company
Houston Lighting & Power Company
Ohio Edison Company
Oklahoma Gas and Electric Company
Pacific Gas and Electric Company

Philadelphia Electric Company
Potomac Electric Power Company
Public Service Company of Colorado
Public Service Electric and Gas Company
Public Service Company of Indiana, Inc.

Southern Company, The
Southern California Edison Company
Texas Utilities Company
Utah Power & Light Company
Virginia Electric & Power Company
Wisconsin Electric Power Company

2. Gas Service and Gas Transmission - (None)

3. Telephone and Telegraph Service - (2.0%):

American Telephone and Telegraph Company
General Telephone & Electronics Corporation

C. RAILROADS -- (2.0%):

Atchison, Topeka & Santa Fe Railway Company, The
Norfolk & Western Railway Company
Union Pacific Railroad Company

Procedures
(Continued)

II. Approved List of Corporations for Bonds, Common and Preferred Stock Purchases (2011)
(As approved through July 2, 1960) (Continued)

D. FINANCIAL CORPORATIONS --

1. Banks - (5.5%):

a. New York City Banks:

Bankers Trust Company
Chase Manhattan Bank
Chemical Bank New York Trust Company
First National City Bank of New York, The
Marine Midland Corporation

b. Other Eastern Banks:

First National Bank of Boston, The
Mellon National Bank and Trust Company (Pittsburgh, Pa.)

c. Middle West Banks:

Continental Illinois National Bank & Trust Co. of Chicago
First National Bank of Chicago, The
National Bank of Detroit

d. Southwest Banks:

First National Bank in Dallas
First City National Bank of Houston
Republic National Bank of Dallas

e. Pacific Coast Banks:

Bank of America National Trust & Savings Association
(San Francisco, Calif.)
Security First National Bank (Los Angeles, Calif.)

2. Finance Companies - (2.0%):

C. I. T. Financial Corporation
Commercial Credit Company
Household Finance Corporation

3. Fire and Casualty Insurance Companies - (1.5%):

Continental Casualty Company
Federal Insurance Company
Hartford Fire Insurance Company
Insurance Company of North America
St. Paul Fire & Marine Insurance Company
United States Fidelity and Guaranty Company (Baltimore, Md.)

4. Life Insurance Companies - (1.5%):

Aetna Life Insurance Company
Connecticut General Life Insurance Company
Lincoln National Life Insurance Company
National Life & Accident Insurance Company, The (Nashville, Tenn.)
Travelers Insurance Company, The

Procedures
(Continued)

III. Purchase (and Sale) of Securities:

A. Individuals Authorized to Place Purchase and Sale Orders --

In the order as listed below --

Assistant to the Endowment Officer
Senior Security Analyst
Endowment Officer
Vice Chancellor (Fiscal Affairs)

B. Orders Placed --

Through broker and dealer firms on the approved list --

At the discretion of the Endowment Office, orders to be placed either with the main office of the New York Stock Exchange member firm or with a local Texas office (bona fide branch office or Texas firm correspondent).

The firm to allocate commission fees to its offices and correspondents in Texas, if any.

In the case of unlisted securities and secondary offerings --

Whenever practicable, two approximately simultaneous offers will be taken.

IV. Selection of Security Brokers and Dealers:

A. Objectives --

1. To obtain sound information and advice
2. To get the best possible price
3. To obtain efficient handling of orders
4. To distribute the business fairly --

Among a limited number of firms which can render exceptional service

B. Criteria for Selection --

1. Well-established and well-regarded firms, with adequate capital financing
2. With very few exceptions, members of the New York Stock Exchange
3. Firms operating excellent research departments

C. Selection procedure --

1. Recommended by Staff Investment Committee --

Approved by the Board of Regents

APPENDIX A

THE UNIVERSITY OF TEXAS
PERMANENT UNIVERSITY FUND LANDS

REQUIRED OPERATING AND REPORTING PROCEDURES UNDER UNIVERSITY OIL AND GAS LEASES
AND UNDER GEOPHYSICAL EXPLORATION PERMITS
(October 22, 1960)

There follows a listing of certain required operating and reporting procedures under University of Texas oil and gas leases and under geophysical exploration permits on Permanent University Fund Lands. These requirements have been set out by the Board of Regents of The University of Texas and the Board for Lease of University Lands in accordance with the terms of the leases, the permits, and the Laws of the State of Texas and the terms thereof which authorize the promulgation of such rules and regulations as will best protect the University, its lands, and the income therefrom:

I. O I L A N D G A S L E A S E S:

A. I N F O R M A T I O N T O B E M A I L E D T O:

Commissioner of the General Land Office
Land Office Building
Austin 14, Texas

1. Notice of Intention to Drill.--This notice is to be filed before, or coincidental with, the commencement of operations on each well drilled on the lease, accompanied by a plat showing the location of such well or wells. Copy of Railroad Commission Form 1 will satisfy this requirement.
2. Log of Well and Statement of Condition.--A complete log of the well and statement of condition upon completion is to be filed within thirty (30) days after completion as a producer or within thirty (30) days after plugging if well is dry. Copy of Railroad Commission Form 2 or 2-A will comply with this requirement.
3. Affidavit of Production.--Separate sworn monthly statements for oil and for gas for each producing horizon shall be filed not later than the 20th day of the month following the month in which production is secured, showing the amount of oil and/or gas produced in any manner, and sold, used, or wasted, during the previous month and the market value of the oil and/or gas. Printed forms of such monthly statements are available from the General Land Office.
4. Production Records.--
 - a. The following are to be filed after the lease is on production basis, or if oil or gas be produced while drilling, and not later than the 20th day of the month immediately following the month during which such production was secured:
 - (1) Copies of all daily gauge reports, pipe line or truck transport run tickets, both actual or void; or meter readings, the pipe line statement for oil or condensate sold, used, lost, or moved off the lease; invoices for the trucking of oil or condensate where the cost thereof reduces the royalty valuation; gas statements; a copy of the Railroad Commission's Form 3-266-A; and any other memoranda pertaining to the production and sale, use or loss of oil and/or gas. The term memoranda as used herein does not include Railroad Commission "EB" reports. Please do NOT transmit any Railroad Commission forms other than those cited on this page to the above address.

OIL AND GAS LEASES - continued

- (2) Common tankage, Commingling, LACT Equipment and Vapor Recovery Units.--Applications for permission to utilize common tankage or commingling, or to install and utilize Lease Automatic Custody Transfer equipment and/or Vapor Recovery units must be filed in accordance with the Board for Lease regulations pertaining to the same. Copies of these regulations can be obtained from the Secretary of the Board for Lease of University Lands or from the Geologist-in-Charge of University Lands.
- b. The following are to be filed as soon as each becomes available:
- (1) Tank Tables, and any revision thereof.
 - (2) Copies of any contracts made for the sale of gas; or contracts made for trucking oil, if the cost thereof will be charged against the royalty valuation of the oil sold.
 - (3) Notice of cessation of all production of oil and/or gas from a University lease.
 - (4) Correction run tickets, whenever issued.
- c. Affidavits of ownership for oil or any other substances brought onto a lease which will be commingled with oil produced from the lease for use in fracturing or otherwise treating a well; such affidavit to set forth the nature and volume of said substance. Where outside lessee-owned substances are injected into a well, lessee may take credit for a similar volume of like substances actually recovered. Credit will not be allowed on a dollar basis for the cost for such injected and/or recovered substances. Royalty is due and owing and shall be paid where oil is removed from a tank for use on the same lease. Subsequent credit may be claimed by affidavit of ownership.
5. Assignments.--Assignment of the rights acquired under an oil and gas lease on University Lands are governed by the provisions of the statute and amendments thereof under which the particular lease was issued. No assignment may be made to cover less than forty (40) acres, unless there are less than forty (40) acres remaining in any survey, in which case such lesser area may be assigned. Every assignment must be properly recorded in the county or counties in which the area assigned lies before presenting it to the General Land Office for filing. A fee of One Dollar (\$1.00) is required by the General Land Office for filing each assignment. However, all leases issued under Chapter 282, 41st Legislature, Regular Session, 1929, and amendments thereof, specifically provide that all assignments of leases issued thereunder are to be recorded in the county or counties in which the area may be situated; and the original assignment or a certified copy of the assignment from the County Clerk of the county or counties in which the land is situated is to be filed in the General Land Office within one hundred (100) days after the date of the first acknowledgment thereof, accompanied by a filing fee of One Dollar (\$1.00) for each instrument presented for filing, and ten cents (10¢) per acre for each acre assigned. If not so filed and payments so made, the assignment will not be effective.

Assignments of horizontal levels in a University oil and gas lease cannot be filed in the General Land Office, in accordance with statutory provisions. Such horizontal assignments are considered as contracts between the lessee and his assignee, and the State continues to look to the owner of record in the General Land Office for full compliance with the statutes and terms of the lease contract.

OIL AND GAS LEASES - continued

6. Relinquishments.--All rights to any whole lease and to any assigned portion thereof may be relinquished to the State at any time by having an instrument of relinquishment recorded in the county or counties in which the land may be situated and the original or a certified copy of the relinquishment filed in the General Land Office, accompanied by One Dollar (\$1.00) as a relinquishment fee for each area relinquished, an additional fee of One Dollar (\$1.00) is required for filing an instrument of relinquishment in the General Land Office. Such assignment or relinquishment will not relieve the owner of any past due obligations previously accrued thereon, nor impair the lessor's lien provided for in the lease.
7. Procedure to be Followed Upon Abandonment of Producing Leases:
 - a. Lessees shall file with the Commissioner of the General Land Office final affidavits of production, required supporting documents and all other papers theretofore required to be filed, and shall make payment in full of all sums owing under said lease. A copy of the letter transmitting such documents shall be mailed to the Auditor, Oil and Gas Production, The University of Texas, Land Office Building (State Archives and Library Building, after this department is moved to this building), Austin, Texas.
 - b. The Commissioner of the General Land Office shall, immediately upon receipt of the above documents and payments, determine if all sums due and owing under said lease have been paid in full and if there has been compliance with all statutory requirements. Whenever proper, and with the concurrence of the General Land Office, the Land and Title Registrar of The University of Texas, at the earliest practicable date, shall notify the Geologist-in-Charge of University Lands that all sums owing have been paid in full and of compliance with all statutory requirements. Letters to rectify irregularities by lessees shall be initiated by the Land and Title Registrar for the signature of the Commissioner of the General Land Office.
 - c. The Geologist-in-Charge, University Lands, upon receipt of the above information and when otherwise proper, shall, upon application therefor, issue his consent in writing to the lessee permitting abandonment of said lease.

B. INFORMATION TO BE MAILED TO:

University Lands @ Geology
Attention: Mr. Berte R. Haigh, Geologist-in-Charge
P. O. Drawer 553
Midland, Texas

1. One week's advance notice of any move-in must be reported in writing, giving the location of the well and the name and address of the operator. Where the lease is to be drilled under a farm-out arrangement, this should be so stated with the farm-out operator to be named and approved in advance of the actual move-in.
2. A copy of each and every form and/or document that pertains to the operation of the lease and is filed with the Texas Railroad Commission. These copies are to be filed with us within five (5) days if possible and in no event later than ten (10) days after the filing of the same, with the Commission.
3. Copies of the log of any electrical or radioactive surveys made on well or wells drilled to be filed if possible within fifteen days and in no event later than thirty (30) days after the running of the survey.

OIL AND GAS LEASES - continued

4. Meter calibration data reports as required in the Board for Lease of University Lands Common Tankage Regulations; copies of all LACT meter proving data reports; and all similar information required by University regulations or justifiably requested by University supervisory personnel.

C. INFORMATION TO BE MAILED OR SUBMITTED TO:

University Oil Supervisor and Land Agent
Attention: Mr. E. J. Compton
Texon, Texas

1. A carbon copy of the notice of move-in required under B. 1. above.
2. In addition, ALL OPERATORS MUST CONTACT THE UNIVERSITY OIL SUPERVISOR AND LAND AGENT SO AS TO EXPEDITE AND COORDINATE THE MOVE-IN WITH THE SURFACE LESSEE. The operator should contact the University Oil Supervisor and Land Agent at least TWO DAYS in advance of the move-in.
3. A report on the amount and purpose of any damages paid to surface lessee.

D. UNIFORM SCHEDULE OF MAXIMUM DAMAGES TO BE PAID SURFACE LESSEES FROM OIL AND GAS DEVELOPMENT OPERATIONS.--

1. Maximum damage fees to be paid for oil and gas development operations are on the following basis:
 - a. Well location Charges (including space for tank batteries) : \$100.00 per location.
 - b. Skidding of Rig and Drilling Operations : No charge unless a road or tract is bladed out; \$50.00 per mile if grading or bulldozer equipment is used.
 - c. Road Construction : No charge for use of existing roads; \$50.00 per mile for new road construction.
 - d. Pipe Line Construction : 25¢ per rod for gathering lines. 50¢ per rod for transmission lines up to and including eight (8) inches in diameter. 75¢ per rod for transmission lines over eight (8) inches. 10¢ per rod for water and fuel lines used for drilling purposes and removed when well is completed.
 - e. Telephone and Power Lines : \$50.00 per mile.
 - f. Caliche Pits and Access Roads : \$50.00 per Pit and Access Road, but caliche must be obtained from location designated and approved by the University Oil Supervisor and Land Agent. The charge does not apply to State and County Highway Construction. All caliche pits must be leveled off in an acceptable manner. Since all caliche is the property of The University of Texas and not of the surface lessee, no surface lessee may demand, receive, or be paid any sum as purchase price or royalty for any caliche removed.

OIL AND GAS LEASES - continued

- g. Fences : No fences can be cut or gates or cattle guards installed without permission of the University Oil Supervisor and Land Agent.
2. No surface lessee will be permitted to charge, and no oil or gas operator may pay to a surface lessee, any damages IN EXCESS of the damages provided in the above schedule for oil and gas development operations.
3. A report on the amount and purpose of any damages paid to surface lessee must be mailed to: University Oil Supervisor and Land Agent, Attention: Mr. E. J. Compton, Texon, Texas.
- E. LIABILITY OF OIL AND GAS OPERATORS.--These regulations do not in any way limit the liability of an oil and/or gas operator in an action at law for any damages inflicted upon a surface lessee by reason of acts of negligence.

II. G E O P H Y S I C A L P E R M I T S:

A. I N F O R M A T I O N T O B E M A I L E D O R S U B M I T T E D T O.--

University Land Agent
Texon, Texas
Attention: Mr. E. J. Compton

1. All Geophysical and other permittees shall contact the University Land Agent in advance of the commencement of work so as to expedite and coordinate activities with the surface lessee and oil and/or gas lessee and to permit the assignment of a University Inspector.
2. Copies of contract and/or agreement, if any, entered into between Permittee and holders of surface or mineral rights over lands to be explored under the permit issued.
3. Permittee shall furnish original copies of letter of permission from grazing lessees in the sheep county (Crockett, Irion, Reagan, Upton, Schleicher, Terrell, and Pecos Counties) before field work can be commenced under geophysical exploration permits in such country for the period December 15 to May 1.
4. A report on the amount and purpose of any damages paid to surface lessee.

B. I N F O R M A T I O N T O B E M A I L E D T O.--

University Lands - Geology
P. O. Drawer 553
Midland, Texas
Attention: Mr. Berte R. Haigh

1. Permittee shall transmit, not later than ten (10) days after the closing date of the permit, a certified map showing the approximate location of the shot holes or station points used in each survey made under the permit, the surface elevation of said shot holes or station points, the depth of each hole drilled, the water sands encountered, and an estimate of the amount of water, if any, in each hole. Maps and plats herein referred to shall be identified by Block, Section, and Permit number.

C. I N F O R M A T I O N, W H E N R E Q U E S T E D, T O B E M A I L E D B Y R E G I S T E R E D O R C E R T I F I E D M A I L T O.--

Board of Regents
The University of Texas
Care of: Endowment Officer
P. O. Box 7986
Austin, Texas

1. Upon written request by the Endowment Officer, after recommendation therefor by the Geologist-in-Charge, University Lands, within sixty (60) days after the closing date of this permit, Permittee agrees to transmit to the Board of Regents, The University of Texas, care of The Endowment Officer, P. O. Box 7986, Austin 12, Texas, within thirty (30) days after receipt of aforesaid request, a plat for each horizon investigated under this permit. Such plat shall have posted thereon the location of each shot hole and station point used in the survey, together with the corrected or adjusted instrument readings recorded for each station point, and the plat shall be so contoured as to present correctly Permittee's interpretation of the geological conditions considered, as a result of this survey, to exist in the lands covered by this permit. Such plat shall be certified as to correctness by Permittee or his duly authorized representative. University will keep information submitted strictly confidential. Maps and plats referred to shall be identified by County and by Block, Section and Permit number.

GEOPHYSICAL PERMITS - continued

D. UNIFORM SCHEDULE OF MAXIMUM DAMAGES TO BE PAID SURFACE LESSEES FROM GEOPHYSICAL EXPLORATION OPERATIONS.--

1. Maximum damage fees to be paid for seismic operations shall be on the following basis:

a. Single Shot (Reflection or Refraction Shooting) : \$10.00 per shot hole.

b. Pattern Shooting:

Group 1. Where no hole in pattern is in excess of 60 feet in depth.

Patterns of 36 holes or less per pattern	\$10.00
Patterns of 37 to 75 holes, incl., per pattern	15.00
Patterns of 76 to 100 holes, incl., per pattern	20.00
Patterns of more than 100 holes, per pattern	25.00

Group 2. Where one or more holes in pattern is more than 60 feet but less than 101 feet in depth.

Patterns of 36 holes or less, per pattern	\$20.00
Patterns of 37 to 75 holes, incl., per pattern	25.00
Patterns of 76 to 100 holes, incl., per pattern	30.00
Patterns of more than 100 holes, per pattern	35.00

Group 3. Where one or more holes in pattern is 101 feet or more in depth.

Patterns of 36 holes, or less, per pattern	\$30.00
Patterns of 37 to 75 holes, incl., per pattern	35.00
Patterns of 76 to 100 holes, incl., per pattern	40.00
Patterns of more than 100 holes, per pattern	45.00

c. Seismic weight-dropping : \$25.00 per day.

d. Gravimeter and Magnetometer Survey Operations : \$10.00 per day per crew.

e. Geological Surface Mapping Operations : \$5.00 per day per crew.

2. Permits to do geophysical prospecting in the "sheep country" (Crockett, Irion, Pecos, Reagan, Schleicher, Terrell, and Upton Counties) during the period of December 15 to May 1 will be granted by the University under the following conditions:

a. Permitted operation time will be strictly in accordance with the desires of the individual surface lessees of the area involved and permission in WRITING must be secured from each surface lessee involved before work is commenced. If a surface lessee arbitrarily refuses permission at all reasonable times during the period of December 15 to May 1, the University upon application may, nevertheless, approve such permit.

3. No surface lessee will be permitted to charge, and no permittee shall pay to any surface lessee any damages more than the above-established schedule for geophysical and other types of exploration operations.

4. A report on the amount and purpose of any damages paid to surface lessee shall be mailed to: University Land Agent, Texon, Texas, Attention: Mr. E. J. Compton.

E. LIABILITY OF GEOPHYSICAL OPERATION PERMITTEES.--

1. The regulations hereinabove contained do not in any way limit the liability of a geophysical operations permittee in an action at law for damages inflicted upon a surface lessee by reason of acts of negligence.