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MATERIAL SUPPORTING THE AGENDA

Volume XVb

January 1968 - August 1968

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on January 26-27, March 8-9, April 19-20, May 31-June 1, and July 26-27, 1968.

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.



THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

Material Supporting
Agenda

Meeting Date:..... June 25, 1968

Meeting No.:..... 662

Name: *Office Copy*



CALENDAR AND AGENDA
JOINT MEETING OF
THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
AND
THE BOARD OF DIRECTORS OF
THE TEXAS A & M UNIVERSITY SYSTEM

Chairman Erwin, Presiding

Date: June 25, 1968

Time: 2:00 p. m.

Place: Barcelona Room, Crest Inn Hotel

Purpose: To award the sale of Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1968 (\$15,000,000) and take whatever other action is necessary in connection therewith.

A. INVOCATION

B. PUF BONDS, NEW SERIES 1968

1. Resolution Authorizing Issuance and Sale

2. Designation of Paying Agency

3. Award of Printing Contract

C. ADJOURN

DOCUMENTATION

A. INVOCATION

B. PERMANENT UNIVERSITY FUND BONDS, NEW SERIES 1968 (\$15,000,000).--

1. Resolution Authorizing Issuance and Sale.-- The following resolution prepared by the Bond Counsel has been submitted through Mr. Floyd Shelton. This resolution authorizes issuance of the Board of Regents of The University of Texas System Permanent University Bonds, New Series 1968, in the amount of \$15,000,000. The bids for the sale of the bonds are to be opened on the morning of June 25 and will be reported at the meeting. The resolution on Pages 1-19 also provides for the award of the sale of the bonds.

Preceding the resolution (Pages A and B) there is a certificate that has been prepared by the Bond Counsel to be executed after the resolution has been considered.

2. DESIGNATION OF PAYING AGENCY FOR PUF BONDS, NEW SERIES 1968.--Bids with respect to a paying agency for the Permanent University Fund bonds, New Series 1968, will be reported at the meeting.
3. AWARD OF CONTRACT FOR PRINTING PUF BONDS, NEW SERIES 1968.--The award of bids for printing the Permanent University Fund bonds, New Series 1968, will be reported at the meeting.

C. ADJOURN

CERTIFICATE FOR RESOLUTION BY THE BOARD OF
REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS
OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT
UNIVERSITY FUND BONDS, NEW SERIES 1968, IN THE
AMOUNT OF \$15,000,000

THE STATE OF TEXAS §
COUNTY OF TRAVIS §
THE UNIVERSITY OF TEXAS SYSTEM§

We, the undersigned officers of the Board of Regents
of The University of Texas System, hereby certify as follows:

1. The Board of Regents of The University of Texas
System convened in REGULAR MEETING ON THE 25TH DAY OF JUNE,
1968, in the City of Austin, Travis County, Texas, and the
roll was called of the duly constituted officers and members
of said Board, to-wit:

Mr. Frank C. Erwin, Jr., Chairman	Mr. Joe M. Kilgore
Mr. Jack S. Josey, Vice Chairman	Rabbi Levi A. Olan
Mr. W. H. Bauer	Mr. John Peace
Mr. Frank N. Ikard	Dr. E. T. Ximenes
Mrs. J. Lee Johnson, III	Betty Anne Thedford, Secretary

and all of said persons were present, except the following ab-
sentees: _____,

thus constituting a quorum. Whereupon, among other business,
the following was transacted at said Meeting: a written

RESOLUTION

BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS
SYSTEM AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS
OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY
FUND BONDS, NEW SERIES 1968, IN THE AMOUNT OF \$15,000,000

was duly introduced for the consideration of said Board and read
in full. It was then duly moved and seconded that said Resolution
be adopted; and, after due discussion, said motion, carrying with
it the adoption of said Resolution, prevailed and carried by the
following vote:

AYES: All members of said Board shown present
above voted "Aye."

NOES: None.

2. That a true, full and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting; and that said Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose.

SIGNED AND SEALED the 25th day of June, 1968.

Secretary

Chairman

(SEAL)

RESOLUTION

BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM AUTHORIZING THE ISSUANCE OF BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND BONDS, NEW SERIES 1968, IN THE AMOUNT OF \$15,000,000.

WHEREAS, the Board of Regents of The University of Texas System (hereinafter sometimes called the "Board") heretofore has authorized, issued, and delivered that issue of Board of Regents of The University of Texas Permanent University Fund Refunding Bonds, Series 1958, dated July 1, 1958, said bonds having been authorized pursuant to the provisions of Section 18, Article VII of the Constitution of Texas; and

WHEREAS, said Refunding Bonds, Series 1958, are payable from and secured by a first lien on and pledge of the Interest of The University of Texas System in the income from the Permanent University Fund, in the manner and to the extent provided in the resolution authorizing said Refunding Bonds, Series 1958; and

WHEREAS, the resolution adopted on July 23, 1958, authorizing the issuance of said Refunding Bonds, Series 1958, reserved the right and power in the Board to issue, under certain conditions, Additional Parity Bonds and Notes for the purposes and to the extent provided in the Amendment to Section 18, Article VII of the Texas Constitution, adopted by vote of the people of Texas on November 6, 1956, said Additional Parity Bonds and Notes to be on a parity with the aforesaid Refunding Bonds, Series 1958, and equally and ratably secured by and payable from a first lien on and pledge

of the Interest of The University of Texas System in the income from the Permanent University Fund, in the same manner and to the same extent as are said Refunding Bonds, Series 1958; and

WHEREAS, the Amendments to Section 18, Article VII of the Texas Constitution, adopted by vote of the people of Texas on November 6, 1956, and on November 8, 1966, provide that the Board is authorized to issue negotiable bonds and notes for the purpose of constructing, equipping, or acquiring buildings or other permanent improvements for The University of Texas System, in a total amount not to exceed two-thirds (2/3) of Twenty per cent (20%) of the value of the Permanent University Fund exclusive of real estate at the time of any issuance thereof; and

WHEREAS, the Board heretofore has authorized, issued, sold and delivered its Permanent University Fund Bonds, Series 1959, dated July 1, 1959, Series 1960, dated July 1, 1960, Series 1961, dated July 1, 1961, Series 1962, dated July 1, 1962, Series 1963, dated July 1, 1963, Series 1964, dated July 1, 1964, Series 1965, dated July 1, 1965, and Series 1966, dated July 1, 1966, as installments or issues of such Additional Parity Bonds; and

WHEREAS, the Board has deemed it necessary and advisable that no more of said Additional Parity Bonds shall be issued because of the excessively restrictive Permanent University Fund investment covenants made in connection with all of the aforesaid Permanent University Fund Bonds heretofore issued; and

WHEREAS, the Board is required by law to keep said investment covenants in full force and effect as to all of the aforesaid Permanent University Fund Bonds heretofore issued and to affirm

the first lien on and pledge accruing to said outstanding Permanent University Fund Bonds heretofore issued on the Interest of The University of Texas System in the income from the Permanent University Fund; and

WHEREAS, pursuant to a resolution adopted on June 16, 1967, the Board authorized, issued, sold, and delivered an installment or issue of negotiable bonds designated as the Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1967, dated July 1, 1967 (hereinafter sometimes called the "New Series 1967 Bonds"), in the principal amount of \$14,000,000, payable from and secured by a lien on and pledge of the Interest of The University of Texas System in the Permanent University Fund, subject only and subordinate to the first lien on and pledge of said Interest heretofore created in connection with the aforesaid outstanding Permanent University Fund Bonds; and

WHEREAS, in said resolution adopted on June 16, 1967, the Board set forth the terms and conditions under which additional bonds may be issued to be on a parity with the aforesaid New Series 1967 subordinate lien bonds; and

WHEREAS, the Board has determined to authorize, issue, sell, and deliver an installment or issue of such subordinate lien parity bonds in the principal amount of \$15,000,000. THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM:

1. Throughout this resolution the following terms and expressions as used herein shall have the meanings set

forth below:

The term "Permanent University Fund," "Permanent Fund," and "Fund" used interchangeably herein shall mean the Permanent University Fund as created by Article VII, Section 11 of the Constitution, further implemented by the provisions of Title 49, Chapter 1, of the Revised Civil Statutes of Texas, 1925, as amended and supplemented.

The expression "Interest of the University" in the Permanent University Fund shall mean all of the income to such Fund from grazing leases on University lands, and all of the other income from such Fund, after making provision for the payment of the University's proportion of the expenses of administering such Fund, excepting one-third of the income arising and accruing to The Texas A&M University from the 1,000,000 acres of land appropriated by the Constitution of 1876 and the land appropriated by the Act of 1883, as more particularly defined by Chapter 42, Acts of the Forty-second Legislature, Regular Session, 1931 (Article 2592, Vernon's Annotated Civil Statutes of Texas).

The term "Resolution" as used herein and in the Bonds shall mean this resolution authorizing the Bonds.

The term "Bonds" or "New Series 1968 Bonds" shall mean the New Series 1968 Bonds authorized in this Resolution, unless the context clearly indicates otherwise.

The term "Old Series Outstanding Bonds" shall mean the outstanding bonds of the following issues:

Board of Regents of The University of Texas Permanent University Fund Refunding Bonds, Series 1958, dated July 1, 1958, originally issued in the amount of \$5,076,000.

Board of Regents of The University of Texas Permanent University Fund Bonds, Series 1959, dated July 1, 1959, originally issued in the amount of \$4,000,000.

Board of Regents of The University of Texas Permanent University Fund Bonds, Series 1960, dated July 1, 1960, originally issued in the amount of \$5,000,000.

Board of Regents of The University of Texas Permanent University Fund Bonds, Series 1961, dated July 1, 1961, originally issued in the amount of \$6,000,000.

Board of Regents of The University of Texas Permanent University Fund Bonds, Series 1962, dated July 1, 1962, originally issued in the amount of \$5,000,000.

Board of Regents of The University of Texas Permanent University Fund Bonds, Series 1963, dated July 1, 1963, originally issued in the amount of \$4,000,000.

Board of Regents of The University of Texas Permanent University Fund Bonds, Series 1964, dated July 1, 1964, originally issued in the amount of \$4,000,000.

Board of Regents of The University of Texas Permanent University Fund Bonds, Series 1965, dated July 1, 1965, originally issued in the amount of \$6,000,000.

Board of Regents of The University of Texas Permanent University Fund Bonds, Series 1966, dated July 1, 1966, originally issued in the amount of \$11,000,000.

The term "New Series Additional Parity Bonds and Notes" and "Additional Parity Bonds and Notes" shall mean the additional parity bonds and the additional parity notes permitted to be issued pursuant to Section 11 of the Resolution adopted on June 16, 1967, authorizing the issuance of the New Series 1967 Bonds.

The term "New Series 1967 Bonds" shall mean that issue of the Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1967, authorized by resolution of the Board adopted on June 16, 1967.

The term "Board" shall mean the Board of Regents of The University of Texas System.

2. That said Board's negotiable coupon bonds, to be designated the "Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1968," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas in the principal amount of \$15,000,000 for the purpose of constructing, equipping, or acquiring buildings or other permanent improvements for The University of Texas System, to the extent and in the manner provided by law.

3. That said bonds shall be dated July 1, 1968, shall be in the denomination of \$5,000 each, shall be numbered consecutively from 1 through 3000, and shall mature serially on July 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule:

1969/72	\$600,000
1973/76	675,000
1977/80	750,000
1981/84	825,000
1985/88	900,000

Said bonds may be redeemed prior to their scheduled maturities, at the option of said Board, on the dates stated, for the prices, and in the manner provided, in the FORM OF BOND set forth in this Resolution; and further, said bonds shall be registrable as to principal only, at the option of the owner, in the manner provided in said FORM OF BOND.

4. That the bonds scheduled to mature during the years, respectively, set forth below shall bear interest from their date, until maturity or redemption, at the following rates per annum:

maturities 1969 through 19___, _____%,
maturities 19___ through 19___, _____%,
maturities 19___ through 19___, _____%,
maturities 19___ through 19___, _____%

Said interest shall be evidenced by interest coupons which shall appertain to said bonds, and which shall be payable on the dates stated in the FORM OF BOND set forth in this Resolution.

5. That said bonds and interest coupons shall be payable, shall have the characteristics, and shall be signed and executed (and said bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF BOND set forth in this Resolution.

6. That the form of said bonds, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be printed and endorsed on each of said

bonds, the form of the aforesaid interest coupons which shall appertain and be attached initially to each of said bonds, and the form of endorsement for registration as to principal, shall be, respectively, substantially as follows:

FORM OF BOND:

NO. _____

\$5,000

UNITED STATES OF AMERICA
STATE OF TEXAS
BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND BOND
NEW SERIES 1968

ON JULY 1, 19____, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM promises to pay to bearer, or if this bond be registered as to principal, then to the registered owner hereof, the principal amount of

FIVE THOUSAND DOLLARS

and to pay interest thereon, from the date hereof, at the rate of _____% per annum, evidenced by interest coupons payable JANUARY 1, 1969, and semi-annually thereafter on each JULY 1 and JANUARY 1 while this bond is outstanding. The principal of this bond and the interest coupons appertaining hereto shall be payable to bearer, in lawful money of the United States of America, without exchange or collection charges to the bearer, upon presentation and surrender of this bond or proper interest coupon, at

_____, _____,
Texas, or, at the option of the bearer, at _____

_____, New York, New York, or
_____, Chicago,
Illinois, which places shall be the paying agents for this

Series of bonds.

THIS BOND is one of a Series of negotiable coupon bonds dated JULY 1, 1968, issued in the principal amount of \$15,000,000 FOR THE PURPOSE OF CONSTRUCTING, EQUIPPING, OR ACQUIRING BUILDINGS OR OTHER PERMANENT IMPROVEMENTS FOR THE UNIVERSITY OF TEXAS SYSTEM, to the extent and in the manner provided by law, in accordance with the provisions of the Amendments to Section 18, Article VII of the Texas Constitution, adopted by a vote of the people of Texas on November 6, 1956, and on November 8, 1966.

ON JULY 1, 1978, OR ON ANY INTEREST PAYMENT DATE THEREAFTER, any outstanding bonds of this Series may be redeemed prior to their scheduled maturities, at the option of said Board, IN WHOLE, OR IN PART IN INVERSE NUMERICAL ORDER, for the price of par and accrued interest to the date fixed for redemption, plus a premium of 2% of the par value if redeemed on or prior to JANUARY 1, 1983, with such premium to be reduced on and after JULY 1, 1983, to 1%. At least thirty days before the date fixed for any such redemption the Board shall cause a written notice of such redemption to be published at least once in a financial publication published in the City of New York, New York. By the date fixed for any such redemption, due provision shall be made with the paying agents for the payment of par and accrued interest to the date fixed for redemption of the Bonds to be redeemed, plus the required premium. If the written notice of redemption is published, and if due provision for such payment is made, all as provided above, the bonds, which are to be so redeemed, thereby automatically shall be redeemed prior to maturity,

and they shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding except for the purpose of being paid by the paying agents with the funds so provided for such payment.

IT IS HEREBY certified, recited, and covenanted that this bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this bond, and the Series of which it is a part, together with the Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1967, are equally and ratably secured by and payable from a lien on and pledge of the Interest of The University of Texas System in the income from the Permanent University Fund, as such Interest is apportioned by Chapter 42 of the Acts of the Regular Session of the 42nd Legislature of Texas, subject only and subordinate to the first lien on and pledge of said Interest heretofore created in connection with the Old Series Outstanding Bonds (as such terms are defined in the Resolution authorizing this Series of bonds).

SAID BOARD has reserved the right, subject to the restrictions referred to in the Resolution authorizing this Series of bonds, to issue additional parity bonds and notes which also may be secured by and made payable from a lien on and pledge of the aforesaid Interest of The University of

Texas System in the income from the Permanent University Fund, in the same manner and to the same extent as this Series of bonds.

THIS BOND, at the option of the owner hereof, is registrable as to principal only on the books of the Registrar. For such purpose the Comptroller of The University of Texas System shall be the Registrar. If registered, the fact of registration shall be noted on the back hereof and thereafter no transfer of this bond shall be valid unless made on the books of the Registrar at the instance of the registered owner and similarly noted hereon. Registration as to principal may be discharged by transfer to bearer, after which this bond again may be registered as before. The registration of this bond as to principal shall not affect or impair the negotiability of the interest coupons appertaining hereto, which shall continue to be negotiable by delivery merely. Subject to said provisions for the registration of this bond as to principal only, nothing contained herein shall affect or impair the negotiability of this bond, and this bond shall constitute a negotiable instrument within the meaning of the laws of the State of Texas.

IN WITNESS WHEREOF, this bond and the interest coupons appertaining hereto have been signed with the facsimile signature of the Chairman of said Board and countersigned with the facsimile signature of the Secretary of said Board, and the official seal of said Board has been duly impressed, or

placed in facsimile, on this bond.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

Secretary

Chairman

FORM OF REGISTRATION CERTIFICATE:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

FORM OF INTEREST COUPON:

NO. _____

\$ _____

ON _____ 1, 19____, THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM promises to pay to bearer the amount shown on this interest coupon, in lawful money of the United States of America, without exchange or collection charges to the bearer, unless due provision has been made for the redemption prior to maturity of the bond to which this interest coupon appertains, upon presentation and surrender of this interest coupon, at _____, _____, Texas, or, at the option of the bearer, at _____, New York,

New York, or _____,
Chicago, Illinois, said amount being interest due that day on
the bond, bearing the number hereinafter designated, of that
issue of BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND BONDS, NEW SERIES 1968, DATED
JULY 1, 1968. BOND NO. _____.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

Secretary

Chairman

FORM OF ENDORSEMENT FOR REGISTRATION AS TO PRINCIPAL:

ENDORSEMENT FOR REGISTRATION AS TO PRINCIPAL

(NO WRITING TO BE MADE HEREON EXCEPT BY THE
REGISTRAR DESIGNATED FOR THIS ISSUE OF BONDS)

It is hereby certified that, at the request of the
owner of the within bond, I have this day registered it as to
principal in the name of such owner, as indicated in the regis-
tration blank below, on the books kept by me for such purpose.
The principal of this bond shall be payable only to the regis-
tered owner hereof named in the registration blank below, or his
legal representative, and this bond shall be transferable only
on the books of the Registrar and by an appropriate notation in
such registration blank. If the last transfer recorded on the
books of the Registrar and in the registration blank below shall
be to bearer, the principal of this bond shall be payable to
bearer and it shall be in all respects negotiable. In no case
shall negotiability of the interest coupons appertaining hereto
be affected or impaired by any registration as to principal.

NAME OF REGISTERED
OWNER

DATE OF
REGISTRATION

SIGNATURE OF
REGISTRAR

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

7. (a) It is hereby certified and recited that the Bonds authorized in this Resolution are Additional Parity Bonds permitted to be issued under Section 11 of the resolution of the Board adopted on June 16, 1967, authorizing the issuance of the New Series 1967 Bonds, and that all conditions and requirements of said Section 11 have been or will be met prior to the delivery of the New Series 1968 Bonds herein authorized. The New Series 1967 Bonds and New Series 1968 Bonds are and shall be on a parity and in all respects of equal dignity.

(b) Pursuant to the provisions of the amendments to Section 18, Article VII, of the Texas Constitution, approved by vote of the people of Texas on November 6, 1956, and on November 8, 1966, the New Series 1967 Bonds, the New Series 1968 Bonds, and any other Additional Parity Bonds and Notes hereinafter issued, and the interest thereon, shall be and are hereby equally and ratably secured by and payable from a lien on and pledge of the Interest of the University in the income from the Permanent University Fund, as such Interest is defined in Section 1 of this Resolution, subject only and subordinate to the first lien on and pledge of said Interest heretofore created in

connection with the Old Series Outstanding Bonds.

8. (a) The aforesaid resolution adopted June 16, 1967, authorizing the issuance of the New Series 1967 Bonds has provided that the Comptroller of Public Accounts of the State of Texas shall establish in the State Treasury a fund to be known as "Board of Regents of The University of Texas System New Series Permanent University Fund Interest and Sinking Fund" (hereinafter called the "Interest and Sinking Fund"). In addition to the moneys required to be transferred to the credit of the Interest and Sinking Fund in connection with the New Series 1967 Bonds, the Comptroller of Public Accounts of the State of Texas shall, for the benefit of the New Series 1968 Bonds, transfer to the Interest and Sinking Fund, out of The University of Texas System Available University Fund (the fund in the State Treasury to which is deposited the Interest of the University), on or before November 15, 1968, and semi-annually thereafter on or before May 15 and November 15 of each year while the New Series 1968 Bonds, or interest thereon, are outstanding and unpaid, the amount of interest or principal and interest which will become due on the New Series 1968 Bonds on the January 1 or July 1 next following. It is hereby recognized that the amounts necessary for the payment of principal and interest on the Old Series Outstanding Bonds will have been transferred on or before May 1 and November 1 of each year from the aforesaid Available University Fund to the interest and sinking fund heretofore created for the benefit of the Old Series Outstanding Bonds.

(b) To the end that money will be available at the places of payment in ample time to pay the principal of and interest on the Bonds as such principal and interest respectively mature, on or before November 15, 1968, and semi-annually thereafter on or before May 15 and November 15 of each year while any of the New Series 1968 Bonds, or interest thereon, are outstanding and unpaid, the Comptroller of The University of Texas System, or such officer as may hereafter be designated by the Board to perform the duties now vested in such officer, shall perform the following duties:

(1) Prepare and file with the Comptroller of Public Accounts of the State of Texas (hereinafter called the "Comptroller of Public Accounts") a voucher based on which the Comptroller of Public Accounts shall draw a warrant against the Interest and Sinking Fund in the amount of the interest or principal and interest on the New Series 1968 Bonds (when both are scheduled to accrue and mature) which will become due on the January 1 or July 1 next following.

(2) In the event New Series 1968 Bonds shall have been called for redemption on January 1 or July 1 next following of any year, prepare and file with the Comptroller of Public Accounts a voucher based on which the Comptroller of Public Accounts shall draw a warrant against funds of The University of Texas System legally available

for such purpose in an amount sufficient to redeem the New Series 1968 Bonds thus called.

(c) Whenever a voucher is so filed with the Comptroller of Public Accounts, he shall make the warrant based thereon payable to the order of the paying agent situated in the State of Texas, specified in Section 6 above, and shall deliver such warrant to such paying agent on or before the December 1 or June 1 next following.

(d) The paying agent situated in the State of Texas, designated in Section 6 hereof, shall, out of moneys remitted to it under the provisions of this Section 8 hereof, and not otherwise, make available at the other paying agents specified in Section 6 hereof, funds sufficient to pay such of the New Series 1968 Bonds (whether payable to the bearer or payable to the registered owner thereof) and such of the coupons as are presented for payment, and said paying agent situated in the State of Texas by accepting designation as such paying agent agrees and is obligated to perform such service.

(e) The paying agents shall totally destroy all paid New Series 1968 Bonds and coupons, and shall furnish the Board with an appropriate certificate of destruction covering the New Series 1968 Bonds and coupons thus destroyed.

(f) The Board shall make provision with the paying agents for the rendition of a statement to The University of Texas System for any sums due such paying agents for services rendered in connection with the payment of the New Series 1968

Bonds and coupons by such paying agents, and the amount of such charges shall be paid by the Board from funds available for such purpose.

9. That all of the language, terms, provisions, covenants, and agreements of Section 8 through 13, both inclusive, of the resolution adopted June 16, 1967, authorizing the issuance of the New Series 1967 Bonds are hereby referred to, adopted, and made applicable to the New Series 1968 Bonds authorized by this Resolution, for all purposes.

10. That after said New Series 1968 Bonds shall have been executed, it shall be the duty of the Chairman of the Board or some officer of the Board acting under his authority, to deliver said Bonds and all necessary records and proceedings to the Attorney General of Texas, for examination and approval by the Attorney General. After said bonds shall have been approved by the Attorney General, they shall be delivered to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of said Bonds, the Comptroller of Public Accounts (or a deputy lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein to be printed and endorsed on each of said Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each of said Bonds.

11. That said New Series 1968 Bonds are hereby sold and shall be delivered to _____, for the principal amount

thereof and accrued interest to the date of delivery, plus
a premium of \$ _____.

SUPPLEMENTARY AGENDA
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Meeting No. 662

June 25, 1968

NAME

Office Copy

CALENDAR AND AGENDA
JOINT MEETING OF
THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
AND
THE BOARD OF DIRECTORS OF
THE TEXAS A & M UNIVERSITY SYSTEM

Date: June 25, 1968

Time: 2:00 p. m.

Place: Barcelona Room, Crest Inn Hotel

- Purposes:
1. For the Board of Regents to award the sale of Board of Regents of The University of Texas System Permanent University Fund Bonds, New Series 1968 (\$15,000,000) and take whatever other action is necessary in connection therewith.
 2. For the Board of Directors to award the sale of Board of Directors of The Texas A & M University System Permanent University Fund Bonds, New Series 1968 (\$5,000,000) and take whatever other action is necessary in connection therewith.

Presiding: Mr. S. B. Whittenburg, Vice-President of The Texas A & M System Board

- A. INVOCATION--By Doctor W. O. Trogdon, President of The Tarleton State College
- B. BOARD OF DIRECTORS OF THE TEXAS A & M UNIVERSITY SYSTEM PERMANENT UNIVERSITY FUND BONDS, NEW SERIES 1968 (\$5,000,000)
 1. Resolution Authorizing Issuance and Sale
 2. Designation of Paying Agency
 3. Award of Printing Contract

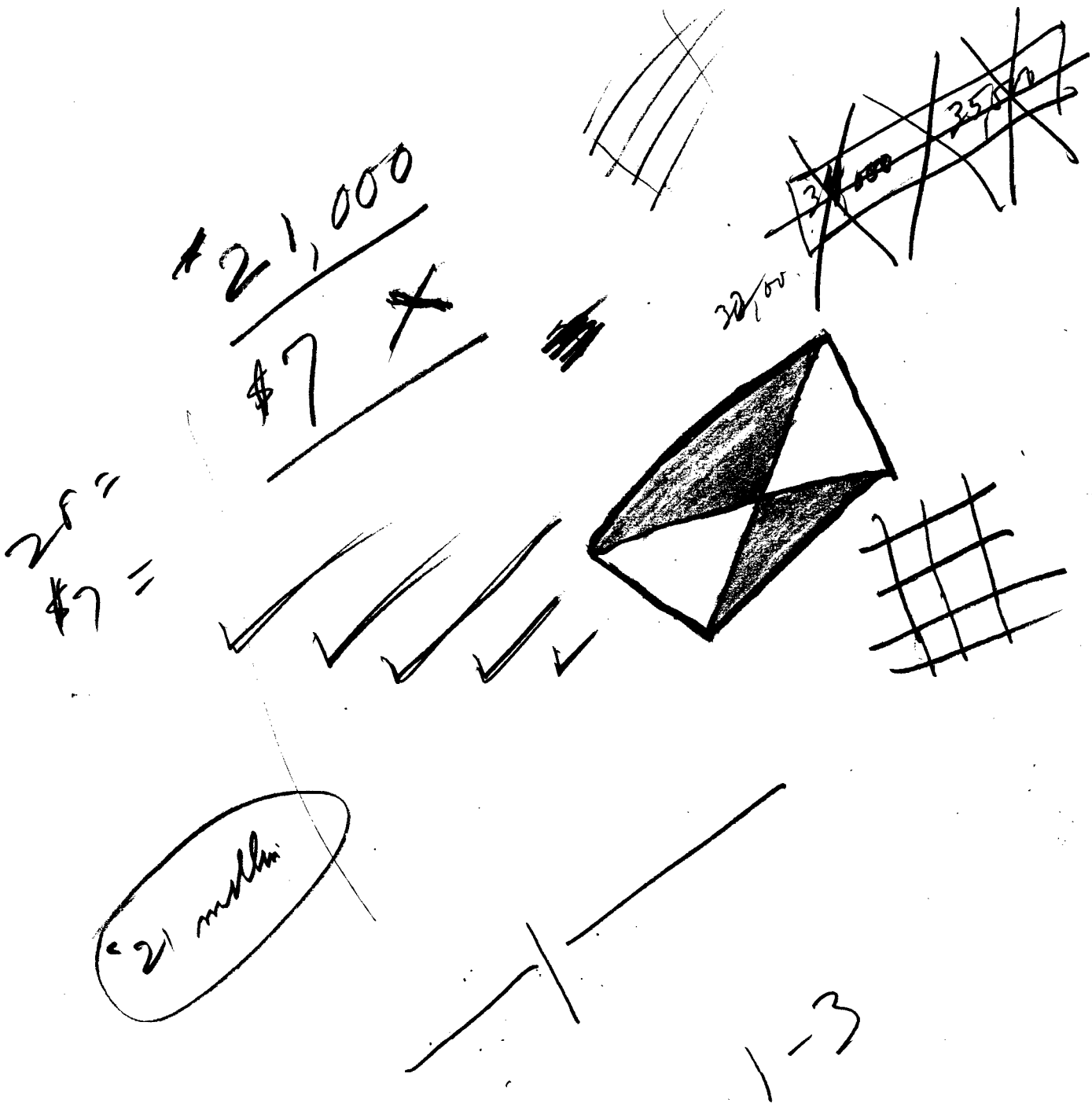
Presiding: Mr. Frank C. Erwin, Jr., Chairman of The University of Texas System Board

- C. BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM PERMANENT UNIVERSITY FUND BONDS, NEW SERIES 1968 (\$15,000,000)
 1. Resolution Authorizing Issuance and Sale
 2. Designation of Paying Agency
 3. Award of Printing Contract

D.

DISCUSSION ITEMS BY U. T. BOARD AND A & M BOARD

1. HJR No. 20 (60th Legislature)--A copy is attached.
2. Coordinating Board's Proposed Recommendation of Enrollment at College Station and at Austin-- A copy was previously distributed.



AN ACT

proposing an amendment to Section 11a, Article VII, of the Constitution of Texas, providing for the investment of the Permanent University Fund by the Board of Regents of The University of Texas System in certain types of securities within the prudent man rule.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

Section 1. That Section 11a, Article VII, of the Constitution of the State of Texas, be amended to read as follows:

"Section 11a. In addition to the bonds enumerated in Section 11 of Article VII of the Constitution of the State of Texas, the Board of Regents of The University of Texas may invest the Permanent University Fund in securities, bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government, or any of its agencies, and in such bonds, debentures, or obligations, and preferred and common stocks issued by corporations, associations, or other institutions as the Board of Regents of The University of Texas System may deem to be proper investments for said funds; provided, however, that not more than one per cent (1%) of said fund shall be invested in the securities of any one (1) corporation, nor shall more than five per cent (5%) of the voting stock of any one (1) corporation be owned; provided, further, that stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase and which, except for bank stocks and insurance stocks, are listed upon an exchange registered with the Securities and Exchange Commission or its successors.

"In making each and all of such investments said Board of Regents shall exercise the judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital.

"The interest, dividends and other income accruing from the investments of the Permanent University Fund, except the portion thereof which is appropriated by the operation of Section 18 of Article VII for the payment of principal and interest on bonds or notes issued thereunder, shall be subject to appropriation by the Legislature to accomplish the purposes declared in Section 10 of Article VII of this Constitution.

"This amendment shall be self-enacting, and shall become effective upon its adoption, provided, however, that the Legislature shall provide by law for full disclosure of all details concerning the investments in corporate stocks and bonds and other investments authorized herein."

Sec. 2. The foregoing constitutional amendment shall be submitted to a vote of the qualified electors of the state at an election to be held on the first Tuesday after the first Monday in November 1968, at which election all ballots shall have printed thereon the following:

"FOR the constitutional amendment providing for investment of the Permanent University Fund by the Board of Regents of The University of Texas in certain types of securities within the prudent man rule."

"AGAINST the constitutional amendment providing for investment of the Permanent University Fund by the Board of Regents of The University of Texas in certain types of securities within the prudent man rule."

Sec. 3. The governor shall issue the necessary proclamation for the election, and this amendment shall be published as required by the Constitution and laws of this state. The publication of this amendment shall be limited to Sections 1 and 2 of this Resolution only.

Lieutenant Governor
President of the Senate

Speaker of the House

I hereby certify that H.J.R. No. 20 was adopted by the House on April 24, 1967, by the following vote: Yeas 120, Nays 18.

Chief Clerk of the House

I hereby certify that H.J.R. No. 20 was adopted by the Senate on May 27, 1967, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

APPROVED: _____
Date

Governor