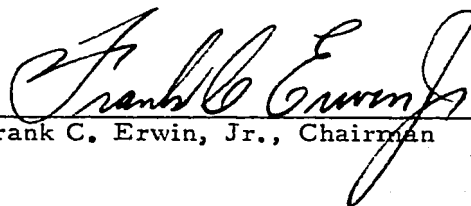


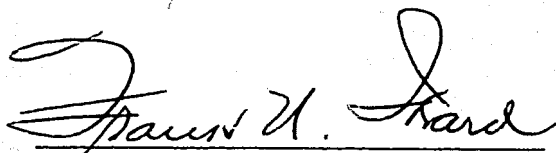
We, the undersigned members of the Board of Regents of The University of Texas System, hereby ratify and approve all actions taken at this meeting to be reflected in the Minutes.

Signed this the 7th day of December, 1967, A.D.

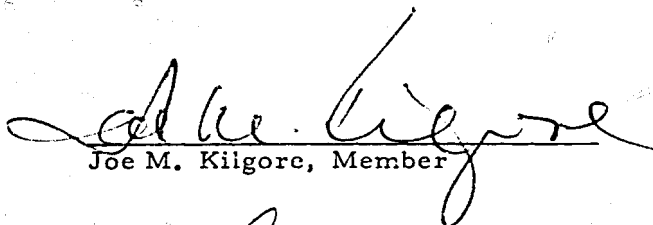

Frank C. Erwin, Jr., Chairman

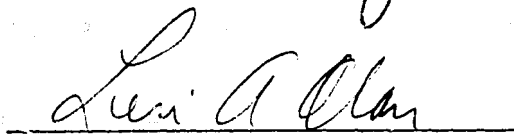

Jack S. Josey, Vice-Chairman

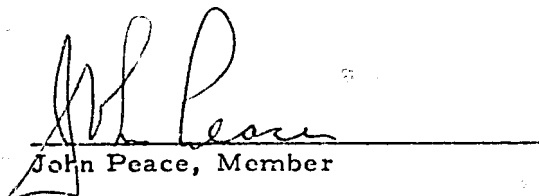

W. H. Bauer, Member

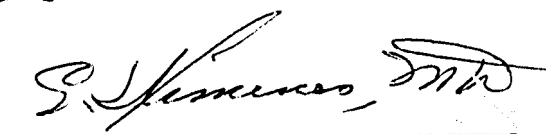

Frank N. Ikard, Member

(Mrs.) J. Lee Johnson III, Member


Joe M. Kilgore, Member


Levi A. Olan, Member


John Peace, Member


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

Meeting No. 657

THE MINUTES OF THE BOARD OF REGENTS

OF

THE UNIVERSITY OF TEXAS SYSTEM

December 7, 1967

Houston, Texas

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MEETING NO. 657

THURSDAY, DECEMBER 7, 1967. --The Board of Regents of The University of Texas System convened in regular session at 9:00 a. m. on Thursday, December 7, 1967 in the Castilian Room of The Shamrock Hilton, Houston, Texas.

ATTENDANCE. --

<u>Present</u>	<u>Absent*</u>
Chairman Erwin, Presiding	Regent (Mrs.) Johnson-excused
Vice-Chairman Josey	Regent Peace (See Page <u>25.</u>)
Regent Bauer	
Regent Ikard	
Regent Kilgore	
Regent Olan	
Regent Ximenes	
Chancellor Ransom	
Secretary Thedford	

INVOCATION. --Rabbi Olan offered the invocation.

THE UNIVERSITY OF TEXAS AT EL PASO STUDENT UNION REVENUE BONDS, SERIES A of 1967 (\$458,000 FOR REFUNDING BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS, TEXAS WESTERN COLLEGE STUDENT UNION REVENUE BONDS, SERIES 1957) AND SERIES B OF 1967 (\$2,700,000), AN AGGREGATE OF \$3,158,000: (1) RESOLUTION AUTHORIZING ISSUANCE AND AWARD OF SALE OF BONDS TO PHELPS, FENN AND COMPANY AND ASSOCIATES; (2) AWARD OF CONTRACT FOR PRINTING OF BONDS TO THE STECK COMPANY; (3) AND DESIGNATION OF THE EL PASO NATIONAL BANK AS PAYING AGENCY. -- The resolution as set out on Pages 3-24 authorizing the issuance of The University of Texas at El Paso Student Union Revenue Bonds, Series A of 1967 (\$458,000 for refunding Board of Regents of The University of Texas, Texas Western College Student Union Revenue Bonds, Series 1957) and Series B of 1967 (\$2,700,000), an aggregate of \$3,158,000, and awarding the sale of Series B of 1967 to Phelps, Fenn and Company and Associates at the price of par and accrued interest to date of delivery at an effective interest rate of 5.2232% was duly introduced for consideration of said Board and read in full. It was then duly moved by Regent

* Because of weather conditions, Regent (Mrs.) Johnson was unable to arrive in time for the meeting.
Mr. John Peace qualified as a Regent by taking the oath of office on November 27, 1967. He was in attendance at all of the meetings of the Standing Committees and the Committee of the Whole and the afternoon meeting of the Board.

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Bauer and seconded by Vice-Chairman Josey: (1) that said Resolution be adopted; (2) that the contract for printing the bonds be awarded to The Steck Company, Austin, Texas, for the sum of \$454.50, there being five interest rates; and (3) that the El Paso National Bank, El Paso, Texas, be designated as the paying agency for Series A and B bonds of 1967 for the following fee:

Series A: $\frac{1}{4}$ of 1% of annual interest paid and $\frac{1}{8}$ of 1% of principal paid. However, should the Series A Bonds be re-issued into \$1,000 denominations as provided in the Bond Resolution, the fee would be 10¢ for each coupon paid and \$1.00 for each Bond paid.

Series B: 10¢ per coupon paid and \$1.50 per \$5,000 bond paid.

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.

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RESOLUTION AUTHORIZING THE ISSUANCE OF THE
UNIVERSITY OF TEXAS AT EL PASO STUDENT UNION
BUILDING REVENUE BONDS, SERIES A AND B OF 1967,
AGGREGATING \$3,158,000

THE STATE OF TEXAS :
BOARD OF REGENTS OF :
THE UNIVERSITY OF TEXAS SYSTEM :
THE UNIVERSITY OF TEXAS AT EL PASO :

WHEREAS, the Board of Regents of The University of Texas System (sometimes hereinafter called the "Board") is authorized to refund outstanding revenue bonds heretofore issued for and on behalf of The University of Texas at El Paso (formerly known as Texas Western College of The University of Texas); and

WHEREAS, the Board has determined to refund all of the bonds of that issue of "Board of Regents of The University of Texas, Texas Western College Student Union Revenue Bonds, Series 1957", now outstanding in the principal amount of \$458,000; and

WHEREAS, the Board is authorized to construct, acquire, improve, equip, operate, and maintain such buildings and other structures, and such additions to existing buildings and other structures, as may be deemed appropriate by the Board on the campus of The University of Texas at El Paso, El Paso, Texas, (sometimes hereinafter referred to as the "University"); and

WHEREAS, it is deemed by the Board appropriate and for the good of the University that it construct and equip additions and improvements to the Student Union Building on the campus of the University (sometimes hereinafter called the "Project"); and

WHEREAS, the Board has approved the total cost, type and plans and specifications of the Project; and

WHEREAS, the Board has determined to issue and deliver its negotiable revenue bonds in two Series in the total aggregate amount of \$3,158,000, for the purpose of refunding the \$458,000 of outstanding revenue bonds described above, and providing \$2,700,000 for paying the cost of constructing and equipping the Project; and

WHEREAS, said bonds, hereinafter authorized, are to be issued pursuant to Vernon's Article 2909c, as amended.

THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM:

Section 1. That the total cost, type, and plans and specifications of the Project have been and are hereby approved by the Board.

Section 2. That for the purpose of refunding the outstanding "Board of Regents of The University of Texas, Texas Western College Student Union Revenue Bonds, Series 1957", said

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Board's single negotiable bond, without coupons, payable in installments, is hereby authorized to be issued and delivered initially hereunder in the denomination and principal amount of \$458,000, to be designated as "The University of Texas at El Paso Student Union Building Revenue Bond, Series A of 1967" (sometimes hereinafter called the "Series A Bond").

Section 3. That the Series A Bond shall be dated, be payable, be subject to prepayment, be executed, signed and sealed, bear interest and have the characteristics as follows, and said Bond and the Comptroller's Certificate to be printed thereon and the Payment Record to be attached thereto, shall be substantially in the forms, respectively, as follows:

(FORM OF SINGLE BOND)

NO. R-1 UNITED STATES OF AMERICA
STATE OF TEXAS \$458,000
THE UNIVERSITY OF TEXAS AT EL PASO
STUDENT UNION BUILDING REVENUE BOND, SERIES A OF 1967

THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM (hereinafter called the "Board"), for and on behalf of The University of Texas at El Paso, for value received, hereby promises to pay to the order of the UNITED STATES OF AMERICA, SECRETARY OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, or his successor (herein called the "Payee"), the principal sum of Four Hundred Fifty Eight Thousand Dollars, on the first day of October, in the years and installments as follows:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
1968	\$17,000	1978	\$23,000
1969	18,000	1979	24,000
1970	18,000	1980	24,000
1971	19,000	1981	25,000
1972	19,000	1982	26,000
1973	20,000	1983	27,000
1974	20,000	1984	27,000
1975	21,000	1985	28,000
1976	22,000	1986	29,000
1977	22,000	1987	29,000

in such coin or currency of the United States of America, as at the time of payment shall be legal tender for the payment of debts due the United States of America, and to pay interest on the balance of said principal sum from time to time remaining unpaid, in like coin or currency, at the rate of Two and seven-eighths per centum (2-7/8%) per annum, with interest being payable on April 1, 1968, and semi-annually thereafter on October 1 and April 1 of each year, until the principal amount hereof has been paid. During the time the Payee is the holder and owner of this Bond payment of the principal installments and interest due shall be made at the Federal Reserve Bank of Richmond, Richmond, Virginia (herein called the "Fiscal Agent"). During such time as any person, firm or corporation other than the Payee is the holder and owner of this Bond, said

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payments shall be made at the principal office of the El Paso National Bank, El Paso, Texas, or, at the option of such holder and owner, at the principal office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York (herein collectively called the "Alternate Paying Agents"). Payments of principal and interest, including prepayments of installments of principal as hereinafter provided, shall be noted on the Payment Record made a part of this Bond, and if payment is made at the office of the Fiscal Agent or an Alternate Paying Agent, written notice of the making of such notations shall be promptly sent to the Board by said Agents, and such payment shall fully discharge the obligation of the Board hereon to the extent of the payments so made. Upon final payment of principal and interest this Bond shall be submitted to the Board by said Agents for cancellation.

This Bond has been issued pursuant to a Resolution duly adopted by the Board (hereinafter called the "Resolution"), for the purpose of refunding \$458,000 in principal amount of outstanding bonds of that issue of Board of Regents of The University of Texas, Texas Western College Student Union Building Revenue Bonds, Series 1957, pursuant to the Constitution and laws of the State of Texas, and particularly Article 2909c, Vernon's Annotated Texas Statutes.

Two Series of Bonds aggregating the principal amount of \$3,158,000 were initially authorized concurrently by the aforesaid Resolution, being The University of Texas at El Paso Student Union Building Revenue Bond, Series A of 1967, in the principal amount of \$458,000, issued for the purpose of refunding a like amount of outstanding bonds of that issue of Board of Regents of The University of Texas, Texas Western College Student Union Revenue Bonds, Series 1957, and The University of Texas at El Paso Student Union Building Revenue Bonds, Series B of 1967, in the principal amount of \$2,700,000, issued for the purpose of constructing and equipping additions and improvements to the Student Union Building on the campus of The University of Texas at El Paso. Both of said Series of Bonds are on a parity and are secured by and payable from a first lien on and pledge of the Net Revenues and Use Fees of the Student Union Building (as defined in said Resolution) on the campus of The University of Texas at El Paso; and with the Bonds of both of said Series, whether in the form of a single bond, payable in installments, or in the form of coupon bonds, being equal in dignity and security in all respects.

Under the conditions and to the extent provided in the aforesaid Resolution, the Board has reserved the right to issue additional parity revenue bonds which also may be secured by and payable from a first lien on and pledge of the aforesaid Net Revenues and Use Fees.

The holder hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation.

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As provided in said Resolution, this Bond is exchange-⁶⁶⁵able at the sole expense of the Board at any time, upon ninety days' written notice to the Board, at the request of the holder and owner hereof and upon surrender of this Bond at the Office of the Comptroller of Public Accounts of the State of Texas, at Austin, Texas, for negotiable coupon bonds, payable to bearer, of the denomination of One Thousand Dollars (\$1,000) or any multiple of One Thousand Dollars (\$1,000), each, bearing interest at the rate of Two and seven-eighths per centum (2-7/8%) per annum, in an aggregate principal amount equal to the unpaid principal amount of this Bond, maturing serially and annually in the same amounts as the unpaid installments of this Bond, and in the form of such coupon bond and in the manner provided for in the Resolution.

On April 1, 1968, or on any interest payment date thereafter, the Board shall have the right to prepay the entire principal amount hereof then remaining unpaid, or such lesser portion thereof as it may determine upon, in inverse chronological order of said installments and in multiples of One Thousand Dollars, at the following prices (expressed in terms of a percentage of the principal amount of such prepayment) plus accrued interest to the date of prepayment:

(a) on installments scheduled to come due during the years 1983 through 1987: 100%; and

(b) on installments scheduled to come due during the years 1968 through 1982:

102 % if redeemed April 1, 1968 through October 1, 1972;
 101½% if redeemed April 1, 1973 through October 1, 1977;
 101 % if redeemed April 1, 1978 through October 1, 1982.

PROVIDED, HOWEVER, that so long as the owner and holder hereof shall be the Payee, the Board may prepay on any interest payment date the entire unpaid principal amount hereof, or from time to time in the inverse chronological order of the said installments, such lesser portion thereof in multiples of One Thousand Dollars as the Borrower may determine, at the principal amount thereof plus accrued interest to the date of such prepayment.

Notice of such optional prepayment shall be given prior to the prepayment date by mailing to the place of payment a notice fixing such prepayment date, the amount of principal and the premium, if any, to be prepaid.

This Bond may be endorsed by the Payee and be negotiated as any negotiable instrument; and the Payee agrees and covenants to notify the Board in writing immediately if and when it endorses and delivers this Bond to another.

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.

IN WITNESS WHEREOF, the Board has caused this Bond to be executed in its name by the manual signature of the Chairman

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of said Board, and its official seal to be hereto affixed and attested by the manual signature of the Secretary of said Board, and this Bond to be dated as of the first day of October, 1967.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

BY _____ Chairman

(SEAL)

ATTEST:

Secretary

(FORM OF COMPTROLLER'S 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.

PAYMENT RECORD

<u>Due Date</u>	<u>Principal Payment</u>	<u>Principal Balance Due</u>	<u>Interest Payment (2-7/8%)</u>	<u>Date Paid</u>	<u>Name of Paying Agent Authorized Official and Title</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(enter (enter (leave (leave (leave
(dates (amounts) (blank) (blank) (blank)
(for prin-
(cipal and
(interest)

(Make a line for each due date - leave one half inch space between each due date, etc. for manual interlining, if necessary; also half a page at end for any explanation, which might be required)

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SCHEDULE "A"

(Note to printer: This should be separate sheet)

Principal installments on which payments have been made prior to
maturity

<u>Principal Due</u>	<u>Principal Payment</u>	<u>Balance</u>	<u>Date Paid</u>	<u>Name of Paying Agent Authorized Official and Title</u>
<u>Date</u>	<u>Amount</u>			

Section 4. That the Board specifically covenants and agrees that within ninety (90) days after the receipt by the Board of the written request of the owner and holder of the Series A Bond initially issued hereunder, the Board shall have printed, executed and exchanged for such Series A Bond, negotiable coupon bonds, of type composition printed on paper of customary weight and strength, payable to bearer, in the denomination of \$1,000, or any multiple of \$1,000, each, in an aggregate principal amount equal to the then unpaid principal amount of such Series A Bond, and having serial and annual maturities on the dates and in the amounts corresponding with the then unpaid principal installments of such Series A Bond, bearing interest at the same rate and payable at the same times as such Series A Bond, with bearer interest coupons annexed to such coupon bonds payable semi-annually from and after the date to which interest on such Series A Bond shall have been paid, and with the principal of such coupon bonds being subject to redemption prior to maturity, at the option of the Board, at the same times and at the same prices as such Series A Bond. All expenses of printing, executing and exchanging any such Series A Bond shall be paid by the Board from any of its funds on hand lawfully available for such purpose, provided, however, that if no other funds are on hand lawfully available therefor, then such expenses shall be paid from the Operation and Maintenance Fund, hereinafter mentioned, as an item of Current Expense, or if insufficient funds shall be on hand in said Fund, then such expenses shall be paid from the Reserve Fund hereinafter created.

It is further covenanted and agreed that no additional resolutions or orders need be adopted by the Board so as to accomplish the foregoing conversion and exchange of the said Series A Bond for coupon bonds, and the Board and the officials of the Board, including the Chairman and the Secretary, upon the request of the holder and owner of such Series A Bond as provided herein, shall have the appropriate coupon bonds and coupons printed, executed, issued and exchanged for the Series A Bond in the manner prescribed herein. The coupon bonds to be exchanged for any such Series A Bond shall be submitted by the Chairman of the Board, or some officer acting under his authority, to the Attorney General of the State of Texas for examination, and if said Attorney General finds that such coupon bonds have been printed, executed and issued as provided by this Resolution, then he shall approve them. After such approval said coupon bonds shall be registered by the Comptroller

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of Public Accounts of the State of Texas. Upon registration of said coupon bonds, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's certificate of registration prescribed herein to be printed on the back of each coupon bond, and the seal of said Comptroller shall be affixed on each such coupon bond. It is further provided, however, that the Comptroller of Public Accounts shall not register any such coupon bonds until the Series A Bond being converted shall have been surrendered to and cancelled by said Comptroller, and upon such surrender and cancellation, the Comptroller shall register and deliver said coupon bonds in exchange for the Series A Bond being converted.

Section 5. That said Board's negotiable, serial, coupon bonds to be designated "THE UNIVERSITY OF TEXAS AT EL PASO STUDENT UNION BUILDING REVENUE BONDS, SERIES B OF 1967," are hereby authorized to be issued and delivered in the principal amount of \$2,700,000 for the purpose of PAYING THE COST OF CONSTRUCTING AND EQUIPPING ADDITIONS AND IMPROVEMENTS TO THE STUDENT UNION BUILDING ON THE CAMPUS OF THE UNIVERSITY OF TEXAS AT EL PASO.

Section 6. That said Series B Bonds shall be dated OCTOBER 1, 1967, shall be numbered consecutively from 1 THROUGH 540 shall be in the denomination of \$5,000 EACH, and shall mature and become due and payable serially on OCTOBER 1 in each of the years, and in the amounts, respectively, as set forth in the following schedule:

<u>YEARS</u>	<u>AMOUNTS</u>	<u>YEARS</u>	<u>AMOUNTS</u>
1969	\$25,000	1986	\$ 60,000
1970	25,000	1987	65,000
1971	30,000	1988	100,000
1972	30,000	1989	100,000
1973	35,000	1990	105,000
1974	35,000	1991	110,000
1975	35,000	1992	120,000
1976	40,000	1993	125,000
1977	40,000	1994	130,000
1978	40,000	1995	140,000
1979	45,000	1996	140,000
1980	45,000	1997	150,000
1981	50,000	1998	155,000
1982	50,000	1999	165,000
1983	55,000	2000	170,000
1984	55,000	2001	170,000
1985	60,000		

On OCTOBER 1, 19__, or on any interest payment date thereafter, said Series B Bonds 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 principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium on the principal amount of each such bond to be so redeemed, as follows: 2% if redeemed on or before October 1, 1987, 1-1/2% if redeemed after October 1, 1987 but on or before October 1, 1992, and 1% if redeemed after October 1, 1992, all in the manner provided in the FORM OF COUPON BOND set forth in this Resolution.

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Section 7. That the Series B 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 1981,	6.00 %
maturities	1982 through -----,	5.80 %
maturities	1983 through 1987,	5.00 %
maturities	1988 through 1992,	5.10 %
maturities	1993 through 2001,	5.20 %

Said interest shall be evidenced by interest coupons which shall appertain to said Series B Bonds, and which shall be payable on April 1, 1968, and semi-annually thereafter on each October 1 and April 1.

Section 8. (a) That the Series B Bonds, all being coupon bonds, and also any coupon bonds which may in the future be printed, executed, and exchanged as herein provided for the single Series A Bond, and all interest coupons appertaining thereto, shall be payable, shall have the characteristics, and shall be signed and executed (and said coupon bonds shall be sealed), all as provided, and in the manner indicated, in the FORM OF COUPON BOND set forth in this Resolution.

(b) That the form of said coupon 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, and the form of the aforesaid interest coupons which shall appertain and be attached initially to each of said coupon bonds, shall be, respectively, substantially as follows:

FORM OF COUPON BOND:

NO. _____

\$____,000

UNITED STATES OF AMERICA
STATE OF TEXAS
THE UNIVERSITY OF TEXAS AT EL PASO
STUDENT UNION BUILDING REVENUE BOND, SERIES _ OF 1967

ON OCTOBER 1, _____, the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, for and on behalf of THE UNIVERSITY OF TEXAS AT EL PASO promises to pay to bearer the principal amount of

_____ THOUSAND DOLLARS

and to pay interest thereon, from the date hereof, at the rate of _____ % per annum, evidenced by interest coupons payable _____ 1, 19____, and semi-annually thereafter on each APRIL 1 and OCTOBER 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 the EL PASO NATIONAL BANK, EL PASO, TEXAS, or, at the option of the bearer, at the CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), NEW YORK, NEW YORK, which places shall be the paying agents for this Series of Bonds.

THIS BOND is one of a Series of negotiable, serial, coupon bonds dated OCTOBER 1, 1967, issued in the principal amount of \$_____ in accordance with Article 2909c, Vernon's Annotated Texas Statutes, and authorized pursuant to a Resolution duly adopted by said Board.

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Two Series of Bonds aggregating the principal amount of \$3,158,000 were initially authorized concurrently by the aforesaid Resolution, being The University of Texas at El Paso Student Union Building Revenue Bond, Series A of 1967, in the principal amount of \$458,000, issued for the purpose of refunding a like amount of outstanding bonds of that issue of Board of Regents of The University of Texas, Texas Western College Student Union Revenue Bonds, Series 1957, and The University of Texas at El Paso Student Union Building Revenue Bonds, Series B of 1967, in the principal amount of \$2,700,000, issued for the purpose of constructing and equipping additions and improvements to the Student Union Building on the campus of The University of Texas at El Paso. Both of said Series of Bonds are on a parity and are secured by and payable from a first lien on and pledge of the Net Revenues and Use Fees of the Student Union Building (as defined in said Resolution) on the campus of The University of Texas at El Paso; and with the Bonds of both of said Series, whether in the form of a single bond, payable in installments, or in the form of coupon bonds, being equal in dignity and security in all respects.

ON OCTOBER 1, _____, OR ON ANY INTEREST PAYMENT DATE THEREAFTER, the 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 principal amount thereof and accrued interest thereon to the date fixed for redemption, *(plus a premium on the principal amount of each such bond to be so redeemed, as follows: ___% if redeemed on or before October 1, 19__; ___% if redeemed after October 1, 19__, but on or before October 1, 19__, and ___% if redeemed after October 1, 19__.) At least thirty days prior to the date fixed for any such redemption said 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 the principal amount of the bonds which are to be so redeemed and accrued interest thereon to the date fixed for redemption, plus any required premium. If such 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 their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they 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.

*(Note to printer: here insert the appropriate premiums for each Series of bonds as prescribed in the bond Resolution).

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.

Said Board has reserved the right, subject to the restrictions stated in the Resolution authorizing this Series of bonds, to

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issue additional parity revenue bonds which also may be secured by and made payable from a first lien on and pledge of the aforesaid Net Revenues and Use Fees.

The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

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.

XXXXXXXXX
Secretary, Board of Regents,
The University of Texas System.

XXXXXXXXX
Chairman, Board of Regents,
The University of Texas System.

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

XXXXXXXXX
Comptroller of Public Accounts of the
State of Texas.

FORM OF INTEREST COUPON:

NO. _____

\$ _____

ON _____ 1, _____

THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, for and on behalf of THE UNIVERSITY OF TEXAS AT EL PASO, 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 the EL PASO NATIONAL BANK, EL PASO, TEXAS, or, at the option of the bearer, at the CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), NEW YORK, NEW YORK, said amount being interest due that day on the bond, bearing the number hereinafter designated, of that issue of THE UNIVERSITY OF TEXAS AT EL PASO STUDENT UNION BUILDING REVENUE BONDS, SERIES ___ OF 1967, DATED OCTOBER 1, 1967. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation. Bond No. _____.

XXXXXXXXX
Secretary, Board of Regents

XXXXXXXXX
Chairman, Board of Regents

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Section 9. That throughout this Resolution the following terms as used herein shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

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

The term "University" shall mean The University of Texas at El Paso.

The term "Student Union Building" shall mean the Student Union or Student Activities Building and facilities (including, but not limited to, the book store and cafeteria and snack bar therein) located on the campus of the University, together with all improvements, extensions, and additions thereto and replacements thereof.

The term "Student Union Building Use Fees" or "Use Fees" shall mean the fees to be fixed, charged, and collected from all students enrolled at the University, for the use and availability of the Student Union Building, in the manner and to the extent provided in this Resolution.

The term "Gross Revenues of the Student Union Building" or "Gross Revenues" shall mean all of the revenues and income of every nature derived from the operation and ownership of the Student Union Building.

The term "Current Expenses of the Student Union Building" or "Current Expenses" shall mean all necessary operating and maintenance expenses of the Student Union Building, including all expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and all other expenses incident to the operation and maintenance thereof, but shall exclude depreciation and all general administrative expenses of the University.

The term "Net Revenues of the Student Union Building" or "Net Revenues" shall mean the Gross Revenues after deduction of Current Expenses.

The term "Net Revenues and Use Fees of the Student Union Building" or "Net Revenues and Use Fees" shall mean the Net Revenues of the Student Union Building plus the gross collections of the Student Union Building Use Fees.

The term "Bonds" shall mean collectively the Bonds, Series A and B of 1967 authorized by this Resolution.

The term "Additional Bonds" shall mean the additional parity revenue bonds permitted to be authorized in this Resolution.

The term "Places of Payment" or "paying agents" shall mean collectively the El Paso National Bank, El Paso, Texas, and the Chase Manhattan Bank (National Association), New York, New York.

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Section 10. That the Bonds and Additional Bonds are and shall be secured by and payable from an irrevocable first lien on and pledge of the Net Revenues and Use Fees of the Student Union Building.

Section 11. That the Bonds and Additional Bonds and interest coupons appertaining thereto shall constitute special obligations of the Board, payable solely from the pledged Net Revenues and Use Fees, and such obligations shall not constitute a prohibited indebtedness of the University, the Board, nor the State of Texas, and the holders of the Bonds and Additional Bonds and the coupons attached thereto shall never have the right to demand payment out of funds raised or to be raised by taxation.

Section 12. (a) That there is hereby created and ordered to be established, at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation), a separate fund to be entitled the "Student Union Building Revenue Fund" (hereinafter sometimes called the "Revenue Fund").

(b) Immediately after the delivery of the Bonds all moneys then on hand in the "Texas Western College Project Revenue Fund" (created and established pursuant to the resolution adopted November 22, 1957, which authorized the Series 1957 Bonds being refunded by the Series A Bond) shall be transferred and deposited to the credit of the Revenue Fund.

(c) Commencing immediately after the delivery of the Bonds, all Gross Revenues of the Student Union Building and all gross collections of the Student Union Building Use Fees shall be deposited, upon receipt, by the University or the Board, to the credit of the Revenue Fund.

(d) The Current Expenses of the Student Union Building shall be paid from the Gross Revenues of the Student Union Building in the Revenue Fund, as a first charge against said Gross Revenues.

Section 13. That to pay the principal of and interest on all outstanding Bonds and Additional Bonds, if any, as the same come due, there is hereby created and ordered to be established, at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation), a separate fund to be entitled the "Student Union Building Revenue Bonds Interest and Sinking Fund" (hereinafter sometimes called the "Interest and Sinking Fund").

Section 14. That there is hereby created and ordered to be established, at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation), a separate fund to be known as the "Student Union Building Revenue Bonds Reserve Fund" (hereinafter sometimes called the "Reserve Fund"). The Reserve Fund shall be used finally in retiring the last of the outstanding Bonds and Additional Bonds, if any, or for paying principal of and interest on any outstanding Bonds and Additional Bonds, when and to the extent the amount in the Interest and Sinking Fund is otherwise insufficient for such purpose.

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Section 15. That there is hereby created and ordered to be established at an official depository of the Board (which must be a member of the Federal Deposit Insurance Corporation), a separate fund to be entitled the "Student Union Building Repair and Replacement Fund" (hereinafter sometimes called the "Repair and Replacement Fund"), which shall be used as hereinafter provided.

Section 16. Money in any Fund established pursuant to this Resolution may, at the option of the Board, be invested in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America. Such investments shall be valued in terms of current market value as of June 30 and December 31 of each year. Interest and income derived from such investments shall be credited to the Fund from which the deposit or investment was made. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

Section 17. That all accrued interest from the sale of the Series B Bonds shall be deposited when received to the credit of the Interest and Sinking Fund, and the amounts otherwise required to be deposited therein shall be reduced to that extent.

Section 18. That on or before the 25th day of March, 1968, and semi-annually thereafter on or before the 25th day of each September and March the Board shall transfer from the Revenue Fund and deposit into the Interest and Sinking Fund the amount of interest scheduled to come due on the Bonds on the next succeeding interest payment date, plus an additional amount equal to one-half of all principal scheduled to mature and come due on the Bonds on the next succeeding October 1.

Section 19. (a) That immediately after the delivery of the Bonds all moneys and investments then on hand in the "Bond and Interest Sinking Fund Account," including the "Reserve Account" therein, (created and established pursuant to the resolution adopted November 22, 1957, which authorized the Series 1957 Bonds being refunded by the Series A Bond) shall be transferred and deposited to the credit of the Reserve Fund.

(b) That on or before the 25th day of March, 1968, and semi-annually thereafter on or before the 25th day of each September and March, the Board shall transfer from the Revenue Fund and deposit into the Reserve Fund the amount of \$15,000, provided, however, that when the total amount of money and investments in the Reserve Fund is at least equal to the aggregate amount of \$180,000 in market value, then such deposits into the Reserve Fund may be discontinued, unless and until the Reserve Fund should be depleted to less than said aggregate amount in market value, in which case such deposits shall be resumed and continued until the Reserve Fund is restored to said aggregate amount.

Section 20. (a) That immediately after the delivery of the Bonds all moneys and investments then on hand in the "Maintenance and Equipment Reserve Account" (created and established pursuant to the resolution adopted November 22, 1957, which authorized the Series 1957 Bonds being refunded by the Series A Bond) shall be transferred and deposited to the credit of the Repair and Replacement Fund.

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(b) That on or before the March 25 or September 25 next following the date upon which the Reserve Fund shall contain an aggregate amount of money and investments at least equal to \$180,000 in market value, and semi-annually thereafter on or before the 25th day of each March and September, the Board shall transfer from the Revenue Fund the balance, if any, of the Net Revenues and Use Fees remaining therein and deposit same to the credit of the Repair and Replacement Fund; provided, however, that no more than \$20,000 shall be required to be so deposited into the Repair and Replacement Fund during any one fiscal year, and no deposit shall be required to be made into the Repair and Replacement Fund which would cause such Fund to then contain money and investments of more than \$200,000 in market value. The Repair and Replacement Fund may be drawn on and used by the Board for paying the cost of unusual or extraordinary maintenance, or repairs and renewals and replacements in connection with the Student Union Building, or to pay for renovating or replacing furniture and equipment not paid from the Revenue Fund as a part of the Current Expenses of the Student Union Building.

(c) Deposits into the Repair and Replacement Fund shall be subordinate to those required to be made into the Interest and Sinking Fund and the Reserve Fund, and no deposit shall ever be made into the Repair and Replacement Fund unless the Interest and Sinking Fund contains the amount then required to be therein and the Reserve Fund then contains the maximum aggregate amount required to be accumulated and maintained therein. If, at any time, the Reserve Fund should be depleted to an amount less than the maximum aggregate amount required to be accumulated and maintained therein, then, to the extent that Net Revenues and Use Fees in the Revenue Fund are not available for such purpose, all or any required part of the Repair and Replacement Fund shall be transferred and deposited immediately by the Board to the credit of the Reserve Fund so as to make up for such deficiency.

Section 21. (a) That if on any occasion there shall not be sufficient pledged Net Revenues and Use Fees in the Revenue Fund to make the required deposits into the Interest and Sinking Fund or the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available pledged Net Revenues and Use Fees in the Revenue Fund, or from any other sources available for such purpose.

(b) Subject to making all deposits into the Interest and Sinking Fund, the Reserve Fund, and the Repair and Replacement Fund, as required by this Resolution, or any resolution authorizing Additional Bonds, any surplus Net Revenues and Use Fees in the Revenue Fund may be used by the Board for any lawful purpose.

Section 22. (a) That commencing with the regular spring semester beginning in February, 1968, the Board hereby fixes and covenants and agrees to levy, charge, and collect a Student Union Building Use Fee from each student who enrolls in the University, in at least the minimum amounts as follows:

(1) \$4.00 per semester from each student enrolled in the University at each of the regular spring and fall semesters; and

(2) \$2.00 per term from each student enrolled in the University at each term of each summer session.

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(b) The Board covenants and agrees at all times to fix, levy, charge, and collect Student Union Building Use Fees in such amounts, without any limitation whatsoever, as will be at least sufficient at all times, together with the Gross Revenues of the Student Union Building, to provide money for making all deposits required to be made into all Funds created by this Resolution in connection with the Bonds and any Additional Bonds, and to pay all Current Expenses of the Student Union Building. It is hereby officially found, determined and declared by the Board that said Student Union Building Use Fees in such amounts are reasonable in all respects.

Section 23. That the Board shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue and deliver additional parity revenue bonds (herein called "Additional Bonds") in any amounts, for the purpose of completing the Project in accordance with the presently approved plans and specifications, in the event that the proceeds from the sale and delivery of the Bonds, together with the other funds available to the Board, are insufficient, and/or for the purpose of constructing, acquiring, or equipping additional facilities for the Student Union Building, or adding to or improving the Student Union Building. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with this Resolution, shall be secured and payable equally and ratably on a parity with the Bonds, and all other outstanding Additional Bonds, by a first lien on and pledge of the Net Revenues and Use Fees of the Student Union Building.

Section 24. (a) Each resolution under which Additional Bonds are issued shall provide that the Interest and Sinking Fund and the Reserve Fund established by this Resolution shall secure and be used to pay all Additional Bonds, as well as the Bonds. However, each resolution under which Additional Bonds are issued shall specifically provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Sinking Fund and the Reserve Fund, the Board shall transfer from the pledged Net Revenues and Use Fees of the Student Union Building in the Revenue Fund and deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same comes due, and that the Board shall transfer from said pledged Net Revenues and Use Fees in the Revenue Fund and deposit to the credit of the Reserve Fund at least such amounts (commencing not later than the date upon which the proposed new facilities are estimated to be completed), as will, together with any other amounts already required to be deposited in the Reserve Fund in connection with the Bonds and any other outstanding Additional Bonds, be sufficient to cause the Reserve Fund to accumulate and contain within a period of not to exceed six years from the date of the first of said additional deposits, a total amount of money and investments at least equal

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in market value to the average annual principal and interest requirements of such proposed Additional Bonds and the then outstanding Bonds, and any then outstanding Additional Bonds, and that thereafter such deposits shall be made into the Reserve Fund as will cause the Reserve Fund at all times to contain a total amount of money and investments at least equal in market value to the average annual principal and interest requirements of such proposed Additional Bonds, the outstanding Bonds, and any outstanding Additional Bonds. Each resolution under which Additional Bonds are issued also shall provide for appropriate additional amounts to be deposited into the Repair and Replacement Fund.

(b) The principal of all Additional Bonds must be scheduled to be paid or mature on October 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on April 1 and October 1; and any redemption of the principal thereof prior to maturity shall be permitted only as of April 1 or October 1.

Section 25. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued or delivered unless:

(a) The senior financial officer of the University signs a written certificate, approved by the President of the University, to the effect that the Board is not in default as to any covenant, condition, or obligation in connection with all outstanding Bonds and Additional Bonds, and the resolutions authorizing same, and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be therein.

(b) The State Auditor of the State of Texas, or a certified public accountant, signs a written certificate to the effect that, during either the University's fiscal year, or the twelve calendar month period, next preceding the date of execution of such certificate, the Net Revenues and Use Fees of the Student Union Building were at least equal to 1.25 times either (1) the combined average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, if any, or (2) the principal and interest requirements of all then outstanding Bonds and Additional Bonds, if any, during the fiscal year when such requirements are scheduled to be the greatest.

(c) The senior financial officer of the University signs a written certificate, approved by the President of the University, to the effect that during each University fiscal year while any Bonds or Additional Bonds, including the proposed Additional Bonds, are scheduled to be outstanding, (beginning with the fiscal year next following the date upon which the new facilities to be obtained with the then proposed Additional Bonds

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are anticipated to be completed and available for use and occupancy) the estimated Net Revenues and Use Fees of the Student Union Building will be at least equal to 1.25 times either (1) the combined average annual principal and interest requirements of all then outstanding Bonds and Additional Bonds, if any, and the then proposed Additional Bonds, or (2) the principal and interest requirements of all then outstanding Bonds and Additional Bonds, if any, and the then proposed Additional Bonds, during the fiscal year in which said requirements are scheduled to be the greatest.

(d) For the purpose of this Section 25, the "average annual principal and interest requirements" of a single Series or issue of bonds shall mean, as of any date, the aggregate of all future principal and interest to come due thereon in all fiscal years in which principal or interest is scheduled to be paid, divided by the number of such years; and the "combined average annual principal and interest requirements" of more than one Series or issue of bonds shall mean the aggregate of the respective average annual principal and interest requirements of each separate Series or issue.

Section 26. On or before the last day of March, 1968, and on or before the last day of each September and of each March thereafter while any of the Bonds and Additional Bonds, if any, are outstanding and unpaid, there shall be made available to the paying agents therefor, out of the Interest and Sinking Fund, money sufficient to pay such interest on and such principal of the Bonds and Additional Bonds, if any, as will accrue or mature on the April 1 or October 1 immediately following.

Section 27. (a) That all money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of The University of Texas System, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

(b) That whenever the total amount in the Interest and Sinking Fund and the Reserve Fund shall be equivalent to (1) the aggregate principal amount of Bonds and Additional Bonds, if any, outstanding, plus (2) the aggregate amount of all unpaid coupons thereto appertaining unmatured and matured, no further payments need be made into the Interest and Sinking Fund or the Reserve Fund. In determining the amount of Bonds or Additional Bonds outstanding, there shall be subtracted the amount of any Bonds or Additional Bonds which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents sufficient for such redemption.

Section 28. The Board covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and in each and every Bond and Additional Bond; that it will promptly pay or cause to be paid from the pledged Net Revenues and Use Fees the principal of and interest on every Bond and Additional Bond, on the dates and in the places and manner prescribed in such Bond or Additional Bond; and that it will, at the times and in the manner prescribed herein, deposit or cause to be deposited, from the pledged Net Revenues and Use Fees, the amounts of money specified herein.

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(b) It is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Board in accordance with their terms.

(c) It lawfully owns and is lawfully possessed of the lands upon which the Student Union Building is and will be located, and has a good and indefeasible estate in such lands in fee simple, that the Project will be completed in accordance with the plans and specifications heretofore approved and adopted, that it warrants that it has, and will defend, the title to all the aforesaid lands and facilities, and every part thereof and improvements thereon, for the benefit of the holders and owners of the Bonds and Additional Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Net Revenues and Use Fees pledged hereunder to the payment of the Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) It will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the Student Union Building, that it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge upon the Student Union Building, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Board.

(e) It will not do or suffer any act or thing whereby the Student Union Building might or could be impaired, and that it will at all times maintain, preserve, and keep the real and tangible property of the Student Union Building and every part thereof in good condition, repair, and working order and operate, maintain, preserve, and keep all structures and equipment pertaining thereto and every part and parcel thereof in good condition, repair, and working order. It is covenanted and agreed that all Current Expenses of the Student Union Building, including the premiums on insurance required to be carried under this Resolution, will be paid from Gross Revenues in the Revenue Fund, or from any other funds available to the University or Board. It is further specifically covenanted and agreed that adequate rates and charges for services, facilities, and supplies shall be made in connection with the operation of the Student Union Building to the end that the Gross Revenues therefrom will be the maximum reasonably obtainable, and that such Gross Revenues will at all times be at least sufficient to pay all Current Expenses of the Student Union Building, and that the Net Revenues of the Student Union Building, together with the Student Union Building Use Fees will at all times be sufficient to make all deposits required to be made into all Funds created by this Resolution in connection with the Bonds and any Additional Bonds.

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(f) That while the Bonds or Additional Bonds, if any, are outstanding and unpaid, the Board shall not additionally encumber the pledged Net Revenues and Use Fees in any manner, except as permitted in this Resolution in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution.

(g) That while the Bonds or Additional Bonds, if any, are outstanding and unpaid, the Board shall not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of any property constituting part of the Student Union Building, except that whenever the Board deems it necessary to dispose of any of the furnishings and equipment within such facilities, it may sell or otherwise dispose of such furnishings and equipment when it has made arrangements to replace the same or provide substitute facilities therefor.

(h) That at all times hereafter the Board shall procure boiler explosion insurance on all boilers servicing the Student Union Building in an amount not less than \$50,000 against loss suffered by reason of a boiler explosion. Further, at all times hereafter the Board shall procure fire and extended coverage insurance on the Student Union Building and the contents thereof. The foregoing boiler explosion and fire and extended coverage insurance shall be maintained so long as Bonds or Additional Bonds are outstanding and such fire and extended coverage insurance shall be in amounts at least sufficient to provide for full recovery to the extent that the damage does not exceed 80% of full insurable value. Such insurance shall be carried with a reliable insurance company or companies. In lieu of providing fire and extended coverage insurance as required above, the Board may, at its option, provide the equivalent of such insurance under its System-Wide Fire and Extended Coverage Insurance policy, subject to a deductible provision which is reasonable in amount, provided the Board establishes and maintains a special account containing funds which are at least sufficient to offset said deductible amount and which are immediately available for such purpose. Upon the happening of any loss or damage covered by such insurance from one or more of said causes, the Board shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Board. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Board for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds shall be used promptly as follows:

(1) for the redemption prior to maturity of the Bonds and Additional Bonds, if any, ratably in the proportion that the outstanding principal of each Series or issue of Bonds or Additional Bonds bears to the total outstanding principal of all Bonds and Additional Bonds; provided that if on any such occasion the principal of any such Series or issue is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(2) if none of the outstanding Bonds or Additional Bonds are subject to redemption, then for the purchase on the open market and retirement of said Bonds and Additional Bonds, in the same proportion as prescribed in the foregoing clause (1), to the extent practicable;

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provided that the purchase price for any such Bond or Additional Bond shall not exceed the redemption price of such Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

(3) to the extent that the foregoing clauses (1) and (2) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the Board, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (1) and (2) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(i) At all times while any Bonds or Additional Bonds, are outstanding, the Board shall procure and maintain use and occupancy insurance on all the facilities and structures of the Student Union Building, to the extent obtainable, in an amount sufficient to enable the Board to deposit in the Interest and Sinking Fund and the Reserve Fund, out of the proceeds of such insurance, an amount equal to the sum that normally would have been available for deposit in said Funds from the pledged Net Revenues and Use Fees during the time the Student Union Building is wholly or partially unusable, as a result of loss of use or occupancy caused by the perils covered by fire and extended coverage insurance.

(j) It will, as soon as practicable after the delivery of the Bonds, and on or before October 1 of each year thereafter, file with the original holders of the Series A and Series B Bonds a certificate signed and verified by the senior financial officer of the University stating that the Board has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and that all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(k) Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the pledged Net Revenues and Use Fees, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request by the holders of not less than 25% of the outstanding Bonds and Additional Bonds.

(l) That each year while any of the Bonds or Additional Bonds, if any, are outstanding, an audit will be made of its books and accounts relating to the pledged Net Revenues and Use Fees by the State Auditor of the State of Texas, or a certified public accountant, such audit to be based on the fiscal year of the University beginning on September 1 of each year and ending on August 31 of each year. As soon as practicable after the close of each such fiscal year, and when said audit has been completed and made available to the Board, a copy of such audit for the preceding fiscal year shall be mailed to the original holders of the Series A and Series B Bonds, and to all bondholders who shall so

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request. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

Section 29. The Board covenants and agrees that on each occasion when any outstanding Bonds or Additional Bonds are to be redeemed or prepaid prior to maturity or due date, such Bonds or Additional Bonds shall be redeemed or prepaid, on an approximately equal pro-rata basis, in the proportion that the original principal amount of each Series or issue of Bonds or Additional Bonds bears to the aggregate original principal amount of all then outstanding Bonds and Additional Bonds; provided that if on any such occasion the principal of any such Series or issue is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; and provided further that on each such occasion the Board shall have the right and option to redeem or prepay bonds which may be called at par and accrued interest prior to and to the exclusion of any bonds that are callable at a premium.

Section 30. That there is hereby created, and the Board shall establish with an official depository of the Board a separate construction account (herein called the "Project Account") into which shall be deposited all of the proceeds from the sale of the Series B Bonds, except accrued interest. Moneys in the Project Account shall be expended by the Board for paying the cost of constructing and equipping the Project. Money in the Project Account not scheduled for immediate Project purposes may be invested in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America; provided, however, that all such investments shall be made in such manner that the money required for Project construction purposes will be available at the proper times; and provided further that no such investment shall be made unless the maturity date thereof is within 18 months from the date of investment. All interest accruing from any such investments shall be deposited, upon receipt, in the Project Account. Any balance in the Project Account after final completion of the Project shall be deposited into the Reserve Fund.

Section 31. It is hereby certified, recited, and agreed by the Board that the Project is not being constructed for exclusive use by fraternities or sororities or private social clubs.

Section 32. That either the Chairman or the Vice-Chairman of the Board of Regents is hereby authorized to have control of said Bonds and all necessary records and proceedings pertaining to said Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of said Bonds, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate 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.

Section 33. That upon registration of the Series A Bond, the Comptroller of Public Accounts of the State of Texas shall deliver said Bond, in one installment, to a representative or agent

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of the Department of Housing and Urban Development of the United States of America, in exchange for, and upon surrender to the Comptroller, and cancellation of, all of the obligations described in the preamble of this Resolution and being refunded hereby. Said obligations being refunded hereby are owned and held by the United States of America, acting by and through the Department of Housing and Urban Development, which has consented to said refunding. In addition to all other rights, the holder of the Series A Bond shall be subrogated to all pertinent and necessary rights of the holder of the obligations being refunded hereby.

Section 34. That the Board has duly advertised for bids for all the Series B Bonds authorized by this Resolution. The successful bid for the Series B Bonds, being par and accrued interest to the date of delivery, plus a premium of \$ -0- , has been submitted by a Syndicate headed or managed by Phelps, Fenn & Company, and said Series B Bonds are hereby sold and shall be delivered to such purchaser as soon as practicable in accordance with the terms of sale.

RECESS.--The Board of Regents recessed at 9:15 a. m. in order to attend meetings of the Standing Committees and the Committee of the Whole as listed on the calendar.

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ATTENDANCE. --The meetings of the Standing Committees and the Committee of the Whole having been concluded, the Board of Regents reconvened at 4:30 p. m. on Thursday, December 7, with the following in attendance:

<u>Present</u>	<u>Absent</u>
Chairman Erwin, Presiding	Regent (Mrs.) Johnson--
Vice-Chairman Josey	excused (See Page <u>1</u> .)
Regent Bauer	
Regent Ikard	
Regent Kilgore	
Regent Olan	
Regent Peace	
Regent Jimenez	
Chancellor Ransom	
Secretary Thedford	

CORRECTIONS AND APPROVAL OF MINUTES OF OCTOBER 27, 1967. -- Without objection it was ordered that the minutes of the meeting of the Board of Regents held in Austin on October 27, 1967 be corrected on:

- (1) Page 72 by changing the second paragraph of Item 22 to read:

In order to have sufficient funds to cover the above recommended contract award, Architects' Fees thereon, Movable Furniture and Equipment, and Miscellaneous Expenses, it is recommended that an appropriation of \$4,325,000.00 be made to this project--\$1,394,200 from gifts, grants, etc., and \$2,930,800 from the Unappropriated PUF Bond proceeds.

- (2) Page 73 by changing lines 1-4 to read:

It is recommended that an appropriation of \$1,010,000.00 be made to this project--\$497,000 from gifts, grants, etc., and \$513,000 from Unappropriated PUF Bond proceeds to cover the above recommended contract award, Architects' Fees thereon, Movable Furniture and Equipment, and Miscellaneous Expenses.

- (3) Page 125 by changing Sections 10 and 14 to read:

10. Mr. W. D. Blunk shall receive an annual salary rate of \$21,000 effective October 1, 1967.

14. Effective November 1, 1967 a new account "U. T. Austin Official Occasions" shall be established in the U. T. Austin budget and the sum of \$25,000 is appropriated to that account for the current year from U. T. Austin Unappropriated Balance.

With these amendments, the minutes were approved as distributed by the Secretary and as recorded in Volume XV, beginning with Page 302, upon the motion of Regent Ikard, seconded by Regent Kilgore.

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REPORTS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Pages 26-31).--It was moved by Committee Chairman Bauer that the interim actions of the Executive Committee and the actions taken by telephone poll as reported at the meeting of the Executive Committee and as set out below be ratified. Regent Kilgore seconded the motion which unanimously prevailed:

Below is a report of the interim actions that have been approved by the Executive Committee since the Committee's last report on October 27, 1967:

1. Dental Branch: Amendment to 1967-68 Classified Personnel Pay Plan (2-C1-67). -- An Amendment was approved to the 1967-68 Classified Personnel Pay Plan for The University of Texas Dental Branch at Houston by which the following new positions were created, effective November 1, 1967:

Code No.	CLASS Title	SALARY RANGE	
		Monthly	Annual
0340	Key Punch Operator	\$319-\$ 400	\$ 3,828-\$ 4,800
0341	Senior Key Punch Operator	366- 460	4,392- 5,520
0360	Systems Analyst - Programmer I	650- 800	7,800- 9,600
0361	Systems Analyst - Programmer II	910- 1,150	10,920- 13,800

2. U. T. Austin: Minutes of the Board of Directors of TSP, Inc. (7-M-67). -- Approval was given to the minutes of the meeting of the Board of Directors of Texas Student Publications, Inc., at The University of Texas at Austin held on October 23, 1967. The following items were thereby approved:

- A. The appointment of Robert A. Burns, senior Fine Arts major, as Editor of the Texas Ranger Magazine for the remainder of the year 1967-68.
- B. The following amendments to the 1967-68 budget:
 1. Transfer \$1,070 from General Overhead Salaries to Wages leaving total of salaries and wages the same.
 2. Increase Income of The Daily Texan by \$5,500 and expenses by \$4,275 making an increase in Texan Net Income from \$52 to \$1,277. Increased Expenses include \$3,055 for additional wages for the Texan Staff.
- C. An amendment to the Long Range Plan for Texas Student Publications (page 82 of the TSP Handbook) so that the plan reads as follows:

"The present, written long range plans and related fund requirements were set up at a time when it was very indefinite as to how long TSP would occupy the present

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Journalism Building. Much of the anticipated need for funds was based on the obsolescence of the printing equipment. Now it is expected that TSP will need at least \$235,000 to contribute to a proposed new TSP Building, including furniture, plus at least \$165,000 for new offset press equipment capable of running the finest newspaper color reproduction. Recognizing the realities of the present situation, the new goal for the 'Facilities and Contingency Fund' is now set at \$400,000."

- D. The authority to the TSP Finance Committee
 (1) to add \$50,000 to the Facilities and Contingency Fund by making investments in stocks, bonds, or savings accounts as approved by the Executive Director of Investments, Trusts and Lands.

Present Balance in Fund at cost value	\$218,158
Proposed addition	<u>50,000</u>
Total	\$268,158

(2) to sell stocks owned by TSP which are carried on the "B" list of the Permanent University Fund, if, as, and when approved by the Executive Director of Investments, Trusts and Lands, and to reinvest the proceeds of sale of stocks in U.S. Government securities, Savings & Loan accounts or Certificates of Deposits as approved by the Executive Director of Investments, Trusts and Lands.

3. U. T. Austin: Waiver of Regents' Rule and Recommendation to Name Fireplace Lounge at the Law School (8-M-67). -- The recommendation to waive the Regents' Rule with respect to the naming of buildings (laboratories and clinics) in order to name the fireplace lounge at the Law School at The University of Texas at Austin was not unanimously approved by the Executive Committee, and in conformity with our procedure was referred to the Committee of the Whole. (See Page 118 .)
4. U. T. El Paso: Issuance of Purchase Orders for Furniture and Furnishings for the Addition to the Library Building at The University of Texas at El Paso (9-M-67). -- The following purchase orders were authorized for equipping the Addition to the Library Building at The University of Texas at El Paso. In each case the award was to the low bidder, equal bidder, or only bidder, as set out on Page 28 .

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Eastman Kodak Company,
Dallas, Texas

7 Microfilm Readers	\$4,445.00
7 Microfilm Reader-Printers	2,895.00
1 Microcard Reader	<u>450.00</u>
Total	<u>\$7,790.00</u>

Du Motion Picture Service,
El Paso, Texas

1 Movie Projector 16 mm	\$ 662.00
1 Overhead Projector	338.00
1 Opaque Projector	<u>285.00</u>
Total	<u>\$1,285.00</u>

Readex Microprint Corporation,
New York, New York

1 Micro-Viewer	<u>\$305.00</u>
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Copy Machines, Inc.,
El Paso, Texas

1 Laminating Machine	<u>\$519.00</u>
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Gane Brothers and Lane, Inc.,
Dallas, Texas

1 Book Press	<u>\$550.00</u>
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5. U. T. Arlington: Issuance of Purchase Order to Arlington Office Supply for Furniture and Furnishings for the Mathematics-Language Building (10-M-67). -- A contract was awarded to the low bidder, Arlington Office Supply, for the equipping of the Mathematics-Language Building at The University of Texas at Arlington, as follows:

Arlington Office Supply,
Arlington, Texas

120 double units of Bookcases 86" high x 12" deep x 75" wide	\$ 8,256.00
---	-------------

6. U. T. Austin, U. T. El Paso, Galveston Medical Branch, Dallas Medical School, and Anderson Hospital: Amendments to the 1967-68 Budgets (3-B-67). -- Approval was given to the amendments to the 1967-68 Budgets of U. T. Austin, U. T. El Paso, Galveston Medical Branch, Dallas Medical School, and Anderson Hospital as follows and as set out on Pages 29-31 :

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THE UNIVERSITY OF TEXAS AT AUSTIN
 AMENDMENTS TO 1967-68 BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

<u>Explanation</u>	<u>Present Status</u>	<u>Proposed Status</u>	<u>Effective Dates</u>
Auxiliary Enterprises - University of Texas Press Transfer of Funds	From: Unappropriated Balance General Funds	To: University of Texas Press Revolving Publication Fund - Other Expenses	
Amount of Transfer	\$ 2,435	\$ 2,435	---
Auxiliary Enterprises - Division of Housing and Food Service Transfer of Funds	From: Major Repairs, Remodeling, and Replacement and Operating Reserve (Housing and Food Service Unappropriated Balance)	To: Expansion and Remodeling of Division Office, Housing and Food Service	
Amount of Transfer	\$ 7,200	\$ 7,200	---
Claude V. Duplissey Mathematics Academic Rate	Teaching Assistant \$ 4,400 (1966-67)	Teaching Assistant \$ 5,400	9/1 - 1/15

THE UNIVERSITY OF TEXAS AT EL PASO
 AMENDMENTS TO 1967-68 BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

<u>Explanation</u>	<u>Present Status</u>	<u>Proposed Status</u>	<u>Effective Dates</u>
School of Education Transfer of Funds	From: Unappropriated Balance	To: School of Education - Books	
Amount of Transfer	\$8,000	\$8,000	---

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THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
 AMENDMENTS TO 1967-68 BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

Item No.	Explanation	Present Status	Proposed Status	Effective Dates
21.	Richard G. Benton Surgery	Research Assistant Professor	Research Assistant Professor	
	Salary Rate	\$13,000	\$14,000	11/1/67
	Source of Funds: VRA Grant			
22.	Wiktor W. Nowinski Surgery	Research Professor, Biochemistry	Research Professor, Biochemistry	
	Salary Rate	\$16,000	\$17,500	11/1/67
	Source of Funds: HEW Grant			

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL SCHOOL AT DALLAS
 AMENDMENTS TO 1967-68 BUDGET
 Source of Funds - Departmental Appropriations
 (Unless Otherwise Specified)

Item No.	Explanation	Present Status	Proposed Status	Effective Dates
12.	Joseph S. Paul Pathology	Assistant Professor	Assistant Professor	
	Salary Rate	\$13,000	\$15,000	11/1/67
	Source of Funds: AMA Education and Research Founda- tion			
13.	Norman R. James Anesthesiology	Associate Professor (without tenure)	Associate Professor (without tenure)	
	Salary Rate	\$15,000	\$17,000	11/1/67
	Source of Funds: Children's Medical Center Anesthe- siology Center			

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THE UNIVERSITY OF TEXAS M. D. ANDERSON HOSPITAL
AND TUMOR INSTITUTE AT HOUSTON
AMENDMENTS TO 1967-68 BUDGET
Source of Funds - Departmental Appropriations
(Unless Otherwise Specified)

Explanation	Present Status	Proposed Status	Effective Dates
Joe E. Boyd, Jr. Administrator's Office	Administrator	Administrator	
Salary Rate	\$25,000	\$28,000	11/1/67
Source of Funds: Reserve for Salaries			

The following actions were taken by telephone poll of those Regents who could be reached at the time of the poll. At least a majority of the members of the Board approved each action:

1. U. T. Arlington: Permission to Play North Dakota State in the Pecan Bowl (Midwest College Division Regional Championship Game), December 16, 1967. --By telephone poll, a majority of the members of the Board of Regents granted permission for the football team of The University of Texas at Arlington to accept an invitation to play North Dakota State in the Pecan Bowl at Abilene, Texas (Midwest College Division Regional Championship Game), on December 16, 1967. The game is sponsored by the National Collegiate Athletic Association and the Chamber of Commerce of Abilene, Texas.
2. U. T. El Paso: Permission to Play The University of Mississippi in the Sun Bowl on December 30, 1967. --By telephone poll, a majority of the members of the Board of Regents granted permission for the football team of The University of Texas at El Paso to accept an invitation to play The University of Mississippi in the Sun Bowl at El Paso, Texas, on December 30, 1967.

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REPORT OF ACADEMIC AND DEVELOPMENTAL AFFAIRS COMMITTEE (Pages 32-41).--Committee Chairman Olan moved that the recommendations approved at the meeting of the Academic and Developmental Affairs Committee, and as set out below, be approved. Vice Chairman Josey seconded the motion which was unanimously adopted:

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

Report of the Executive Director
The University of Texas System Development Board

Gifts and grants are reported to the Board of Regents routinely through established procedures.

The Development Board met in Austin on November 30. Presidents of University System components attended and described programs of their respective institutions. The Board allowed more time than customary for the Chancellor's report and the discussion period that always follows Chancellor Ransom's remarks.

Reports of standing committees and special committees were heard and action taken where required. The Development Board set its next meeting for February 15, 1968. The Executive Committee will meet on January 18, 1968.

Regent Chairman Frank C. Erwin, Jr., and Vice-Chancellor Charles A. LeMaistre attended the Development Board luncheon and each spoke briefly.

The University of Texas System Foundation, Inc., Board of Directors will hold its first meeting in Houston on Friday, December 8, in the 21st Floor Conference Room, First City National Bank Building. Officers will be elected and other required business conducted.

The Chancellor's Council continues to attract members of widely varied interests. Gifts have varied greatly in amount and purpose. An immediate benefit is unrestricted cash, but substantial future benefits will come to The University of Texas System through the 17 bequests of members who qualified by that method. I attach a brief statistical report on the Chancellor's Council (Page 33).

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CHANCELLOR'S COUNCIL MEMBERSHIP

STATUS, PURPOSE AND METHOD REPORT

Founding Members (Previously Paid)	90
Unrestricted:	
Pledge and Cash	22
Pledge Only	18
Bequests	17
Deferred Gifts	3
Insurance	8
Restricted:	
Pledge and Cash	23
Pledge Only	6
Arts and Sciences	
Athletics	
Business Administration	
Development Projects	
Engineering	
Journalism	
Law School	
Library	
Music	
Component Units	—
TOTAL Members	<u>187*</u>
Anonymous (Not included in total)	10

*180 of the total are Founding Members

As of December 4, 1967
pc

2. U. T. System: Chancellor's Docket No. 20.--It is recommended that Chancellor's Docket No. 20 be adopted in the form as submitted. It is attached to (following Page 121) and made a part of the minutes.

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3. U. T. System: Rider for Accidental Death and Dismemberment To Contract with Aetna Life Insurance Company for Long-Term Disability Insurance. --It is recommended that there be approved a rider to the Long-Term Disability Income Insurance contract with the Aetna Life Insurance Company (authorized May 21, 1965 and effective October 1, 1965) to provide accidental death and dismemberment insurance for members of the faculty and staff of The University of Texas System. This rider provides optional coverage effective February 1, 1968, at the rate of \$.046 per \$1,000 of coverage per month, with a maximum coverage of \$200,000 or 10 times the annualized monthly rate of basic earnings, whichever is less.
4. U. T. System: Optional Retirement Plan (Acts of 60th Legislature, R. S., 1967). --It is recommended that the Board adopt the following resolution in order to implement the legislative enactment authorizing the establishment of an optional retirement program in lieu of active membership in the Teacher Retirement System of Texas:

WHEREAS, the 60th Legislature of the State of Texas at its Regular Session (1967) authorized the establishment of an optional retirement program in lieu of active membership in the Teacher Retirement System of Texas (Chapter 729, Page 1955, Acts 60th Legislature, R. S., 1967); and

WHEREAS, some of the pertinent provisions are:

Sec. 3(a) There is hereby established an Optional Retirement Program. Participation in the Optional Retirement Program is in lieu of active membership in the Retirement System. The Governing Boards for all institutions of higher education shall make available to all faculty members in their component institutions, agencies and units the Optional Retirement Program which shall provide for the vesting of benefits after one year of participation.

Sec. 3(b) All faculty members are eligible to participate in the Optional Retirement Program, subject to such rules as may be prescribed by the Governing Board of the institution of higher education at which they are employed.

Sec. 2(d) "Faculty member" means a person employed by an institution of higher education on a full time basis as a member of the faculty or staff and whose duties include teaching, research, administration, including professional librarians, or the performance of professional services but does not mean a person employed in a position which is in the institution's classified personnel system or a person employed in a similar type of position if the institution does not have a classified personnel system.

Sec. 4. In administering the Optional Retirement Program a Governing Board may provide for the purchase of annuity contracts from any insurance or annuity company qualified and admitted to do business in this state. . . .

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BE IT RESOLVED by the Board of Regents of The University of Texas System that:

- (1) an optional retirement program be hereby made available for eligible employees of The University of Texas System, effective September 1, 1968.
- (2) the terms, conditions and requirements of the act shall be observed in administering the program, and the Chancellor's staff be directed to prescribe the necessary rules.
- (3) Teachers Insurance and Annuity Association - College Retirement Equities Fund be hereby approved to offer an optional retirement plan to eligible employees of the U. T. System, subject to compliance with terms and provisions of the act, and in compliance with the prescribed rules.

5. U. T. Austin: Change in Foreign Language Requirements for All Ph. D. Candidates. --It is recommended that the proposal of the Graduate Assembly to change the foreign language requirements for all Ph. D. candidates of The University of Texas at Austin be authorized as set out below and that such requirements be incorporated in the 1968-69 Graduate School catalog:
 - a. All Doctoral programs in the Graduate School have a minimum requirement of proficiency in one foreign language for admission to candidacy. Specific requirements beyond this minimum are stated under each program.
 - b. The minimum requirement in foreign languages can be satisfied
 - (1) by an examination approved by the Dean of the Graduate School, or
 - (2) by completion of two academic years of study of the language at an accredited college with a grade of at least B, either before or after entering Graduate School.
 - c. The minimum requirement may be waived by the Graduate Dean upon special petition of the appropriate graduate studies committee on behalf of the candidate.
6. U. T. Austin: Name of Department of Geology Changed to Department of Geological Sciences. --It is recommended that the name of the Department of Geology at The University of Texas at Austin be changed to the Department of Geological Sciences and that proper notification be sent to the Coordinating Board, Texas College and University System.
7. U. T. Austin: Permission for Membership in Argonne Universities Association. --It is recommended that The University of Texas at Austin be authorized to become a member of the Argonne Universities Association (an atomic research facility in Chicago) should the opportunity arise, and that if such membership is tendered, President Hackerman be authorized to execute the necessary documents connected therewith.

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8. U. T. Austin: 1967-68 Budget for Retained Earnings, Campus Services, Inc. -- It is recommended that the following budget for Retained Earnings of Campus Services, Inc. be adopted:

BUDGET
FOR
RETAINED EARNINGS OF CAMPUS SERVICES, INC.
September 1, 1967 - August 31, 1968

Balance August 31, 1967 per Audit Report		\$58,067.84
Outstanding 1966-67 commitments previously authorized by Board of Regents:		
Round-Up Showcase	\$1,200.00	
Scholarships	1,500.00	
Appropriation for Bevo	<u>200.00</u>	<u>2,900.00</u>
Balance available for 1967-68 and future years		55,167.84
Reserved for 1968-69 allocation		<u>10,000.00</u>
Available for allocation in 1967-68		<u>\$45,167.84</u>

Budget for 1967-68:

Operation Brainpower	\$4,000.00	
Publication of EYES ON TEXAS	3,000.00	
Alumni Continuing Education	<u>3,000.00</u>	\$10,000.00
Contribution to Cost of Feeding Bevo		500.00
Support of Law Day		500.00
Publication Costs of Monthly Program Guide for KUT-FM		300.00
Expenses for Sending Student Chess Team to U. S. Intercollegiate Chess Championship Tournament		1,100.00
Transportation for Two Students to Annual Air Force Academy Assembly		125.00
Student Delegates (3) to A. & M. Annual Conference on National Affairs		60.00
AIESEC Student Exchange Program		350.00
Emergency Scholarships		5,000.00

Items Included in the 1967-68 Budget:
That Have Been Previously Authorized By
Board of Regents:

ROTC Rifle Team (RM 10/28/67)	\$334.00	
International Affairs Conference-- Two student delegates to West Point (RM 10/28/67)	<u>400.00</u>	<u>734.00</u>

Subtotal \$19,669.00

Unallocated Appropriation (To Be Reported To
Board as Allocations Are Approved or Requested) \$25,498.84

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9. U. T. Austin: Acceptance of Virginia Welch Sharborough Trust.--
It is recommended that approval be given to accept with thanks a \$25,000 trust fund from Mr. Charles J. Sharborough. The fund will be known as the Virginia Welch Sharborough Fund. The trust provides that it will benefit Mr. and Mrs. Sharborough in their life times and upon the death of the survivor the trust will terminate and its assets will come to the Board of Regents as trustees with the income to be expended at the discretion of the Dean of the College of Arts and Sciences at The University of Texas at Austin for the purpose of furthering higher education.

It is recommended that the Chairman of the Board of Regents be authorized to sign the appropriate trust agreement by and between Charles J. Sharborough, The Austin National Bank, as trustee, and the Board of Regents when the instrument has been approved by University Attorney Waldrep as to form and by Mr. Blunk, Executive Director of the Development Board, as to content.

10. U. T. Austin: Waiver of Regents' Rules and Regulations, Part One, Chapter III, Section 31.1 for Curtis J. Alderson and I. I. Nelson.--
It is recommended that the Regents' Rules and Regulations, Part One, Chapter III, Section 31.1 be waived so that the following may be employed for the 1968 Spring Semester only:

- a. Curtis J. Alderson, Associate Professor, Department of Physical and Health Education, one-sixth time at an academic rate of \$9,500.
- b. I. I. Nelson, Professor, Department of Curriculum and Instruction, one-third time at an academic rate of \$11,000.

This approval is necessary since both Mr. Alderson and Mr. Nelson are over 75 years of age.

11. U. T. Arlington: Schedule of Implementation of School of Social Work.--The schedule of implementation of the School of Social Work at The University of Texas at Arlington was discussed. President Woolf reported that the procedure for accreditation of new schools of social work has been changed by the Council on Social Work Education. The new procedure would require a delay in admission of students until September 1969, whereas current planning is based upon admission of the first class in September 1968. President Woolf stated that conferences with members of the board of the Council on Social Work Education had left the way open for the school at Arlington to follow the old procedure, although at some risk. In view of the expectations of the Legislature, which appropriated funds for planning during the 1967-68 school year, and the desire of the Dallas-Fort Worth community, President Woolf's recommendation that the first class of students (20-25) be admitted for September 1968 was adopted.

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12. U. T. Arlington: Increase in Dormitory Room Deposit and Policy for Credit Thereof. -- It is recommended that effective with applications received for the Fall of 1968, the deposit to reserve dormitory space at The University of Texas at Arlington be increased to \$50, and that \$30 of the \$50 deposit be applied to the initial room and board billing for the school year 1968-69.
13. U. T. Arlington: Bowl Game Policy. -- The following bowl game policy was adopted for The University of Texas at Arlington:
1. Acceptance of bowl game bids requires the approval of:
 - a. The members of the Varsity Football Squad
 - b. The Varsity Football Coaches
 - c. The Athletic Council
 - d. The President
 - e. The Chancellor
 - f. The Board of Regents
 2. The University of Texas at Arlington is a member of the Southland Conference and will abide by the conference rules pertaining to the acceptance of bids.
 3. Payment of extra compensation from intercollegiate athletic funds for participation in bowl games may be made according to the following schedule:

All Football Coaches	5% of annual salary
Trainer	5% of annual salary

This schedule will be adapted to conform to the rules of the Southland Conference, of which The University of Texas at Arlington is a member.
 4. All policies relating to complimentary tickets and transportation of University personnel will be determined by the Athletic Council upon the acceptance of any bowl bid.
 5. Expenses of bowl game participation shall not exceed the amount received for bowl game participation.
14. U. T. Arlington: Continuation of Blue Cross-Blue Shield Coverage But Change in Present Contract. -- It is recommended that the Blue Cross-Blue Shield coverage be continued for The University of Texas at Arlington and that Contract No. 21062 be changed, effective December 1, 1967 to provide one plan for employees which is available to all eligible employees but which is not based on salary qualifications.

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15. U. T. Arlington: Requests to Coordinating Board (1) To Change Request for Master of Science in Accounting to Master of Professional Accounting (2) To Approve Degree Programs for Master of Science in Mechanical Engineering, Master of Science in Industrial Engineering, and Master of Science in Civil Engineering. --It is recommended that the Administration be authorized to file with the Coordinating Board, Texas College and University System the following requests with respect to The University of Texas at Arlington:

- (1) To amend the request now pending with the Coordinating Board, Texas College and University System for the establishment of a degree program of Master of Science in Accounting to Master of Professional Accounting.
- (2) To establish the following degree programs at The University of Texas at Arlington:

Master of Science in Mechanical Engineering
 Master of Science in Industrial Engineering
 Master of Science in Civil Engineering

The request for the establishment of these programs, it is understood, will not be considered by the Coordinating Board until the Master Plan for the State of Texas has been completed.

16. U. T. El Paso: Approval to Submit Request to Coordinating Board for Organizational Structure of School of Education and School of Business Administration. --It is recommended that the Administration be authorized to file a request with the Coordinating Board, Texas College and University System for organizational structure for the School of Education and for the School of Business Administration at The University of Texas at El Paso as outlined below:

1. School of Education
 - Department of Health and Physical Education
 - Department of Curriculum and Instruction
 - Department of Education Administration and Supervision
 - Department of Educational Psychology and Guidance
2. School of Business Administration
 - Department of Economics and Finance
 - Department of Accounting
 - Department of Business

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17. U. T. El Paso: Rates for Room and Board in Dormitories and for Space in Married Students' Apartments. -- It is recommended that the following rates for room, board, and room and board in dormitories and monthly rental for married students' apartments be approved effective September 1, 1968:

D O R M I T O R I E S

	<u>Room (Includes Linens)</u>	<u>Board</u>	<u>Room and Board</u>
<u>Fall and Spring</u> <u>(Per Semester)</u>			
Bell and Hudspeth Halls	\$ 118.50	\$ 256.50	\$ 375.00
Benedict, Worrell and Burgess Halls	150.50	256.50	407.00
<u>Summer Session</u> <u>(Per 6-weeks Term)</u>			
Bell Hall	39.50	85.50	125.00
Burgess Hall	50.50	85.50	136.00

A P A R T M E N T SPer Month

Married Students Apartments \$85.00
(includes utilities other than
telephone)

18. Galveston Medical Branch: Authorization to Accept Appointment as Substitute Trustee of the Robertson-Poth Foundation of Galveston. -- The Robertson-Poth Foundation of Galveston, Texas, was established by trust indenture dated December 22, 1962, as a charitable, scientific and educational foundation. Dr. Edgar J. Poth and wife, Dr. Gaynelle Robertson Poth, and Dr. Douglas D. Stiernberg are trustees of this Foundation. Since these trustees desire to resign and have asked the Board of Regents of The University of Texas System to assume responsibility for the management of the Foundation, it is recommended that the Chairman of the Board of Regents of The University of Texas System, the Chairman of the Regents' Medical Affairs Committee and the Chairman of the Regents' Land and Investment Committee be appointed as substitute trustees to manage and control the Robertson-Poth Foundation.

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19. Dallas Medical School: Acceptance of Gift from Mr. and Mrs. C. J. Thomsen. --It is recommended that the gift of 375 shares of common stock of Texas Instruments from Mr. and Mrs. C. J. Thomsen be accepted for the purpose of "exploring what in the accumulated knowledge of living organisms may prove helpful in developing management systems for business, medical, and government institutions" and with the understanding that the funds provided will be expended for the intended purpose in a manner acceptable to the Dean of the Southwestern Medical School, or whomever he may designate, and to Mr. C. J. Thomsen, (or to Mrs. C. J. Thomsen in the event that Mr. C. J. Thomsen is deceased or unable to express his wishes.)

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REPORT OF BUILDINGS AND GROUNDS COMMITTEE (PAGES 42-47)

---In the absence of Committee Chairman Johnson, Vice-Chairman Josey moved that the recommendations approved in the meeting of the Buildings and Grounds Committee be adopted. Regent Bauer seconded the motion which carried unanimously. The recommendations so approved are:

1. U. T. Austin: Approval of Inscription on Plaque for J. T. Patterson Laboratories Building (Biological Sciences Building).--- It is recommended that the inscription as set out below be approved for the plaque to be placed on the J. T. Patterson Laboratories Building (Biological Sciences Building) at The University of Texas at Austin. This inscription follows the standard pattern approved by the Board at the meeting held October 1, 1966.

J. T. PATTERSON LABORATORIES BUILDING

1965

BOARD OF REGENTS

W. W. Heath, Chairman
 Frank C. Erwin, Jr., Vice-Chairman
 W. H. Bauer
 Walter P. Brennan
 H. Frank Connally, Jr., M. D.
 Frank N. Ikard
 Mrs. J. Lee Johnson III
 Jack S. Josey
 Rabbi Levi A. Olan

Harry H. Ransom, Chancellor
 The University of Texas System
 Norman Hackerman, Vice-Chancellor
 for Academic Affairs, The
 University of Texas System

V. L. Doughtie, Chairman,
 Faculty Building Committee of
 The University of Texas at Austin

Brooks, Barr, Graeber, and White
 Consulting Architects
 Jessen, Jessen, Millhouse, Greeven,
 and Crume, Associate Architects
 B. L. McGee Construction Company,
 General Contractor

2. U. T. Austin: Approval of Inscription on Plaque for Calhoun Hall (South Mall Office and Classroom Building).---It is recommended that the inscription as set out below be approved for the plaque to be placed on Calhoun Hall (South Mall Office and Classroom Building) at The University of Texas at Austin. This inscription follows the standard pattern approved by the Board at the meeting held October 1, 1966.

CALHOUN HALL

1966

BOARD OF REGENTS

W. W. Heath, Chairman
 Frank C. Erwin, Jr., Vice-Chairman
 W. H. Bauer
 Walter P. Brennan
 H. Frank Connally, Jr., M. D.
 Frank N. Ikard
 Mrs. J. Lee Johnson III
 Jack S. Josey
 Rabbi Levi A. Olan

Harry H. Ransom, Chancellor
 The University of Texas System
 Norman Hackerman, Vice-Chancellor
 for Academic Affairs, The
 University of Texas System

V. L. Doughtie, Chairman,
 Faculty Building Committee of
 The University of Texas at Austin

Brooks, Barr, Graeber, and White,
 Consulting Architects
 Pitts, Mebane, Phelps, and White,
 Associate Architects
 B. L. McGee Construction Company,
 General Contractor

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3. U. T. Austin: Approval of Final Plans and Specifications for Music Building No. 2.--It is recommended that the final plans and specifications for Music Building No. 2 at The University of Texas at Austin as prepared by the Associate Architects on the project, Marmon and Mok, be approved by the Board, with authorization to the Director of the Office of Facilities Planning and Construction to advertise for bids to be presented to the Board or the Executive Committee for consideration at a later date.

4. U. T. Austin: Award of Contract to Fluor Products Company, Inc., for Cooling Towers for Central Water Chilling Stations Nos. 3 and 4.--It is recommended that a contract award for Cooling Towers for Central Water Chilling Stations Nos. 3 and 4 at The University of Texas at Austin be made in the amount of \$216,404.00 to Fluor Products Company, Inc., Santa Rosa, California, on the basis of the lowest evaluated bid.

5. U. T. Austin: Building Site for Joe C. Thompson Conference Center and Acquisition of Portions of the University East Urban Renewal Project.--

It is recommended (1) that the appropriate officials be authorized and directed to acquire and obtain possession no later than June 1, 1968, of the following described portions of the University East Urban Renewal Project, (2) that all necessary steps be taken with the Austin Urban Renewal Agency so that the University will receive dollar for dollar credit for all monies expended in acquiring the following described property, and (3) that if the Thompson family agrees to the change of site, the Thompson Conference Center be constructed on a site on that portion of the property described below situated north of the Lyndon Baines Johnson Library:

The property to be acquired is that portion of the University East Urban Renewal Project lying north of Manor Road, insofar as the acquisition of such property has been approved by the Legislature.

6. U. T. Austin: Humanities Research Center.--It is recommended that the Board authorize Chancellor Ransom to contact certain foundations with respect to gifts and donations for the construction and furnishing of the Humanities Research Center at The University of Texas at Austin on the basis of the approved preliminary plans and the photographs and slides of the architect's model of the proposed building.

7. U. T. Arlington: Appropriation of Associate Architect's Fees for University Hall (General Classroom-Office Building).--In order to have funds with which to pay the Associate Architect's Fee for preparation of working drawings and specifications for University Hall (General Classroom-Office Building) at The University of Texas at Arlington, it is recommended that an appropriation of \$125,000.00 be made for this purpose from Unappropriated Balance of Ad Valorem Tax Bond Proceeds at U. T. Arlington.

8. U. T. Arlington: Approval of Issuance of Purchase Order to Miller's Visual Aids, for Equipment for Addition to Library Building.--It is recommended that a purchase order in the amount of \$1,632.00 be issued to Miller's Visual Aids, Fort Worth, Texas, for 3 16 mm. Movie Projectors, to be used in the Addition to the Library Building at The University of Texas at Arlington, on the basis of the only bid received.

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9. U. T. Arlington: Approval of Inscription on Plaque for Hammond Hall and Trimble Hall (Mathematics-Language Building).--It is recommended that the inscription as set out below be approved for the plaque to be placed on Hammond Hall and Trimble Hall (Mathematics-Language Building) at The University of Texas at Arlington. This inscription follows the standard pattern approved by the Board at the meeting held October 1, 1966.

HAMMOND HALL
and
TRIMBLE HALL

1966

BOARD OF REGENTS

W. W. Heath, Chairman
Frank C. Erwin, Jr., Vice-Chairman
W. H. Bauer
Walter P. Brenan
H. Frank Connally, Jr., M. D.
Frank N. Ikard
Mrs. J. Lee Johnson III
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Rabbi Levi A. Olan

Harry H. Ransom, Chancellor
The University of Texas System
J. R. Woolf, President
The University of Texas at
Arlington

Brooks, Barr, Graeber, and White,
Consulting Architects
Albert S. Komatsu and Associates,
Associate Architects
Thomas S. Byrne, Inc., Contractor

10. U. T. Arlington: Renaming of Ousley Junior High School as Cooper Center.--It is recommended that the Ousley Junior High School property which is in process of being acquired for use by The University of Texas at Arlington, be renamed as "Cooper Center." The recommendation for the use of the name "Cooper" is made, since the location is on Cooper Street, and the recommendation for the use of the word "Center" is made, since there is a grouping of three masonry buildings plus two other minor structures.

11. U. T. Arlington: Appointment of Architects for Remodeling of Cooper Center (Ousley Junior High School) and Appropriation Therefor.--Federal Grant No. 4-7-00326-0 covering Remodeling of Cooper Center (Ousley Junior High School) and construction of University Hall at The University of Texas at Arlington has been recommended by the Coordinating Board subject to congressional appropriations. It is necessary to have simultaneous construction on the projects and highly desirable to have one contract for both projects; it is, therefore, recommended that the firm of Wright-Rich and Associates of Dallas, Texas, the project Architect on University Hall, be appointed as the Project Architect for the Remodeling of Cooper Center so that preparation of these plans and specifications can be started.

It is further recommended that an appropriation of \$18,000.00 be made from the Unappropriated Balance of Ad Valorem Tax Bond Proceeds at U. T. Arlington to cover preliminary expenses and Architect's Fees for this project.

12. U. T. Arlington: Authorization for Construction of Parking Lot on Seventh Street South of Creek.--It is recommended that authorization be given to The University of Texas at Arlington Physical Plant staff to prepare plans and specifications for a parking lot to accommodate approximately 1,200 automobiles, at an estimated cost of \$100,000.00. Funds to cover this are available in the Parking Fee account. This parking lot is to be located south of the creek on Seventh Street, bounded by Cooper Street on the west and West Street on the East. It is further recommended that the Director of the Office of Facilities Planning and Construction be authorized to approve the plans and specifications when completed and advertise for bids to be presented to the Board or the Executive Committee for consideration at a later date.

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13. U. T. El Paso: Appropriation for Addition to Student Union Building.--It is recommended that an appropriation of \$2,700,000.00 be made for the Addition to the Student Union Building at The University of Texas at El Paso to cover a contract award in the amount of \$2,382,900.00 to Robert E. McKee General Contractor, Inc., Architects' Fees thereon, Movable Furniture and Equipment, and Miscellaneous Expenses. The funds for this appropriation are to come from The University of Texas at El Paso Student Union Revenue Bonds, Series B of 1967 in the amount of \$2,700,000.00 issued and sold at this meeting. (See Page 1.)

It is further recommended that a Contingency Allowance in the amount of \$47,000.00 be set up with authorization to the Office of Facilities Planning and Construction to issue additive change orders to the contract not to exceed this amount.

14. U. T. El Paso: Award of Contract to Vowell Construction Company for Filling of Arroyo South of Sun Bowl and Installation of Large Drain Pipe in Arroyo South of Physical Science Building and Additional Appropriation Therefor.--It is recommended that a contract award in the amount of \$31,412.00 be made to the low bidder, Vowell Construction Company, El Paso, Texas, for the filling of the arroyo south of the Sun Bowl and the installation of a large drain pipe in the arroyo south of the Physical Science Building at The University of Texas at El Paso. It is further recommended that an additional appropriation of \$13,455.00 be made to this project from Unappropriated Plant Funds of U. T. El Paso to cover this contract award and miscellaneous expenses.

15. U. T. El Paso: Approval of Lease Agreement with El Paso Electric Company for Portion of Lee Moor and Mary F. Neel Tracts (Parking Lots Purposes).--It is recommended:

- a. That authorization be given to enter into a lease agreement with the El Paso Electric Company for a portion of the Lee Moor Tract and the Mary F. Neel Tract as shown on the map which will be a part of the lease agreement,
- b. That the lease agreement allow The University of Texas at El Paso to fill, level, pave, and/or use the leased area for parking,
- c. That the lease continue in effect so long as the premises are used for parking,
- d. That the consideration for the lease be an annual rental of \$1.00, and
- e. That Chairman Erwin be authorized to sign the lease agreement after the approvals as to content by Mr. Lester F. Palmer and legal form by University Attorney Waldrep.

16. U. T. El Paso: Easement to El Paso Electric Company Covering 0.445 Acres of Land out of Simeon Hart Survey No. 2.--It is recommended:

- a. That an easement be granted to El Paso Electric Company covering approximately 0.445 acres of land out of the Simeon Hart Survey No. 2 in El Paso County, Texas, as more fully described in the easement instrument and Exhibits thereto,
- b. That the period of the easement be for fifty years, together with an option to renew the easement for an additional fifty-year period upon such terms as may be agreed upon by the parties,

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- c. That the sum of \$581.53 (75% of the appraised value of the land) be paid to The University of Texas by the El Paso Electric Company for this easement, and
- d. That Chairman Erwin be authorized to sign the easement instrument after approval as to content by Mr. Lester E. Palmer and as to legal form by University Attorney Waldrep.

17. U. T. El Paso: Authorization for Acquisition of Lots 1 through 20, Block 188, Alexander Addition to the City of El Paso, Texas.--

In order to locate the Education and Engineering Building to be constructed at The University of Texas at El Paso on the northeast side of the campus, to be bounded by Randolph Street, an improved street, to the southwest and by the unimproved portion of Kerbey Avenue on the southeast, it is recommended that authorization be given by the Board to proceed with the acquisition of the following property and

to obtain whatever approvals are necessary from other State agencies:

Property owned by Baptist Student Center: Lots 1 through 5, inclusive, Block 188, Alexander Addition to the City of El Paso, Texas; appraised value, \$52,000.00

Property owned by Delta Delta Delta Sorority: Lots 6 through 15, inclusive, Block 188, Alexander Addition to the City of El Paso, Texas; appraised value, \$60,750.00

Property owned by Chi Omega Sorority: Lots 16 through 20, inclusive, Block 188, Alexander Addition to the City of El Paso, Texas; appraised value, \$54,500.00

The application filed with the Coordinating Board, which was approved subject to Congressional appropriations, included funds on a one-third matching basis to acquire the property at the appraised price. The remaining two-thirds of the cost of land acquisition and construction will come from the sale of student use fee revenue bonds.

18. Galveston Medical Branch: Award of Contract to John Gray Company, Inc., for Remodeling of Second Floor of Psycho Building I for Laboratory for Human Genetics (Kempner Laboratory) and Appropriation Therefor.--It is recommended that a contract award for Remodeling of Second Floor of Psycho Building I for the Kempner Laboratory (Human Genetics) at The University of Texas Medical Branch at Galveston be made to the low bidder, as follows:

John Gray Company, Inc., Galveston, Texas	
Base Bid	\$63,990.00
Deduct Alternate No. 13 (Finish all exterior walls with 3/4" thick plaster)	<u>100.00</u>
Total Recommended Contract Award	<u>\$63,890.00</u>

It is further recommended that an appropriation of \$64,000.00 be set up for the project, \$50,000.00 to come from the grant from the Harris and Eliza Kempner Fund for the establishment of the laboratory and \$14,000.00 to come from Unexpended Plant Funds of The University of Texas Medical Branch at Galveston (Account No. 85-9163-0099 - Remodeling and Rehabilitation of Various Facilities).

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19. Dallas Medical School: Approval for Rental of 3,300 Square Feet of Space in 2600 Stemmons Freeway for Children's Out-Patient Psychiatric Program.--It is recommended that approval be given for The University of Texas Southwestern Medical School at Dallas to rent 3,300 square feet at 2600 Stemmons Freeway for Southwestern Children's Out-Patient Psychiatric Program for a 36-month term at \$1,031.00 per month, or \$0.31 per square foot per month. Funds to rent this space are available in the Psychiatry Departmental Trust Account No. 1810.

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

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REPORT OF THE LAND AND INVESTMENT COMMITTEE (Pages 48-84)
 .--Committee Chairman Ikard moved that the Report of the Land and Investment Committee be adopted, and he filed for the record the following report. This motion was seconded by Regent Peace and unanimously adopted. The Executive Director of Investments, Trusts and Lands was authorized to execute all necessary instruments relating to real estate or mineral interests held or controlled by the Board of Regents as a part of the Permanent University Fund or as a part of any trust or special fund when such instruments are approved by appropriate authority:

I. Permanent University Fund

A. Investment Matters

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

PURCHASES OF SECURITIES

U. S. GOVERNMENT SECURITIES

<u>Security</u>	<u>Maturity Value Bills Purchased</u>	<u>Market Price at Which Purchased</u>	<u>Total Principal Cost</u>	<u>Equivalent Bond Yield on Cost</u>
U. S. Treasury Bills, dated 7/13/67, due 1/11/68, on a 4.51% yield basis	\$ 500,000	98.7722778N	\$ 493,861.39	4.63%
U. S. Treasury Bills, dated 8/10/67, due 2/8/68, on a 4.64% yield basis	725,000	98.6337778N	715,094.89	4.77
Total Government Securities Purchased	<u>\$1,225,000</u>		<u>\$1,208,956.28</u>	<u>4.71%</u>

FHA MORTGAGES

<u>Various Purchased from</u>	<u>No. of Loans Purchased</u>	<u>Present Principal Balance</u>	<u>Net Principal Cost</u>	<u>Net Purchase Yield*</u>
Austin Mortgage & Trust Co. (Austin, Texas)	<u>2</u>	<u>\$146,470.61</u>	<u>\$137,682.57#</u>	<u>6.29%</u>

#After discount of \$8,788.24.

*After servicing costs and based on average life of 12-1/2 years.

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PURCHASES OF SECURITIES
(Continued)

COMMON STOCKS

<u>Security</u>	<u>No. of Shares Purchased</u>	<u>Average Principal Cost</u>	<u>Total Principal Cost*</u>	<u>Indicated Current Yield on Cost**</u>
Continental Illinois National Bank & Trust Co. of Chicago	2,800	33.9N	\$ 94,962.00	4.13%
Continental Oil Co.	2,600	80.7	209,872.65	3.22
Corn Products Co.	4,800	41.1	197,314.17	4.14
General Foods Corp.	2,700	73.0	197,011.38	3.29
Gulf Oil Corp.	2,700	75.6	204,243.50	3.44
PepsiCo, Inc.	7,700	37.5	288,666.93	2.40
Chas. Pfizer & Co., Inc.	2,500	74.0	185,108.95	1.96
Revlon, Inc.	1,400	71.0	99,344.70	1.83
Sterling Drug Inc.	4,200	46.2	194,059.64	1.95
United Air Lines, Inc.	3,100	59.5	184,542.11	1.68
Xerox Corp.	<u>1,400</u>	282.4	<u>395,415.51</u>	<u>0.50</u>
Total Common Stocks Purchased (TOTAL CORPORATE SECURITIES PURCHASED)	<u>35,900</u>		<u>\$2,250,541.54</u>	<u>2.38%</u>

*Includes brokerage commissions paid.

**Yield at present indicated dividend rates.

SALES OF CORPORATE SECURITIES

<u>Rights Sold</u>	<u>Net Sales Proceeds#</u>
37,300 rights to subscribe for Detroit Edison Co. Convertible Cumulative Preferred Stock, 5-1/2% Series, \$100 par value (After writedown, hold 37,300 shares Detroit Edison with book value of \$1,024,534.18)	\$2,144.70
37,156 rights to subscribe for Philadelphia Electric Co. Common Stock (After writedown, hold 37,156 shares Philadelphia Electric with book value of \$1,024,416.69)	1,554.97

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

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EXCHANGES OF TREASURY SECURITIES

Date Exchanged	B O N D S E X C H A N G E D			
	Description & Par Value Exchanged	Book Value Exchanged [#]	Amortized Annual Income	Current Rate of Return
10/5, 9 & 11/67 (1)	<u>3s of 2/15/95</u> <u>\$ 6,775,000</u>	<u>\$ 6,743,928.85</u>	<u>\$204,379.86</u>	<u>3.03%</u>
10/16/67 (2)	<u>3-1/4s of 5/15/85</u> <u>5,000,000</u>	<u>4,995,988.52</u>	<u>162,722.86</u>	<u>3.26</u>
10/17/67 (3)	<u>10,000,000</u>	<u>9,956,023.48</u>	<u>327,443.14</u>	<u>3.29</u>
Total (2) & (3)	<u>15,000,000</u>	<u>14,952,012.00</u>	<u>490,166.00</u>	<u>3.28%</u>
TOTALS-- (1), (2) and (3)	<u>\$21,775,000</u>	<u>\$21,695,940.85</u>	<u>\$694,545.86</u>	

Description & Par Value Received	B O N D S R E C E I V E D				I N C R E A S E I N	
	Principal Adjustment Required [#]	Book Value on Interest Exchange Date ^{**}	Amortized Annual Income(E)	Current Rate of Return	Rate of Return	Annual Income
3-1/2s of 11/15/98 <u>\$ 6,775,000 (1)</u>	<u>\$59,281.25</u>	<u>\$ 6,803,210.10</u>	<u>\$236,215.00</u>	<u>3.47%</u>	<u>0.44%</u>	<u>\$31,835.14</u>
3-1/2s of 2/15/92 <u>5,000,000 (2)</u>	<u>-0-</u>	<u>4,995,988.52</u>	<u>175,174.41</u>	<u>3.51</u>	<u>0.25</u>	<u>12,451.55</u>
<u>10,000,000 (3)</u>	<u>-0-</u>	<u>9,956,023.48</u>	<u>350,191.20</u>	<u>3.52</u>	<u>0.23</u>	<u>22,748.06</u>
Total (2) & (3) <u>15,000,000</u>	<u>-0-</u>	<u>14,952,012.00</u>	<u>525,365.61</u>	<u>3.51%</u>	<u>0.23%</u>	<u>35,199.61</u>
TOTALS-- (1), (2) and (3) <u>\$21,775,000</u>	<u>\$59,281.25</u>	<u>\$21,755,222.10</u>	<u>\$761,580.61</u>			<u>\$67,034.75</u>

[#]Book value last interest payment date prior to interest exchange date.

^{**}Principal payup required to be paid by University to dealer.

^{**}Book value of bonds sent in for exchange adjusted for principal payup required.

(E) Estimated.

2. Report on Permanent University Fund Investments for the Fiscal Year Ended August 31, 1967.-- Approval was given of the Report on Permanent University Fund Investments for the Fiscal Year Ended August 31, 1967, which report has been furnished all members of the Board and is the summary of investment transactions reported periodically to the Board throughout the year.

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3. Policy Regarding Retention or Purchase of Stocks of Holding Companies Growing Out of Corporate Reorganizations.--The following resolution was adopted defining the policy of the Board with respect to retention or purchase of stocks of holding companies growing out of corporate reorganizations:

"WHEREAS, there is a current trend with reference to corporate reorganizations which is causing concern to the Board of Regents of The University of Texas System, inasmuch as the new corporation in many instances has no dividend record as contemplated by the provisions of Section 11a, Article VII, Constitution of Texas, which states 'that stocks eligible for purchase shall be restricted to companies incorporated within the United States which have paid dividends for ten consecutive years or longer immediately prior to the date of purchase'; and

"WHEREAS, it is the desire of the Board of Regents to accomplish the purpose for which the constitutional mandate was passed and at the same time protect the interests of the Permanent University Fund by the adoption of a policy to be followed in such instances; now, therefore, be it

"RESOLVED by the Board of Regents of The University of Texas System that in order to be in substantial compliance with the provisions of Section 11a of Article VII of the Constitution of Texas, the Board directs that the stock of a holding company organized for the purpose of taking over the business of one or more companies may be acquired or retained as an asset of the Permanent University Fund if 60% or more of the stock issued by such holding company is exchanged for stock of one or more companies whose stock would have been eligible under the provisions of Section 11a of Article VII of the Constitution of Texas for purchase for the Permanent University Fund."

B. Land Matters

1. Easements and Surface Leases (Nos. 2499-2519), Grazing Leases (Nos. 995-1004), Material Source Permits (Nos. 328, 329), and Water Contracts (No. 121).--Easements and Surface Leases Nos. 2499-2519, Grazing Leases Nos. 995-1004, Material Source Permits Nos. 328, 329, and Water Contracts No. 121 were approved as follows: (All are at standard rates, unless otherwise stated, and are on the University's standard forms. Payment has been received in advance unless otherwise stated. All have been approved as to form and content by the appropriate administrative officials and the Executive Director, Investments, Trusts and Lands is authorized to execute these documents.)

EASEMENTS AND SURFACE LEASES

No.	Company	Type of Permit	County	Location	Distance or Area	Period	Consideration
2499	Phillips Petroleum Company	Surface Lease (Salt Water Disposal)	Andrews	Block 10	2 acres	5/1/67 4/30/68	\$ 250.00*
2500	Skelly Oil Company	Pipe Line	Reagan	Block 49	203 rds 2-3/8"	10/1/67 9/30/77	117.74
2501	General Telephone Company of the Southwest (renewal of 1036)	Power Line	Crockett	Blocks 29, 30 & 31	4,873.6 rds	1/1/68 12/31/77	2,826.69
2502	McGrath & Smith, Inc.	Pipe Line	Crockett	Block 31	295.2 rds 3-1/2"	10/1/67 9/30/77	171.22
2503	El Paso Natural Gas Company (renewal of 1071)	Pipe Line	Andrews	Blocks 1 & 9	1,379.8 rds 16"	4/1/68 3/31/78	2,387.05
2504	El Paso Natural Gas Company (renewal of 1075)	Pipe Line	Andrews	Block 1	10.164 rds 4-1/2"	4/1/68 3/31/78	50.00 (Min.)
2505	Humble Oil & Refining Company	Surface Lease (Salt Water Disposal)	Andrews	Block 9	1 acre	10/1/67 9/30/68	250.00*

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EASEMENTS AND SURFACE LEASES (Cont'd.)

No.	Company	Type of Permit	County	Location	Distance or Area	Period	Consideration
2506	Phillips Petroleum Company (renewal of 1044)	Pipe Line	Andrews	Block 1	1,462.9 rds various sized	12/1/67 11/30/77	\$ 2,445.38
2507	Texas Electric Service Company (renewal of 1046)	Power Line	Winkler	Block 21	1,662.55 rds	12/1/67 11/30/77	1,429.79
2508	West Texas Utilities Company (renewal of 1056)	Power Line	Crane	Block 30	160 rds	10/1/67 9/30/77	92.80
2509	El Paso Natural Gas Company	Pipe Line	Andrews	Blocks 1 & 9	26.0 rds 4-1/2"	10/1/67 9/30/77	50.00 (Min.)
2510	Northern Natural Gas Company (renewal of 1009)	Pipe Line	Irion & Schleicher	Blocks 52, 53 & 54	3,039.69 rds 16"	8/1/67 7/31/77	5,258.66
2511	Phillips Petroleum Company	Surface Lease (Salt Water Disposal)	Andrews	Block 13	2.54 acres	11/1/67 10/31/68	254.00*
2512	Community Public Service Company	Power Line	Winkler	Block 21	140.42 rds	11/1/67 10/31/77	81.44
2513	Gulf Refining Company	Pipe Line	Ector	Block 35	507 rds 4"	12/1/67 11/30/77	294.06
2514	Warren Petroleum Corporation (renewal of 1028)	Pipe Line	Crane	Block 30	153.6 rds 4"	11/1/67 10/31/77	89.08

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EASEMENTS AND SURFACE LEASES (Cont'd.)

No.	Company	Type of Permit	County	Location	Distance or Area	Period	Consideration
2515	Texas Electric Service Company (renewal of 1057)	Power Line	Ector	Block 35	323.82 rds	1/1/68 12/31/77	\$ 278.49
2516	West Texas Utilities Company (renewal of 963)	Power Line	Reagan	Blocks 1, 8 & 11	5,532.1 rds	1/1/67 12/31/76	4,978.89
2517	West Texas Utilities Company (renewal of 964)	Power Line	Upton	Blocks 1, 4, 15 & 58	3,903.8 rds	1/1/67 12/31/76	3,513.42
2518	West Texas Utilities Company (renewal of 972)	Power Line	Upton	Block 15	215.6 rds	7/1/67 6/30/77	129.36
2519	West Texas Utilities Company (renewal of 983)	Power Line	Crockett	Blocks 46 & 51	1,838.7 rds	7/1/67 6/30/77	1,654.83

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

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GRAZING LEASES

NUMBER		Lessee	County	Location	Acreage	Period	Annual Rate per Acre	Semi-Annual Payments		Total Annual Rental
New	Old							1/1	7/1	
995	858	W. R. Bissett	Crockett	Blocks 41, 42 44 & 45	6,301.20	1/1/68 12/31/72	\$.60	\$ 1,890.36	\$ 3,780.72	
996	859	Mrs. Fleet Coates	Crockett	Blocks 44, 45 46 & 47	14,276.30	1/1/68 12/31/72	.60	4,282.89	8,565.78	
997	860	W. R. & R. L. Bissett & W. A. & W. C. Hemphill dba Bissett and Hemphill	Crockett	Blocks 40, 41 & 42	20,372.90	1/1/68 12/31/72	.60	6,111.87	12,223.74	
998	861	Mrs. Nell Anderson Harrison et al	Ward, Winkler & Loving	Blocks 17-20	130,721.30	1/1/68 12/31/72	.30	19,608.20	39,216.39	
999	862	A. B. Connell	Ector	Block 35	3,301.57	1/1/68 12/31/72	.18	--	594.28	
1000	863	Sam Mann	Reagan & Crockett	Blocks 7 & 12	6,711.90	1/1/68 12/31/72	.65	2,181.37	4,362.74	
1001	864	E. H. & H. H. Linthicum	Irion & Crockett	Blocks 40 & 41	9,158.40	1/1/68 12/31/72	.60	2,747.52	5,495.04	
1002	865	Mrs. S. M. Owens	Reagan & Upton	Blocks 1 & 4	14,105.00	1/1/68 12/31/72	.55	3,878.88	7,757.75	
1003	867	Troy Williams	Crockett	Blocks 42 & 45	10,526.50	1/1/68 12/31/72	.60	3,157.95	6,315.90	
1004	868	J. E. Hill, Jr. dba Hili Cattle Company	Andrews	Block 13	24,817.90	1/1/68 12/31/72	.30	3,722.69	7,445.37	

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MATERIAL SOURCE PERMITS

<u>No.</u>	<u>Grantee</u>	<u>County</u>	<u>Location</u>	<u>Quantity</u>	<u>Consideration</u>
328	W. A. (Bill) Farmer Construction Company	Andrews	Block 13	84 cubic yards	\$ 50.00
329	Globe Construction Company, Inc.	Andrews	Block 14	825 cubic yards	239.25

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WATER CONTRACTS

<u>No.</u>	<u>Grantee</u>	<u>County</u>	<u>Location</u>	<u>Consideration</u>	<u>Period</u>
121	Coral Drilling, Inc.	Andrews	Block 14	\$ 500.00	From November 9, 1967 until completion of drilling operations

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I. Permanent University Fund

B. Land Matters

2. Permanent University Fund: Action Postponed to January 1968 Meeting on (1) Renewal of Grazing Lease No. 866 to Burch Woodward, Terrell County and (2) Cancellation of Grazing Lease No. 945 to Clark Brothers and Issuance of Grazing Lease No. 1006 to Harrison W. Pace, Crane and Ector Counties. --Action was postponed until the January 1968 meeting on the following:

- (1) The renewal of Grazing Lease No. 866 (which expires December 31, 1967) to Burch Woodward, Terrell County, covering 12,203.6 acres and
- (2) The cancellation of Grazing Lease No. 945 (which expires June 30, 1970) covering 5531.62 acres in Crane and Ector Counties and the issuance of the grazing lease covering the same acreage to Harrison W. Pace.

The Executive Director of Investments, Trusts and Lands was instructed to report to Mr. Woodward that he is to continue in possession of the land under the terms of Grazing Lease No. 866 until the January Board meeting.

3. Report on Clearance of Monies to Permanent University Fund and Available University Fund. --Reports were received from the Auditor for Oil and Gas Production showing clearance through the General Land Office for the months of September and October, 1967.
4. Water Exploration Permit and Lease Option to Hank Avery, Ward County. --Approval was given to the following exploration permit and lease option (Pages 58-79) covering Sections 7-22, inclusive; and 24-26, inclusive, Block 16, University Lands, Ward County, containing 11,552.8 acres, more or less, to Mr. Hank Avery of Midland. The exploration permit is for an 18-month period for which Mr. Avery has paid the sum of \$1,732.92. The permit and lease option were approved at the October 27, 1967, meeting of the Board with the form of the documents to be submitted to this meeting of the Board.

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WATER EXPLORATION PERMIT AND
LEASE OPTION AGREEMENT

THE STATE OF TEXAS |
COUNTY OF TRAVIS |

THIS AGREEMENT made and entered into this 15th day of November, 1967, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, Austin, Texas, hereinafter styled "University", and HANK AVERY, of Midland County, Texas, hereinafter styled "Avery"; WITNESSETH:

1. SUBJECT-MATTER OF OPTION

University, for the consideration hereinafter set out, grants to Avery the below exploration permit and lease option relating to all of the potable water or water capable of being made potable, in, under and that may be produced from the surface to a depth of twelve hundred (1200) feet below the surface from the following land in Block 16, University Lands Survey, Ward County, Texas:

<u>Section</u>	<u>Acres</u>
7	642.6
8	642.6
9	642.6
10	642.6
11	642.6
12	642.6
13	642.6
14	642.6
15	611.0
16	699.0
17	368.4
18	642.6
19	642.6

(Cont'd)

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<u>Section</u>	<u>Acres</u>
20 (less the SE/4 of NE/4 of section)	602.4
21	642.6
22	302.2
24	616.0
25	642.6
26	<u>642.6</u>
Total	11,552.8

For all purposes hereof, each tract shall be considered to comprise the exact acreage shown. The above land is outlined in yellow on the plat attached as Exhibit "B".

The water and water rights covered hereby are sometimes referred to as "said water."

University reserves for itself, its successors and assigns,

- (1) all of the oil, gas and other minerals that may be produced from the lands described herein;
- (2) such water from above 1200 feet below the surface as may be required by University's surface lessees on the lands described herein for domestic and livestock purposes of the tenants concerned, but not for irrigation or other purposes;
- (3) such water from above 1200 feet below the surface as may be required by University's existing or future oil, gas and mineral lessees for oil, gas and mineral development; provided, however, that such water may not be utilized for pressure maintenance or water flooding projects;
- (4) all water underlying the lands described other than potable water or water capable of being made potable; potable water as herein used is defined as water usable for all domestic purposes; and
- (5) all water below twelve hundred (1200) feet below the surface.

Except for the water rights specifically granted herein, this agreement is subject to all existing and future oil, gas, mineral and surface leases heretofore or hereafter executed by University.

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2. EXPLORATION PERMIT

Avery is hereby given by University the sole and exclusive right to test and explore for water for a period of eighteen (18) months from the date hereof and to develop and lease all water and water rights if he elects to do so as herein set out.

3. CONSIDERATION

For and in consideration of the exploration permit and lease option granted to him hereby Avery agrees to pay to University the sum of \$1732.92 at the time of execution of this agreement.

4. LEASE

At any time during the exploration permit period, Avery shall have, and is hereby given, the exclusive right to lease on the form attached as Exhibit "A" for a period of ten (10) years, with renewal options as set out in Exhibit "A", all or any part of the acreage described above in units of not less than a one-half (1/2) section each for the production therefrom of all water covered hereby. Upon written notice by Avery to University of his election to lease the acreage listed in the notice for such purposes, University and Avery shall within sixty (60) days after the date of such notice execute a lease for such water rights on a form identical to the copy attached hereto as Exhibit "A", which shall thereafter be the only agreement between the parties for the lease by University to Avery of said water.

5. USE OF SURFACE

As to any of University's lands not covered hereby, University will grant to Avery, and Avery will acquire from University, at University's standard rates then in force, such rights-of-way or easements as may be necessary or desirable. As to land covered hereby, University grants to Avery during the exploration permit period all rights necessary or incident to the purposes hereof, including without limitation the right to access over existing roads upon lands covered hereby to proposed test well locations, the right to construct and maintain minimum

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essential roads for such purposes if existing roads are not adequate, the right to install pumps, pipe lines and utility lines, and such other equipment as may be necessary for the testing of such wells, all without any additional costs or payments, except for payments for surface damages as hereinafter set out; provided, however, that in exercising such rights, Avery will not

- (1) locate his wells, pumps, pipe lines or other facilities in such manner as to interfere with the location of wells, pipe lines or other facilities required in the development of said lands for oil, gas and other minerals under existing or future oil, gas and mineral leases; or
- (2) locate his wells at any location within 300 feet of any surface tenant's residence, water wells, surface tanks or other improvements now located on the premises.

Avery will use every reasonable means to prevent damage or contamination of any fresh water-bearing strata and to prevent waste or loss of water from such strata.

6. DAMAGES TO SURFACE TENANTS

In conducting his operations on the lands involved herein, Avery will pay surface damages to University's surface tenants on said lands in accordance with the schedule set forth in University's "Required Operating and Report Procedures under Oil and Gas Leases and Geophysical Exploration Permits" then currently in effect. Avery will fill all excavations and will restore the surface of the land to as near its original condition as possible after cessation of operations.

Reports on the amount of any damages paid to surface lessees as and when same are paid, and the nature of the damages for which payment was made, shall be mailed to

University Land Agent
P. O. Drawer 553
Midland, Texas 79701.

This fixed schedule of charges, however, shall not in any way limit the liability of Avery in an action at law for any damages inflicted upon the surface lessees by reason of acts of negligence, if any, committed by Avery in his operations, if Avery is lawfully liable therefor.

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Avery will notify the University Land Agent before commencing any operations hereunder.

7. GEOLOGICAL INFORMATION

Avery will furnish to University by mailing or delivering to

Geologist in Charge
University Lands
P. O. Drawer 553
Midland, Texas 79701,

at the end of each six months period during the life of this agreement copies of all well logs and reports on production tests on all wells drilled and tested during such exploratory and development operations, together with a plat showing the location and proper designations of all such exploratory wells, so that said wells may be identified by reference to logs and test reports.

Avery will furnish to University by mailing or delivering to the Geologist in Charge a copy of all reports submitted to the Office of Investments, Trusts and Lands of The University of Texas System, P. O. Box 7968, Austin, Texas 78712, within five (5) days of submittal.

Avery further agrees to allow University or its duly authorized representatives the right of inspection at all reasonable times of the subject premises and all records pertaining thereto.

8. COMPLETION OR PLUGGING OF TEST WELLS

Pending the exercise of his right to lease such potable water or water capable of being made potable, as provided for herein, Avery may, upon ascertaining that any test well drilled by him is capable of producing potable water or water capable of being made potable in adequate quantities, case and cap the same, pending subsequent use thereof and installation of pumping and other related facilities thereon and therein; but in the event he ascertains after the drilling of any test well that the same is not capable of producing potable water or water capable of being made potable in adequate quantities for Avery's use, he shall plug the same in whatever manner the Geologist in Charge may deem

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necessary; provided, however, that the University shall have fifteen (15) days in which to ascertain whether the well shall be capped or plugged. Such capping or plugging shall be at the expense of Avery, and the casing in the well shall become the property of, and title thereto shall vest in, University.

9. OPERATION OF EXISTING FACILITIES

Avery will assume the operation of the water supply facilities now located on the SE/4 of the NE/4 of Section 20, Block 16, University Lands, comprising 40.2 acres, more or less, Ward County, Texas, at such time as University may designate, and operate such facilities until the expiration date of this contract plus six (6) months. Avery further agrees to abide by the terms and provisions now in force in Water Contract No. 117, as amended, and make every reasonable effort to transfer such operations with as little trouble and harm to Avery and Walker as possible. When Avery assumes operation of the subject water supply facilities, the above 40.2 acre tract shall be added to the acreage listed under this water exploration permit and lease option agreement.

10. BREACH

If Avery fails to perform any of the obligations imposed upon him hereunder and fails to remedy his defaults, if any, within thirty (30) days after notice in writing to him by University of his default, University may terminate this agreement without prejudice to any other legal remedy to which it may be entitled hereunder; provided, however, that if Avery's failure to perform any of the obligations imposed upon him hereunder is occasioned directly or indirectly by any past or future acts, orders, regulations or requirements of the Government of the United States or of any State or other governmental body or any agency, officer, representative or authority of any of them, University shall not be entitled to terminate this agreement for Avery's inability to perform unless such inability continues for a period of one hundred eighty (180) days from its inception.

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11. ASSIGNMENT

Avery may not assign this agreement in whole or in part without the prior written consent of University.

12. NOTICES

All notices required hereunder shall be deemed to have been given if the same are reduced to writing and mailed by registered mail by either party hereto to the other at the respective addresses of the parties shown below.

Executive Director
Investments, Trusts and Lands
The University of Texas System
P. O. Box 7968
Austin, Texas 78712

Hank Avery
P. O. Drawer 952
Midland, Texas 79701

Changes of address, if any, of either party hereto shall be forwarded to the other by registered mail if and when any such change in address occurs.

13. LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS

This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, legal representatives and assigns.

ATTEST:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

Secretary

By _____
Executive Director, Investments,
Trusts and Lands

HANK AVERY

Approved as to Form:

Approved as to Content:

University Attorney

Geologist in Charge of University
Lands

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THE STATE OF TEXAS |
COUNTY OF TRAVIS |

BEFORE ME, the undersigned authority, on this day personally appeared Floyd O. Shelton, Executive Director, Investments, Trusts and Lands, Board of Regents of The University of Texas System, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Board of Regents of The University of Texas System.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A. D., 1967.

Notary Public in and for Travis
County, Texas

THE STATE OF TEXAS |
COUNTY OF MIDLAND |

BEFORE ME, the undersigned authority, on this day personally appeared HANK AVERY, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A. D., 1967.

Notary Public in and for Midland
County, Texas

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EXHIBIT "A"

WATER RIGHTS LEASE

University Lands

THE STATE OF TEXAS |

COUNTY OF TRAVIS |

THIS AGREEMENT made and entered into this the _____ day of _____, 19____, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, Austin, Texas, hereinafter styled "Lessor," and HANK AVERY, Midland, Texas, hereinafter styled "Lessee,"

WITNESSETH:

1. SUBJECT-MATTER OF LEASE

In consideration of the royalties herein provided and the agreements of Lessee herein contained, Lessor hereby grants, leases and lets unto Lessee for the term hereinafter set out for the purpose of investigating, exploring, prospecting, drilling for and producing, for Lessee's municipal, industrial and mining purposes only, all the potable water or water capable of being made potable as located in, on and under the following described lands in Ward County, Texas, down to a depth of 1200 feet below the surface:

comprising _____ acres, more or less, as shown on the attached plat marked Exhibit "A-1",

together with the right to lay, maintain, operate, repair, remove and replace such pipe lines, pumping facilities, tanks, power stations, telephone and electric lines and other structures thereon, use existing roads, construct and maintain essential roads if existing roads are not adequate, and such other rights, if any, as may be necessary for the purpose of producing, storing, taking care of, treating, transporting and removing potable water or water capable of being made

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potable over, along, across and from the lands described herein, reserving to the Lessor herein, however, and excepting herefrom

- (1) all of the oil, gas and other minerals that may be produced from the lands described herein;
- (2) such water from above 1200 feet below the surface as may be required by Lessor's surface lessees on the lands described herein for domestic and livestock purposes of the tenants concerned, but not for irrigation or other purposes;
- (3) such water from above 1200 feet below the surface as may be required by Lessor's existing or future oil, gas and mineral lessees for oil, gas and mineral development; provided, however, that such water may not be utilized for pressure maintenance or water flooding projects;
- (4) all water underlying the lands described other than potable water or water capable of being made potable; potable water as used in this agreement is defined as water usable for all domestic purposes; and
- (5) all water below 1200 feet below the surface.

Except for the water rights specifically granted in this lease agreement in accordance with the terms and provisions hereof, this agreement is subject to all existing and future oil, gas, mineral and surface leases heretofore or hereafter executed by Lessor.

2. TERM

Unless sooner terminated by Lessee's release and surrender of this agreement or because of Lessee's breach, if any, of his obligations hereunder, this lease shall be and continue to remain in full force and effect for a term of ten (10) years from date hereof. Lessee shall have the option to renew this lease for each of four consecutive additional ten year periods according to the same terms and conditions set out herein but subject to the rental and royalty provisions contained in 3 below.

3. RENTAL AND ROYALTY

For the first year of the original term hereof Lessee shall pay to Lessor the sum of 25 cents per acre or 3-1/2 cents per 1,000 gallons for all water produced from the leased premises, whichever is the greater. For the remaining

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nine years of the original term hereof, Lessee shall pay to Lessor the greatest of the following:

- A. \$2.00 per acre on all land covered hereby.
 - B. \$20,000.00.
- or, C. 3-1/2 cents per 1,000 gallons for all water produced from the leased premises.

If Lessee elects to exercise the first option to renew as granted above, Lessee shall pay to Lessor the greatest of the following:

- A. \$2.25 per acre on all land covered hereby.
 - B. \$25,000.00.
 - C. 4 cents per 1,000 gallons for all water produced from the leased premises.
- or, D. the original rate of 3-1/2 cents per 1,000 gallons for all water produced, adjusted for the cost of living increase or decrease as explained below.

If Lessee elects to exercise the second option to renew as granted above, Lessee shall pay to Lessor the greatest of the following:

- A. \$2.25 per acre on all land covered hereby.
 - B. \$25,000.00.
 - C. 4-1/2 cents per 1,000 gallons for all water produced from the leased premises.
- or, D. the original rate of 3-1/2 cents per 1,000 gallons for all water produced, adjusted for the cost of living increase or decrease as explained below.

If Lessee elects to exercise the third option to renew granted above, Lessee shall pay to Lessor the greatest of the following:

- A. \$2.25 per acre on all land covered hereby.
- B. \$25,000.00.
- C. 5 cents per 1,000 gallons for all water produced from the leased premises.

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or, D. the original rate of 3-1/2 cents per 1,000 gallons for all water produced, adjusted for the cost of living increase or decrease as explained below.

If Lessee elects to exercise the fourth option to renew granted above, Lessee shall pay to Lessor the greatest of the following:

- A. \$2.25 per acre on all land covered hereby.
- B. \$25,000.00.
- C. 5-1/2 cents per 1,000 gallons for all water produced from the leased premises.

or, D. the original rate of 3-1/2 cents per 1,000 gallons for all water produced, adjusted for the cost of living increase or decrease as explained below.

Reference is made to The Consumer Price Index of the United States Department of Labor, Bureau of Labor Statistics, a copy of which is attached hereto as Exhibit "B-1". The term "price index", hereafter used, shall refer to the subgroup "Fuel and Utilities" in Table 1 of such Consumer Price Index.

The phrase used above, "adjusted for the cost of living increase or decrease as explained below" means that if the provision containing this phrase becomes applicable, the payments to Lessor shall be adjusted at the end of each 10-year period for the next succeeding 10-year period by being increased or decreased in the same proportion or percentage by which the price index has been increased or decreased. Such increase or decrease shall be measured by comparison with such price index at its level for August, 1967. For example, if at the end of the first 10-year term of this lease such price index reflects a 10% increase over its August, 1967, level, the royalty rate for the ensuing 10-year period of this lease shall be increased from 3-1/2¢ per 1,000 gallons to 3.85¢ per 1,000 gallons. The increase or decrease shall be carried to four decimal places. If the fourth figure is four or less it shall be struck out and disregarded. If the fourth figure is five or more it shall be struck out but the third figure shall become one figure greater.

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The royalties provided for herein shall be computed and paid monthly by check payable to the Auditor of The University of Texas at Austin. This check, accompanied by the sworn statement of Lessee showing the gross amount of water produced during the prior month, together with monthly copies of Lessee's meter readings and other memoranda reflecting the amount of water produced, shall be sent to the Office of Investments, Trusts and Lands, The University of Texas System, P. O. Box 7968, Austin, Texas - 78712, on or before the 20th day of each succeeding month. Lessee is obligated to install and maintain such meters as may be required to measure in gallons the amount of water obtained from the lands described herein. On or before the expiration of 30 days following each anniversary date, Lessee shall pay to Lessor any additional monies due as shown in the royalty and rental schedule above.

4. USE OF SURFACE

As to any of Lessor's lands not covered hereby, Lessor will grant to Lessee and Lessee will acquire from Lessor, at Lessor's standard rates then in force, such rights-of-way or easements as may be necessary or desirable in the exercise of the rights granted hereunder. As to lands covered hereby, Lessor grants to Lessee, without further costs, any rights necessary or incident to the exploration and development of the lands covered hereby for potable water or water capable of being made potable and for the production, removal and transportation of water therefrom, including without limitation the right to access over existing roads, and to construct and maintain minimum essential roads over land covered hereby for such purposes if existing roads are not adequate, the right to install on land covered hereby pumps, pipe lines and utility lines and such other equipment as may be necessary for drilling and producing water wells, all without any additional costs or payments except for payments for surface damages as hereinafter provided. In the exercise of such rights Lessee will not

- (1) locate his wells, pumps, pipe lines or other facilities in such manner as to interfere with the location of wells, pipe lines

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or other facilities required in the development of said lands for oil, gas and other minerals under existing or future oil, gas and mineral leases; or

- (2) locate his wells at any location within 300 feet of any surface tenant's residence, water wells, surface tanks or other improvements now located on the premises.

Lessee will use every reasonable means to prevent damage or contamination of any fresh water-bearing strata and to prevent waste or loss of water from such strata.

5. EXISTING FACILITIES

Unless Lessee has already taken over the water supply operations and facilities now located on the SE/4 of the NE/4 of Section 20, Block 16, University Lands, containing 40.2 acres, more or less, Ward County, Texas, as provided in Section 9 of instrument between the parties hereto headed Water Exploration Permit and Lease Option Agreement, Lessee will assume operation of such facilities at such time as Lessor may designate. Lessee will abide by the terms and provisions of Water Contract No. 117, as amended, governing the operation of such property. At such time as Lessee assumes operation of such facilities, the above 40.2-acre tract shall be added to the acreage covered hereby as though originally included herein. The royalty provided in Water Contract No. 117, as amended, will be changed to conform with the royalty rates listed in Section 3 hereof and such increases in royalty rates as shown in Section 3 shall apply to the 40.2-acre tract. It is recognized that all equipment installed or being used in connection with operation of the facilities is and shall remain Lessor's property.

6. DAMAGES TO SURFACE TENANTS

In conducting his operations on the lands involved herein, Lessee will pay surface damages to Lessor's surface tenants on said lands in accordance with the schedule set forth in Lessor's "Required Operating and Report Procedures under Oil and Gas Leases and Geophysical Exploration Permits" then currently in effect. Lessee will fill all excavations and restore the surface of the land to as near its original condition as possible.

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Reports on the amount of any damages paid to surface lessees as and when same are paid, and the nature of the damages for which payment was made, shall be mailed to

University Land Agent
P. O. Drawer 553
Midland, Texas 79701.

This fixed schedule of charges, however, shall not in any way limit the liability of Lessee in an action at law for any damages inflicted upon the surface lessees by reason of acts of negligence, if any, committed by Lessee in his operations, if Lessee is lawfully liable therefor.

7. GEOLOGICAL INFORMATION

Lessee will furnish to Lessor by mailing or delivering to

Geologist in Charge
University Lands
P. O. Drawer 553
Midland, Texas 79701,

at the end of each six months period during the life of this agreement copies of all well logs and reports on production tests on all wells drilled and tested during such exploratory and development operations, together with a plat showing the location and proper designations of all such wells, so that said wells may be identified by reference to logs and test reports.

Lessee will furnish to Lessor by mailing or delivering to the Geologist in Charge a copy of all reports submitted to the Office of Investments, Trusts and Lands of The University of Texas System, within five (5) days of submittal.

8. PLUGGING OF WATER WELLS AND REMOVAL OF CASING AND EQUIPMENT

Lessee shall have the right at any time during or within a reasonable time after the expiration of this lease to remove all property, equipment and fixtures, except casing placed by the Lessee on the premises involved herein; provided that, at such time as Lessee elects to abandon any water well located upon the leased premises, he shall notify Lessor in care of the Geologist in Charge,

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University Lands, P. O. Drawer 553, Midland, Texas 79701, of his intention to abandon the well concerned, after which Lessor shall have fifteen (15) days in which to ascertain whether said well shall be capped or plugged. The expenses of capping or plugging the wells shall be borne solely by Lessee. All wells must be plugged in whatever manner the Geologist in Charge may deem necessary. It is agreed and understood that the title to the casing in any well shall belong to Lessor, and Lessor shall not be required to pay or reimburse the Lessee for the salvage value thereof.

9. LESSOR'S ACCESS TO LESSEE'S LEASED PREMISES AND RECORDS

Lessor shall have access at all reasonable times to the leased premises and to Lessee's records for inspection by Lessor or its authorized agents and representatives.

10. RELEASE

Lessee may at any time surrender the water rights leased hereunder and be relieved of all further obligations hereunder, provided that should Lessee be supplying water to third parties, Lessee shall furnish to Lessor not less than sixty (60) days before abandonment of the entire lease notice of his intention to surrender.

11. BREACH

Upon Lessee's failure to comply with any of the obligations imposed upon Lessee hereunder and remedy his default, if any, within thirty (30) days after notice in writing to him by Lessor of Lessee's default, Lessor may terminate this agreement without prejudice to any other legal remedy to which it may be entitled hereunder; provided, however, that if Lessee's failure to perform any of the obligations imposed upon him hereunder is occasioned directly or indirectly by any past or future acts, orders, regulations or requirements of the Government of the United States or of any State or other governmental body or any agency, officer, representative or authority of any of them, Lessor shall not be entitled to

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terminate this agreement for Lessee's inability to perform unless such inability continues for a period of one hundred eighty (180) days from its inception.

12. LESSOR'S BUY-OUT

Lessee hereby grants to Lessor the right and option, upon termination of the original term or at the end of any ten-year extension thereof pursuant to the options granted to Lessee hereinabove, to acquire Lessee's business operated under this lease and all property of the Lessee used in connection therewith. Lessor shall pay to Lessee the fair valuation of said property as hereinafter established. Lessor upon acquisition of all assets shall assume all obligations and liabilities connected therewith.

Lessor, if it elects to exercise this option, shall pay the Lessee the unamortized portion (at the time of the exercise of said option) of the original cost to Lessee as follows:

- (1) Pipe lines and appurtenances, amortized over a period of fifty years;
- (2) Right-of-way costs and water wells, amortized over a period of fifty years;
- (3) Storage tanks and appurtenances, amortized over a period of thirty years;
- (4) Buildings, pumps and mechanical and electrical equipment, amortized over a period of twenty years.

Computation of the price will be based on original costs and major replacement costs and will not include the cost of any normal maintenance nor any intangible exploration costs. The total amount to be paid to Lessee, thus ascertained, shall be reduced by the amount of Lessee's obligations and liabilities assumed by Lessor.

Notice of Lessor's intention to exercise this "Buy-Out Option" must be given to Lessee in writing no later than six months prior to the expiration of the original term or of any extension period thereof.

13. ASSIGNMENT

Lessee may not assign this lease in whole or in part without the prior

12-07-67

written consent of Lessor.

14. NOTICES

All notices required hereunder shall be deemed to have been given if the same are reduced to writing and mailed by registered mail by either party hereto to the other at the respective addresses of the parties shown below.

Executive Director
Investments, Trusts and Lands
The University of Texas System
P. O. Box 7968
Austin, Texas 78712

Hank Avery
P. O. Drawer 952
Midland, Texas 79701

Changes of address, if any, of either party hereto shall be forwarded to the other by registered mail if and when any such change in address occurs.

15. LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS

This lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, legal representatives and assigns.

WITNESS THE EXECUTION HEREOF the date and year first hereinabove set out.

ATTEST:

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

Secretary

By _____
Executive Director, Investments,
Trusts and Lands

HANK AVERY

Approved as to Form:

Approved as to Content:

University Attorney

Geologist in Charge of
University Lands

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THE STATE OF TEXAS |

COUNTY OF TRAVIS |

BEFORE ME, the undersigned authority, on this day personally appeared Floyd O. Shelton, Executive Director, Investments, Trusts and Lands, Board of Regents of The University of Texas System, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said Board of Regents of The University of Texas System.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A. D., 1967.

Notary Public in and for Travis
County, Texas

THE STATE OF TEXAS |

COUNTY OF MIDLAND |

BEFORE ME, the undersigned authority, on this day personally appeared HANK AVERY, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A. D., 1967.

Notary Public in and for Midland
County, Texas

DEC 7 '67

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EXHIBIT "B"

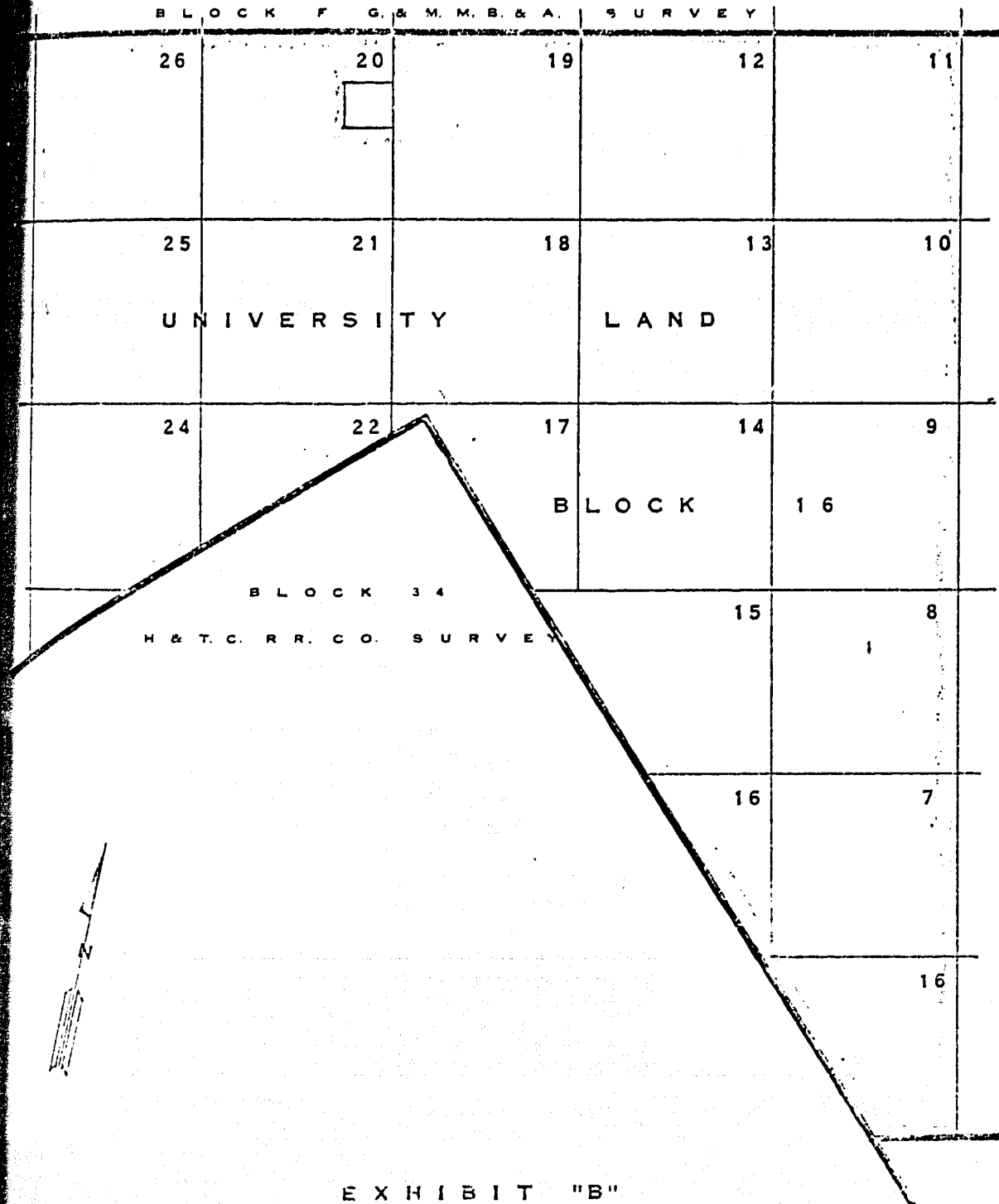
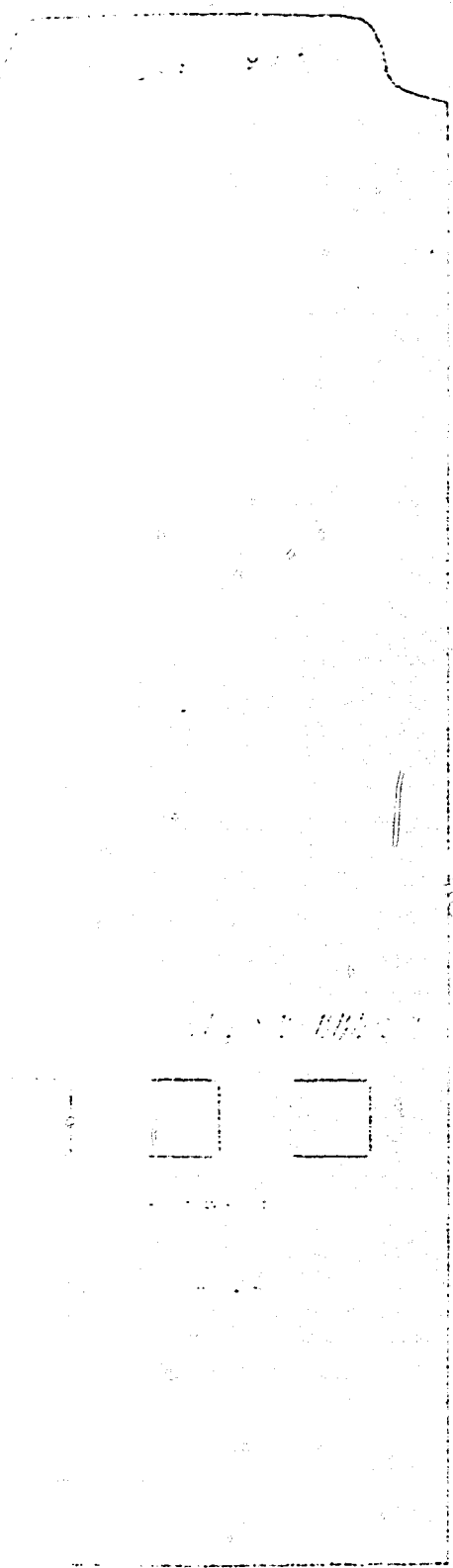


EXHIBIT "B"
 LAND PLAT
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price index



U.S. DEPARTMENT OF LABOR

BUREAU OF LABOR STATISTICS

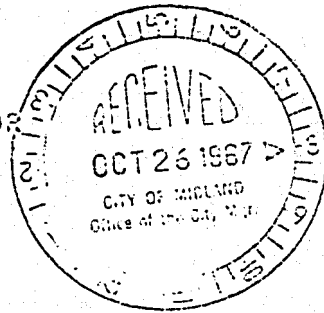


EXHIBIT "B-1"

This is a copy of the cover sheet of the "Consumer Price Index" for August, 1967, which Table 1 on the succeeding page is a part thereof.

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TABLE 1: Consumer Price Index--United States City Average
For Urban Wage Earners and Clerical Workers
Major groups, subgroups, and special group indexes, August 1967
and Percent Changes from Selected Dates

Group	Index (1957=100)				Percent change from August 1967					
	August 1967	Seasonally adjusted	Unadjusted	Seasonally adjusted	August 1966	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted	August 1966
All Urban	116.9		116.5		113.8	0.3		2.1		2.7
Food	116.6	115.8	116.0	115.0	115.8	.5	.7	2.4	1.2	.7
Food at home	116.9	117.9	117.1	117.0	114.4	.5	.8	2.7	1.5	-.4
Food away from home	115.4		118.2		117.3	.2		.3		.9
Alcohol, tobacco, and narcotics	115.1	112.1	112.3	112.2	114.5	.7	-.1	4.2	1.7	-1.2
Housing	116.6	116.6	114.4	117.0	114.8	.2	.3	.6	0	1.6
Apparel	122.7	120.6	124.4	126.0	122.1	-1.4	4.0	5.4	6.1	1.3
Medical services	102.6	102.5	100.2	101.1	104.9	2.4	1.4	1.9	.7	-2.2
Transportation	150.3		129.7		124.0	.5		1.2		5.1
Recreation	114.7		114.3		111.5	.3		.7		2.9
Education	118.4		117.9		114.6	.4		.8		3.3
Miscellaneous	112.0		112.4		110.6	.2		.4		1.3
Services	120.2		120.3		116.6	.5		.7		3.5
Housing and operation	106.5		106.2		105.2	.1		.4		2.9
Apparel and services	113.6	114.3	113.7	114.2	109.2	.1	.1	0	.4	4.2
Medical services	108.5	109.6	109.2	109.7	103.8	-.4	-.1	-.1	-.1	4.8
Transportation	126.0	126.3	125.4	125.8	120.4	.5	.4	.6	.9	4.7
Recreation	116.4	116.3	115.2	116.0	113.5	.2	.3	.8	.6	2.6
Education	112.6	114.3	114.1	113.9	111.6	.3	.4	.7	.5	2.5
Miscellaneous	132.6		132.7		129.2	-.1		1.5		2.8
Medical services	124.2		123.6		119.5	.5		1.2		3.9
Education	137.5		136.9		128.4	.4		1.3		7.1
Miscellaneous	124.1		115.5		112.7	.5		1.0		3.0
Medical services	129.0		119.8		117.4	.2		.3		2.2
Education	114.4		117.8		115.5	.8		1.8		2.9
Miscellaneous	126.5		116.1		113.4	.3		1.2		2.6
Medical services	117.1		116.8		113.4	.3		.7		2.3
Education	115.6		115.2		112.8	.3		1.0		2.4
Miscellaneous	111.9	111.8	111.5	111.3	109.8	.4	.4	1.3	1.1	1.9
Medical services	114.6	114.6	114.3	113.7	112.5	.4	.6	1.4	1.1	2.0
Education	104.7	104.9	104.4	104.4	103.0	.3	.5	.8	1.0	1.7
Miscellaneous	124.2		127.7		123.0	.4		.9		4.2
Medical services	109.4	109.6	109.1	109.2	106.6	.7	.4	.6	.7	2.9
Education	113.2	113.4	112.8	113.0	109.6	.4	.4	.4	.5	3.3
Miscellaneous	112.7	113.2	112.6	113.2	107.9	.1	0	0	.4	4.1
Medical services	110.0	110.6	110.0	110.5	105.5	0	0	.2	.3	4.3
Education	113.4		113.0		110.5	.4		.7		2.6
Miscellaneous	96.9	98.2	97.0	98.0	95.8	-.1	.2	0	1.1	1.1
Medical services	123.2	123.3	124.8	125.1	122.1	.3	.2	3.1	1.2	2.5
Education	84.2		98.1		97.0	.1		.1		1.2
Miscellaneous	100.8	101.1	103.5	100.9	94.9	0	.2	.2	.6	1.9
Medical services	121.9		131.2		125.9	.4		1.3		4.6
Education	127.5		127.0		124.4	.4		.8		4.2
Miscellaneous	123.8		128.3		125.3	.4		.9		2.8
Medical services	104.7		146.0		134.7	.5		1.6		8.9
Education	132.9		131.6		127.1	.2		.8		3.8
Miscellaneous	143.4		142.9		139.5					
Education	241.0		240.6		235.0					
Percent of the consumer dollar										
Food	\$0.55		\$0.55		\$0.67	-.13		-1.2		-2.7
Housing	.65		.70		.71					
Apparel	.16		.16		.16					

1. Excludes taxes, fees, and notes; rates not shown separately.
2. Excludes home purchases, mortgage interest, taxes, insurance, and maintenance and repairs.
3. Excludes telephone, water, and sewerage service not shown separately.
4. Excludes "oil and petroleum fuels" prior to 1964.
5. Excludes infants' wear, sewing materials, jewelry, and apparel upkeep services not shown separately.
6. Includes tobacco, alcoholic beverages, and funeral, legal, and bank service charges.
7. Includes new purchase coats which were classified under services prior to 1964.
8. Excludes auto parts, toys, and recreational goods not shown separately.
9. Excludes home purchase coats which were classified under this heading prior to 1964.
10. Excludes "drivable less cars" prior to 1964.
11. Includes the services components of apparel, personal care, reading and recreation, and other goods and services.

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The above is Page 3 of "The Consumer Price Index" for the month of August, 1967, published by the United States Department of Labor, Bureau of Labor Statistics, and is a part of a 29-page publication.

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II. Trust and Special Funds

A. Investment Matters

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

PURCHASES OF SECURITIES

<u>Date of Purchase</u>	<u>Security and Fund</u>	<u>Principal Cost</u>
10/3/67	\$40,000 par value Austin National Bank 5-1/2% Time Certificate of Deposit, dated 10/3/67, due 4/3/68, at par (Hogg Foundation - Alice N. Hanszen Gift to Mental Hygiene Program - Temporary)	\$ 40,000.00
	\$55,000 par value Ditto (Hogg Foundation - Balances Subject to Reappropriation - Temporary)	55,000.00
	\$130,000 par value Ditto (Hogg Foundation - Unappropriated Income Account - Temporary)	130,000.00
10/10/67	\$15,000 par value Austin National Bank 5% Time Certificate of Deposit, dated 10/10/67, due 4/10/68, at par (The Fine Arts Foundation - Various Donors - Scholarships in Music - Temporary)	15,000.00
10/13/67	\$100,000 par value Capital National Bank 5-1/2% Time Certificate of Deposit, dated 10/13/67, due 4/13/68, at par (Estate of Lila Belle Etter - Temporary)	100,000.00
	\$100,000 par value American National Bank 5-1/2% Time Certificate of Deposit, dated 10/13/67, due 10/13/68, at par (Estate of Lila Belle Etter - Temporary)	100,000.00

SALES OF SECURITIES

<u>Date Sold</u>	<u>Security and Fund</u>	<u>Principal Proceeds</u>
10/2/67	4,200 rights to subscribe for Detroit Edison Co. Convertible Cumulative Preferred Stock, 5-1/2% Series, \$100 par value, sold at 4/64ths (Proceeds distributed from - 800 rights to The University of Texas System Common Trust Fund 1,500 rights to Hogg Foundation: W. C. Hogg Estate Fund 800 rights to Hogg Foundation: Varner Properties 800 rights to Archer M. Huntington Museum Fund 300 rights to The James W. McLaughlin Fellowship Fund - Reserve for Depletion - Galveston Medical Branch)	\$ 46.00# 86.25# 46.00# 46.00# 17.24#

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SALES OF SECURITIES
(Continued)

Date Sold	Security and Fund	Principal Proceeds
10/19/67	10 Shares Ling-Temco-Vought, Inc. Common Stock, sold at 122 (College of Engineering Foundation - Various Donors - Various Purposes)	\$1,204.47
10/20/67	4,250 rights to subscribe for Philadelphia Electric Co. Common Stock, sold 4200 at 3/64ths and 50 at 2/64ths (Proceeds distributed from - 600 rights to The University of Texas System Common Trust Fund 1,000 rights to Hogg Foundation: W. C. Hogg Estate Fund 600 rights to Hogg Foundation: Varner Properties 250 rights to Rosalie B. Hite Endowment for Cancer Research 800 rights to The Robert A. Welch Chair in Chemistry 600 rights to University Cancer Foundation - Anderson Hospital 400 rights to The James W. McLaughlin Fellowship Fund - Reserve for Depletion - Galveston Medical Branch)	25.01# 41.69# 25.01# 10.42# 33.35# 25.01# 16.67#
10/31/67	25 Shares Tyler Pipe & Foundry Co. Common Stock (Now Tyler Pipe Industries, Inc.), sold at 17-3/4 (John Arch White Professorship in Business Administration)	434.31
10/31/67	10 Shares Teledyne, Inc. Common Stock, sold at 141-1/2 (College of Arts & Sciences Foundation - Jennie and Carl Sundberg Scholarship Fund)	1,393.47

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

REDEMPTION OF SECURITIES

Date Redeemed	Security and Fund	Net Redemption Proceeds
10/9/67	5,500 Shares Westminster Fund, Inc. Capital Stock: Company redeemed by exchange of shares into various common stocks, sold with net proceeds of \$97,147.42 plus \$122.50 cash (John Charles Townes Foundation - Various Donors - Unallotted)	\$97,269.92

2. The University of Texas System Common Trust Fund: Additions. -- Approval was given for the following additions to The University of Texas System Common Trust Fund as of December 1, 1967:

Fund	Recommended Addition
Jennie and Carl Sundberg Scholarship Fund (College of Arts & Sciences Foundation) (\$7,000.00 already in Common Trust Fund)	\$ 1,392.47

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COMMON TRUST FUND - Additions
(Continued)

Fund	Recommended Addition
The Accounting Education Fund (College of Business Administration Foundation) (\$45,733.85 already in Common Trust Fund)	362.00
The Marquis G. Eaton Accounting Education Fund (College of Business Administration Foundation) (\$13,197.00 already in Common Trust Fund)	50.00
J. Anderson Fitzgerald Special Scholarship Fund (College of Business Administration Foundation) (\$8,957.91 already in Common Trust Fund)	60.00
Edward Louis Dodd and Alice Laidman Dodd Fellowship Fund (\$50,753.16 already in Common Trust Fund)	98.22
Various Donors - Various Purposes (College of Engineering Foundation) (\$9,742.63 already in Common Trust Fund)	1,204.47
Department of Drama Ex-Students Scholarship Fund (College of Fine Arts Foundation) (\$9,649.20 already in Common Trust Fund)	206.00
Hal P. Bybee Memorial Fund (Geology Foundation) (\$135,314.75 already in Common Trust Fund)	1,697.00
Ed. Owan - Geo. Coates Fund (Geology Foundation) (\$192,237.20 already in Common Trust Fund)	25.00
Frederick W. Simonds Memorial Scholarship in Geology (Geology Foundation) (\$17,200.00 already in Common Trust Fund)	25.00
Hogg Foundation - Eloise Helbig Chalmers - Ima Hogg Fund (\$1,279.36 already in Common Trust Fund)	48.58
Thos. E. Hogg - Residuary Legacy (\$3,420.53 already in Common Trust Fund)	30.93
Journalism Department - Various Donors (\$10,497.14 already in Common Trust Fund)	200.00
W. F. Gidley Appreciation Endowment Fund (Pharmaceutical Foundation) (\$2,220.56 already in Common Trust Fund)	100.00
The Senior Class Endowment Fund (Pharmaceutical Foundation) (\$7,909.95 already in Common Trust Fund)	525.00
The Albert Schweitzer Scholarship Fund (\$465.90 already in Common Trust Fund)	45.84
John Arch White Professorship in Business Administration (\$14,834.82 already in Common Trust Fund)	\$ 7,923.98

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COMMON TRUST FUND - Additions
(Continued)

Fund	Recommended Addition
Gillette Professorship of Obstetrics and Gynecology (Dallas Medical School) (\$9,335.66 already in Common Trust Fund)	171.38
Fessinger Memorial Lecture Fund (U. T. El Paso) (\$2,129.58 already in Common Trust Fund)	300.00
Library Endowment Fund (U. T. El Paso) (\$2,392.00 already in Common Trust Fund)	485.00
Lloyd A. Nelson Professorship in Geology (U. T. El Paso) (\$26,248.90 already in Common Trust Fund)	25,231.00
Lucille T. Stevens Bequest for Scholarships (U. T. El Paso) (NEW FUND)	41,322.02
Student General Property Deposits Fund (U. T. El Paso) (\$63,072.00 already in Common Trust Fund)	9,340.17
Supplemental additions to be made to Common Trust Fund on 12/1/67	<u>\$90,851.06*</u>

*The above total of \$90,851.06 submitted for approval, supplements previously approved additions in the amount of \$6,868.57, for a total of \$97,719.63 cash to be added to the Common Trust Fund on December 1, 1967.

B. Gift, Bequest and Estate Matters

1. U. T. Austin: Acceptance of Gift from Rotan, Mosle-Dallas Union, Inc. for J. L. Mosle Memorial Scholarship Fund. -- Approval was given for the establishment of the J. L. Mosle Memorial Scholarship Fund at U. T. Austin and the acceptance of 420 shares of Houston Natural Gas Corporation common stock, worth approximately \$20,300. This stock has been sold and the proceeds invested in shares of Industries Trend, a Houston open-end mutual fund under the management of Funds, Inc., at the request of the donors.

The scholarship will be in the Department of Finance of the College of Business Administration in memory of Mr. J. Ludwig Mosle, one of the founders of the firm of Rotan Mosle-Dallas Union, Inc. The income will be awarded annually to students at the graduate or senior level in a number and amount to be determined by a Committee of Award to be named by the President of U. T. Austin, which committee will include 2 senior members of the faculty of the Department of Finance and Mr. Jon L. Mosle of Dallas, a Vice President of the firm.

Should the income from the fund not be a minimum of \$1,000 annually, beginning in September, 1968, principal will be used to bring the amount to be awarded up to \$1,000. The award or awards are to be, so far as possible, to encourage and stimulate interest in investment banking as a career.

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C. Real Estate Matters

1. U. T. Austin: Hogg Foundation - Assignment of Lease on Main and Clay, Houston by Charles Guokas, III to Guokas Enterprises, Inc. -- Approval was given for the assignment of the parking lot lease on the Main and Clay property in Houston from Charles Guokas, III, to Guokas Enterprises, Inc. Mr. Guokas will remain personally responsible for performance of lessee's obligations.
2. U. T. Austin: Archer M. Huntington Museum Fund - Ratification of Purchase of Approximately 10 Acres in Samuel C. Bundick League, Galveston County from Nina Murphey and R. B. Wilkins. -- Ratification was given for the purchase of approximately 10 acres in the Virginia Point area, Samuel E. Bundick League, Galveston County, from Nina Murphey and R. B. Wilkins, for \$1,000 cash per acre with the sellers to retain all of the minerals. This tract is surrounded on 3 sides by Huntington Lands held by the Board of Regents and the purchase will be advantageous to the Board. Funds for the purchase will come from the Archer M. Huntington Museum Fund.
3. U. T. El Paso: Cotton Trust - Renewal of Lease to N. C. Ribble. -- Approval was given for the extension for the two-month period, January 1, 1968, through February 29, 1968, of the lease to N. C. Ribble which expires December 31, 1967, at rental of \$864.45 per month for the two-month period. Terms for a new lease will be recommended to the Board after agreement is worked out by the appropriate officials.
4. Galveston Medical Branch: Report on Sale of Old Maco Stewart Home (Margie B. Stewart Convalescent Home for Children) and Establishment of Endowment Account. -- The report was received that, in line with authorization by the Board of Regents at its October, 1967, meeting, the sale of the Old Maco Stewart Home on Galveston Island to Mitchell-Dobbins Land Corporation has been closed. The total purchase price was \$81,532.23, of which \$16,532.23 was paid on closing. The note of the Corporation in the amount of \$65,000, payable \$13,000 annually, with interest at 6%, is secured by vendor's lien and deed of trust.

Approval was given for the establishment of an endowment account in the University's Common Trust Fund with the cash received, plus principal payments to be received, to be known as the Margie B. Stewart Fund for Convalescent Crippled Children at the Galveston Medical Branch. The income from the endowment fund will be used predominantly for convalescent hospitalization for crippled children, in line with the intent of the donors as set out in the 1944 deed from Maco Stewart and wife, Margie B. Stewart.

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REPORT OF MEDICAL AFFAIRS COMMITTEE (PAGES 85-112)

--Upon motion of Committee Chairman Josey seconded by Regent Peace, the following actions taken by the Medical Affairs Committee were adopted unanimously:

1. U. T. System: Texas Regional Medical Program - Approval as Grantee Institution for Operational Grants. --Approval was given to extend the grantee status of The University of Texas System in the Regional Medical Program of Texas to include operational grant requests.
2. U. T. Medical System: Use of Electronic Interconnection in the Medical System. --Approval was given to the request of the Health Affairs Council that the following statement of position be approved with respect to the use of electronic interconnection, including television, in The University of Texas System. It is understood that any further actions necessary to implement the statement of position will be submitted to the Board of Regents for prior approval:
 - a. The University of Texas System should develop electronic interconnection network educational resources and institutional and informational materials, with provision for participation by its biomedical units.
 - b. The network should be functionally integrated eventually into a statewide system which will allow participation of all institutions, public and private, or educational television activities, with similar goals. Specifically, the network should be designed and developed so that it will be an integral part of the proposed State Educational Communications System.
 - c. The network should develop cooperative relationships with like systems in other parts of the U. S. and with such national agencies as may be able to contribute to the network.
 - d. Each unit of The University of Texas System should develop an internal system for production and distribution commensurate with its own needs. A central production capability should be planned, however, for the system.
 - e. A system-wide mechanism should be established for evaluation of the effectiveness of material and programming, and for coordination of network activities.
 - f. Development of programs for the educational preparation of communicators, including those in the biomedical fields, should be expedited.

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3. Galveston Medical Branch: Amendment to the Bylaws of the Medical Staff of the Galveston Hospitals (Paragraph 14 of the Rules and Regulations of the Medical Staff). -- In conformity with Articles IX and X of the Bylaws of the Medical Staff of the Galveston Hospitals, the Rules and Regulations of the Medical Staff which follow the Bylaws were amended by deleting Paragraph 14 and substituting in lieu thereof the following:

When an operation is to be performed for the sole purpose of sterilization on a female or male patient, documentation of his or her record requires the prior recommendation of at least two members of the active medical staff, one of which may be the attending physician.

All consultants shall make and sign a record of their findings and recommendations in every such case. These shall become a permanent part of the patient's medical record. Such consultants shall give their service without charge.

Tissue from the fallopian tubes, ovaries, vas deferens, testicles, or parts thereof which are removed must be sent to The University of Texas Medical Branch Pathologist and examined histologically. Said pathology reports will become a permanent part of the patient's record.

It is required to have the signatures of both patient and husband (patient and wife in the case of the male) or legal guardian on a written consent for sterilization. If this form is completed off The University of Texas Medical Branch premises, such signature must be notarized. All permits, recommendations and consultations must be incorporated into the patient's medical record prior to the performance of such an operative procedure.

In the case of the female, one of the consultants must be the responsible obstetrician. The other(s) should be selected from the department or division most concerned with the indication for the proposed sterilization. Consultants must be a specialist with the academic rank of Assistant Professor or above.

In the case of the male, consultant(s) may be selected from any department or division, at least one of which must be a Urologist.

4. U. T. Houston: Master Plan for The University of Texas' Development in Houston. -- The execution and delivery of the following letter from Chairman Erwin to Doctor Richard T. Fastwood, Executive Vice President and Director of Texas Medical Center, Inc.,

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was ratified. This letter summarizes steps necessary to finalize previous understandings with regard to land utilization in the Texas Medical Center:



THE UNIVERSITY OF TEXAS
BOARD OF REGENTS

MARK C. ERWIN, JR., CHAIRMAN
BROWN BUILDING
AUSTIN, TEXAS 78701

November 22, 1967

Dr. Richard T. Eastwood
Executive Vice President and Director
Texas Medical Center, Inc.
Houston, Texas 77025

Dear Dr. Eastwood:

This will summarize the present plans of The University of Texas System for the development of its facilities in Houston. The cooperation of the Texas Medical Center is, of course, vital to that development.

Planning is currently in progress for a Dental Sciences Institute. \$2,500,000 have been appropriated by the Board of Regents for a building to house the Institute, and matching Federal funds have been requested. It is anticipated that that Federal grant will be forthcoming as soon as the present freeze on Federal grants is eliminated.

The Legislature has appropriated funds to assist in the construction of a \$20,000,000 addition to the M. D. Anderson Hospital and Tumor Institute, which addition is now being designed.

Plans are also under way for construction of a major building to house the Graduate School of Biomedical Sciences.

In addition to these three substantial projects, the master plan for The University of Texas development in Houston includes a new Medical School to be operated under the Board of Regents of The University of Texas System. The schematic design for the Medical School building is presently being prepared. As you are aware, authorization for the Medical School must be given by the Legislature. As an initial step toward establishment of the School, we contemplate entering into an affiliation agreement with Hermann Hospital as the primary teaching hospital, and we would like to utilize the library of the Houston Academy of Medicine as the principal library facility.

In order to proceed with the plans outlined above, we hereby request that the Board of Directors of the Texas Medical Center:

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Dr. Richard T. Eastwood

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November 22, 1967

(1) Convey immediately to the Board of Regents of The University of Texas System in fee simple that certain tract of land, containing 8.14 acres, described as a part of the tract out of the P. W. Rose Survey, designated as the Texas Medical Center tract conveyed by M. D. Anderson Foundation to Texas Medical Center by deed dated February 22, 1946. It is our intention that this tract will be occupied by the Dental Sciences Institute, the Graduate School of Biomedical Sciences, the expansion of the M. D. Anderson Hospital and Tumor Institute, and perhaps other facilities of The University of Texas at Houston.

(2) Immediately execute and deliver to the Board of Regents of The University of Texas System a written commitment to the effect that if or before December 31, 1971, the Board of Regents is authorized by the Legislature to establish and operate in Harris County, Texas, a medical school, the Board of Directors of the Texas Medical Center will immediately after such authorization is given convey to the Board of Regents of The University of Texas System in fee simple the following-described tract of land for the purpose of constructing one or more medical school buildings thereon; to wit: that certain tract of approximately five acres out of the P. W. Rose Survey in Houston, Harris County, Texas, located adjacent to Hermann Hospital in the Texas Medical Center. This tract is described as:

BEGINNING at the Southeast corner of Fannin Street
and Ross Sterling Avenue;
THENCE East with the South line of Ross Sterling Avenue
to the West line of Cullen Circle;
THENCE South with the West line of Cullen Circle to the
North line of M. D. Anderson Boulevard;
THENCE West with the North line of M. D. Anderson
Boulevard to the East line of Fannin Street;
THENCE North with the East line of Fannin Street to the
place of beginning;
Containing 5.554 acres, more or less.

If the above-described tract of 8.14 acres is immediately conveyed to the Board of Regents of The University of Texas System, and if the above-described option on the 5.554 acre tract is immediately given to the Board of Regents of The University of Texas System, then the Board of Regents of The University of Texas System will contemporaneously convey to the Board of Directors of the Texas Medical Center an approximately 3-acre tract of land owned by The University of Texas System and located generally between the Methodist Hospital and The University of Texas Dental School. It is our understanding that the Board of Directors of the Texas Medical Center will construct as soon as possible on such

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Dr. Richard T. Eastwood

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November 22, 1967

3-acre tract of land a central auditorium and parking facility and such other central facilities as the Board of Directors of the Texas Medical Center may determine. The exact delineation of the approximately 3-acre tract will be determined by mutual agreement of the Board of Regents of The University of Texas System and the Board of Directors of the Texas Medical Center.

We are most grateful for your past cooperation and hope that the arrangements outlined in this letter will accelerate our mutual plans for progress in health education and patient care in Houston.

Sincerely yours,

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

FCE:hj

5. U. T. Houston: Affiliation Agreement with Hermann Hospital Estate. -- Approval was given to the affiliation agreement set out on the following pages (90-102) between the trustees of the Hermann Hospital Estate and the Board of Regents of The University of Texas System with authority to the Chairman of the Board of Regents to execute this agreement when it has been approved by Vice-Chancellor LeMaistre, Vice-Chancellor Walker, and University Attorney Waldrep.

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AFFILIATION AGREEMENT

THE STATE OF TEXAS }
COUNTY OF HARRIS }

This AGREEMENT made and entered into this _____ day of _____, 1967, by and between the TRUSTEES OF THE HERMAN HOSPITAL ESTATE (The Hermann Hospital) of Houston, Harris County, Texas, hereinafter referred to as "Hospital," and the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, a state agency duly authorized to execute this contract, hereinafter referred to as "University," WITNESSETH:

WHEREAS, Hospital and University desire a formal instrument of affiliation which has the following primary objectives:

A. It shall set forth a clear pattern for cooperation in accomplishing the common objectives of the Hospital and University. These common objectives to include:

1. Teaching and research sought primarily by the University;
2. Care of patients and community services, sought primarily by the Hospital;

B. It shall be an instrument for furthering mutual understanding;

C. It shall be a means for fostering equitable administration of programs of mutual interest;
and

WHEREAS, in order to assure achievement of the objectives of the affiliation agreement the following items of major importance have been considered:

1. Faculty and Hospital staff appointments
2. House staff appointments and responsibilities
3. Availability of patients for teaching
4. Medical student responsibilities and facilities
5. Joint responsibilities for research

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6. Sharing of common facilities and services
7. Financial considerations
8. Organization for effective communication;

and

WHEREAS, it is understood and agreed that the most important consideration of content for a successful relationship is the understanding and sincerity of both Hospital and University in the recognition of the interdependence of their shared goals of quality patient care, excellent teaching programs, community services, and productive research; and

WHEREAS, the Coordinating Board, Texas College and University System, recommended that a new four-year supported medical school be authorized for establishment in Houston under the administration of The University of Texas System, and that Hermann Hospital be utilized as its main teaching hospital in Houston, and that Hospital will assist the University by making its clinical facilities available to the already existing bio-medical units of The University of Texas System, and upon establishment of the medical school in Houston, such clinical facilities in excess of the needs required for the development of an outstanding medical school in Houston shall continue to be available to The University of Texas System:

NOW, THEREFORE, in consideration of the foregoing and in further consideration of the premises hereinafter set forth, the parties hereto agree to the following provisions:

I. GENERAL PROVISIONS

A. That this agreement is between the Board of Regents of The University of Texas System and the Trustees of The Hermann Hospital Estate and that any alterations, amendments, or future provisions shall likewise be negotiated through the respective governing bodies.

B. That Hospital and University shall retain all jurisdictional powers incident to separate ownership.

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C. That the Hospital agrees to provide for the operation and maintenance of a fully accredited hospital for teaching, research, patient care and community services integrated with the medical educational program of the University.

D. That the Hospital will operate its institution in a manner and with standards consistent with the highest quality of those of leading university affiliated hospitals in the United States.

E. That the Hospital shall retain final jurisdiction over the admission of patients to the Hospital, including assignment of beds therein, but shall consult with the University in the formulation of policies affecting teaching and research.

F. That the provisions of this affiliation agreement and the By-Laws of the Hospital Medical Staff shall be in agreement.

G. That the University will establish and conduct research activities and fully accredited educational programs.

H. That the University shall assume the responsibility for further development of clinical and basic research.

I. That this agreement shall be for a term of thirty (30) years from and after the effective date of this agreement, and may be terminated at any time upon mutual consent of the parties hereto. A period of at least three (3) years shall be allowed to effect such termination. It is understood that this agreement may be amended in writing to include such provisions as the parties may agree upon and may be renewed for an additional term of years upon such terms and conditions as the parties may agree. It is further understood and agreed that should no medical school be authorized in Houston this agreement may be terminated with due consideration of existing responsibilities of each party.

II. MAJOR SPECIFIC CONSIDERATIONS

The means by which the Hospital and University seek to accomplish their goals are the programs in which they engage, either separately or jointly. The presence and activity of

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each organization serves as a condition upon the effort of the other. Since each has the capacity to limit or to enhance the success of the other, the following major areas for specific consideration are enumerated in this agreement to minimize potential sources of conflict which may arise from the interaction between the Hospital and University.

A. Faculty and Hospital Staff Appointments

Until the medical school is authorized and established in Houston, the University will utilize only selected services for its teaching programs. Those services not involved in the teaching endeavor may continue with an open staff, and it is understood that designation as an "open staff" service does not preclude participation of medical staff with University appointments. After the effective date of this agreement, Hospital, in consultation with University, will give due consideration to the academic interests and qualifications of all new medical staff applicants prior to medical staff appointment.

Within the Hospital where undergraduate medical students receive instructions, the staff involved in the teaching programs will be members of the faculty of The University of Texas System. All members of the medical staff of those specific services selected for the teaching endeavor will be encouraged to seek academic appointment, for it is understood and agreed that ultimately, with the establishment of the medical school in Houston, the teaching staff of the University and the medical staff of the Hospital shall be one and the same and the only medical staff of the Hospital.

In consideration of the foregoing, the following specific conditions are agreed to:

1. That University academic appointments for the performance of service will be of three basic types:
 - a. Clinical and voluntary - no financial remuneration for teaching.

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- b. Part time - compensation by University for specifically designated teaching services which are time consuming.
- c. Full time - full compensation from University subject to policies of The University of Texas System.

2. Within the services selected by the University for its teaching programs, the University will assume increasing responsibility for the quality of professional care delivered in the Hospital. The degree of responsibility assumed being proportional to the rate of development of a full-time faculty in Houston by the University.

3. The Hospital will determine the academic interest and desires of all members of the active and courtesy medical staffs of the Hospital. On the date a particular service is selected by the University for development of its teaching program, the Hospital will designate to the University from that particular medical service all those for whom faculty appointment is recommended. University will then determine the nature of the academic appointment. The teaching responsibility, if any, will be negotiated individually by University. It is understood that the foregoing applies only to those members on the medical staff roster at the time the specific service is selected by the University for development of its teaching program and does not apply to those staff services not involved in the teaching endeavor.

4. The Hospital shall appoint, after consultation with University, the chiefs of departments, services, or divisions involved in the teaching programs.

5. Notwithstanding the foregoing provisions and at such time as the Texas Legislature authorizes and funds a state medical school in Houston under the jurisdiction of The University of Texas System, the parties also agree that:

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- a. All appointments to the medical staff shall be made annually by the Hospital upon nomination by the University.
- b. Hospital shall appoint as chiefs of departments, services or divisions, the corresponding chairman or chief officers of departments or divisions of the medical school upon nomination of University. Prior to nomination, University shall consult with Hospital.
- c. That the medical school will furnish a sufficient number of qualified physicians to adequately direct and supervise professional medical services to all inpatients and outpatients of the Hospital, including the emergency department. It is agreed that total professional care shall be specified by the faculty of the medical school and the staff shall be closed.

B. House Staff Appointments and Responsibilities

Recognizing that the house staff members have both a legal and moral responsibility to the hospital in which they work and equal responsibility to the medical school for the teaching of undergraduate medical students, the responsibility for the appointment and recruitment of house staff members shall be shared by the Hospital and University. In consideration of the foregoing, the following specific conditions are agreed to:

1. All service in which teaching programs are being conducted by University, vigorous recruitment will be conducted by the faculty to assure filling of available positions with highly qualified candidates.
2. On those services not selected by University for teaching purposes, the Hospital will have primary responsibility for recruitment of house staff members.

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3. After the effective date of this agreement, the University will provide, at no cost to Hospital, a professor of medical education acceptable to the Hospital to establish, develop and supervise the interim educational activities of the University at the Hospital.

4. After establishment of the medical school all appointments of interns and residents, and other categories of medical trainees, shall be made by Hospital only upon nomination by University.

C. Availability of Patients for Teaching

After the effective date of this agreement and to remain in effect after establishment of the medical school and in recognition of the fact that the number of charity or service patients available will be insufficient to meet the teaching needs, the need to expose students to the care of private patients, and the fact that private patients today quite readily accept the premise that when they enter a teaching hospital for care they will be participating in teaching programs, the following specific conditions are agreed to:

1. That all patients in Hospital shall be available for purposes of teaching.

2. Exception may be granted upon concurrence by the chief of the major service upon recommendation of the physician, when the physician feels that participation in the teaching program might adversely affect the patient's condition.

3. That no members of the medical faculty will be granted exception from teaching for more than ten percent (10%) of his patients admitted in any twelve-month period.

D. Medical Student Responsibilities and Facilities

1. Medical students will be responsibly involved, under supervision, in the management and care of patients. This will be accomplished through the students' participation with the medical care team consisting of the intern, the resident, and

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the faculty staff physician. These individuals will function as an organized staff, responsible for the patients' care.

2. In recognition of the fact that a university teaching hospital requires considerably more space for the educational programs of the medical students and house staff, the Hospital agrees to provide such space and that in all new construction and modernization programs it will give consideration to the following requirements:

- a. Charting areas of sufficient size to accommodate the students, house staff, staff physicians and nurses.
- b. Provisions for conference-demonstration rooms for teaching programs on each large patient floor area of the hospital building.
- c. A centralized student laboratory in each building of the hospital complex for use of students in performance of simple laboratory tests.
- d. Larger patient room facilities to allow sufficient room for students and staff to observe and to make bedside rounds.
- e. Sleeping-in facilities for students while on night call on such services as obstetrics and the emergency department.
- f. Special treatment room on each floor to demonstrate special procedures to students.

E. Joint Responsibilities for Research

The University shall assume the responsibility for further development of clinical and basic research. Such research may involve therapeutic trials, clinical studies, laboratory studies, and studies involving the administration and organization of the hospital's and the community's health services. Research projects may be jointly sponsored by University and Hospital. In such instances the following specific conditions are agreed to:

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1. In all research involving patients, the medical school and faculty hospital staff will be jointly responsible in assuring the hospital that due regard is given to the safety and personal rights of the patients involved and that patients understand their role in the project.

2. There will be established a Review Committee for Research involving human beings, the composition of which will be mutually agreed by Hospital and University.

F. Sharing of Common Facilities and Services

In view of the fact that a Hospital addition and the proposed medical school have yet to be constructed, every effort will be made in the planning phases to provide for common services required by both Hospital and University to avoid expensive and unnecessary duplication of equipment and facilities. Such common services may be operated by either the University or Hospital but will be shared by both. These may include heating, telephones, post office, laundry, food, computer, parking, specialized diagnostic procedures, etc. In consideration of the foregoing, the following specific conditions are agreed to:

1. That a joint agreement will be established and reviewed annually by the Dean of the Medical School and Director of the Hospital.

2. That such agreement shall consider all services provided by the parties to each other which would be provided separately if no common facilities and services were shared.

3. Highly specialized, expensive and infrequently used therapeutic and laboratory procedures required for clinical care may be obtained from the medical school rather than establishing such services separately in the Hospital.

G. Financial Considerations

The University, in recognition of the Hospital's essentiality to its medical school's teaching programs, agrees to accept important responsibilities for care of patients. The

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Hospital, in its traditional role of public service, recognizes that the educational programs contribute materially to the quality of medical care. Although it is recognized that the contributions of each provide a general balance, certain specific financial considerations are agreed to:

1. The Hospital shall bear costs for supporting and maintaining a complete staff of interns, residents and other personnel. In instances where University or Hospital may be able to obtain funds applicable to training programs in Hospital of interns, residents, fellows, and other personnel, such funds designated for salaries will be used for support of such personnel.

2. The University shall pay all costs incurred in the operation of its undergraduate educational programs.

3. In jointly sponsored research projects, there shall be a definite agreement as to the extent of responsibility of each institution in the administration of research funds, provision of staff, facilities, and ownership of equipment purchased with research funds.

4. That the joint agreement established by the Hospital and medical school shall be reviewed annually by the Director of the Hospital and Dean of the Medical School. Such review shall involve the fair and equitable pro rata division of all costs involved not expressly the responsibility of the University or Hospital and at the end of the accounting period, a settlement will be made involving such costs as are determined in the agreement.

5. The University will bear all costs for the interim position of professor of medical education established in the Hospital.

H. Organization for Effective Communications

The Hospital and University agree that the most important ingredient of this affiliation is good faith and trust in the honesty and integrity of the parties concerned. It is agreed

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by the parties that these ingredients and not simply the existence of a legal document that will cement the enduring and productive relationship so essential to harmonious growth. In consideration of the foregoing, the following specific organizational entities designed to assure and maintain effective channels of communication are agreed to:

1. There shall be established a Joint Conference Committee of Trustees and Regents composed of an equal number of representatives from the Hermann Hospital Estate and The University of Texas System. Both the Director of the Hospital and the Dean of the Medical School shall be ex-officio members of the Joint Conference Committee. All matters of joint concern may be considered by this Joint Conference Committee, which makes recommendations to the respective parent corporate bodies. The Committee shall approve annually the joint agreement and shall be informed of and consider high level appointments.

2. There shall be established a Planning and Development Committee composed of the Director of the Hospital and Dean of the Medical School and such additional members as are mutually agreed upon. The Planning and Development Committee will consider all matters of joint concern to Hospital and University, including any amendments to this agreement, and will keep the Joint Conference Committee informed of its deliberations.

3. Within the Hospital, there shall be established a medical board composed of the chiefs of the major clinical departments (who are also chairmen of the respective department in the school of medicine), the Director of the Hospital, and three (3) members of the voluntary or part-time medical staff of the Hospital elected annually by the voluntary medical staff. This board shall function as the Executive Committee of the medical staff and is the advisory medical staff board which recommends and advises on all matters related to patient care

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and medical staff appointments. Until such time as the medical school is established in Houston, the membership may include the chiefs of all services having approved residency programs.

III. FURTHER PROVISIONS

In line with their cooperative efforts and consistent with sound business practices and the limitations imposed by their charters and by-laws, the University and Hospital shall endeavor to carry out their fundamental objectives in order to serve a single public purpose--the improvement of people's health.

The Trustees of the Hermann Hospital Estate function, as such, pursuant to the Last Will and Testament of George H. Hermann, and the trust created thereunder as construed by judgments entered in (a) Cause No. 86954 entitled H. F. MacGregor, et al, Trustees of the Hermann Hospital Estate, vs. City of Houston, et al, in the 61st Judicial District Court of Harris County, Texas; (b) Cause No. 270,040 entitled G. A. Brandt, et al, Trustees of the Hermann Hospital Estate vs. Honorable Gerald Mann, Attorney General of State of Texas, et al, in the 113th Judicial District Court of Harris County, Texas; and (c) Cause No. D-311497 entitled G. A. Brandt, et al, Trustees of the Hermann Hospital Estate vs. Honorable Grover Sellers, Attorney General of the State of Texas, et al, in the 80th Judicial District Court of Harris County, Texas. The Trustees of Hermann Hospital Estate execute this agreement to the full extent that they may lawfully do so pursuant to said will and said decrees.

IN WITNESS WHEREOF, the parties have executed this agreement on the day and year first above written.

ATTEST:

BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM

Secretary

By _____
Chairman

TRUSTEES OF THE HERMANN
HOSPITAL ESTATE

By _____

12-07-67

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Approved as to Form:

Approved as to Content:

University Attorney

Vice-Chancellor for Health
Affairs

Vice-Chancellor for Business
Affairs

- 6. Anderson Hospital: Authority to Acquire Approximately 374 Acres of Land in Bastrop County, Texas, to be Used as a Research (Education) Park for Health-Science Programs. --The following resolution was adopted:

WHEREAS, by deed from the United States of America to the Texas State Department of Health, said deed being recorded in Book 125, pages 485-489 of the Deed Records of Bastrop County, Texas, the Texas State Department of Health acquired 373.99 acres of land, more or less, in the Issac Harris Survey, Bastrop County, Texas, the same being a part of the military installation formerly known as Camp Swift;

WHEREAS, a study made indicates the need for more acreage by the Anderson Hospital than that presently in Buescher Park; and

WHEREAS, some of the programs proposed by the various departments and schools of The University of Texas System require the pristine preservations of an area for ecological studies; and

WHEREAS, it is believed that this tract of 373.99 acres, which is spread by some distance from the Buescher Park land, would give The University of Texas System the isolation that is required; and

WHEREAS, except for an area of less than one acre, assigned for storage, this land is not being used by the State Department of Health; and

WHEREAS, the State Department of Health has indicated a willingness to transfer this acreage to the Board of Regents of The University of Texas System without cost for the use and benefit of The University of Texas M. D. Anderson Hospital and Tumor Institute and the other bio-medical institutions in The University of Texas System, with the understanding that said acreage will be used as a research (education) park

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facility for varied health-science programs of The University of Texas System;

BE IT RESOLVED by the Board of Regents of The University of Texas System that Doctor R. Lee Clark be authorized to take the leadership in acquiring this land for health-science programs of The University of Texas M. D. Anderson Hospital and Tumor Institute and the other biomedical institutions in The University of Texas System, including obtaining the required approvals of the appropriate state agencies.

- 7. U. T. System: Affiliation Agreements (a) with Memorial Baptist Hospital of Houston and (b) St. Joseph Hospital of Houston. -- Approval was given to affiliation agreements between the Board of Regents of The University of Texas System and (a) Memorial Baptist Hospital of Houston and (b) St. Joseph Hospital of Houston as set out below. Authority was granted to the Chairman of the Board of Regents of The University of Texas System to execute each agreement when it has been approved by the Vice-Chancellor for Health Affairs, the University Attorney, and the Vice-Chancellor for Business Affairs:
 - a. An affiliation agreement between The University of Texas System and the Memorial Baptist Hospital of Houston (Pages 103-107):

THE STATE OF TEXAS X
 X
 COUNTY OF HARRIS X

This AGREEMENT made and entered into this _____ day of _____, 1967, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, hereinafter sometimes called "University," and the MEMORIAL BAPTIST HOSPITAL of Houston, hereinafter sometimes called "Hospital," WITNESSETH:

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

WHEREAS, in recognition of contemporary trends and likely future requirements, University and Hospital agree on the desirability of establishing a closer working relationship between the two institutions, who share a common commitment

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to offer the people of Houston, Texas, and the Southwest a program of excellence in medical education and also share the desire to coordinate all medical care resources for the benefit of improved patient care and the further development of Houston as a medical center:

NOW, THEREFORE, with these objectives in mind and with an intent to develop both institutions to the maximum extent consistent with the interests of each, University and Hospital hereby agree as follows:

1. EXTENT OF AFFILIATION AT THE DEPARTMENTAL LEVEL

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

2. PROVISION FOR FACULTY APPOINTMENTS FOR HOSPITAL STAFF MEMBERS

Both parties agree that academic status is a strong inducement for attracting well qualified individuals for teaching positions at Hospital, and that academic appointment made by University for individuals in key positions at Hospital should include tenure or assurances of continuation of employment, if possible. This will be granted on an individual basis subject to the approval of the person by the staff of University and

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satisfactory arrangements covering the financial obligations accompanying all appointments in this category. The alternatives for obtaining appointments in this category are:

(1) Unqualified Tenure Appointment:

Guarantee by Hospital for all future salary costs for any tenure appointments by University

Under this arrangement Hospital will guarantee to pay to University the salary for full-time personnel requested by Hospital granted tenure by University. This guarantee shall continue as long as University is required to maintain personnel acquired under this arrangement.

(2) Qualified Tenure Appointment:

Guarantee by Hospital of the future salary costs for a limited term tenure appointment of seven years following termination or discontinuation of a hospital position

Under this agreement the faculty member would receive a tenure guarantee covering up to seven years dating from the notification of termination, and so long as the physician occupies a full-time faculty position at University. Thus, if his position were discontinued at Hospital, he would receive salary from Hospital for a maximum of seven years, but only if he continued as a full-time faculty member of University.

(3) Hospital staff without Compensation:

Rules and procedures established by Hospital will be used in appointment of medical staff of Hospital without teaching assignment, faculty designation, or compensation through University.

(4) Hospital Staff with Partial Compensation and/or University Faculty Appointment:

Mutual agreement between Hospital and University

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is required for appointment in either category in this section with definition of faculty title, duties, amount of compensation (if any), and term of appointment (annual unless otherwise agreed upon).

3. COMPENSATION ARRANGEMENTS FOR FULL-TIME FACULTY

Physicians employed full time by University and based at Hospital with academic appointments will be subject to The University of Texas System policy regarding salary plan. Fees earned in excess of the maximum allowed will be placed in a trust fund and used to develop medical education and research programs at Hospital. These funds should not be committed on a continuing basis for the salaries of additional full-time personnel.

4. JOINT SPONSORSHIP OF RESEARCH ACTIVITIES

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

5. PROVISION FOR REVIEW OF RELATIONSHIP

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

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over-all relationships and policies and other matters of common concern.

If any aspect of this agreement becomes unsatisfactory, a joint committee shall be responsible for discussing and resolving the questions involved. If a change in the agreement is necessary, the committee shall make recommendations to the authorities in each institution. If problems develop which are sufficiently serious and cannot be resolved, dissolution of the agreement may be indicated. Effective date of such dissolution shall be mutually agreed upon with adequate time to allow each institution to make necessary arrangements in an orderly manner.

This agreement shall be for a term of ten (10) years from and after its effective date and may be terminated at any time upon mutual consent of the parties. It may also be amended in writing to include such provisions as the parties may agree upon.

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

ATTEST:

BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM

Secretary

By _____
Chairman

MEMORIAL BAPTIST HOSPITAL
OF HOUSTON

By _____

Approved as to Form:

Approved as to Content:

University Attorney

Vice-Chancellor for Health
Affairs

Vice-Chancellor for Business
Affairs

12-07-67

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2. An affiliation agreement between The University of Texas System and St. Joseph Hospital of Houston (Pages 108-112):

THE STATE OF TEXAS X
 COUNTY OF HARRIS X

This AGREEMENT made and entered into this _____ day of _____, 1967, by and between the BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM, hereinafter sometimes called "University," and the ST. JOSEPH HOSPITAL of Houston, hereinafter sometimes called "Hospital," WITNESSETH:

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

WHEREAS, in recognition of contemporary trends and likely future requirements, University and Hospital agree on the desirability of establishing a closer working relationship between the two institutions, who share a common commitment to offer the people of Houston, Texas, and the Southwest a program of excellence in medical education and also share the desire to coordinate all medical care resources for the benefit of improved patient care and the further development of Houston as a medical center:

NOW, THEREFORE, with these objectives in mind and with an intent to develop both institutions to the maximum extent consistent with the interests of each, University and Hospital hereby agree as follows:

1. EXTENT OF AFFILIATION AT THE DEPARTMENTAL LEVEL

The purpose of this agreement is to establish a broad framework of policy to facilitate cooperation between University and Hospital. It is agreed that the initiative for establishing definitive relationships will be vested in the respective

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department heads of the departments within institutions of University and the corresponding departments or division of Hospital. It is further understood that individual departments of University may or may not establish affiliations with Hospital, depending upon their needs and circumstances and subject to appropriate action by the respective governing bodies.

2. PROVISION FOR FACULTY APPOINTMENTS FOR HOSPITAL STAFF MEMBERS

Both parties agree that academic status is a strong inducement for attracting well qualified individuals for teaching positions at Hospital, and that academic appointment made by University for individuals in full-time key positions at Hospital should include tenure or assurances of continuation of employment, if possible. This will be granted on an individual basis subject to the approval of University. In order to achieve satisfactory financial arrangements, the fiscal alternatives for obtaining appointments in this category are:

(1) Unqualified Tenure Appointment:

Guarantee by Hospital for all future salary costs for any tenure appointments by University

Under this arrangement Hospital will guarantee to pay to University the salary for full-time personnel requested by Hospital granted tenure by University. This guarantee shall continue as long as University is required to maintain personnel acquired under this arrangement.

(2) Qualified Tenure Appointment:

Guarantee by Hospital of the future salary costs for a limited term tenure appointment of seven years following termination or discontinuation of a hospital position

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Under this agreement the faculty member would receive a tenure guarantee covering up to seven years dating from the notification of termination, and so long as the physician occupies a full-time faculty position at University. Thus, if his position were discontinued at Hospital, he would receive salary from Hospital for a maximum of seven years, but only if he continued as a full-time faculty member of University.

(3) Hospital Staff without Compensation:

Rules and procedures established by Hospital will be used in appointment of medical staff of Hospital without teaching assignment, faculty designation, or compensation through University.

(4) Hospital Staff with Partial Compensation and/or University Faculty Appointment:

Mutual agreement between Hospital and University is required for appointment in either category in this section with definition of faculty title, duties, amount of compensation (if any), and term of appointment (annual unless otherwise agreed upon).

3. COMPENSATION ARRANGEMENTS FOR FULL-TIME FACULTY

Physicians employed full time by University and based at Hospital with academic appointments will be subject to The University of Texas System policy regarding salary plan. Fees earned in excess of the maximum allowed will be placed in a trust fund and used to develop medical education and research programs at Hospital. These funds should not be committed on

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a continuing basis for the salaries of additional full-time personnel.

4. JOINT SPONSORSHIP OF RESEARCH ACTIVITIES

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

5. PROVISION FOR REVIEW OF RELATIONSHIP

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

If any aspect of this agreement becomes unsatisfactory, a joint committee shall be responsible for discussing and resolving the questions involved. If a change in the agreement is necessary, the committee shall make recommendations to the authorities in each institution. If problems develop which are sufficiently serious and cannot be resolved, dissolution of the agreement may be indicated. Effective date of such dissolution shall be mutually agreed upon with adequate time to allow each institution to make necessary arrangements in an orderly manner.

This agreement shall be for a term of ten (10) years from

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and after its effective date and may be terminated at any time upon mutual consent of the parties. It may also be amended in writing to include such provisions as the parties may agree upon.

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

ATTEST:

BOARD OF REGENTS OF
THE UNIVERSITY OF TEXAS SYSTEM

Secretary

By _____
Chairman

ST. JOSEPH HOSPITAL OF HOUSTON

By _____

Approved as to Form:

Approved as to Content:

University Attorney

Vice-Chancellor for Health
Affairs

Vice-Chancellor for Business
Affairs

12-07-67

COMMITTEE OF THE WHOLE

Chairman Erwin presented the following report of the Committee of the Whole (See Page 121 for adoption.)

BOARD OF REGENTS: ORGANIZATION OF NEWLY CONSTITUTED BOARD (1) RESIGNATION OF CHAIRMAN AND VICE-CHAIRMAN (2) ELECTION OF REGENT ERWIN AS CHAIRMAN (3) ELECTION OF REGENT JOSEY AS VICE-CHAIRMAN (4) DESIGNATION OF STANDING COMMITTEES (5) ELECTION OF SECRETARY. -- The three most recently appointed Regents having qualified, Chairman Erwin submitted his resignation as Chairman in writing on November 28, 1967, in order to give the new Regents an opportunity to participate in the selection of their chairman.

Vice-Chairman Josey for the same reason submitted his resignation as Vice-Chairman.

Regent Frank C. Erwin, Jr. was reelected as Chairman of the Board of Regents and Regent Jack S. Josey was reelected as Vice-Chairman.

Chairman Erwin with the consent of the Board appointed all members of the Board to each standing committee. He reappointed the present committee chairmen and named Regent Ikard Chairman of the Land and Investment Committee to succeed Regent Brennan, retired. The membership of the standing committees is set out below:

Executive Committee

Mr. W. H. Bauer, Chairman
 Mr. Frank N. Ikard
 Mrs. J. Lee Johnson III
 Mr. Jack S. Josey
 Mr. Joe M. Kilgore
 Dr. Levi A. Olan
 Mr. John Peace
 E. T. Ximenes, M. D.
 Mr. Frank C. Erwin, Jr., Ex Officio*

Academic and Developmental Affairs Committee

Dr. Levi A. Olan, Chairman
 Mr. W. H. Bauer
 Mr. Frank N. Ikard
 Mrs. J. Lee Johnson III
 Mr. Jack S. Josey
 Mr. Joe M. Kilgore
 Mr. John Peace
 E. T. Ximenes, M. D.
 Mr. Frank C. Erwin, Jr., Ex Officio*

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Buildings and Grounds Committee

Mrs. J. Lee Johnson III, Chairman
 Mr. W. H. Bauer
 Mr. Frank N. Ikard
 Mr. Jack S. Josey
 Mr. Joe M. Kilgore
 Dr. Levi A. Olan
 Mr. John Peace
 E. T. Ximenes, M. D.
 Mr. Frank C. Erwin, Jr., Ex Officio*

Medical Affairs Committee

Mr. Jack S. Josey, Chairman
 Mr. W. H. Bauer
 Mr. Frank N. Ikard
 Mrs. J. Lee Johnson III
 Mr. Joe M. Kilgore
 Dr. Levi A. Olan
 Mr. John Peace
 E. T. Ximenes, M. D.
 Mr. Frank C. Erwin, Jr., Ex Officio*

Land and Investment Committee

Mr. Frank N. Ikard, Chairman
 Mr. W. H. Bauer
 Mrs. J. Lee Johnson III
 Mr. Jack S. Josey
 Mr. Joe M. Kilgore
 Dr. Levi A. Olan
 Mr. John Peace
 E. T. Ximenes, M. D.
 Mr. Frank C. Erwin, Jr., Ex Officio*

Betty Anne Thedford was reelected as Secretary.

*The Chairman of the Board is an ex officio member of each committee.

12-07-67

REGENTS' RULES AND REGULATIONS, PART ONE: AMENDMENT TO
CHAPTER III, SECTION 13 RELATING TO OUTSIDE EMPLOYMENT.--

The rule (Part One, Chapter IX, Section 4) requiring the second reading of an amendment to the Regents' Rules and Regulations, Part One was waived. Section 13 and its subsections 13.1 through 13.6 were authorized deleted and the following substituted therefor:

13. Outside Employment.

- 13.1 Members of the University faculty or staff should not be discouraged from accepting appointments of a consultative or advisory capacity with governmental agencies, industry, or other educational institutions. The consideration to the University of such activity is the improvement of the individual by virtue of his continuing contact with real problems in the real world.
- 13.2 Members of the faculty or staff should be discouraged from accepting regular employment with units outside the University because this action would be divisive of loyalties and does not provide the return to the institutions indicated in 13.1.
- 13.3 Conflict of interest should be avoided in all instances of outside employment, but conflict of interest in an academic institution means outside activity which intrudes upon the academic functions of teaching, scholarly activities, and service to the institution.
- 13.4 Even in the case of members of the staff specifically engaged only in residence work, there exists an obligation, usually intermittent, to furnish expert knowledge and counsel for public benefit free of charge, provided that the meeting of this obligation by a faculty or staff member does not interfere with his regular duties, and provided further that in meeting this obligation a faculty or staff member on full-time duty shall avoid undue competition with legitimate private agencies.
- 13.5 No member of the faculty or staff engaged in outside remunerative activities shall use in connection therewith the official stationery of The University of Texas System or any of its component institutions, or give as a business address any building or department of the institution.
- 13.6 No member of the faculty or staff shall accept employment or any position of responsibility if the discharge of such employment or responsibility will be antagonistic to the interests of the State of Texas or The University of Texas System or any of its component institutions.
- 13.7 Every member of the faculty or staff who gives professional opinions must protect The University of Texas System and its component institutions against the use of such opinions for advertising purposes. That is, when he does work in a private capacity, he must make it clear to those who employ him that his work is unofficial and that the name of The University of Texas System and its component institutions is not in any way to be connected with his name, exceptions being made of the name of the author attached to books, pamphlets, and articles in periodicals.

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- 13.8 No member of the faculty or staff shall accept pay from private persons or corporations for tests, assays, chemical analyses, bacteriological examinations, or other such work of a routine character, which involve the use of property owned by The University of Texas System or its component institutions, unless advance permission has been obtained from the institutional head and provision has been made for compensation to The University of Texas System or its component institutions.
- 13.9 Outside employment and consultation for full-time faculty and staff members may be approved only when it is undertaken in conformity with the provisions in the institutional supplements.

SYSTEM-WIDE: GENERAL GUIDE LINES (POLICIES AND LIMITATIONS) FOR PREPARATION OF 1968-69 OPERATING BUDGETS.--Approval was given to the general guide lines (policies and limitations) as set out below to be followed in the preparation of the 1968-69 Operating Budgets for The University of Texas System:

Institutional Heads are to write the "first" draft of their operating budgets conservatively within the total of funds included in the Legislative Budget Request for the Year 1968-69.

Inasmuch as the amount of General Revenue Funds to be appropriated for writing the 1968-69 operating budgets is unknown at this time, Institutional Heads are to draft their budgets in accordance with the policy limitations listed below and must be prepared to reduce their recommended expenditures in the event that actual appropriations do not meet the level set forth in the preliminary draft.

1. Over-all budget totals, including reasonable reserves, must be limited to the funds available for the year.
2. Selective merit salary advances should be provided for the faculty and professional staff. In the case of faculty, merit advances should be on the basis of teaching or teaching and research.
3. Merit salary advances for classified personnel may be given only to individuals who will have been employed by the institution for at least 6 months as of August 31, 1968. The number of individuals recommended for merit increases may not exceed one-half of the total institutional classified personnel staff as of March 1, 1968.
4. New positions should be provided only where increased work-load justifies.
5. Maintenance, Operation, and Equipment items should be based only on such amounts as are needed, but

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increases are not to exceed 15% in total over amounts budgeted in 1967-68.

Justify all increases in Maintenance and Operation and Travel with performance type data. Prior year expenditures are not to be considered as adequate justification.

6. Travel funds are to be shown as separate line items.
7. All requests for Special Equipment must be supported with detailed description and justification.

U. T. SYSTEM: MEMBERSHIP AUTHORIZED IN THE TEXAS SYSTEM OF NATURAL LABORATORIES AND PRESIDENT HACKERMAN NAMED SYSTEM'S OFFICIAL REPRESENTATIVE.-- The following resolution was adopted authorizing The University of Texas System to join the Texas System of Natural Laboratories for a period of 12 months only and naming President Norman Hackerman as the System's official representative, with the understanding that the University's name shall not be used in the fund raising activities for the acquisition and/or development of property owned or controlled by the Texas System of Natural Laboratories or for the operation of any or all of such property. After 12 months, the Administration will submit to the Board its recommendation with respect to continuing the System's membership in the Texas System of Natural Laboratories:

WHEREAS, the quality of our environment is one of the pressing issues of the day; and

WHEREAS, The University of Texas System is in an excellent position to participate in the expansion of basic research and teaching relative to this important problem;

WHEREAS, The Texas System of Natural Laboratories is a nonprofit corporation formed to provide for Texas universities the kind of facilities for environmental teaching and research that would be beyond the appropriate expenditures of any individual university in view of its many necessary commitments;

BE IT RESOLVED, That The University of Texas System immediately join the Texas System of Natural Laboratories for a period of 12 months only with the understanding that at the end of such 12 month period the University Administration shall submit its recommendation with respect to the continuation of such membership; and

BE IT RESOLVED, That President Norman Hackerman of U. T. Austin be named as The University of Texas System's official representative in the consortium of universities participating in this research development.

U. T. AUSTIN: CHANGE IN SALARY RATE OF PRESIDENT NORMAN HACKERMAN.-- The salary rate of President Norman Hackerman of The University of Texas at Austin was increased \$400 per month, effective November 1, 1967, payable from the Unallocated Salaries Account in the President's Office.

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U. T. AUSTIN: REINSTATEMENT OF CHILEAN STUDENT EXCHANGE PROGRAM. --The Chilean Student Exchange proposal for The University of Texas at Austin is in two parts: 1) the visit of Chilean students to this campus during the spring of the year and 2) a visit by U. T. Austin students to Chilean university campuses in the summer.

Approval was given to the Chilean Student Exchange Program for 1968 with the understanding 1) that the program will be reviewed by the Board of Regents next year, particularly in view of many opportunities for exchange with other Central and South American Countries, and 2) that the following procedure will be used with respect to the second part (the visit of U. T. Austin students to Chilean university campuses):

1. A special committee will be appointed by the President of U. T. Austin to supervise the local planning and administration of the program. The committee will consist of three voting members and one administrative advisor of the Committee on International Programs and Studies, the President of the Students' Association or his representative, and a former student participant in the program chosen by the Students' Association President.
2. Potential participants in a number in excess of those finally chosen will be nominated by the special committee to the President, U. T. Austin, who shall consult with appropriate academic deans, the Vice-President for Student Affairs (if available), and the Director of the Student Health Center before making final selection. In selecting a final list of participants, both the special committee and the President shall base their decisions principally on the capability of each individual chosen to make effective use of program opportunities in furtherance of educational and academic objectives. The final selection of participants will be announced and publicized only after approval by the President and subsequent clearance by the United States Department of State.
3. Orientation of participants and supervision of the program will be under the direction of the special committee.

No University funds are presently appropriated for the future operation of the program but appropriate officials may request the appropriation of funds if that becomes necessary.

U. T. AUSTIN: 5 YEAR EXTENSION OF CONTRACT WITH JACK COLEMAN PATTERSON, HEAD TRACK AND CROSS-COUNTRY COACH. -- The recommendation of Chancellor Ransom that the contract of Jack Coleman Patterson as Head Track and Cross-Country Coach at The University of Texas at Austin be extended for a 5 year period beginning June 1, 1968 was approved. It is understood that the salary for this position will be recommended yearly in the annual budget. Chairman Erwin and Regent Bauer voted "No," stating that the reason for their negative vote is the policy of more than year-to-year contracts since such contracts appear to bind only the contracting institution.

U. T. AUSTIN: WAIVER OF REGENTS' RULE AND NAMING OF FIREPLACE LOUNGE AT LAW SCHOOL FOR JUSTICE TOM CLARK (EXECUTIVE COMMITTEE ITEM 8-M-67). -- Approval was given to waive Section 1, Chapter VIII, Part One of the Regents' Rules and Regulations and to name the fireplace lounge at the Law School of The University of Texas at Austin for Justice Tom Clark. (This item was referred by the Executive Committee to the Committee of The Whole. See Page 27.)

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U. T. AUSTIN: ESTABLISHMENT OF THE WRIGHT C. MORROW PROFESSORSHIP IN LAW AND TRANSFER OF WRIGHT CHALFANT MORROW SCHOLARSHIP FUND THERETO.-- The Board authorized the establishment of the Wright C. Morrow Professorship in Law at The University of Texas at Austin and the transfer to the professorship of the previous contributions by Mr. Wright Morrow to the Wright Chalfant Morrow Scholarship Fund. The Wright C. Morrow Professorship in Law at The University of Texas at Austin is to be funded, in addition to the funds from the Wright Chalfant Morrow Scholarship Fund, by a gift to The University of Texas Law School Foundation. The appointment of this professor will be made annually by the Board of Regents of The University of Texas System after receiving recommendations from the appropriate University officials.

U. T. AUSTIN: RETURN OF SALATHE SCHOLARSHIP FUND TO MRS. ZETTIE W. COLE SALATHE.-- Since the arrangements made with Mrs. Zettie W. Cole Salathe for the Albert Schweitzer Scholarship Fund have not proved workable, it was ordered that these funds be returned to Mrs. Zettie W. Cole Salathe and that the following letter from the Chairman to Mrs. Salathe accompany the return of the fund:

Mrs. Zettie W. Cole Salathe
103 East 30th Street
Austin, Texas 78705

Dear Mrs. Salathe:

As both of us know there are substantial disagreements between you and The University of Texas System concerning the Albert Schweitzer Scholarship Fund. Our view is that when property is given to the University the donor relinquishes control to the University which manages the fund in accordance with the terms of the granting instrument. In this instance, the assets are subject to the sole management of the Board of Regents, the scholarship committee is to be appointed by the Chancellor, and the members of the scholarship committee are to make all determinations relative to granting of the scholarships subject only to the terms, conditions and limitations expressed in the sixth paragraph of your deed dated November 29, 1966. Apparently, your view differs greatly from this.

You have inquired about withdrawing this fund from the University and having it managed by a private foundation. This is completely acceptable to us. In order for you to have complete freedom in establishing the new Foundation or in making some other disposition of your benefaction, we will transfer the fund's assets to you. We ask that you sign and return the enclosed agreement. Upon receipt of the signed agreement, we will send you the promissory note, endorsed to your order, and our check for the balance of the fund's assets.

We greatly appreciate your concern for the welfare of young people, and hope your purposes can be served through some arrangement other than the present one.

Sincerely yours,

Frank C. Erwin, Jr.

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U. T. AUSTIN LAND ACQUISITION PROGRAM (AUTHORIZATION 60TH LEGISLATURE, H. B. 287): UNIVERSITY LUTHERAN CHURCH PROPERTY NOT TO BE EXCLUDED. --It was ordered that the University Lutheran Church Property located at 26th and Wichita Streets be not excluded from the Land Acquisition Program of The University of Texas at Austin. The University Lutheran Church Property is in the area the Board of Regents has been authorized to acquire under H. B. 287, Texas 60th Legislature, R. S.

U. T. AUSTIN: APPOINTMENT OF DOCTOR WAYNE GROVER AS CONSULTANT ON ARCHIVES. --Doctor Wayne Grover was appointed as Consultant on Archives at a salary rate of \$20,000 for nine months, with the understanding that Doctor Grover will represent the University in the Archival Program in the East Campus Research Complex and the relationship of that program to the Presidential Library and that he will be available for direction and consultation on the ground and in Austin whenever necessary. The effective date is to be designated by the Chancellor.

U. T. AUSTIN: DEDICATION OF W. C. HOGG BUILDING SCHEDULED. --The dedication of the W. C. Hogg Building at The University of Texas at Austin was scheduled for June 8, 1968, at 11:00 a.m.

U. T. AUSTIN: REQUEST FOR CHANGE IN CHRISTMAS HOLIDAYS DENIED. --The Board considered the request of the students of The University of Texas at Austin for the Christmas holidays to begin on December 20 rather than on December 22, but concluded that the request should not be granted. The calendar is made more than a year in advance, and at this late date it would be difficult for the faculty and the administration to cancel or rearrange commitments already made. The administration was requested in preparing future calendars to give consideration to the request for the earlier beginning of the Christmas holidays.

GALVESTON MEDICAL BRANCH DEPOSITORY BANKS: THE AMERICAN BANK AND THE UNIVERSITY NATIONAL BANK. --It was ordered that the American Bank and the University National Bank, both of Galveston, Texas, be named as bank depositories for The University of Texas System provided each of these banks is willing to execute the standard bank depository agreement in the form previously approved by the Board of Regents. The depository agreement provides that the depository banks will pay on time deposits the maximum interest rates allowed by the Board of Governors of the Federal Reserve System. If bank depository agreements are executed by these banks, it was further ordered that The University of Texas Medical Branch at Galveston place \$100,000 on time deposit in each of these banks.

DALLAS MEDICAL SCHOOL: WAIVER OF REGENTS' RULE AND NAMING THE NEW BASIC SCIENCES RESEARCH BUILDING FOR EUGENE MCDERMOTT. --In recognition of major donations toward the construction of the New Basic Sciences Research Building at The University of Texas Southwestern Medical School at Dallas and substantial donations in other areas, Section 1, Chapter VIII, Part One of the Regents' Rules and Regulations was waived and the New Basic Sciences Research Building at the Dallas Medical School was named the McDermott Basic Sciences Research Building.

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U. T. NURSING SCHOOL (SYSTEM-WIDE): CHANGE IN STATUS OF DOCTOR MARILYN WILLMAN FROM ACTING DEAN TO DEAN. -- Doctor Marilyn Willman was named as Dean of The University of Texas Nursing School (System-Wide) effective December 1, 1967, at an annual salary rate of \$20,000.

SCHEDULED MEETINGS OF THE BOARD. --In addition to the meetings previously scheduled on January 26-27, 1968, in San Antonio, and on March 8-9, 1968, in El Paso, the following meetings were also set:

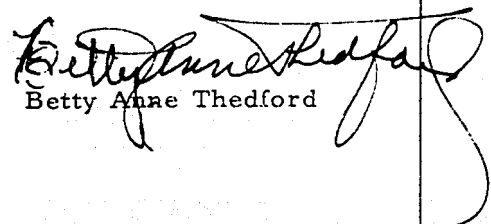
- April 19-20, 1968, in Dallas
- May 31-June 1, 1968, in Austin

Adoption of Report. -- Upon motion of Regent Bauer, duly seconded, the foregoing report of the Committee of the Whole was unanimously adopted.

SULPHUR LEASE SALE: SPECIAL REGENTAL COMMITTEE APPOINTED. -- Pursuant to authority conferred at the October 1967 meeting of the Board of Regents, Chairman Erwin appointed the following Special Regental Committee to conduct the Sulphur Lease sale scheduled at 10 o'clock on December 14, 1967, in Austin with full authority to receive bids and award leases:

- Vice-Chairman Josey
- Regent Kilgore
- Chairman Erwin

ADJOURNMENT. -- There being no further business, the meeting was adjourned at 5:00 p. m.


Betty Anne Thedford

December 12, 1967