

The Material Supporting the Agenda includes all documentation sent to the Regents ten days prior to the meeting. Items approved for consideration after that time are not customarily included in this volume as it would be impossible to keep an accurate record. Sometimes the Secretary does not get copy of the material until weeks later.

CONTENTS TO THIS VOLUME
1956-57

<u>Meetings Nos.</u>	<u>Dates</u>
556	September 21-22, 1956
557	November 2-3, 1956
558	November 28, 1956
559	January 11-12, 1957
560	February 9, 1957
561	March 15-16, 1957
562	May 3-4, 1957
563	June 28-29, 1957

There was a document for each meeting held this year.

Material Supporting Agenda

January 11-12, 1957

**THE BOARD OF REGENTS
of
THE UNIVERSITY OF TEXAS**

Name: _____

Office Copy

FOR NOTES AND MEMORANDA
OF THE REGENTS

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CALENDAR

MEETING OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS
AUSTIN, TEXAS
January 11 and 12, 1957

Telephone: GReenwood 6-8371

Thursday, January 10

9:00 a. m. - Council on Medical Affairs *

Friday, January 11

8:00 a. m. - Meeting of the Board for Lease of University Lands -
(State Land Commissioner J. Earl Rudder, Regents
Johnson and Lockwood)
(General Land Office)

9:00 a. m. - Council on Administrative Policy -
(President's Office, Main Building 101)

9:00 a. m. - Meeting of the Committee of the Whole *
to
11:00 a. m.

11:00 a. m. - Meeting of the Buildings and Grounds Committee -
(Regents Lockwood, (Mrs.) Devall, and Johnson)
(Main Building 104)

11:00 a. m. - Meeting of the Academic and Developmental Affairs
Committee - (Regents Sorrell, Jeffers, Minter, and
Voyles)
(President's Office - Conference Room,
Main Building 101 M)

* Main Building 209

Friday, January 11 (Continued)

- 12:00 a. m. - Meeting of the Medical Affairs Committee -
 (Regents Oates, Minter, Jeffers, and Sorrell)
 (President's Office - Conference Room,
 Main Building 101 M)
- 1:00 p. m. - Lunch - (President's Office , Main Building 101)
- 2:00 p. m. - Meeting of the Land and Investment Committee -
 (Regents Jeffers, Johnson, Sorrell, and Voyles)
 (Main Building 205)
- 4:00 p. m. - Meeting of the Board of Regents
 (Main Building 212)

Saturday, January 12

- 9:00 a. m. - Meeting of the Committee of the Whole *
- 11:00 a. m. - Joint Meeting with University Development Board *
- 12:30 p. m. - Lunch, Faculty Dining Room, Student Union Building -
 (Board of Regents and University Development Board)

* Main Building 209

AGENDA

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS
Main Building 212
Austin, Texas
January 11, 1957
4 p. m.

Page No.

- I. Reports of Standing Committees
- A. Executive Committee - Regents Voyles, Jeffers,
Lockwood, Oates, and Sorrell
- B. Academic and Developmental Affairs Committee - Regents
Sorrell, Jeffers, Minter, and Voyles
- C. Buildings and Grounds Committee - Regents Lockwood,
(Mrs.) Devall, and Johnson 14
1. Main University
- a. Ratification of Award of Contract on Addition to R. O. T. C. Rifle Range
 - b. Authorization to Award Contract on Improvements at University Junior High School
 - c. Approval of Specifications on R. O. T. C. Building Movable Furniture and Equipment and Classroom Seating and Authorization to Award Contracts
 - d. Approval of Plans and Specifications for Air Conditioning Main Building and Authorization to Advertise for Bids
 - e. Approval of Plans and Specifications for Extension of Utilities to Kinsolving Dormitory and Expansion of Central Chilled Water Station and Authorization to Advertise for Bids
 - f. Appropriation for Replacement of Inadequate Lighting in Geology Building out of Appropriation for Major Repairs and Rehabilitation Projects
 - g. Ratification of Appropriation and Negotiation of Agreement for Modification of Two Elevators in Main Building
 - h. Approval of Plans and Specifications for Steam Generating System and Authorization to Advertise for Bids

- 2. Southwestern Medical School
 - a. Authorization to Approve Specifications for Clinical Science Building Movable Furniture and Equipment and Advertise for Bids
 - b. Authorization of Appropriation for Service Building

- D. Medical Affairs Committee - Regents Oates, Minter, Jeffers, and Sorrell

- E. Board for Lease of University Lands - State Land Commissioner J. Earl Rudder, Regents Johnson and Lockwood

- F. Land and Investment Committee - Regents Jeffers, Johnson, Sorrell, and Voyles 32

- 1. Permanent University Fund
 - a. Investment Matters
 - Report of Purchases of Securities
 - b. Land Matters
 - (1) Applications for Caliche Permits
 - (a) No. 102 - Parker and Parker, Inc., Andrews County, Texas
 - (b) No. 103 - Frank Montgomery, Andrews County, Texas
 - (2) Applications for Pipe Line Easements
 - (a) No. 870 - Phillips Petroleum Company, Crane and Upton Counties, Texas
 - (b) No. 871 - Phillips Pipe Line Company, Upton County, Texas
 - (c) No. 872 - Phillips Petroleum Company, Ector County, Texas
 - (3) Application for Power Line Easement No. 873, Texas Electric Service Company, Crane and Ector Counties, Texas (Renewal of Easement No. 294, Expired December 31, 1956)
 - (4) Application for Repeater Building Site and Power Line Easement No. 874, Southwestern Bell Telephone Company, Ward County, Texas

Land and Investment Committee (Continued)

- (5) Application for Residence Site Easement
No. 875, James W. Miller, Reagan County,
Texas
- (6) Application for Borrow Source Easement No.
876, Texas State Highway Commission,
Crane County, Texas
- (7) Application for Highway Right-of-Way Ease-
ment No. 877, Texas State Highway
Commission, Andrews County, Texas
- (8) Application for Power Line Right-of-Way
Easement No. 878, El Paso Electric Company,
El Paso County, Texas
- (9) Applications for Pipe Line Easements
 - (a) No. 879 - Texas-New Mexico Pipe Line
Company, Andrews County, Texas
 - (b) No. 880 - Atlantic Pipe Line Company,
Reagan and Crockett Counties, Texas
 - (c) No. 881 - Barnhart Hydrocarbon Corpora-
tion, Reagan and Crockett Counties, Texas
- (10) Application for Business Site Easement No. 882,
Superior Paraffine Scraping Company, Reagan
County, Texas
- (11) Application for Pipe Line Easement No. 883,
El Paso Natural Gas Company, Andrews County,
Texas
- (12) Application for Water Exploration and Develop-
ment Permit No. 70, by City of Midland, on
acreage in Andrews and Martin Counties, Texas*
- (13) Application for Power Line Easement No. 884,
Southwestern Bell Telephone Company, Hudspeth
County, Texas
- (14) Application for Supplemental Agreement to
Easement No. 53, Pasotex Pipe Line Company,
Hudspeth County, Texas
- (15) Application for Pipe Line Easement No. 885,
El Paso Natural Gas Company, Andrews County,
Texas
- (16) Report on Exploration and Leasing Program for
Minerals Other Than Oil, Gas, Potash, and
Sulphur, and Recommendation for Excluding
Diatomaceous Earth, Bentonite, and Similar
Substances from the Program

* To be considered 9:00 a.m. Friday by Committee of the Whole

Land and Investment Committee (Continued)

- (17) Report on Pecos County Vacancy Matter and Recommendation for Payment of Fee to Surveyor Representing the University
 - (18) Application by the City of Andrews and/or Andrews Independent School District for Water Exploration and Development Permit No. 71 on Acreage in Andrews County, Texas*
2. Trust and Special Funds
- a. Investment Matters
 - (1) Report of Purchases, Sales and Conversion of Securities
 - (2) Toreador Royalty Corporation - Appointment of Proxies to Attend Annual Meeting of Stockholders to be held in 1957
 - (3) El Paso Natural Gas Company Common Stock - Ratification of Proxy
 - b. Gift, Bequest and Estate Matters
 - (1) Medical Branch, Estate of Rosa H. Ziegler, Deceased - Exchange of Stock for University's Residuary Interest in Texsun Citrus Exchange, Weslaco, Texas
 - (2) Gift of Mrs. Alice N. Hanszen of Capital Stock of Fifteen Oil Company to the University
 - (3) Estate of Murray Case Sells, Deceased - Report on Status of Estate
 - (4) Estate of DeRossette Thomas, Deceased - Report on Status of Estate and Recommendation for Payment of Attorney's Fee
 - (5) Medical Branch, Estate of A. C. McLaughlin, Deceased - Additional Fee of Holme, Roberts More and Owen for Services in Connection with Closing of Colorado Estate and Study of Tax Matters and Recommendation for Advice of Texas Attorneys
 - c. Real Estate Matters
 - (1) Hogg Foundation: W. C. Hogg Estate - Ratification of Division Order 3477 to Humble Oil and Refining Company, Jack Beckham Production Company, Hughes-Gibbs Tract, Crane County, Texas

*To be considered 9:00 a. m. Friday by Committee of the Whole

Land and Investment Committee (Continued)

- (2) Hogg Foundation: Varner Properties - Report of Exercise of Lease Option by T. J. Bettes Company on Space in Bettes Building (Mitchell Property), Houston, Texas
- (3) Hogg Foundation: Varner Properties - Amendment to Lease of D. G. Kurjian on Space in River Oaks Building, Houston, Texas, to Cancel Provision for Rental Rate Increase
- (4) Hogg Foundation: Thomas E. Hogg Estate - Proposed Joinder by Board of Regents in Relinquishment and Surrender to Ingleside Land Company of Rights to Use of Surface of Certain Tracts in San Patricio County, Texas
- (5) Medical Branch, The Dr. Walter Junius Hildebrand Scholarship Fund - Proposed Reduction of Rental for 1957 on Farm Lease to Malcolm Gescheidle, Gonzales County, Texas.
- (6) Huntington Lands - Proposed Extension of Time for Closing Sale of 120 Acres, S. C. Bundick League, to J. C. French et al
- (7) Hogg Foundation: W. C. Hogg Memorial Fund - Report on Pending Acquisition by Texas State Building Commission of Reversionary Interest in Property on Congress Avenue, Austin, Texas, and Recommendation Regarding Handling of Life Interest of Miss Mary Fitzhugh (Dot) Thornton
- (8) Hogg Foundation: Varner Properties - Report on Status of Federal Supplement U Income Tax Matters, Recommendation for Ratification of Consent to Extending Period of Limitation on Assessment of Any Tax Deficiency for the Fiscal Year Ended July 31, 1953, and Recommendation for Advice of Private Counsel on Questions Raised by Internal Revenue Service
- (9) Hogg Foundation: Varner Properties - Proposed Extension of Lease to Maxim's Inc. on Space at 707-09 Fannin Street in the River Oaks Building, Houston, Texas

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(10) *Texas Western College, Cotton Estate -
Recommendation for approval of fee for
Appraisal of Estate Acreage, City of El Paso*

Land and Investment Committee (Continued)

3. Special Reports
 - a. Report on Trust and Special Fund Investments for the Fiscal Year Ended August 31, 1956.
 - b. Investment Policy for Broadened Program under Constitutional Amendment Permitting Investment in Corporate Securities and in Real Estate Mortgages Guaranteed by U. S. Government.

II. Reports of Special Committees

III. Special Items

✓ A. Central Administration

1. Approval of Minutes, November 2-3, 1956, and November 28, 1956
2. Approval of Docket
3. Travel Authorizations
4. Next Meeting

5. *Tax-free alcohol Permit, Medical Branch*

B. Main University

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✓ C. Texas Western College

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D. *Post Graduate School Agreement with St. Joseph's Hospital*

AGENDA

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS

COMMITTEE OF THE WHOLE
Main Building 209
Austin, Texas
January 11, 1957
9 a. m.

Page No.

I. Reports of Standing Committees

A. Executive Committee - Regents Voyles, Jeffers,
Lockwood, Oates, and Sorrell

B. Academic and Developmental Affairs Committee - Regents
Sorrell, Jeffers, Minter, and Voyles

C. Buildings and Grounds Committee - Regents Lockwood,
(Mrs.) Devall, and Johnson

*Petroleum Engineering Bldg., 4th floor, Remodeling
(May be considered in Open Meeting)*

D. Medical Affairs Committee - Regents Oates, Minter,
Jeffers, and Sorrell

✓ 1. Medical Branch

a. Salary Augmentation Plan

b. Parietal Rules for the New Housing and Food
Facilities

22

✓ 2. Southwestern Medical School - Progress Reports

a. Master Plan

b. Location of St. Paul's Hospital

26a

26a

✓ E. Board for Lease of University Lands - State Land
Commissioner J. Earl Rudder,
Regents Johnson and Lockwood
1% Special Fee Fund Legislation

F. Land and Investment Committee - Regents Jeffers, Johnson, Sorrell, and Voyles

- ✓ 1. Application for Water Exploration and Development Permit No. 70, by City of Midland, on acreage in Andrews and Martin Counties, Texas. 36
- ✓ 2. Application by the City of Andrews and/or Andrews Independent School District for Water Exploration and Development Permit No. 71 on Acreage in Andrews County, Texas 39
- ✓ 3. Report of Special Advisory Committee re Permanent Fund Investment Program
- 4. Permanent Fund Investment Program

II. ✓ Reports of Special Committees

Special Committee and Athletic Council

① Intercollegiate Athletics
② Appointments
③ Moving Expenses

III. Special Items

A. Central Administration

- 1. Progress Reports
 - ✓ a. Proposed Legislation
 - ✓ b. McDonald Observatory
 - ✓ c. Expenses of HJR 15 Campaign
 - ✓ d. Cavness Plan - *Joint Resolution*
- 2. Committee of Seventy-Five, 75th Anniversary

- 3. Sidney E. Mezes Awards *26c*
- 4. Gift to Medical Branch - *26a*

B. Medical Branch

Organization Changes, Faculty

✓ C. M. D. Anderson Hospital and Tumor Institute

- 1. Appropriation for Participation in Texas Medical Center Library
- 2. Tax-Exempt Status, The University Cancer Foundation 27

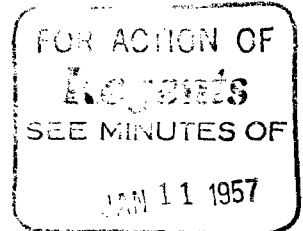
IV. Joint Meeting with University Development Board

Report of General John M. Bennett, Jr.

Note: A number of items were received too late to be incorporated in the Material Supporting the Agenda, and this supplement has been revised to include these items, beginning on page 50.

5. *Amendment to Depository Agreement, Hutchings-Sealy National Bank*

THE UNIVERSITY OF TEXAS
AUSTIN 12



RECOMMENDATIONS TO REGENTS' BUILDINGS
AND GROUNDS COMMITTEE

January 2, 1957

1. RATIFICATION OF AWARD OF CONTRACT ON ADDITION TO R. O. T. C. RIFLE RANGE, MAIN UNIVERSITY.--At the Regents' Meeting held June 1, 1956, authorization was given to Comptroller Sparenberg to advertise for bids and award a contract for the Addition to the R. O. T. C. Rifle Range at the Main University. In accordance with this authorization, bids were opened and tabulated on November 21, 1956, as shown on the ~~tabulation sheet~~ ^{tabulation sheet}. After consideration of the bids, Comptroller Sparenberg awarded a contract to the low bidder, as follows, this bid being within the amount of money appropriated for this project:

C. and H. Construction Company, Inc., Austin, Texas \$21,323.00.

It is recommended that the contract award made by Comptroller Sparenberg as reported above be ratified by the Board.

2. AUTHORIZATION TO AWARD CONTRACT ON IMPROVEMENTS AT UNIVERSITY JUNIOR HIGH SCHOOL, MAIN UNIVERSITY.--At the Regents' Meeting held September 22, 1956, an appropriation was made to cover certain improvements at University Junior High School, with authorization to Comptroller Sparenberg to approve plans and specifications, to be prepared by the Main University Physical Plant staff, and to advertise for bids. These plans and specifications have now been prepared and approved, and the advertisement is being run. In order to expedite this project, it is recommended that the action of Comptroller Sparenberg in approving the plans and specifications be ratified and that authorization be given to him, after receipt of bids, to award a contract for these improvements within the limits of the appropriation for this project, with authority to the Chairman of the Board to sign the contract.

3. APPROVAL OF SPECIFICATIONS ON R. O. T. C. BUILDING MOVABLE FURNITURE AND EQUIPMENT AND CLASSROOM SEATING AND AUTHORIZATION TO AWARD CONTRACTS, MAIN UNIVERSITY.--Specifications have been prepared by the Office of the Comptroller for Movable Furniture and Equipment and Classroom Seating for the R. O. T. C. Building at the Main University. It is recommended that these specifications be approved and that Comptroller Sparenberg be authorized to advertise for bids. In order to insure receipt of the furniture, equipment, etc., in time for installation before the date for occupancy of the building, it is further recommended that Comptroller Sparenberg be authorized to award contracts for these two groups of equipment, after receipt of bids, with authority to the Chairman of the Board to sign the contracts, the money needed to come from the allotment account for the R. O. T. C. Building.

The allotment account for the R. O. T. C. Building project had a balance of \$99,143.65, as at December 20, 1956. It is estimated that this movable furniture and equipment and classroom seating will cost approximately \$60,000.00. It is also estimated that \$15,000.00 will more than cover other types of equipment needed for this building, such as gun racks, uniform racks, etc. which are expected to be bought by purchase orders.

4. APPROVAL OF PLANS AND SPECIFICATIONS FOR AIR CONDITIONING MAIN BUILDING AND AUTHORIZATION TO ADVERTISE FOR BIDS, MAIN UNIVERSITY.--At the Regents' Meeting held November 3, 1956, an appropriation was made to complete the air conditioning of the Main Building at the Main University. Plans and specifications for this work, prepared by Zumwalt and Vinther, Consulting Mechanical Engineers, as authorized by the Regents April 10, 1954, were approved at the Regents' Meeting held July 8, 1955. The Engineers have now made certain modifications which were necessary in these plans and specifications, due to air conditioning work already done in the President's Office and certain other offices, and it is recommended that they be approved as modified. It is further recommended that Comptroller Sparenberg be authorized to advertise for bids on this project, with the bids to be presented to the Regents for consideration at the next regular meeting.

5. APPROVAL OF PLANS AND SPECIFICATIONS FOR EXTENSION OF UTILITIES TO KINSOLVING DORMITORY AND EXPANSION OF CENTRAL CHILLED WATER STATION AND AUTHORIZATION TO ADVERTISE FOR BIDS, MAIN UNIVERSITY.--Zumwalt and Vinther, Consulting Mechanical Engineers, have prepared plans and specifications for the Extension of Utilities to Kinsolving Dormitory and the Expansion of the Central Chilled Water Station at the Main University, as previously authorized by the Board. These plans and specifications have been approved by the Comptroller's Office, after consultation with the Main University Physical Plant staff, and it is recommended that they be approved by the Board and that Comptroller Sparenberg be authorized to advertise for bids on the project to be presented to the Board for consideration at the next meeting.

6. APPROPRIATION FOR REPLACEMENT OF INADEQUATE LIGHTING IN GEOLOGY BUILDING OUT OF APPROPRIATION FOR MAJOR REPAIRS AND REHABILITATION PROJECTS, MAIN UNIVERSITY.--At the Regents' Meeting held April 6, 1956, an appropriation of \$231,000.00 was made to cover Major Repairs and Rehabilitation Projects at the Main University, with the individual items to be itemized later. One of the projects which was contemplated was the replacement of inadequate lighting in the Geology Building. It is, therefore, recommended that an appropriation of \$12,500.00 for Replacement of Inadequate Lighting in Geology Building be set up out of Account No. 91019, Major Repairs and Rehabilitation Projects, and that authorization be given to the Main University Physical Plant staff to proceed with plans and specifications for this work. Since this project has an estimated cost of less than \$20,000.00, it is further recommended that the Main University Business Manager be authorized to approve the plans and specifications after they have been prepared and to advertise for bids and award a contract for this work.

7. AUTHORIZATION TO APPROVE SPECIFICATIONS FOR CLINICAL SCIENCE BUILDING MOVABLE FURNITURE AND EQUIPMENT AND ADVERTISE FOR BIDS, SOUTHWESTERN MEDICAL SCHOOL.--At the time the contracts for the construction of the Clinical Science Building were awarded, an estimate of \$115,000.00 was made for movable furniture and equipment for the building. Specifications are now being prepared in the Office of the Comptroller for this furniture and equipment and should be ready within the next few weeks. In order that bids may be obtained in time for consideration at the next meeting of the Board, it is recommended that Dean Gill and Comptroller Sparenberg be authorized to approve the specifications and that Comptroller Sparenberg be authorized to advertise for bids.

8. AUTHORIZATION OF APPROPRIATION FOR SERVICE BUILDING AT SOUTHWESTERN MEDICAL SCHOOL.--Southwestern Medical School has presented a proposal for the construction of a Service Building to house shops, storage space, and offices of the Physical Plant Department, which are now inadequately housed because of the recent move from the concrete shop building which was made necessary under the terms of the lease with the Community Chest of Greater Dallas, Inc. An estimate of the cost of the building has been made, and a preliminary sketch has been drawn by the Physical Plant staff of Southwestern Medical School. The estimated cost of construction of the building, including outside sidewalks and driveways and Architects' Fees, totals between \$90,000.00 and \$100,000.00. It is believed that the construction of this building will not only provide facilities which are badly needed but will also effect a savings in the overall program of the Physical Plant Department. After consideration of this proposal, the following recommendations are made, which recommendations are concurred in by Comptroller Sparenberg, Dean Gill, Vice-President Dolley, and President Wilson:

1. Appropriate \$100,000.00 for the construction of a Service Building to be located on the Campus of Southwestern Medical School, with sources of funds as follows:

Unexpended Plant Funds - Cash in Bank	\$23,000.00
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Current General Funds Unappropriated Balance	77,000.00
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2. Authorize the Consulting Architect, Page, Southerland, and Page, to proceed with the preparation of preliminary plans for this building, to be presented to the Board for consideration at a later meeting.

9. RATIFICATION OF APPROPRIATION AND NEGOTIATION OF AGREEMENT FOR MODIFICATION OF TWO ELEVATORS IN MAIN BUILDING, MAIN UNIVERSITY.--In October, 1956, a recommendation was made by Mr. Eckhardt and Mr. Landrum that an appropriation of \$39,000.00 be made from the Main University General Funds Unappropriated Balance to an account to be entitled "Modification of Main Building Elevators" and to be set up in the Plant Funds - Unexpended section of the books, in order that two of the elevators in the Main Building might be converted to automatic operation. It is believed that a considerable amount of money can be saved in operators' salaries over the years if this change is made.

Since the elevators to be converted are Otis elevators, any changes to be made must, of necessity, be made by Otis Elevator Company unless a complete replacement is made, which would cost considerably more than would be involved in merely changing various parts of the installations. Mr. Eckhardt pointed out that Otis Elevator Company had announced an immediate price increase in all of its future jobs, and that in order to take advantage of the present prices it would be necessary at least to start negotiations with the company. In order that this might be done, the appropriation of \$39,000.00 was approved by Dr. Boner and Dr. Wilson and set up on the books. After a certain lapse of time, it became apparent that a definite agreement must be made with the Elevator Company if the increase in price was to be avoided, and, therefore, Comptroller Sparenberg approved the necessary agreement with Otis Elevator Company at a price of \$38,706.00 for the work involved.

It is recommended that the Board ratify the action taken by Dr. Boner and Dr. Wilson in appropriating the sum of \$39,000.00 for this project and the action taken by Comptroller Sparenberg in approving and signing the agreement in the amount of \$38,706.00 for the Modification of Two Elevators in the Main Building of the Main University.

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

Approval of Plans and Specifications for Steam Generating System and Authorization to Advertise for Bids, Main University.

SUPPLEMENT TO
RECOMMENDATIONS TO REGENTS' BUILDINGS
AND GROUNDS COMMITTEE

January 11, 1957

10. APPROVAL OF SPECIFICATIONS FOR STEAM GENERATING SYSTEM AND AUTHORIZATION TO ADVERTISE FOR BIDS, MAIN UNIVERSITY.--As a part of the Expansion of the Power Plant at the Main University previously authorized by the Board, certain steam generating equipment must be purchased. Specifications for this equipment have been prepared by the Main University Physical Plant staff, and have been approved by the University Comptroller. It is recommended that the Board of Regents approve these specifications and authorize Comptroller Sparenberg to advertise for bids, the bids to be presented to the Board for award of a contract at a later meeting.

The cost of this equipment was originally estimated at \$350,000.00, but this estimate has now been raised to \$400,000.00. This raise in the estimate is caused both by the increases in prices which have occurred since the original estimate was made in 1954-55 and the fact that the bid called for in the specifications will include part of the piping and auxiliary appurtenances which originally were to be purchased separately. Even with this increase in the estimate of the cost of the steam generating equipment, the Main University Physical Plant staff believes that the Expansion of the Power Plant as originally planned can still be completed within the appropriation of \$1,500,000.00 which was made for this project.

Dean of Student Services

November 5, 1956

MEMORANDUM

To: President Logan Wilson
Via: Vice-President C. P. Boner
Subject: Rodeo Team

*See P. 77 & also
see deliberations of the
Board 1/11/57.*

I hope that the following will serve as the basis of a reply to Mr. Sealy and in turn serve as an answer to Mr. and Mrs. Denman Moody, who are interested in a rodeo team at the University.

Reference is made to letters from Mr. and Mrs. Denman Moody concerning rodeo as a sport at the University and also to our recent discussion of this matter. In view of the interest in a rodeo team, we have made a survey of the organizational set-up at other institutions which offer this sport. I will be glad to outline for you the result of our findings, together with certain comments pertinent to the University.

At other institutions rodeo is a recognized student organization, that is, a student club or association. College or university rodeo clubs normally affiliate with the National Intercollegiate Rodeo Association. Institutions having teams sponsor meets on their campus under the National Intercollegiate Rodeo Association rules. Often six or seven teams compete in these meets for prizes. There is an admission charge, normally about a dollar, to attend the meets.

You will recall that I pointed out previously that rodeo could not be handled as an intercollegiate sport, since it is not one of the recognized sports of the Southwest Conference. Likewise, it cannot be sponsored as an intramural sport in view of the fact that intramural sports are not permitted to charge for admission.

The procedure for organizing a rodeo club or association at The University of Texas would be as follows:

- (1) A request for organization of the club must be submitted on the standard form maintained in the Student Organizations Office.
- (2) The organization must secure a faculty sponsor or sponsors or a person approved by the Committee on General Student Organizations.

November 5, 1956

- (3) The club must file a copy of its constitution, which must be approved by the Committee on General Student Organizations.
- (4) It must file a list of its members and their addresses in the Student Organizations Office.
- (5) It must deposit its money in the Student Organizations Fund and follow the regulations governing organization accounts.
- (6) It must confine membership to students of the University or to persons connected with the University in an official capacity.
- (7) The club must observe University regulations and Social Calendar regulations.
- (8) It must cooperate through its officers with the Student Organizations Office.

In connection with this subject it should be pointed out that a college such as Texas Tech or Texas A & M, which have a Department of Animal Husbandry and facilities to care for stock, are in a much more favorable position to organize and serve a rodeo team than an institution such as The University of Texas. We have no Department of Animal Husbandry to sponsor the club and no facilities for stock. This will mean the investment of a considerable sum of money by students or outside sources to provide stables, an arena and animals. Of course, it may be possible for the club to lease facilities in the vicinity of Austin. It will also be expensive from the standpoint of maintenance of animals and out of town trips to participate in meets. Admission charges will meet some of the expenses and it is entirely possible that funds can be obtained from outside sources. I point this out since University funds cannot be expended for the support of student clubs or associations.

One of our students, Mr. Carey Crutcher, has devoted a great deal of time to the organization of a rodeo team and is still actively working on the project. We will insure that Mr. Crutcher or other interested students will get full information on the procedure for organizing a rodeo club.

H. Y. McCown
Dean of Student Services

HYM:scj

TEXAS WESTERN COLLEGE
of The University of Texas
El Paso, Texas

FOR ACTION OF
Regents
SEE MINUTES OF

JAN 11 1957

Fall Semester 1956-57

Small Class Report

A. UNDERGRADUATE CLASSES HAVING FEWER THAN TEN STUDENTS AS OF THE TWELFTH CLASS DAY.

I. Highly specialized courses required for professional degrees.

Art 2111-1)		Art 2282-1)	
2112-1)	Painting - 9 students	2291-1)	Ceramics - 9 students
2211-1)		2292-1)	
		2191-2)	
2141-2)			
2142-2)	Metals - 9 students	2105-2)	
2241-2)		2131-1)	
		2132-1)	
2141-3)	Metals - 9 students	2231-2)	Drawing, Graphics - 14
2241-3)	(Evening Class)	2232-2)	students
		2331-1)	
2141-1)		2333-1)	
2151-1)	Ceramics - 9 students		
2241-1)			
2242-1)			

Bus. Adm. 3450 (Principles of Retailing) - 8 students
 Engr. 3447 (Lines and Network) - 9 students
 Engr. 3470 (Machine Design) - 7 students
 Health & P.E. 3401 (Coaching Football) - 8 students
 Chem. 3211-2 (Qualitative Analysis) - 9 students
 Chem. 4324 (Quantitative Analysis) - 4 students
 Math. 3113-2 (Algebra) - 9 students (overflow section)
 Metal. 2403 (Non-Ferrous Metallurgy) - 8 students
 Metal. 4308 (Physical Metallurgy) - 8 students
 Mining 3404 (Mine Plant) - 4 students
 Physics 4445 (Electronic Circuits) - 3 students

II. Courses in small departments which offer the minimum number of courses consistent with having at least an acceptable balanced program.

- Health & P.E. 1101-13 (Service Course for Men) - 8 students (overflow section)
- Music 2311 (Counterpoint) - 5 students
- Mus. Edu. 3331 (Choral Methods, techniques, & Conducting) - 9 students
- Mus. Edu. 3332 (Choral Methods, Techniques, & Conducting) - 1 student
(The above two courses are offered at the same hour by the same instructor)
- Mus. Edu. 3336 (Teaching of Music in Elementary Schools) - 9 students
- Mus. Edu. 3433 (Teaching of Music in Junior & Senior High Schools) - 4 students
- Psyc. 3421 (Comparative & Experimental Psychology) - 9 students
- Radio 3105 (Radio-Television News Processing) - 5 students
- Speech 3102 (Platform Speaking) - 8 students
- Speech 3305 (Oral Interpretation) - 9 students
- Drama 2230 (Rehearsal and Performance) - 9 students
- Drama 3110 (Introduction to Fine Arts) - 7 students
- Drama 3214 (Acting) - 9 students
- Drama 3218 (Dramatic Script Writing) - 9 students

III. Courses which a large department regards as necessary for a rounded program.

- Bus. Adm. 4104-2 (Elementary Shorthand) - 8 students (overflow section)
- Math. 3101-11 (Introductory Mathematics) - 5 students (overflow section)
- Math. 3101-17 (Introductory Mathematics) - 9 students (overflow section)
- Span. 3201-4 (Intermediate Readings in the Modern Period) - 9 students
(overflow section)

IV. Courses for which students pay a supplementary fee for individualized Fine Arts instruction.

- Music 1143 (Orchestra) - 8 students
- Music 2171 (Brass) - 6 students
- Music 2171 (Percussion) - 8 students
- Music 2171 (High Strings) - 5 students

V. Miscellaneous

- Chem. 3105 (General Chemistry) - 4 students (A class for poorly prepared students to begin Oct. 15. Other students from Chem. 4103 will be moved back after Oct. 15.)
- Health & P.E. 11-1-15 (men) - a class for the physically handicapped) 5 students
- Health & P.E. 1102-13 (women) - a class for the physically handicapped)
- Health & P.E. 1101-17 (Rifle) - 2 students (given at no expense to College)
- Health & P.E. 1102-15 (Rifle) - 7 students (given at no expense to College)

B. GRADUATE CLASSES HAVING FEWER THAN FIVE STUDENTS AS OF THE TWELFTH CLASS DAY

- Health and P.E. 3502-1 (Critical Analysis of Professional Literature) - 4 students
(Required for a minor in P. E. for Education major)

THE UNIVERSITY OF TEXAS
Office of the President
AUSTIN 12

*See Deliberations of
Board & Actions of
Executive Session*
November 28, 1956

MEMORANDUM

To : Dr. Logan Wilson, President
From : J. C. Dolley, Vice President for Fiscal Affairs
Subject: PARIETAL RULES FOR THE NEW HOUSING AND FOOD FACILITIES
AT THE MEDICAL BRANCH

Attached hereto is a copy of a recent report indicating the occupancy rate of the new dormitory facilities at the Medical Branch. As of November 18 and excluding the Rebecca Sealy Nurses Residence, 164 out of 471 spaces reported were occupied or 35% of the total. Assuming no significant improvement during the second semester, the net earnings of the new facilities will fall far short of the \$140,000 required for 1956-57 revenue bond service requirements. Another attached report indicates net earnings of Part A of the new facilities for the year 1955-56 were \$25,727.47 (the facilities under Part B of the project were placed in operation in September, 1956).

Both the present situation and the prospective situation are very disturbing. The bond resolution, approved by the Board of Regents, which authorized the pertinent revenue bond issue, includes this statement:

"(f) It (Board of Regents) will establish and maintain so long as any of the Bonds are outstanding, such parietal rules, rental rates and charges for the use of the Project as may be necessary to assure maximum occupancy and use of the Project and to pay the reasonable operation and maintenance costs thereof and to provide sufficient money for debt service and all other payments and charges as are required under this Resolution. Reference is made to resolutions adopted by the Board concurrently with the authorization of this Resolution, establishing initially parietal rules and rates effective as to the Project. The Board will do all things necessary or convenient to enforce the provisions of such Resolutions, assuming the obligation to amend such resolutions from time to time to render them fully efficient."

Further, the prospectus advertising the revenue bond issue carried this statement:

"The University of Texas is obliged to provide maintenance to student nurses, residents and internes and these will be assigned to eat at the new cafeteria under construction. The cost of their meals will be borne by the University as a part of the subsistence allowance and will be paid for at the rates set for all students. Transfers

Dr. Logan Wilson, December 28, 1956 - page 2

from the University's operating funds will be made to the Bond Revenue Fund to take care of subsistence allowances."

It is my understanding that this agreement has never been put into effect and that the actual use of the new cafeteria is extremely light and probably under the break-even level.

I believe the time has arrived when we must face up to the situation. It appears that it will be necessary (1) to require at an early date that the nurses now living in the Rebecca Sealy Nurses Residence be transferred to the new dormitories and that they then be required to take their meals in the new cafeteria and (2) that the Board of Regents impose parietal rules at least with respect to the first year class of students. If the latter step is taken, the decision should be made promptly so that the students in the 1957-58 entering class can be advised that admission to the Medical Branch is conditioned on continued residence throughout the year in the new dormitories.

Because the exercise of parietal rules would have a serious effect on present student fraternity operations and on the size of the entering class itself, I suggest that the dormitory problem be placed on the agenda for the January meeting of the Medical Affairs Committee. By copy of this memorandum to Dr. Casberg, I suggest to him the possible wisdom of discussing the situation at the meeting of the Medical Affairs Council on Thursday, January 10.

If you agree as to the gravity of the problem, it would be well to inform Dr. Truslow and through him Mr. Walker so that they can come to the meetings as fully prepared as is possible.

/s/

J. C. Dolley

JCD:mec

Copy to Dr. Melvin A. Casberg, Vice President
for Medical Affairs

THE UNIVERSITY OF TEXAS -- MEDICAL BRANCH
GALVESTON

November 22, 1956

Mr. H. G. St. Clair
Branch College Auditor
Office of the Comptroller
The University of Texas
Austin, Texas

Dear Mr. St. Clair:

In response to the request by telephone to us this morning we are submitting with three carbon copies the statement for Unit A of the Dormitories and Apartments.

The operation is shown by years. The Unit A activity began in June, 1955. Should the form of the report not be suitable for your purposes, please advise us of your additional needs.

Sincerely,

/s/

Basil A. Phillips
Auditor

BAP:ja
Enclosure
cc: Mr. E. D. Walker

Dormitories and Apartments, Unit A
Statement of Income and Expenditures
From June 1955 through August 1956

	(A) 1954-55	(B) 1955-56	Total Both Years
Income	12,377.53	84,915.36	97,292.89
Expenditures			
Salaries	1,028.84	10,666.89	
Operating Expense	12,787.73	48,317.98	
Equipment	<u>181.11</u>	<u>203.02</u>	
Total Expenditures	13,997.68	59,187.89	73,185.57
Excess of Income over Expenditures	<u>1,620.15*</u>	<u>25,727.47</u>	<u>24,107.32</u>

* Deficit.

(A) From Annual Report, 1954-1955.

(B) From Detail Ledger Sheets, 1955-1956.

OCCUPANCY REPORT
DORMITORIES AND APARTMENTS

DATE: November 12, 1956 THRU November 18, 1956

NAME OF DORMITORY OR APARTMENT	CAPACITY	ACTUAL OCCUPANCY	PERCENTAGE OCCUPIED
Nolan Hall Apartments	* 30	* 30	*100%
Brackenridge Hall	72	51	71%
Clay Hall	72	46	64%
Bethel Hall	72	48	67%
#4 Dormitory	72	2	3%
#5 Dormitory	72	0	0%
#6 Dormitory	72	9	13%
Faculty Housing Building	39	8	21%
Rebecca Sealy Nurses' Residence	<u>143</u>	<u>127</u>	<u>89%</u>
Total	* 614	291	47%

SUMMARY OF OCCUPANCY	PRESENT PERIOD	AVERAGE OCCUPANCY PERCENTAGE PAST 30 DAYS
% Dormitories Occupied	47%	44%
% Apartments Occupied	100%	100%

* Nolan Hall Apartments not included.

E. T. Stephens /S/
E. T. Stephens, Manager
Dorms and Apartments

26 a
*See Deliberations
of Board.*

JAN 11 1957

December 17, 1956

RECEIVED OFFICE, U OF T
ADMITTED TO FILE
REC'D DEC 19 1956
REFER TO _____
PLEASE ANSWER _____
PLEASE READ AND RETURN _____

Dr. Logan Wilson, President
The University of Texas
Austin, Texas

Dear Dr. Wilson:

I am in receipt of your memorandum regarding two items listed for the agenda of the Committee of the Whole of the Board of Regents for the January 11-12 meeting. Please let me report below on these matters:

a. Master Plan for Southwestern Medical School

On December 3-4-5 Mr. Edwin A. Salmon of 550 First Avenue, New York City, was present in Dallas and spent much time here at the medical school examining present facilities, grounds, surrounding terrain and in conversation here at the school concerning historical background and possible long-range developments. He also conferred at length with Mr. Hoblitzelle and some of the members of the Board of Trustees of Southwestern Medical Foundation.

It is my understanding that Mr. Salmon has actually been appointed to prepare a master plan and site plan report, but I have not been officially informed of this. Just before leaving, Mr. Salmon told me that he would submit a preliminary series of suggestions regarding site plan and developments, but I have not at this writing received this preliminary report. I believe from discussions with Mr. Salmon that he is a man of experience and outstanding ability and that he would be well qualified to prepare a master plan such as is needed by this branch of the University. I hope to have received some more formal report from him, as well as confirmation of his appointment by Southwestern Medical Foundation, by the time of the January Regents' meeting and I shall be prepared to provide all available information at that time.

b. Location of St. Paul's Hospital

I have discussed at considerable length the Regents' statement of policy regarding the location of St. Paul's Hospital with Sister Mary Helen, the Administrator of St. Paul's Hospital. She understands fully the many problems incident to working out an integrated hospital and, as in prior conversations, we are agreed that a fully integrated hospital would probably not be possible. Accordingly, I believe she has entered or will soon enter into discussions with members of Southwestern Medical Foundation and other interested groups with a view to determining what

alternative possibilities may exist for acquisition of property near the medical center site where a closely affiliated institution might be constructed. I have mentioned the matter of possible exchange of property (as mentioned in the Regents' minutes) between the University and Southwestern Medical Foundation to Sister Mary Helen and I believe that she wishes to explore this matter further with members of Southwestern Medical Foundation. As we discussed in our first meeting with the Board of Regents concerning this matter, there is by no means full agreement on the part of the St. Paul's Hospital staff that a site near the medical school is necessarily the most desirable. Other sites are under consideration and it will probably be some little time before any definitive conclusion is reached regarding location of a new St. Paul's Hospital.

Sincerely yours,

ORIGINAL SIGNED
 BY
 A. J. GILL, M. D.,
 DEAN
 A. J. Gill, M.D.
 Dean

AJG/es

See Deliberations of Board of Actions
December 4, 1956 of Exec. Sessions

JAN 11 1957

President Logan Wilson
Main Building 101
The University

Dear Dr. Wilson:

The undersigned committee respectfully recommends the awarding of \$360.00 out of Mezes Committee Fund account 74750 to Dean D. B. Jack Holland. As you will recall, the award, if satisfactory, may under the Regental rules, be paid at once subject to subsequent approval; and the name of the awardee is not divulged publicly.

In the event the award is satisfactory and payment is made to Dean Holland, please ask the Auditor's Office to send along with the check the enclosed letter to Dean Holland.

With esteem,

Yours very cordially,

MEZES COMMITTEE DONATION FUND

By _____
Robert W. Stayton, Chairman

RWS:ss

See Deliberations of Board

JAN 11 1957

GIFT FROM MRS. OLGA KEITH WIESS. -- A motion was made and seconded and unanimously adopted that a gift of 400 shares of the capital stock of Humble Oil and Refining Company to The Board of Regents of The University of Texas for the use and benefit of the Medical Branch in a current restricted fund under the direction of Dr. Jehu Mathews Robison for the benefit of the Department of Oto-Rhino-Laryngology at the Medical Branch of The University of Texas, which Mrs. Wiess has determined to make during the current year, be accepted and that the Chairman of The Board of Regents be authorized and directed on behalf of the Board to execute an instrument of formal acceptance upon completion of the gift by receipt of the Stock Certificates. (Stock Certificates were received and transmitted to the Endowment Officer December 6, 1956.)

NOTE: The above motion has been entered in the Executive Minutes of the Board for the meeting November 28, 1956.

See deliberations of Board JAN 11 1957

Memorandum

You will recall that the Board, at its meeting November 28, accepted a gift of \$100,000 from the M. D. Anderson Foundation for the University Cancer Foundation. Since this item, as you will observe from the copy of the letter attached, did not reach President Wilson's office until the time of the meeting, the fourth paragraph was overlooked.

The following is a suggested minute order for the minutes of the meeting January 11-12, 1956:

TAX EXEMPT STATUS, THE UNIVERSITY CANCER FOUNDATION, M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE. -- Upon the recommendation of President Wilson, a motion was made and seconded and unanimously adopted that the authorization of Doctor R. Lee Clark, Jr., to the firm of Fulbright, Crooker, Freeman, Bates and Jaworski to petition the Department of Internal Revenue for a tax exempt status for the University Cancer Foundation be ratified.

THE UNIVERSITY OF TEXAS

The M. D. Anderson Hospital
HOUSTON

November 27, 1956

Dr. Logan Wilson, President
The University of Texas
Austin 12, Texas

Dear Doctor Wilson:

I am pleased to advise you of our receipt of a gift for the University Cancer Foundation from the M. D. Anderson Foundation in the amount of \$100,000. This gift represents the first of five annual payments under a grant of \$500,000 made by the M. D. Anderson Foundation pursuant to our application of April 27, 1956. The Anderson Foundation will review our progress at the end of this five-year period before considering continuation of the grant for a like period.

A copy of our letter of application, and a copy of the letter transmitting the gift are enclosed.

On September 21, 1956, the Trust Agreement of the University Cancer Foundation was approved by Judge Scott Gaines and signed by Mr. Tom Sealy for the Board of Regents. A copy of the Trust Agreement is on file in the office of the Board of Regents.

In order to finalize the activation of the University Cancer Foundation, there now remains to be accomplished only the acceptance of the gift by the Board of Regents and the Board's authorization for us to proceed, through the legal firm of Fulbright, Crooker, Freeman, Bates and Jaworski, with a petition to the Internal Revenue Service for tax exempt status of the University Cancer Foundation. I wish to recommend that these actions be considered by the Board.

Inasmuch as the attorney from the above named legal firm is prepared to go to Washington next week for presentation of this petition, it would be sincerely appreciated if the Board were to consider this matter at its November 28 meeting.

Sincerely yours,

/S/

R. Lee Clark, Jr., M. D.
Director

RLC/aw
Enclosures

April 27, 1956

M. D. Anderson Foundation
First City National Bank Building
Houston, Texas

Gentlemen:

On March 22 a meeting was held at the Doctors Club in the Texas Medical Center with Colonel W. B. Bates, Mr. W. S. Bellows, Mr. W. Leland Anderson, Mr. C. D. Simmons, Mr. James Anderson, Dr. Frederick Elliott and me. A subsequent meeting was held with Mr. John Freeman and Mr. James Anderson on April 19. I wish to take this opportunity to express to you my appreciation for the interest and time you gave to my report on the fifteen years of progress of the M. D. Anderson Hospital and a plan for the next five years of its activities. I believe that all of you were given a brochure entitled "The First Twenty Years" which portrayed this information. I am enclosing another copy for your files in case you might need it for subsequent review, particularly of the proposed five-year program.

Our projected organization, as conceived originally and developed as opportunities unfolded, will be completed in its basic design when one more step has been accomplished. This is the approval of the document establishing our Trust Foundation (see Augmentation Plan). As you know, we have been working with Mr. Simmers and Mr. Wellen of the firm of Fulbright, Crooker, Freeman, Bates and Jaworski since 1947 on a plan whereby the surplus income from the professional fees for the care of patients in the M. D. Anderson Hospital can be assigned to a trust fund or foundation with tax exemption. Such a plan has been approved by the Board of Regents and is partially in operation. There are now certain funds to be turned over to the trust foundation immediately upon its acceptance by the Bureau of Internal Revenue.

Will you please carefully review the document in its present form with Mr. Wellen and Mr. Simmers and make such suggestions and changes as you see fit to better effect our purpose? It has been suggested by the tax authorities that an initial gift from a philanthropic organization with which to start the trust foundation would enhance its opportunity for tax exemption. Such a gift from the M. D. Anderson Foundation would, in addition to effecting this purpose, have great value from a morale standpoint and stimulate the efforts of the physicians to comply in spirit as well as in fact with the contributions of their surplus earnings to the trust foundation. Also, with such a gift, our foundation

April 27, 1956

could immediately become a reality and thereby permit us to begin a number of features of our program for the more adequate care of our professional personnel. This would include a retirement plan, augmentation of income for our basic science personnel, special research fellowships, and a more effective educational and research program.

In addition to the above, such a gift from the M. D. Anderson Foundation would irrevocably establish a trust foundation as an independent entity without vested interest on the part of any of the medical contributors and would also stimulate additional gifts by other philanthropic-minded individuals and organizations. We would be able to approach our proposed Board of Visitors as a going concern in which they would be proud to participate. I predict that with such a gift we would be years ahead in the effectiveness of our program and would be keeping faith with our medical staff which has already worked long years without adequate compensation and no security for old age.

If the trustees of the M. D. Anderson Foundation look favorably upon this suggestion, would you please consider the advisability of giving a continuing gift over a period of five to ten years, the total sum of which would be stated in the tax document as the Foundation's contribution. Over the term of your commitment our Association would expect to at least match your contribution, up to one million dollars.

At the request of Mr. John Freeman I am enclosing a letter from Dr. C. P. Rhoads, Director of Memorial Cancer Center in New York, a 65-year old institution and the most prominent in cancer research in the world today. I believe that with your help in accomplishing a trust foundation and our program for the maintenance of a superior staff we perhaps have an opportunity to be worthy of his estimation and become an equal to his institution in cancer affairs.

Your confidence and aid throughout the years have been greatly appreciated.

Sincerely yours,

/S/

R. Lee Clark, Jr., M. D.
Director and Surgeon in Chief

RLC:grs

cc: Mr. Freeman
Col. Bates
Mr. Bellows
Mr. Simmons

FIRST CITY NATIONAL BANK

HOUSTON, TEXAS

Carroll D. Simmons
Vice President and Senior Trust Officer

November 26, 1956

Dr. R. Lee Clark, Jr.
Director and Surgeon-in-Chief
M. D. Anderson Hospital and Tumor Institute
Texas Medical Center
Houston 25, Texas

Dear Dr. Clark:

As Fiscal Agent for the M. D. Anderson Foundation and at the request of the Trustees of the Foundation, we are pleased to enclose herewith the Foundation's draft for \$100,000.00 payable to the order of The Board of Regents of The University of Texas, Trustee of The University Cancer Foundation. This remittance represents the first payment under a grant of \$500,000.00 made by the M. D. Anderson Foundation pursuant to your application therefor submitted under date of April 27, 1956.

This grant of \$500,000.00 was made by the Trustees on July 30, 1956, contingent upon the actual establishment of the University Cancer Foundation under a trust instrument in form substantially as submitted with your application and is payable \$100,000.00 a year for five years. You have reported to the Trustees that the trust was actually established as of September 21, 1956, through the execution and delivery on that date of the Trust Agreement in the form agreed upon.

Will you please acknowledge receipt of this letter and the draft which accompanies it by signing and returning the enclosed receipt copy of this letter.

Sincerely yours,

/S/

Carroll D. Simmons
Vice President and Senior Trust Officer

CDS:sf
Enclosures

FOR ACTION OF
Regents
SEE MINUTES OF

LAND AND INVESTMENT COMMITTEE REPORT.--

JAN 11 1957

PERMANENT UNIVERSITY FUND--INVESTMENT MATTERS.--

REPORT OF PURCHASES OF SECURITIES.--The following purchases of securities have been made for the Permanent University Fund since the report of November 3, 1956. We ask that the Board ratify and approve these transactions:

UNITED STATES GOVERNMENT BONDS PURCHASED

<u>Issue</u>	<u>Par Value</u>	<u>Purchase Price</u>	<u>Yield Basis</u>	<u>Principal Cost</u>	<u>Delivery</u>
3-1/4% U. S. Treas. due 6/15/83-78	\$ 650,000	99.5000	3.28%*	\$ 646,750.00	11/ 2/56
Ditto	500,000	99.1875	3.30 *	495,937.50	11/23/56
Ditto	2,000,000	98.6250	3.33 *	1,972,500.00	12/14/56
Totals	\$3,150,000			\$3,115,187.50	

*Yield to maturity

TEXAS MUNICIPAL BONDS PURCHASED

<u>Issue</u>	<u>Par Value</u>	<u>Purchase Price</u>	<u>Yield Basis</u>	<u>Principal Cost</u>	<u>Date of Delivery</u>
City of El Paso 2-3/4% Wtr. & Svr. Rev. Bonds, Ser. 1956, due 3/1/77-76	\$ 35,000	89.822870	3.45%*	\$ 31,438.00	10/25/56
Ditto, 2.80% Wtr. & Svr. Rev. Bonds, Ser. 1956, due 3/1/81-82/76	20,000	88.443979	3.50 *	17,688.80	10/26/56
Ditto, 3-1/2% Wtr. & Svr. Rev. Bonds, Ser. 1956-A, due 3/1/86-77	100,000	98.195918	3.60 *	98,195.92	11/23/56
City of Pampa Rev. 3.40% due 10/1/81-82/71	145,000	99.177492	3.45 *	143,806.83	10/30/56
City of Bryan Rev. 3-1/2% due 7/1/80-81/71	200,000	97.609278	3.65 *	195,218.55	12/ 5/56
Longview ISD 3-1/4%, due 5/1/82/71	25,000	90.328039	3.85 *	22,582.01	12/ 5/56
Temple Sch. 2-7/8%, due 5/15/83/70	25,000	83.180531	3.90 *	20,795.13	12/ 5/56
Port Arthur ISD 2.80%, 12/1/74/70	25,000	87.651291	3.75 *	21,912.82	12/ 5/56
Houston ISD 3%, due 4/10/77, 78, 79	138,000	88.288306	3.80 *	121,939.34	12/ 7/56
City of Pampa GO's, 3.10% due 4/1/74/71	55,000	90.581075	3.85 *	49,819.59	12/ 7/56
Houston ISD 2-3/4%, due 4/1/79	20,000	81.650522	4.00 *	16,330.10	12/10/56
City of Pampa Rev. 3.40% due 10/1/78/71	20,000	92.699842	3.90 *	18,539.97	12/14/56
City of San Antonio GO's 2-1/2%, due 3/1/69 & 70	200,000	85.181160	4.00 *	169,868.26	12/20/56
Totals	\$1,008,000			\$968,135.32	

*Yield to maturity.

**MUNICIPAL BONDS PURCHASED WITH
DELIVERY PENDING****

Par Value	Issue	Maturity	Yield Basis	Date Purchased	Delivery on or About
\$150,000	Bryan ISD 3.90%, dated 12/1/56, due				
	\$37,000	12/1/83-71	3.90%*	12/ 3/56	1/ 4/57
	56,000	12/1/84-71	3.90 *	"	"
	57,000	12/1/85-71	3.90 *	"	"
75,000	Lubbock ISD 3-1/2% UT dated 12/1/56, due	2/1/71	3.75%*	12/ 4/56	1/ 4/57
200,000	City of San Antonio 3-3/4% GO's, dated 12/1/56, due				
	\$100,000	12/1/75	3.60%*	11/ 8/56	1/ 4/57
	100,000	12/1/76	3.60 *	"	"
75,000	Brownfield 1/2% Elec. Light & Power System Rev., dated 11/1/56, due				
	\$35,000	11/1/70-66	3.90%#	11/27/56	1/15/57
	40,000	11/1/73-66	3.90 #	"	"
500,000	City of Houston 3-3/4% GO's, dated 1/1/57, due				
	\$ 74,000	1/1/79	3.75%*	11/14/56	1/15/57
	142,000	1/1/80	3.75 *	"	"
	142,000	1/1/81	3.75 *	"	"
	142,000	1/1/82	3.75 *	"	"
400,000	Waco 3-7/8% Wtr. Wks. Sys. Rev., dated 1/1/57, due				
	\$ 85,000	3/1/74-67	3.90%*	12/11/56	1/15/57
	105,000	3/1/75-67	3.90 *	"	"
	105,000	3/1/76-67	3.90 *	"	"
	105,000	3/1/77-67	3.90 *	"	"
400,000	Abilene 1/2% Wtr.Wks. & Svr. Sys. Rev., Series 1956, dated 11/1/56, due				
	\$145,000	11/1/85-69	3.80%#	12/13/56	1/23/57
	255,000	11/1/86-69	3.80 #	"	"
Total Purchases with Delivery Pending	<u>\$1,800,000</u>				

**An official report will be made subsequent to delivery and payment; bonds bought on a "When, as and if issued basis."

*Yield to maturity date.

#Yield to option date.

PERMANENT UNIVERSITY FUND--LAND MATTERS.--

LEASES AND EASEMENTS.--The Land and Investment Committee has given consideration to the following applications for various leases and easements on University Lands. All are at the standard rate unless otherwise stated, are on the University's standard forms, and have been approved as to form by the University Land and Trust Attorney and as to content by the University Endowment Officer. The Land and Investment Committee asks that the Board approve these applications and authorize the Chairman of the Board to execute the instruments involved:

CALICHE PERMIT NO. 102, PARKER AND PARKER, INC., ANDREWS COUNTY, TEXAS.--This application for a caliche permit to Parker and Parker, Inc., provides for the removal of 1252 yards of caliche from Block 11, University Lands in Andrews County, Texas, at the rate of 25¢ per cubic yard. The full consideration in the amount of \$313.00 has been tendered with the application.

CALICHE PERMIT NO. 103, FRANK MONTGOMERY, ANDREWS COUNTY, TEXAS.--This application for a caliche permit to Frank Montgomery provides for the removal of 696 yards of caliche from Block 11, University Lands in Andrews County, Texas, at the rate of 25¢ per cubic yard. The full consideration in the amount of \$174.00 has been tendered with the application.

PIPE LINE EASEMENT NO. 870, PHILLIPS PETROLEUM COMPANY, CRANE AND UPTON COUNTIES, TEXAS.--This application for a pipe line easement to Phillips Petroleum Company covers 252.5 rods of 8-5/8-inch line at \$1.00 per rod, 535.30 rods of 6-5/8-inch line at \$0.75 per rod, 219.7 rods of 4-1/2-inch line at \$0.50 per rod, and 115.8 rods of 3-1/2-inch line at \$0.25 per rod, in Sections 35, 36, 37, and 38, Block 30, University Lands in Crane and Upton Counties, Texas, for a ten-year period beginning November 1, 1956, and ending October 31, 1966. The full consideration in the amount of \$792.78 for the ten-year period has been tendered with the application.

PIPE LINE EASEMENT NO. 871, PHILLIPS PIPE LINE COMPANY, UPTON COUNTY, TEXAS.--This application for a pipe line easement to Phillips Pipe Line Company covers 3,278.6 rods of 8-inch and 10-inch line at \$1.00 per rod in Sections 1, 12, and 13, Block 4; Sections 4, 9, 10, 14, 15, 23, 25, 26, and 36, Block 3; and Sections 12 and 13, Block 58, University Lands in Upton County, Texas, for a ten-year period beginning November 1, 1956, and ending October 31, 1966. The full consideration in the amount of \$3,278.60 for the ten-year period has been tendered with the application.

PIPE LINE EASEMENT NO. 872, PHILLIPS PETROLEUM COMPANY, ECTOR COUNTY, TEXAS.--This application for a pipe line easement to Phillips Petroleum Company covers 538 rods of 8-inch and 10-inch gas line at \$1.00 per rod in Section 1, Block 35, University Lands in Ector County, Texas, for a ten-year period beginning November 1, 1956, and ending October 31, 1966. The full consideration in the amount of \$538.00 for the ten-year period has been tendered with the application.

POWER LINE EASEMENT NO. 873, TEXAS ELECTRIC SERVICE COMPANY, CRANE AND ECTOR COUNTIES, TEXAS (RENEWAL OF EASEMENT NO. 294 EXPIRED DECEMBER 31, 1956).--This application for a power line right-of-way easement to Texas Electric Service Company covers 1830 rods of line at 5¢ per rod per year in Block 35, University Lands in Crane and Ector Counties, Texas, for a ten-year period beginning January 1, 1957, and ending December 31, 1966. The full consideration in the amount of \$915.00 for the ten-year period has been tendered with the application.

REPEATER BUILDING SITE AND POWER LINE EASEMENT NO. 874, SOUTHWESTERN BELL TELEPHONE COMPANY, WARD COUNTY, TEXAS.--This application for a repeater building site and power line right-of-way easement to Southwestern Bell Telephone Company covers a site of 0.13 acres of land for the building and 76 rods of telephone right-of-way in Section 31, Block 17, University Lands in Ward County, Texas. The line is at the rate of 5¢ per rod per year, or \$38.00 for the ten-year period. The site is at a minimum consideration of \$50.00 per year or \$500.00 for the ten-year period. The easement involves granting to the company the use of a 20-foot roadway containing 5.50 acres, more or less, adjacent to and parallel with

the company's existing pole line to provide ingress and egress to the repeater equipment building site in Sections 1, 20, and 21, Block 17, Ward County, the company to install appropriate cattle guard in roadway. The easement is for a ten-year period beginning October 1, 1956, and ending September 30, 1966. The full consideration in the amount of \$538.00 for the ten-year period has been tendered with the application.

RESIDENCE SITE EASEMENT NO. 875, JAMES W. MILLER, REAGAN COUNTY, TEXAS.--This application for a residence site easement to James W. Miller covers a four-acre tract out of the NW/4 of the SW/4 of Section 3, Block 48, University Lands in Reagan County, Texas. The residence located on the site is on the Sharples Oil Company lease and was formerly owned by the company. The residence was sold to Mr. Miller who wishes to leave it on its present location for the time being. The easement is for a period of one year beginning January 1, 1957, and ending December 31, 1957, with the option to extend and renew from year to year, but not to exceed a total period of ten years from January 1, 1957, upon payment of the minimum annual rental of \$50.00 in advance. The consideration for the first year's rental has been tendered with the application.

BORROW SOURCE EASEMENT NO. 876, TEXAS STATE HIGHWAY COMMISSION, CRANE COUNTY, TEXAS.--This application for a borrow source easement to the Texas State Highway Commission is for the purpose of providing two material sources for the current construction program of State Highway 51 between Ector County line and Crane, borrow source No. 1 containing 5.51 acres, more or less, being out of Section 45, Block 30, and borrow source No. 2 containing 2.75 acres, more or less, being out of Section 1, Block 30, University Lands in Crane County, Texas. No consideration is involved in the easement, except that the Texas Highway Commission will be required to enclose the tracts involved with an adequate stock or sheep proof fence and to feather the edges of the pits upon completion of use thereof.

HIGHWAY RIGHT-OF-WAY EASEMENT NO. 877, TEXAS STATE HIGHWAY COMMISSION, ANDREWS COUNTY, TEXAS.--This application for a highway right-of-way easement to the Texas State Highway Commission covers eighteen right-of-way tracts containing a total of approximately 165.955 acres and a materials source tract containing 20.202 acres, out of Sections 37, 32, 29, 24, 21, 16, 17, 8, and 5, Block 1, University Lands in Andrews County, Texas, for the purpose of widening State Highway 51 to a four lane divided highway in Andrews County. The Commission will be required, upon request of the University, to provide an adequate stock proof fence on each side of the right-of-way and also provide sources of water supply if construction prevents ready access to existing sources. No consideration is involved in the easement.

POWER LINE EASEMENT NO. 878, EL PASO ELECTRIC COMPANY, EL PASO COUNTY, TEXAS.--This application for a power line right-of-way easement to El Paso Electric Company covers 175.75 rods of line at 5¢ per rod per year in Block L, University Lands in El Paso County, Texas, for a ten-year period beginning December 1, 1956, and ending November 30, 1966. The full consideration in the amount of \$87.88 for the ten-year period has been tendered with the application.

PIPE LINE EASEMENT NO. 879, TEXAS-NEW MEXICO PIPE LINE COMPANY, ANDREWS COUNTY, TEXAS.--This application for a pipe line easement to Texas-New Mexico Pipe Line Company covers 344.5 rods of 4-1/2-inch O. D. line at 50¢ per rod in Sections 23 and 24, Block 12; and Sections 23 and 34, Block 6, University Lands in Andrews County, Texas, for a ten-year period beginning November 1, 1956, and ending October 31, 1966. The full consideration in the amount of \$172.25 for the ten-year period has been tendered with the application.

PIPE LINE EASEMENT NO. 880, ATLANTIC PIPE LINE COMPANY, REAGAN AND CROCKETT COUNTIES, TEXAS.--This application for a pipe line easement to Atlantic Pipe Line Company covers 2,172 rods of 4-1/2-inch O. D. line at 50¢ per rod in Blocks 47, 49, and 50, University Lands in Reagan and Crockett Counties, Texas, for a ten-year period beginning December 1, 1956, and ending November 30, 1966. The full consideration in the amount of \$1,086.00 for the ten-year period has been tendered with the application.

PIPE LINE EASEMENT NO. 881, BARNHART HYDROCARBON CORPORATION, REAGAN AND CROCKETT COUNTIES, TEXAS.--This application for a pipe line easement to Barnhart Hydrocarbon Corporation covers a total of 6,692 rods of gas pipe line, being 3,152 rods of 16-inch line at \$1.50 per rod, 528 rods of 8-inch line at \$1.00 per rod, 1,031 rods of 6-inch line at \$0.50 per rod, and 1,981 rods of 4-1/2-inch line at \$0.50 per rod, University Lands in Blocks 48, 49, and 50, Reagan and Crockett Counties, Texas, for a ten-year period beginning January 1, 1957, and ending December 31, 1966. The full consideration in the amount of \$6,762.00 for the ten-year period has been tendered with the application.

BUSINESS SITE EASEMENT NO. 882, SUPERIOR PARAFFINE SCRAPING COMPANY, REAGAN COUNTY, TEXAS.--This application for a business site easement to provide a site for a paraffine scraping service covers an area of 200 feet by 200 feet out of Section 7, Block 11, University Lands in Reagan County, Texas, for a period of one year beginning January 1, 1957, and ending December 31, 1957, with an option to renew from year to year but not to exceed a total of ten years from January 1, 1957, upon payment of the annual rental of \$150.00 in advance. The consideration for the first year's rental has been tendered with the application.

PIPE LINE EASEMENT NO. 883, EL PASO NATURAL GAS COMPANY, ANDREWS COUNTY, TEXAS.--This application for a pipe line easement to El Paso Natural Gas Company covers 125.33 rods of 12-inch line at \$1.50 per rod in Sections 15 and 16, Block 1, University Lands in Andrews County, Texas, for a ten-year period beginning January 1, 1957, and ending December 31, 1966. The full consideration in the amount of \$187.99 for the ten-year period has been tendered with the application.

APPLICATION BY THE CITY OF MIDLAND FOR WATER EXPLORATION AND DEVELOPMENT PERMIT NO. 70 ON ACREAGE IN ANDREWS AND MARTIN COUNTIES, TEXAS.-- The City of Midland has proposed that the University grant it a water exploration permit with option to develop and lease for production of water all of Block 5 in Andrews County, all of Block 6, except Sections 1 through 14, in Andrews and Martin Counties, and all of Block 7 in Andrews and Martin Counties. The area comprises approximately 24,000 acres in the vicinity of Monument Draw and Mustang Draw and is approximately 30 miles from Midland. There are reasonable prospects that approximately 10,000 acres out of the total will produce water from shallow depths in sufficient quantities for use by the City.

The principal terms of the proposal are outlined as follows:

1. The City would receive an exploration permit covering the area described above running for two years upon payment of \$2,500 for the two-year term.
2. Within the two-year exploration period, the City could select desirable acreage in units of not less than half-sections, under a development option to run for two years, unless extended, for which the City would pay 33¢ per acre annually for the two years. If the City should not be in a position to go on production during the two-year development option period, such period would be extended until such time as the City does go on production. These extensions would not exceed six years from date of the first extension. Payment by the City for the extension of this development option period would be at the rate of \$20,000 per year.
3. At any time during the development option period or its extensions, the City would have the right to lease for a period of fifty years all or any part of the acreage covered by the development option, by sections or half-sections, for the production of water. Upon execution of a lease, payments due from the City under the development option would cease, and royalty payments would commence.
4. As royalty under the lease, the City would pay 3-1/8¢ per thousand gallons of water produced, or 12-1/2 per cent of the rate charged by it to commercial users, whichever is greater,

with a minimum royalty of \$40,000 annually. The rate of 3-1/8¢ per thousand gallons would be increased under the agreement in proportion to any increases in the City's commercial consumer rates, which is now 25¢ per thousand gallons. The City would further agree that when and if its residential consumer rate is increased, its commercial consumer rate would be increased by the same amount.

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esent.

5. The exploration permit, development option contract, and water lease would carry provisions satisfactory to the University regarding oil and gas leases and mineral rights.
6. The City would agree to pay surface damages in accordance with the schedules set forth in the University's "Required Operating and Reporting Procedures Under Oil and Gas Leases and Geophysical Exploration Permits."
7. All geological information acquired through exploration, development, and production would be available to the University.
8. The exploration permit, development option contract, and water lease would carry provisions satisfactory to the University for leaving casing in wells that are drilled and found capable of producing some water but insufficient for production by the City, and for availability of water to surface lessees and to University oil and gas lessees for oil and gas lease development other than pressure maintenance or water flooding.

It is recommended that the Board of Regents accept the proposal made by the City of Midland and authorize the Chairman to execute the water exploration permit when approved as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

POWER LINE EASEMENT NO. 884, SOUTHWESTERN BELL TELEPHONE COMPANY, HUDSPETH COUNTY, TEXAS.--This application for a power line right-of-way to Southwestern Bell Telephone Company covers 11,162 rods of line across Blocks G, H, J, K, and L, University Lands in Hudspeth County, Texas, for a ten-year period beginning December 1, 1956, and ending November 30, 1966, at the University's standard rate of 5¢ per rod per year payable for the ten-year period in advance. The telephone company will attach its line to the pole line of Pasotex Pipe Line Company which traverses University Lands under Pipe Line Easement No. 763, expiring October 31, 1965, and Easement No. 53, expiring June 30, 1978, by agreement between the telephone company and Pasotex Pipe Line Company, in order to provide service to Government Aircraft and Warning Stations located in Section 24, Block J, and another station in Culberson County, Texas. The full consideration in the amount of \$5,581.00 for the ten-year period has been tendered with the application.

SUPPLEMENTAL AGREEMENT TO EASEMENT NO. 53, PASOTEX PIPE LINE COMPANY, HUDSPETH COUNTY, TEXAS.--Under the provisions of Pipe Line Easement No. 53, dated April 24, 1931, being a fifty-year easement from July 1, 1928, Pasotex Pipe Line Company was given the right to lay additional lines as follows:

"Lessee, its successors and assigns, shall have the right at any time and from time to time to lay as many additional lines of pipe adjacent to and parallel with the first one laid hereunder as may be desired, but shall pay lessor rental therefor at the rate of twenty-five cents (25¢) per lineal rod for this lease, and shall before laying such additional lines make formal application therefor to, and obtain the approval of, the Board of Regents of The University of Texas. All such additional pipe lines shall be subject to the terms of this lease and the aforesaid payment therefor shall become due when the laying of the line is begun."

The company has now made application to the Board of Regents for approval of the installation of an additional line 6,160.18 rods in length across Blocks G, H, and J, University Lands in Hudspeth County, Texas, such additional

line to be laid and maintained within the limits of the right-of-way described in the original easement contract and in accordance with the terms and provisions thereof. The full consideration for the additional line in the amount of \$1,540.05 has been tendered with the application. It is recommended that the Board of Regents approve a supplemental agreement to Easement No. 53 granting Pasotex Pipe Line Company permission to lay the additional line as outlined above and that the Chairman of the Board be authorized to execute such supplemental agreement upon its approval as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

PIPE LINE EASEMENT NO. 885, EL PASO NATURAL GAS COMPANY, ANDREWS county, Texas.--This application for a pipe line easement to El Paso Natural Gas Company covers 345.412 rods of 12-inch line at \$1.50 per rod in Sections 15 and 10, Block 1, University Lands in Andrews County, Texas, for a ten-year period beginning January 1, 1957, and ending December 31, 1966. The full consideration in the amount of \$518.12 for the ten-year period has been tendered with the application.

REPORT ON EXPLORATION AND LEASING PROGRAM FOR MINERALS OTHER THAN OIL, GAS, POTASH, AND SULPHUR, AND RECOMMENDATION FOR EXCLUDING DIATOMACEOUS EARTH, BENTONITE, AND SIMILAR SUBSTANCES FROM THE PROGRAM.--On February 3, 1956, after continued inquiries from interested parties, the Board of Regents adopted policies and procedures for exploration and leasing of University Lands for minerals other than oil, gas, potash, and sulphur. Under this program, seven exploration permits have been issued upon payment of the established fee of \$50 each. No applications for leases have been received.

Geologist in Charge Haigh has pointed out that the subject program was not intended to cover deposits of diatomaceous earth, bentonite, and similar substances that may be found on University Lands, and that leases for digging or mining such substances should be on negotiated terms to cover properly each situation.

It is therefore recommended that the Board of Regents authorize notice to all applicants for exploration permits under the subject program that the exploration permit covers search for diatomaceous earth, bentonite, and similar substances, but that such substances are to be excluded from the lease application and lease forms adopted for minerals other than oil, gas, potash and sulphur. Each applicant for an exploration permit will be advised that any lease covering diatomaceous earth, bentonite, or similar substances will be on terms to be negotiated with the University. Any lease under the program adopted in February, 1956, and any lease covering diatomaceous earth, bentonite, or similar substances, will be presented to the Board of Regents for authorization prior to execution.

REPORT ON PECOS COUNTY VACANCY MATTER AND RECOMMENDATION FOR PAYMENT OF FEE TO SURVEYOR REPRESENTING THE UNIVERSITY.--On July 12, 1956, E. H. Cox of Fort Stockton, Texas, filed a vacancy claim, S. F. 15860, alleging that the acreage between the fence line on the west side of Blocks 22, 23, 24, and 26, University Lands in Pecos County, and the monuments placed by Frank Friend as the west line of those blocks in his survey of University Lands is vacant school land. This filing became void due to applicant's failure to make the required deposit within the time allowed under the law. On September 17, 1956, Mr. Cox again filed a vacancy claim on this strip. In accordance with the statutes, Mr. Fred Williamson of Temple, Texas, has been employed by the State to make the survey. The original time allowed for the survey expires on January 15, 1957, and it is expected that the survey will be completed by that date. The hearing on the vacancy matter before the Commissioner of the General Land Office is expected to be set four to six weeks following January 15.

On November 16, 1956, Blevins McKenzie filed a vacancy claim, S. F. 15891, on acreage adjoining the University's Blocks 21 and 22, Pecos County, on the southeast, under the claim that the University had abandoned this area under the Frank Friend Field Notes; and on November 23, 1956, E. H. Cox filed a vacancy claim, S. F. 15893, on the east of the University's blocks

between the fence line as shown on the Friend map and the monuments set by Friend as the east line of the University blocks.

In order to protect the University's interest at the Land Office hearing on the Cox vacancy claim involving the west line of the University blocks and in further action that may be necessary, the Land and Trust Attorney and the Endowment Officer requested Mr. Jess Conklin of San Angelo, licensed surveyor, who assisted Mr. Frank Friend in his survey of University Lands, to accompany the State surveyor and to assemble data for the University. Mr. Conklin's fee to December 18, 1956, is \$825, and he estimates that additional work necessary to prepare for the Land Office hearing will be at a cost of not more than \$175. It is recommended that the Board of Regents authorize the Land and Trust Attorney to pay the fee of \$825 and to pay not more than \$175 to cover additional work that may be necessary by Mr. Conklin from Account No. 89111, University Lands - Legal and Surveying, Office, Field, Clerical Assistants, and Traveling Expenses. An additional appropriation to this account from Unappropriated Balance of the Available University Fund is being recommended through docket channels.

APPLICATION BY THE CITY OF ANDREWS AND/OR ANDREWS INDEPENDENT SCHOOL DISTRICT FOR WATER EXPLORATION AND DEVELOPMENT PERMIT NO. 71 ON ACREAGE IN ANDREWS COUNTY, TEXAS.--The University has received a proposal made on behalf of the City of Andrews for a water exploration and development permit with option to lease covering University Blocks 1, 2, 4, and 9, Andrews County, comprising approximately 8,257.5 acres. Andrews Independent School District is the present water supply development authority for delivery of water to the City of Andrews for distribution. It therefore appears that the contract would be between the University and the Andrews Independent School District.

The principal terms of the proposal are as follows:

1. The School District would be granted an exploration permit covering the area described above for a period of five years for a consideration of \$500 per year, and this permit would be subject to extension on request by the School District without additional cost to include any acreage in University Block 5, Andrews County, that may be released by the City of Midland within its two-year exploratory option period (see application for Water Permit No. 70 above).
2. At any time within the five-year exploration period, the School District could lease for water production all or any parts of the area covered by the permit in sections or half-sections for a term of 50 years at a royalty of 3 cents per thousand gallons or $12\frac{1}{2}$ per cent of its wholesale rate, whichever is greater, with a minimum royalty of \$10,000 annually.
3. The maximum amount of acreage that could be held by the minimum royalty payment would be 25 per cent of the total acreage under lease, with an annual rental of 10 cents per acre to be paid on the balance of the leased acreage. The lease would further provide that when and if the royalty paid during any year amounts to as much as \$20,000 (twice the minimum royalty), then the royalty paid would hold 50 per cent of the acreage under lease, with 10 cents per acre annual rental to be paid on the remainder of the leased acreage; that when and if the royalty paid in any year amounts to as much as \$30,000, the royalty paid would hold 75 per cent of the acreage leased and 10 cents per acre per year would be paid on the remainder of the leased acreage; and that when and if the royalty paid in any year amounts to \$40,000 or above, no annual rental will be due for that year.
4. The exploration contract and water lease would carry provisions satisfactory to the University regarding oil and gas leases and mineral rights.
5. The School District would agree to pay surfact damages in accordance with the schedules set forth in the University's "Required Operating and Reporting Procedures Under Oil and Gas Leases and Geophysical Exploration Permits."

6. All geological information acquired through exploration, development and production would be available to the University.
7. The exploration permit and lease would carry provisions satisfactory to the University for leaving casing in wells that are drilled and found capable of producing some water but insufficient for production by the School District, and for availability of water to surface lessees and to University oil and gas lessees for oil and gas lease development other than pressure maintenance or water flooding.

It is recommended that the Board of Regents accept the proposal made for the benefit of the City of Andrews and authorize the Chairman to execute the water exploration permit with the Andrews Independent School District and/or the City of Andrews when approved as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

TRUST AND SPECIAL FUNDS--INVESTMENT MATTERS.--

REPORT OF PURCHASES, SALES AND CONVERSION OF SECURITIES.--The following purchases, sales and conversion of securities have been made for the Trust and Special Funds since the report of November 3, 1956. We ask that the Board ratify and approve these transactions:

PURCHASES

Date	Security	Principal Cost
11/ 6/56	\$5,000 par value National Steel Corporation 1st Mortgage Bonds, Series 1986, due 11/1/86, purchased at 99-5/8 Net to yield 3.92% to maturity. Accrued interest paid to 11/9/56 (Funds Grouped for Investment)	\$ 4,981.25
11/20/56	\$169,000 par value United States 2-7/8% Treasury Notes of Series A-1958, due 6/15/58, purchased at 99:6 Net (99.1875) to yield 3.41% to maturity. Accrued interest paid to 11/21/56 (Archer M. Huntington Museum Fund)	167,626.88
11/21/56	29 Shares The Chase Manhattan Bank Capital Stock purchased at \$47 per share plus 12 stock rights per share (Hogg Foundation: W. C. Hogg Estate Fund)	1,363.00
12/10/56	\$5,000 maturity value United States Savings Bonds, Series J, dated 12/1/56, due 12/1/68 (Stadium Improvement Bond Fund, Series 1948)	3,600.00
	\$10,000 Ditto (Hospital Refunding Bonds, Dated 1951)	7,200.00
11/ /56	\$100,000 par value United States 2-7/8% Treasury Notes of Series A-1958, due 6/15/58, purchased at 99:7 (99.21875) (General Funds - Texas Western College)	99,218.75
	\$15,000 Ditto (Student Union Building Construction Account - Texas Western College) (Purchased by Business Manager of Texas Western College)	14,882.81

SALES AND CONVERSION

Date	Security	Net Proceeds
12/13/56	2 rights to subscribe for The Chase Manhattan Bank Capital Stock at \$0.109 each (Hogg Foundation: W. C. Hogg Estate Fund)	\$ 0.22
	100 rights Ditto (Wm. Heuermann Fund for Cancer Research)	10.90
11/ /56	12 Shares El Paso Natural Gas Company \$4.40 Second Convertible Preferred Stock, Series 1954, into 29 shares plus 88/1000ths share common stock at the conversion price of \$41.25 per share of common stock (Special Fund - The Sealy and Smith Foundation for the John Sealy Hospital)	

TOREADOR ROYALTY CORPORATION - APPOINTMENT OF PROXIES TO ATTEND ANNUAL MEETING OF STOCKHOLDERS TO BE HELD IN 1957.--Although notice has not yet been received by the University, it is expected that an annual meeting of the stockholders of the Toreador Royalty Corporation will be held as usual sometime in March of 1957. The Land and Investment Committee recommends that the Board of Regents authorize the Chairman of the Board to execute a proxy on behalf of the Board of Regents of The University of Texas as Trustee, owners of the Preferred Stock of Toreador Royalty Corporation, whereby Wm. W. Stewart, Endowment Officer of the University, and James L. Shepherd, and each or either of them, are appointed proxies to represent the Board of Regents at the 1957 annual meeting of the stockholders, and at any adjournment thereof, and to vote thereat all stock of the Board of Regents of The University of Texas, as Trustee, upon the election of Directors and such other matters as may properly come before the meeting, with specific authority for the proxies to vote in favor of themselves, Wm. W. Stewart and James L. Shepherd, as Directors of Toreador Royalty Corporation, to be elected by the holders of the Preferred Stock of the Corporation pursuant to the by-laws of the Corporation.

RATIFICATION OF COMMON STOCK PROXY TO EL PASO NATURAL GAS COMPANY.-- El Paso Natural Gas Company called a special meeting of the common stockholders for December 21 to vote on a proposed split of the common stock of the company on a two-for-one basis along with creation of a new Class B Stock involved in the acquisition of Pacific Northwest Pipeline Corporation. Upon the request of Mr. D. H. Tucker, Vice President of El Paso Natural Gas Company, the Chairman of the Board of Regents exercised the common stock proxy on behalf of the 1892 shares of common stock held by the University's Trust and Special Funds. It is recommended that the Board of Regents ratify and approve this action.

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

MEDICAL BRANCH, ESTATE OF ROSA H. ZIEGLER, DECEASED - EXCHANGE OF STOCK FOR UNIVERSITY'S RESIDUARY INTEREST IN TEXSUN CITRUS EXCHANGE, WESLACO, TEXAS.--As residuary legatee under the will of Rosa H. Ziegler, Deceased, the University received in connection with ownership by Mrs. Ziegler of certain real estate in McAllen, Texas, Mrs. Ziegler's membership interest in the reserves of the McAllen Citrus Association, a marketing cooperative concern. The association withheld from the proceeds of sale of each year's crop certain "reserves" to provide working capital and other cash requirements of the cooperative. The policy was to maintain the ownership of the reserves in the current owners of the property and this was accomplished by refunding the earlier years' reserves as later years' reserves were set aside. At the closing of the estate in 1949, it was estimated that the aggregate reserves due the University from the Association was in the total amount of \$1,700.88, and that certain refunds would be made each year probably for as long as ten years. Detailed below are all reserves due to be paid to the University as submitted by McAllen Citrus Association in 1949:

Year	McAllen Assn.	Texsun Exchange	Juice Plant	Supply Corp.	Total
1938-39	\$ 164.18	\$	\$	\$	\$ 164.18
1939-40	177.51		26.22		203.73
1940-41	280.30		15.44		295.74
1941-42	100.70		17.83		118.53
1942-43	98.25	19.65	7.91		125.81
1943-44	99.90	19.98	15.88		135.76
1944-45	83.65	16.73	38.90	69.28	208.56
1945-46	21.40	4.28	78.95		104.63
1946-47	75.70	7.57	63.06		146.33
1947-48	54.08	5.41	97.31		156.80
1948-49	0.42	0.04	40.35		40.81
	<u>\$1,156.09</u>	<u>\$73.66</u>	<u>\$401.85</u>	<u>\$69.28</u>	<u>\$1,700.88</u>

In 1950, the University received refunds in the amount of \$19.65 and \$26.22 from the Texsun Exchange and the Juice Plant, respectively, leaving a balance due of \$429.64 from these two concerns. The Texsun Citrus Exchange, including the Juice Plant, is currently in the process of reorganization and the University has been offered 42 shares of Class C Stock of the new Texsun Corporation to replace the \$429.64 due in reserves now held in the Texsun Citrus Exchange. The Class C shareholders will constitute the major equity holders. Class C shares are transferable and participate share for share with Class A shares, issued to active cooperative associations, in the profits of the corporation. After three years, the holders of Class C Stock will participate with Class B shareholders, stock of temporary nature and subject to retirement, in the election of two members of the Board of Directors.

It is recommended that the Board of Regents approve acceptance of the Class C Stock and that the Chairman be authorized to execute whatever instrument may be necessary upon receipt by the University of the 42 shares of Class C Stock.

GIFT OF MRS. ALICE N. HANSZEN OF CAPITAL STOCK OF FIFTEEN OIL COMPANY TO THE UNIVERSITY.--Under date of December 18, 1956, Mrs. Alice N. Hanszen made a gift of 370 shares of Fifteen Oil Company Capital Stock to the University, stating her desire that the University use the proceeds from its sale and income therefrom for current operating expenses and other purposes of the Mental Hygiene Program of the Hogg Foundation, which the Board of Regents may consider most necessary and advisable. It is recommended that the Board of Regents accept this gift and authorize the Endowment Officer to sell the stock at the appropriate time in the light of need for cash, the timing and price of the stock to be subject to the approval of the Vice President for Fiscal Affairs, the proceeds from the sale to be credited to Current Restricted Funds for the Hogg Foundation.

ESTATE OF MURRAY CASE SELLS, DECEASED - REPORT ON STATUS OF ESTATE.--The following is for the information of the Board of Regents:

On November 19, 1956, Assistant Land and Trust Attorney Waldrep attended a conference of representatives of the colleges and universities interested in the estate, the conference being held in Fort Worth for purposes of discussing pending matters in the estate. Though copies of all papers are not yet available for review, it was reported at the meeting that the agreed judgment in the Parker-Milliken contest, reported to the Board of Regents on November 3, 1956, had the effect of setting aside the codicil to the will and thereby removed the restrictions which limited the University's five per cent share of the estate to student loans under detailed conditions. The opinion has been expressed that the University and the colleges subject to the same restrictions set out in the codicil may therefore be able to use funds from the estate for scholarships.

It was reported at the meeting that a dividend by Sells Petroleum, Inc., wholly owned by the estate, of an overriding royalty interest of approximately 80% of its interests in producing properties was in process, and that such overriding royalty interests are then to be conveyed to three individual trustees selected by the beneficiary institutions and the Executor for the benefit of the institutions but first as security for a loan of \$2,000,000 to be made by First National Bank in Dallas, the Executor, to the estate to provide funds for the remaining payments due in the will contest settlements, succession taxes, costs of administration, and other requirements. It was reported that by July 1, 1957, this loan was to be taken over by an insurance company, and that soon thereafter the estate would be closed. The loan is to be paid in monthly installments over a period of ten years; and if income from the overriding royalty interests is sufficient, some dividends may be paid to the beneficiary institutions during that period. Sells Petroleum, Inc., will continue to operate the properties, and present plans are for the corporation to be handled after the estate is closed by a board of directors selected by the institutions.

ESTATE OF DeROSSETTE THOMAS, DECEASED - REPORT ON STATUS OF ESTATE AND RECOMMENDATION FOR PAYMENT OF ATTORNEYS' FEE.--By order of the County Court of Bexar County, dated December 6, 1956, the Texas probate proceedings of the subject estate have been closed. The Executors have paid to the University the balance of cash on hand in the amount of \$4,984.79 to complete delivery of the Texas estate, and a receipt and release has been signed by the Chairman of the Board of Regents as authorized on November 28, 1956.

On November 28, 1956, the Board of Regents authorized the Endowment Officer to notify Arizona Trust Company, Administrator of the Arizona estate, that it approved acceptance of an offer of \$6,525.00 cash for the Tucson, Arizona, property. Arizona Trust Company has now notified the University that another offer had been received in the amount of \$7,250.00, the appraised value in the probate proceedings, and that the sale at this price is being closed.

On April 6, 1956, the Board of Regents approved employment of Mr. Andrew Z. Thompson of the firm of Houston and Thompson as local counsel in San Antonio for the trust established under the Thomas will. The University has now received the law firm's statement for \$500.00, plus expenses of \$33.22, covering all services rendered the trust in connection with arrangements for probate of the will after threatened contest, work with the attorney for the Executors on matters relating to the property left in trust with the Board of Regents, assistance on legal matters connected with the sale of the property in Alamo Heights, and assistance in closing the estate. It is recommended that the Board of Regents authorize payment of \$533.22 to the firm of Houston and Thompson covering their fee and expenses from the endowment funds on hand in the subject estate.

MEDICAL BRANCH, ESTATE OF A. C. McLAUGHLIN, DECEASED - ADDITIONAL FEE OF HOLME, ROBERTS, MORE AND OWEN FOR SERVICES IN CONNECTION WITH CLOSING OF COLORADO ESTATE AND STUDY OF TAX MATTERS AND RECOMMENDATION FOR ADVICE OF TEXAS ATTORNEYS.--The University has received a statement, dated December 1, 1956, from the legal firm of Holme, Roberts, More & Owen for additional services from March 1, 1956, through November 30, 1956, in settling the Colorado portion of the Estate of A. C. McLaughlin, including research, correspondence, conferences and preparation of documents in connection with closing of the estate, title matters regarding the Rangely oil field interests, and review and analysis of tax problems in connection with the income from the Rangely properties, including preparation of letter opinion, dated November 19, 1956, regarding Federal income tax liability of the University on unrelated business taxable income and Colorado ad valorem, severance, and income tax questions. The amount of the statement is \$2,921.08, consisting of \$2,811.25 for services and \$109.83 for out-of-pocket expenses. This statement represents the eighth presented by the firm and will bring the total amount paid to the firm to \$44,911.61. It is recommended that Endowment Officer Stewart be authorized to pay this fee out of Account No. 82320, The James W. McLaughlin Fellowship Fund.

In their letter covering tax questions referred to above, Holme, Roberts, More & Owen. have pointed out that the University is subject to Federal income taxes on receipts from three working interests and the interest in the Rangely Gasoline Plant received from the Estate so long as these are held without conversion to royalty interests or sale since such receipts will be classed as unrelated business income. They further set out suggested procedures for calculations and reporting on these interests. It is recommended that the Board of Regents authorize the Endowment Officer to submit to Mr. Benjamin L. Bird of the law firm of Weeks, Bird, Cannon & Appleman in Fort Worth, who reviewed this problem in a tentative manner for the University in 1954 and who has advised the University on other Supplement U tax matters, that part of the opinion of Holme, Roberts, More & Owen relating to Federal income taxes for his comments. Holme, Roberts, More & Owen have expressed their approval of this procedure.

All tax returns will be reported to the Board of Regents for approval prior to filing, and it is hoped that a complete report and recommendations on the tax matters can be submitted at the next meeting, along with recommendations as to retention, sale or conversion of the various royalty and working interests in Colorado.

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

HOGG FOUNDATION: W. C. HOGG ESTATE - RATIFICATION OF DIVISION ORDER 3477 TO HUMBLE OIL AND REFINING COMPANY, JACK BECKHAM PRODUCTION COMPANY, HUGHES-GIBBS TRACT, CRANE COUNTY, TEXAS.--Pursuant to authorization granted by the Board, the Endowment Officer executed Division Order No. 3477 to Humble Oil and Refining Company, covering oil purchased from the Jack Beckham Production Company, Hughes-Gibbs Tract located in Crane County, Texas, with respect to the W. C. Hogg Estate's interest of 1/4 of 4/16 of 1/8. It is recommended that the Board ratify and approve this action.

HOGG FOUNDATION: VARNER PROPERTIES - REPORT OF EXERCISE OF LEASE OPTION BY T. J. BETTES COMPANY ON SPACE IN BETTES BUILDING (MITCHELL PROPERTY), HOUSTON, TEXAS.--The present lease with the T. J. Bettes Company on space in the Bettes Building (Mitchell Property) expires on July 1, 1957, with an option to renew for another period of five years from July 1, 1957, for the same rental of \$1,550.00 per month and upon the same terms, notice of the company's intent to exercise such option to be given to the University on or before January 1, 1957. On December 8, 1956, the T. J. Bettes Company notified the University by registered mail that the company exercised its option to renew and extend its present lease for another five years. This is presented for information to the Board.

HOGG FOUNDATION: VARNER PROPERTIES - AMENDMENT TO LEASE OF D. G. KURJIAN ON SPACE IN RIVER OAKS BUILDING, HOUSTON, TEXAS, TO CANCEL PROVISION FOR RENTAL RATE INCREASE.--The present lease with D. G. Kurjian on the space at 1102 Capitol Avenue in the River Oaks Building, Houston, Texas, for the operation of a sandwich and soft drink shop, is for a three-year term expiring May 31, 1958. The lease calls for monthly rental of \$250.00 for the first six months of the lease and \$300.00 thereafter. On December 3, 1955, the Board of Regents postponed the increase in rental to June 1, 1956, and on June 1, 1956, a further postponement was granted to December 1, 1956, both postponements being at the request of Mr. Kurjian who has stated that an increase in the rental would mean one of two things, either an attempt to try to sell out or of closing the shop and asking for a release on the location. Mr. Kurjian has again requested Postponement of the rental increase since his business does not justify payment of monthly rental of \$300.00.

In the light of the above circumstances and the advisability of keeping the tenant in the space, it is recommended that the present lease be amended so as to cancel the provision for rental rate increase and that the lease run to its expiration date at the rate of \$250.00 per month which is in line with other rentals in the building. It is further recommended that the Chairman of the Board be authorized to execute the amendment to the lease upon its approval as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

HOGG FOUNDATION: THOMAS E. HOGG ESTATE - PROPOSED JOINDER BY BOARD OF REGENTS IN RELINQUISHMENT AND SURRENDER TO INGLESIDE LAND COMPANY OF RIGHTS TO USE OF SURFACE OF CERTAIN TRACTS IN SAN PATRICIO COUNTY, TEXAS.--Mr. Wm. B. Ferguson has submitted a release and relinquishment instrument whereby Mrs. Margaret Wells Hogg as life tenant under the will of Thomas E. Hogg, Miss Ina Hogg, Mrs. Alice N. Hanszen, and the Board of Regents, Trustee of the Hogg Foundation: W. C. Hogg Memorial Fund as remainderman under the will of Thomas E. Hogg, with others as owners of all the oil, gas and other minerals under certain tracts in San Patricio County, Texas, would release, relinquish, and surrender unto Ingleside Land Company, their original grantor, certain rights to the use of the surface of the lands involved, for a total consideration in the sum of \$28,000.00. Ingleside Land Company has an option contract to sell its surface estate in these lands and must deliver such waiver by the mineral owners as part of the trade. It is possible that the option will not be exercised; in which case, the mineral waiver instrument would be null and void and of no effect. The interest of Mrs. Margaret Wells Hogg, as life tenant, and that of the Board of Regents, Trustee, as remainderman, in the subject property, is 1/6 of the total or a sum of \$4,666.67, payable to Mrs. Hogg in the event the transaction is finally consummated. Accordingly, it is recommended that the Board

of Regents approve joinder in the release and relinquishment instrument and authorize the Chairman to execute such instrument upon its approval as to form by the Land and Trust Attorney and as to content by the Endowment Officer.

MEDICAL BRANCH, THE DR. WALTER JUNIUS HILDEBRAND SCHOLARSHIP FUND - PROPOSED REDUCTION OF RENTAL FOR 1957 ON FARM LEASE TO MALCOLM GESCHEIDLE, GONZALES COUNTY, TEXAS.--The Hildebrand Scholarship Fund owns a 299-acre tract in Gonzales County, Texas, which is currently under a farming lease to Malcolm Gescheidle, the lease being for a term of one year beginning January 1, 1954, and ending December 31, 1954, at an annual rental of \$700.00, with an option to renew the lease from year to year at the same rental, payable \$350.00 on January 1 and \$350.00 on July 1. Either party may cancel the lease at the end of any year on thirty days' written notice. Mr. Gescheidle has requested that his rental for 1957 be reduced to \$600.00 in the light of the present drought conditions which have prevailed in that area for some time. It is recommended that the reduction to \$600.00 for 1957, payable \$300.00 on January 1, 1957, and \$300.00 on July 1, 1957, be granted by the Board of Regents.

HUNTINGTON LANDS - PROPOSED EXTENSION OF TIME FOR CLOSING SALE OF 120 ACRES, S. C. BUNDICK LEAGUE, TO J. C. FRENCH ET AL.--On September 22, 1956, the Board of Regents authorized sale of 120 acres of the Huntington Lands in the S. C. Bundick League, Galveston County, to J. C. French, R. W. Ramey, and O. B. Scribner, or their nominee, for \$1,000 cash per acre and authorized the Chairman of the Board of Regents to execute a contract of sale and deed. The contract of sale, under which the purchasers deposited earnest money of \$6,000 with the University, provides for closing the sale within 130 days from September 4, 1956.

Due to unexpected delays which they have encountered, the purchasers propose that the University extend the time for closing 60 days, making the time 190 days from September 4, 1956, and offer the University \$800 as consideration for such extension.

It is recommended that the Board of Regents accept the proposal for extension and authorize its Chairman to execute the appropriate amendment to the contract of sale when approved as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

HOGG FOUNDATION: W. C. HOGG MEMORIAL FUND - REPORT ON PENDING ACQUISITION BY TEXAS STATE BUILDING COMMISSION OF REVERSIONARY INTEREST IN PROPERTY ON CONGRESS AVENUE, AUSTIN, TEXAS, AND RECOMMENDATION REGARDING HANDLING OF LIFE INTEREST OF MISS MARY FITZHUGH (DOT) THORNTON.--On November 28, 1956, the Board of Regents authorized the University's joining with Miss Mary Fitzhugh (Dot) Thornton, who holds the life estate, in a proposal to the Texas State Building Commission that the University and Miss Thornton be paid the total sum of \$60,000 for their interests in the property between Thirteenth and Fourteenth Streets on Congress Avenue and further authorized the University's joining with Miss Thornton in accepting an amount of not less than \$58,000. The offer to deed the joint interests for \$60,000 was conveyed to the Building Commission, and a counter proposal of \$58,000 was made by the Commission. After brief negotiation, the Commission offered \$59,000, and the Endowment Officer has joined with Miss Thornton in accepting this offer.

Miss Thornton proposed to convey to the Board of Regents as Trustee of the Hogg Foundation: W. C. Hogg Memorial Fund her life interest in the property in exchange for an agreement by the Board as Trustee to pay her \$250 per month during her life, all payments and obligations under the agreement to cease upon her death. Miss Thornton's date of birth is April 11, 1882. Her income as life tenant under the present lease on the property which runs to 1971 is \$200 per month net, the lessee paying taxes, insurance, and maintenance costs.

The Board of Regents as Trustee would then convey to the State the entire fee interest in the property, subject to the lease now in effect, for \$59,000, and the proceeds would be credited to the endowment funds of Hogg Foundation: W. C. Hogg Memorial Fund and invested with other endowment funds in that

account. Monthly payments to Miss Thornton would be made from the income of Hogg Foundation: W. C. Hogg Memorial Fund.

It is recommended that the Board of Regents approve and confirm the acceptance of the proposal made by the Texas State Building Commission for purchase of the fee interest in the property for \$59,000, and that the proposal of Miss Thornton regarding her interest be accepted. It is further recommended that the Chairman of the Board of Regents be authorized to execute the deed to the State conveying the fee, both instruments to be approved by the Endowment Officer as to content and by the Land and Trust Attorney as to form.

HOGG FOUNDATION: VARNER PROPERTIES - REPORT ON STATUS OF FEDERAL SUPPLEMENT U INCOME TAX MATTERS, RECOMMENDATION FOR RATIFICATION OF CONSENT TO EXTENDING PERIOD OF LIMITATION ON ASSESSMENT OF ANY TAX DEFICIENCY FOR THE FISCAL YEAR ENDED JULY 31, 1953, AND RECOMMENDATION FOR ADVICE OF PRIVATE COUNSEL ON QUESTIONS RAISED BY INTERNAL REVENUE SERVICE.--After thorough study by the University staff and members of the Board of Regents and with advice from Mr. Benjamin L. Bird of the law firm of Weeks, Bird, Cannon & Appleman, the University Comptroller and Endowment Officer filed the following U. S. Exempt Organization Business Income Tax Returns, Form 990-T, with the approval of the Board of Regents: Return for Fiscal Year Ended July 31, 1953, with payment of tax in the amount of \$60,189.79 (Minutes of January 23, 1954); Return for Fiscal Year Ended July 31, 1954, with payment of tax in the amount of \$1,201.21 (Minutes of October 29, 1954); and Return for Fiscal Year Ended July 31, 1955, showing no tax due and marked as final return.

The University was contacted in November, 1955, by an agent in the office of the District Director of Internal Revenue, Austin, Texas, regarding the returns that had been filed. Certain additional information was furnished to the agent at his request at that time, and he later reported that he would be in touch with the University for a check of the accounting records. This was done late in 1956, and a deficiency assessment for the fiscal year ended July 31, 1953, in the amount of \$28,321.98 is being proposed in the agent's report being forwarded through Bureau channels. It was pointed out that the period of limitation for any deficiency assessment for that year would expire on January 15, 1957, and that unless the University consented to an extension of that period, it would be necessary to proceed without delay with the formal assessment. This would mean formal procedures through the Tax Court for any protest by the University. The Comptroller and Endowment Officer therefore signed for the University on December 20, 1956, a consent to extension of the limitation period on the 1953 Fiscal Year to June 30, 1958.

It is expected that examination of the return for the Fiscal Year ended July 31, 1954, will be completed during 1957 after further conferences regarding the points raised by the agent on the 1953 Fiscal Year. If the agent's objections stand, there will be some deficiency for 1954.

The final return covering the Fiscal Year ended July 31, 1955, was forwarded by the District Director of Internal Revenue, Austin, Texas, through channels to the Commissioner of Internal Revenue on May 17, 1956, for review and advice. A report is expected in the near future.

Further advice of tax counsel is needed for proper determination of the questions that have been raised; and it is recommended that the Endowment Officer be authorized, with the approval of the Comptroller, to submit the questions at issue to Mr. Benjamin L. Bird and request his advice and assistance in determination of appropriate recommendations to the Board of Regents, all legal fees to be approved by the Board of Regents prior to payment. It is further recommended that the Board of Regents ratify and approve the action of the Comptroller and Endowment Officer in signing the consent to extension of period of limitation for the return filed for the Fiscal Year ended July 31, 1953.

TEXAS WESTERN COLLEGE, COTTON ESTATE - RECOMMENDATION FOR APPROVAL OF FEE FOR APPRAISAL OF ESTATE ACREAGE IN CITY OF EL PASO.--So as to have current values available in the consideration of lease proposals and other matters affecting the acreage and for use in presenting a review of the Cotton Estate to the Board of Regents, President Holcomb of Texas Western College, with the approval of the Endowment Officer, has asked Mr. Wm. J. Elliott and Mr. J. C. Holmes, who are highly regarded appraisers in El Paso, to appraise the Estate's land in the Cotton Addition and adjoining area amounting to approximately 228 acres. The appraisers have submitted a fee of \$2,500 for their joint services, and it is recommended that the Board of Regents authorize payment of this fee from Cotton Estate income funds.

It is hoped that a complete review of the Cotton Estate, including data from the appraisal report, can be submitted to the Board of Regents at its next meeting.

HOGG FOUNDATION: VARNER PROPERTIES - PROPOSED EXTENSION OF LEASE TO MAXIM'S INC. ON SPACE AT 707-09 FANNIN STREET IN THE RIVER OAKS BUILDING, HOUSTON, TEXAS.--Maxim's Inc. holds a lease extended by the University in 1952 to expire on September 30, 1957, on the space at 707-09 Fannin Street covering 2800 square feet on the ground floor of the River Oaks Building at a rental of \$1,400 monthly. The tenant provides its own air conditioning. The tenant now proposes that the University extend this lease for seven years and requests a rental reduction, pointing out that additional expenditures for air conditioning and other improvements are necessary. Discussion of the matter with the tenant indicates that an extension of one year at the present rental will be acceptable, and it is recommended that the Board of Regents authorize this extension for one year at rental of \$1,400 monthly and that the Chairman be authorized to execute the instrument when approved as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

Respectfully submitted

REGENTS' LAND AND INVESTMENT COMMITTEE

Leroy Jeffers, Chairman

J. Lee Johnson, III, Member

J. R. Sornell, Member

C. W. Voyles, Member

APPROVED:

J. C. Dolley, Vice President for
Fiscal Affairs

Wm. W. Stewart, Endowment Officer

211/100

The items listed below on the Supplement to the Agenda were received in this office after the Material Supporting the Agenda was mailed.

The Material Supporting the Agenda for the permanent record will be rebound in order to include these late items.

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Final Copy

THE UNIVERSITY OF TEXAS
OFFICE OF THE PRESIDENT
AUSTIN 12

This is copy of resolution as finally adopted by Board.

January 11, 1957

FOR ACTION OF
Regents
SEE MINUTES OF
JAN 11 1957

The Board of Regents of The University of Texas and the Board of Directors of the Texas A. and M. College System are unequivocally opposed to any proposal for diverting increments of the Permanent University Fund to expendable income.

Any such proposal would abandon the fundamental endowment concept established by the citizens of the Republic and the State of Texas, and jealously guarded and adhered to by these Boards. Moreover, such action would nullify the recently expressed will of the people in their approval of Constitutional Amendment Three. The University and A. and M. Boards wholeheartedly supported Amendment Three, designed to increase the income of the Permanent University Fund without in any way altering its essential character or impeding its normal growth. As a corollary to this increased productivity, the University and A. and M. College Systems assumed full responsibility for all their future building needs. This assumption of responsibility, completely eliminating demands upon the General Revenue for permanent improvements for institutions, services and agencies of higher education in Texas, was predicated, however, on the continued unimpeded growth of the Permanent University Fund. Any proposal which interferes with this normal growth will place the University and the A. and M. System in an impossible position and necessarily thwart the achievements of the benefits inherent in Amendment Three.

Under Texas law, royalties from oil and gas leases are not a yield from the land, but are in essence proceeds from a sale of part of the land itself. The trustees of the University and of A. and M. would be derelict in their duty as guardians of public funds not to protest the abandonment of this basic concept in connection with the Permanent University Fund. Oil and gas reserves under University lands are "consuming assets." They exist in finite quantities, and when exhausted, there will be left only the relatively unproductive surface lands. Accordingly, revenues derived from these diminishing resources should be treated as a part of the Permanent University Fund in the same manner as proceeds from the sale of the surface lands.

The purpose of any proposal to divert increments of capital to expendable income will doubtless be that of providing relief to the taxpayers of Texas. This is certainly a laudable and appealing aim. To provide immediate tax relief by expending the major portion of all capital increases would, however, create an unconscionable burden upon the taxpayers of succeeding generations. If such a proposal as the one now being advanced had been put into effect in 1923, the value of the Permanent University Fund today would be \$32,470,000 instead of approximately \$265,000,000. For the last fiscal year alone, the loss in income would have amounted to almost \$6,000,000.

In contrast to the grasshopper in the old fable, who looked only to the present, the Regents of The University of Texas and the Directors of the A. and M. College System feel a strong moral obligation to weigh present expediencies in terms of long-range demands and consequences. Texas must not succumb to the temptation to expend its permanent endowment for current operations. Even in times of adversity, we need to be cautious about eating our seed corn; during times of prosperity, the folly of such course of action should be apparent to all.

The Board of Regents of The University of Texas and the Board of Directors of Texas A. & M. College System, by unanimous action of each Board, herewith state their unequivocal opposition to any proposal for diverting increments of the endowment fund, the Permanent University Fund, to expendable income.

Any such proposal would abandon fundamental concepts and basic principles established by the citizens of the Republic and State of Texas. Moreover, such action would substantially nullify the approval of Constitutional Amendment Three by Texas voters last November. The University and A. & M. Boards, supported by all the other public higher education boards, originated Amendment Three to increase the productivity of the Permanent University Fund without in any way altering its essential character or impeding its normal growth. Passage of Amendment Three completely eliminated demands on the General Revenue for permanent improvements for institutions, services, and agencies of higher education in Texas. This saving to the taxpayers, however, was predicated upon the unimpeded growth of the Permanent University Fund. Any proposal which interferes with the normal growth of the Fund necessarily thwarts achievement of the benefits envisaged in Constitutional Amendment Three.

Under Texas law, royalties from oil and gas leases are not a yield from the land but are in essence proceeds of a sale of the land itself. The trustees of the University and of A. & M. feel they would be derelict in their duty as publicly appointed guardians not to protest the abandonment of such a basic concept in connection with the Permanent University Fund. Oil and gas reserves under University lands are "consuming assets." They exist in finite quantities, and when exhausted, there will be left only the relatively unproductive surface lands. Accordingly, revenues derived from these diminishing resources should be treated as a part of the Permanent University Fund in the same manner as proceeds from the sale of the surface lands.

Aside from the prospect of eventual exhaustion of these oil and gas reserves, the consideration should not be ignored that new sources of energy and power (atomic and solar) may reduce the market value of oil and gas in the years ahead. Both sound conservatism and common sense dictate the wisdom of permitting the Permanent University Fund to undergo an unimpeded growth. The full development of this Fund must be allowed to go forward at least until such time as the investment income from it is adequate to underwrite necessary permanent improvements and operating funds for the University and for A. & M. College.

eliminate

An avowed purpose of any proposal to divert increments of capital to expendable income will doubtless be that of providing relief to the taxpayers of Texas. This is certainly a laudable as well as appealing aim. At this juncture, however, it might be appropriate to remind the citizens of Texas of the old fable of the grasshopper and the ant. To provide relief for the taxpayer of today by expending the major portion of all capital increases of the Permanent University Fund would create an unconscionable burden upon the taxpayer of succeeding generations. It would be as unfair to future generations as its adoption in 1923 would

have been to this generation. If such a proposal had been in effect since 1923, the value of the Permanent University Fund today would be only \$32,470,728 as contrasted to its actual value of approximately \$265,000,000. For the last fiscal year only, the loss in income would have amounted to almost \$6,000,000. In contrast to the grasshopper in the old fable, who looked only to the present, the Regents of The University of Texas and the Directors of the A. & M. College System feel a strong moral obligation to evaluate present expediencies in terms of long-range demands and consequences.

Texas should profit by the experience of other states. If the school lands originally belonging to them had been preserved as the Permanent University Fund has been preserved and protected, it is estimated that annual yields of these lands during recent years would have paid for all school construction in the various states. Texas must not succumb to the temptation to expend its permanent endowment for current operations. For every dollar diverted from the Permanent University Fund to expendable income, from three to four cents in interest is lost each year thereafter. Even during times of adversity, we need to be cautious about eating our seed corn; during times of prosperity, the folly of any such course of action should be apparent to all.

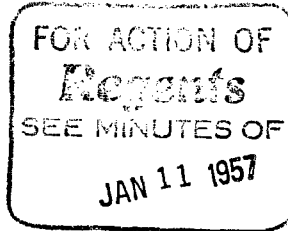
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January 8, 1957

Rec'd Jan 9, 1957.

January 7, 1957

Dr. C. P. Boner, Vice President
Main University
via
Mr. H. Y. McCown
Dean of Student Services



Recommended as amended
by Dean McCown.
C.P.B.

Dear Dr. Boner:

Upon the recommendation of Athletic Director D. I. Bible, the Athletic Council nominates Darrell K Royal as Head Football Coach for a period of five years, beginning January 1, 1957, at a base salary of \$16,000.00 plus \$1,500.00 allowance for a total annual compensation of \$17,500.00

Upon the recommendation of Head Football Coach Darrell K Royal, the Athletic Council requests the following appointments to the football coaching staff:

✓ James H. Pittman as Assistant Football Coach at a salary of \$9,500.00 on a twelve-month basis, beginning January 1, 1957, through December 31, 1957.

Mr. Pittman was born in Boyle, Mississippi, in 1925. He won four letters in high school football and doubled as a baseball star. Following his graduation, he served a two-year period in the Marine Corps before enrolling at Mississippi State. Between 1946 and 1950, Coach Pittman played four seasons as a fullback for Mississippi State and saw some action at center. After receiving his degree in the spring of 1950, he went to Carthage, Mississippi, High School as head football coach. In 1951, he was recalled by his alma mater to coach the freshman line and work with the recruiting program, a position he held for two years. In 1953, Mr. Pittman became offensive line coach. When Mr. Royal assumed the head coaching reins at Mississippi State in 1954, he kept Jim on the staff. When Mr. Royal became Washington's new mentor in 1956, his first staff selection was Jim Pittman as his offensive line coach. The big, genial coach, whose entire coaching experience has been with linemen, is a right-hand man to Coach Royal and his system. Mr. Pittman is 31, is married, and has two children.

✓ William ^{Mike} Campbell as Assistant Football Coach at a salary of \$8,000.00 on a twelve-month basis, beginning January 1, 1957, through December 31, 1957.

Born in Knoxville, Tennessee, Mike Campbell moved to Memphis, where he played fullback on the Memphis Central High School eleven. After graduation he enrolled at the University of Mississippi in 1941. His college career was interrupted by the war at the end of 1942, and he served as a bomber pilot in the European Theatre for three years. Mr. Campbell re-enrolled at the University of Mississippi in 1945 to complete his football eligibility, playing end as a junior and blocking back in his senior year, when the Rebels switched to the box formation. After receiving his degree, Coach Campbell went to the Gulf Coast Military Academy as football coach and remained for two seasons. In 1949 he moved on to Canton, Mississippi, High School, winning two conference championships, and in 1953 he went to Vicksburg, Mississippi, High School, where his teams continued to hold an upper hand over the opposition. Generally recognized as one of the outstanding high

Dr. C. P. Bener, January 7, 1957, page 2

coaches in the Southeast, Coach Campbell had a fine reputation for developing ends, a reputation which brought him all the way to the University of Washington to serve under Darrell Royal. Mr. Campbell is 31 years old, is married, has three boys--seven-year old twins and a five-year old.

✓ Raymond L. Willsey as Assistant Football Coach at a salary of \$8,000.00 on a twelve-month basis, beginning January 1, 1957, through December 31, 1957.

Coach Willsey was born in Regina, Saskatchewan, but moved to Santa Ana, California, where he played high school football. Following his graduation, he spent two and one-half years in the Navy. After playing two years at Santa Ana junior college, Mr. Willsey enrolled at the University of California in 1951. During the next two seasons, he shared the quarterbacking spot on Coach Lynn Waldorf's eleven with Billy Mais, and did double duty as a defensive halfback. Mr. Willsey won the distinction in 1952 of playing more minutes in Pacific Coast Conference competition than any other California player, going both ways under the two-platoon system. After leaving California, Willsey went to Edmonton, where his career as a quarterback blossomed. In all three years with the Edmonton team, he shared in league honors, being a Canadian all-pro selection and a member of the first East-West professional all-star game. During the 1953 season with Edmonton, Mr. Willsey was coached by Mr. Royal, who in 1956 selected Ray as backfield coach for the University of Washington. Mr. Willsey is married and has no children.

✓ Harold Jack Swarthout as Assistant Football coach at a salary of \$7,500.00 on a twelve-month basis, beginning January 1, 1957, through December 31, 1957.

Jack Swarthout was head football and basketball coach at Hoquiam, Washington, High School for nine years prior to his appointment to Darrell Royal's staff at the University of Washington. He is a native of Prosser, Washington, where he starred in football, basketball and baseball during the years of 1935-38. After graduation, Jack attended the University of Montana and lettered three years in football, playing left halfback. After receiving his degree in 1943, Coach Swarthout started his coaching career as the University of Montana's assistant football coach for a year before entering the army. Upon being discharged in 1946, he returned to his alma mater for graduate work and to become junior varsity football coach. In 1947, Jack went to Hoquiam, Washington, High School and remained there until 1956, when he went to the University of Washington. Mr. Swarthout is 32 years old, is married, and has four children.

One additional appointment to the coaching staff will be submitted by Coach Darrell Royal in the very near future.

Upon the recommendation of Head Football Coach Darrell Royal, the Athletic Council requests the following reappointments to the football coaching staff:

✓ Robert C. Schulse, as Assistant Football Coach at a salary of \$8,000.00 on a twelve-month basis, beginning January 1, 1957, through December 31, 1957. This reflects a \$200 increase in his salary.

✓ James C. Jones as Assistant Football Coach at a salary of \$6,500.00 on a twelve-month basis, beginning January 1, 1957, through December 31, 1957. This reflects an increase of \$500 in his salary.

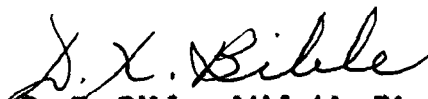
Dr. C. P. Boner, January 7, 1957, page 3

If these appointments and reappointments are approved, the salaries are to be paid from the funds of the Department of Intercollegiate Athletics.

Sincerely yours



O. B. Williams, Chairman
Athletic Council



D. X. Bible, Athletic Director

I recommend approval of the above appointments, subject to the following comments concerning the salary pattern of Darrell K. Royal:

Instead of the Athletic Council's proposal, I recommend that Mr. Royal's salary be fixed at \$17,500.00.

My reason for this suggestion is contained in the attached memorandum.

H. Y. McCown
Dean of Student Services



COPY

January 8, 1957

MEMORANDUM

To: Vice-President C. P. Boner

With reference to the change in the salary pattern of Mr. Darrell K. Royal, my reasoning is as follows:

We will have difficulty in justifying the "\$1500.00 allowance." The question posed will be, "An allowance for what?" Should we change it to read "\$1500.00 allowance in lieu of a house and utilities," there will still be questions, since the normal pattern in educational institutions is to furnish a house to the head administrative officer and not to the head football coach. Also, if the \$1500.00 allowance were approved, the Head Coach's allowance would be in excess of that of the Vice-President of the Main University.

I have discussed this matter with Vice-President Dolley and the Business Manager, Mr. Graves Landrum. We are all in agreement that it will be easier to justify the \$17,500.00 salary.

Dr. O. B. Williams, Chairman of the Athletic Council, says this method of salary payment is entirely agreeable to him. The Athletic Council broke the salary down as indicated in order not to exceed the \$16,000.00 base salary. However, when we were thinking in terms of \$16,000.00 base salary we had in mind a supplement from outside sources, which would have been in order. At the final meeting when Mr. Royal was employed, it was agreed that the entire salary would be paid from Athletic Funds, which eliminated the supplement proposal.

H. Y. McCown
Dean of Student Services

HYM:scj

*See Deliberations of Board 1957
& Executive Acting*

JAN 11 1957

January 7, 1957

Dr. C. P. Boner, Vice President
Main University
via
Mr. H. Y. McCown
Dean of Student Services

Recommended.
C.P.B.

Dear Dr. Boner:

Upon the recommendation of Athletic Director D. X. Bible, the Athletic Council requests permission to pay the expenses incidental to the moving to Austin of the household and personal effects of the individuals being appointed to the football coaching staff of The University of Texas. They are as follows:

Darrell K Royal
James N. Pittman
William Michael Campbell
Raymond L. Willsey
Harold Jack Swarthout

 (to be appointed)

Permission is also requested to pay the travel expenses of the above named individuals.

If these requests are approved, these expenditures will be paid from the funds of the Department of Intercollegiate Athletics.

Sincerely yours

O. B. Williams

O. B. Williams, Chairman
Athletic Council

D. X. Bible
D. X. Bible, Athletic Director

I recommend approval. It is my understanding that payment of travelling expenses and the moving of household and personal effects, in case of Mr. Darrell K. Royal and five assistant football coaches, is a condition of employment, i. e., a part of the employment contract. This is in addition to the salary agreement, which is covered in another document.

H. Y. McCown
Dean of Student Services

This was presented by Dr. Dolley at the meeting as an amendment to the program he had sent out prior to the meeting. 1/11/57.



BROKERS AND DEALERS
FOR ALL CORPORATE SECURITIES

FOR ACTION OF
Regents
SEE MINUTES OF
JAN 11 1957

Group I

"Full" members of the N.Y.S.E.

Those firms having one or more offices in Texas

Number -- 8

Of these 4 have requested consideration (to date).

Harris, Upham & Co.
Merrill Lynch, Pierce, Fenner & Beane
Salomon Bros. & Hutzler
E. F. Hutton & Co.

Policy:

- a.1. Put on approved list now those which have applied, each providing a quid pro quo in --
service and research
- b.2. Expect to put on the approved list each of the others as they --
apply, and
demonstrate service and research.

2. Group II

Those firms which serve as New York correspondents of Texas firms having membership on the N.Y.S.E. (but not floor privileges)

- a X. Put on the approved list those which have applied (both the New York and the Texas firm).

Dominick & Dominick

- (a) Dewar, Robertson, and Pancoast (San Antonio)
- (b) Underwood, Neuhaus and Co. (Houston)

Laurence M. Marks and Co.

- (a) Dittmar & Co. (San Antonio)

Kidder, Peabody & Co.

a. Rauscher, Pierce & Co. (Dallas)

Clark, Dodge & Co.

a. Rotan, Mosle & Co.

2. Expect to approve ~~the following~~ ^{as they apply} (both New York and the Texas firm) *may*

Goldman, Sachs & Co.

a. Eppler, Guerin, & Turner (Dallas)

Gregory & Sons

a. Dallas, Rupe & Son (Dallas)

Carl M. Loeb, Rhoades & Co.

a. Russ and Co. (San Antonio)

Dominick & Dominick

a. Schneider, Bernet, & Hickman (Dallas)

Group III

Those firms which have neither branch offices in Texas nor correspondent firms in Texas.

Number -- about 580.

Policy

Approve only as they apply and as they demonstrate exceptional research service

The number of these firms to be small

Firms now recommended for approval

- A. C. Allyn & Co.
- H. C. Wainwright & Co.
- White, Weld & Co.
- Lehman Bros.

FOR CORPORATE BOND OFFERINGS
SECONDARY DISTRIBUTIONS OF ELIGIBLE CORPORATE SECURITIES
AND TEXAS BANK AND INSURANCE SHARES

Group I

Texas firms having membership on exchanges other than N.Y.S.E.

Those which have applied

1. Equitable Securities Corp.

Expect to approve the following as they apply:

1. Austin, Hart, & Parvin (San Antonio)
2. Dallas Union Securities Co. (Dallas)
3. Fridley, Hess, & Frederking (Houston)
4. Rowles, Winston, & Co. (Houston)

Group II

Texas firms which from time to time underwrite national corporate offerings
but which own no stock exchange membership

Approve the only firm which has applied thus far

1. First Southwest Co. (Dallas)

Expect to approve the following as they apply:

1. Lovett, Abercrombie & Co. (Houston)
2. Crockett & Co. (Houston)
3. Eddleman-Pollock Co. (Houston)
4. R. J. Edwards, Inc. (San Antonio)
5. Wm. N. Edwards Co. (Ft. Worth)
6. Charles J. Eubank Co. (Waco)
7. Hudson, Stayart & Co. (Dallas)
8. Judson S. James & Co. (Dallas)
9. Lentz, Newton & Co. (San Antonio)
10. Harold S. Stewart & Co. (El Paso)
11. Barron McCulloch & Co. (Ft. Worth)
12. Moreland, Brandenberger, Johnston, & Currie (Galveston)
13. Moroney, Beissner & Co. (Houston)
14. Muir Investment Corp. (San Antonio)
15. Perkins & Co. (Dallas)
16. Keith Reed & Co. (Dallas)
17. Sanders & Co. (Dallas)
18. Texas National Co. (San Antonio)
19. Walker, Austin, & Waggener (Dallas)
20. Charles B. White & Co. (Houston)

JCD:jj
1/11/57

The following program was distributed to the members prior to the meeting January 11-12, 1957. Material presented at the meeting as an amendment is also included in this volume and so marked.

INVESTMENT PROGRAM FOR THE PERMANENT UNIVERSITY FUND
REVISED PURSUANT TO THE PROVISIONS OF H. J. R. 15
WHICH WAS APPROVED AT THE GENERAL ELECTION OF
NOVEMBER 6, 1956

Investment Requirements

I. Change in investment restrictions:

H. J. R. 15 --

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

Corporate bonds and stocks.

Remainder to be invested in --

Government bonds issued by --

The United States, State of Texas, and Texas Municipalities.

Real estate mortgage paper wholly guaranteed by an agency of the United States Government.

II. Nature of the Permanent Fund:

It is a perpetual endowment fund.

Principal cannot be expended for any purpose other than --

To purchase investment securities.

Trading profits and losses should be credited and charged to principal.

It follows that liquidity is not important in the selection of investment securities.

The size of the income return is very important --

Especially cash income as opposed to accumulating bond discount.

Being a permanent endowment fund --

The volume of switching transactions would normally be small.

Switches made only --

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

III. Investment objectives should be:

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

Emphasis on quality.

Minimum quality standards as to all but U. S. Government securities.

Continuous review after purchase.

Diversification, especially as to corporate securities.

B. High income return consistent with safety requirements.

(C. Marketability relatively unimportant.)

(D. Tax exemption of no value.)

Policies Governing Investment in Corporate Securities

- I. Purchasing is to be limited exclusively to corporate securities and guaranteed mortgage notes until the Permanent Fund distribution is as follows (the percentages are based on the book value--cost or amortized cost--of all securities purchased):

Government bonds (United States, State of Texas, and Texas Municipal)	50%
Corporate bonds (including rail equipment trust certificates).	5
Preferred Stocks	5
Guaranteed mortgage paper.	5
Common Stocks.	35

Any change in this policy or in the above distribution schedule requires specific approval by the Land and Investment Committee and subsequently by the Board of Regents.

- II. Funds for the purchase of non-government securities are to come from:

New money paid into the Permanent Fund from --

Royalties.

Bonus payments from sale of mineral leases.

Proceeds from government bond maturities.

It is not contemplated that any present government bond holdings will be sold in order to provide funds for the purchase of non-government securities.

However, such sales may be authorized by the Land and Investment Committee when government bonds can be sold advantageously.

- III. The attached list of minimum investment standards and the diversification pattern for corporate securities is approved.

- IV. To be eligible for purchase, securities must be issued by corporations which have been formally approved by the Land and Investment Committee and the Board of Regents.

- V. Corporate securities are to be purchased on the dollar averaging principle:

That is, when funds become available, securities are to be purchased without any attempt to appraise the short-term market trend.

- VI. With respect to corporate securities:

- A. As a general rule, stock rights received are to be exercised; but, in each instance, the decision will be made by the Staff Investment Committee.

- B. As a general rule, fractional shares are to be purchased or sold out fractional shares received from stock rights, stock splits, and stock dividends. In each instance, however, the decision to buy or sell will be made by the Staff Investment Committee.

- C. With few exceptions, voting stocks held are to be voted by returning proxies to present management. Exceptions require approval of the Land and Investment Committee.

Policies Governing Investment in Corporate Securities (Continued)

VII. The Endowment Office is authorized to purchase corporate securities within approved policies:

All such purchases are to be reported --

to the Land and Investment Committee and to the Board of Regents at the next following meeting.

However, sales of corporate securities require prior approval by the Land and Investment Committee and the Board of Regents.

Investment Standards to Determine Eligibility for Purchase

I. As to quality:

- A. Stocks issued by companies incorporated within the United States.
- B. Except bank and insurance shares, stock must be listed on a registered security exchange.
- C. Stock must have an unbroken dividend record over the preceding ten years.
- D. Issuer must be one of the leading corporations in its industry.
- E. Not more than 1% of the Permanent Fund may be invested at any one time in securities issued by any one corporation.
- F. Not more than 4% of the voting stock in any one corporation may be owned by the Permanent Fund at any one time.
- G. Corporate bonds must be rated A or higher by either Moody's or Standard and Poor's.
- H. The corporation must measure up to these minimum financial statement ratio standards. (These standards apply to initial purchase only. If, after purchase, a corporation should drop below these levels, the Investment Committee will decide whether or not to recommend sale of securities.)

1. Bonded debt to book value of total investment* --

Public utilities	-- not to exceed 5%.
Railroads	-- not to exceed 45%.
Industrials	-- not to exceed 30%.

*Total investment is fixed liabilities plus net worth.

2. Times bond service covered (before taxes) --

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

3. Net profit (after taxes) on book value of total investment --

Public utilities and financial corporations	-- average of at least 4-1/2% during past 5 years.
Railroads	-- average of at least 4-3/4% during past 5 years.
Industrials	-- average of at least 6% during past 5 years.

Investment Standards to Determine Eligibility for Purchases (Continued)

II. As to Price:

A. Except for "growth stocks," yields on corporate securities must exceed the prevailing yield on the longest term Treasury bond by the following minimum margins --

Corporate bonds -- 1/4%
 Preferred stock -- 1/2%
 Common stock -- 3/4%

B. Except for "growth stocks," the price-earnings multiple must not exceed --

15 for industrials and rails.
 20 for utilities and financial corporations.

Diversification Patterns

I. Size of Permanent Fund when diversification program is completed:

Assumptions --

Size of Permanent Fund

	<u>Millions</u>
On March 1, 1957 (all in governments)	\$276
Addition to August 31, 1957	14
Addition next 7 years at average annual rate of \$25 million	<u>172</u>
Total August 31, 1964	\$465
The above total invested in --	
Governments	\$276
Less maturities to August 31, 1964	<u>50</u>
Held August 31, 1964	\$226
Other securities	
All new money received to August 31, 1964	\$189
All government bond maturities to August 31, 1964	<u>50</u>
	\$239

If above program is realized --

the diversification pattern outlined below would be achieved during fiscal 1964.

When Permanent Fund reaches some \$450 million.

Diversification Patterns (Continued)

II. By types of securities--approximate eventual distribution when Permanent Fund reaches a total of \$450,000,000:

	<u>Per Cent</u>
1. U. S. Government securities, State of Texas Bonds, and Texas municipal bonds	50
2. Corporate bonds	5
3. Preferred stocks	5
4. Common stocks	35
5. Guaranteed mortgage paper	<u>5</u>
	100%

III. Corporate bonds (\$22,500,000)--assuming average investment of about \$1,000,000 in individual issues:

	<u>Issues</u>	<u>Per Cent</u>
A. Public utilities	(11)	50
B. Railroads (including rail equipment)	(2)	10
C. Finance companies	(3)	10
D. Industrials	(7)	<u>30</u>
		100%

IV. Preferred stocks (\$22,500,000)--assuming average investment of about \$1,000,000 in individual issues:

	<u>Issues</u>	<u>Per Cent</u>
A. Public utilities	(12)	50
B. Railroads	(2)	10
C. Industrials	(9)	<u>40</u>
		100%

V. Common stocks (\$157,500,000)

(The diversification pattern for common stocks is intended to serve as a general guide only. It is not expected that precisely the number of issues shown will be purchased and considerable variation in the amounts committed to individual issues is to be anticipated.)

A. Ultimate objective, i. e., when Permanent Fund reaches total of \$450,000,000 --

157 individual stocks owned.

Average commitment--about \$1,250,000 except financial companies where average commitment is about \$500,000.

Diversification Patterns (Continued)

V. Common Stocks (Continued):

B. Broad diversification program --

	<u>Issues</u>	<u>Per Cent</u>
1. Public utilities	(37)	30
2. Railroads	(4)	3
3. Financial	(54)	17
4. Industrial	(62)	<u>30</u>
		100%

C. Diversification of public utilities (\$47,250,000) --

	<u>Issues</u>	<u>Per Cent</u>
1. Light and Power	(27)	70
2. Gas service and gas transmission	(8)	20
3. Telephone and telegraph	(2)	<u>10</u>
		100%

D. Diversification of railroads (\$4,725,000) --

	<u>Issues</u>	<u>Per Cent</u>
By geographic area served and type of freight hauled	(4)	100%

E. Diversification of financial corporations (\$26,775,000) --
(Average commitment about \$500,000.)

	<u>Issues</u>	<u>Per Cent</u>
1. Banks	(27)	50
2. Fire and casualty insurance	(11)	20
3. Finance companies	(11)	20
4. Life insurance	(5)	10
5. Mutual funds (including closed-end companies)	-	<u>0</u>
		100%

F. Diversification of industrials (\$78,750,000) --

	<u>Issues</u>	<u>Per Cent</u>
Group I (Earning power stable) -- 35%		
1. Food and dairy products	(6)	10
2. Chemical products	(6)	10
3. Containers	(2)	3
4. Paper products	(1)	2
5. Merchandising	(1)	2
6. Tobacco products	(3)	4
7. Drugs, soaps, cosmetics	(3)	4

Diversification Patterns (Continued)

V. Common Stocks (Continued):

F. Diversification of industrials (Continued) --

	<u>Issues</u>	<u>Per Cent</u>
Group II (Some variation in earning power) --35%		
1. Air transport	(0)	1.
2. Building materials	(5)	8
3. Electrical equipment	(3)	5
4. Office equipment	(1)	2
5. Petroleum products	(6)	10
6. Synthetic fibres and textiles	(1)	1
7. Tires and rubber products	(1)	2
8. Automobiles and accessories	(4)	6
	<u>Issues</u>	<u>Per Cent</u>
Group III (Considerable variation in earning power) -- 24%		
1. Farm equipment	(1)	2
2. Manufacturing industrial machinery and equipment	(6)	10
3. Non-ferrous metals	(4)	6
4. Steel and iron	(4)	6
	<u>Issues</u>	<u>Per Cent</u>
Miscellaneous -- 6%	(4)	<u>6</u>

100%

To file
 VI. Diversification of guaranteed mortgage paper (\$22,500,000) --

2250 mortgage loans at an average of \$10,000 per loan.

Implementation of this part of the program to be developed later --

After employment of a competent mortgage loan officer.

Procedures

I. Changes in investment policies and in list of approved corporations:

A. Initiated by Staff Investment Committee --

1. Comprised of --

Vice President for Fiscal Affairs
Endowment Officer
Assistant to Endowment Officer
Senior Security Analyst

B. Reviewed by Investment Advisory Committee --

1. Comprised of --

Four members selected from the investment and trust department staffs of the larger commercial banks in Texas.

2. Selection procedure --

Recommended by Vice President for Fiscal Affairs --

and approved by Land and Investment Committee and Board of Regents.

3. Meetings -- quarterly beginning March 1, 1957.

4. Functions --

To advise Staff Investment Committee concerning their recommendations as to --

Changes in investment policies and procedures,

Changes in list of approved corporations, and

Security purchases and sales.

5. Consultant fees --

\$100 each per meeting attended.

II. Initial list of corporations approved for Permanent Fund investment:

A. Those corporations now on the approved list for Trust and Special Funds investment -- provided they are eligible under the specified investment standards.

B. Additional corporations to be recommended for approval --

As rapidly as they can be properly processed.

Procedures (Continued)

III. Purchase (and sale) of securities:

A. Persons authorized to place orders --

Vice President for Fiscal Affairs
 Endowment Officer
 Assistant to Endowment Officer

B. Orders placed --

Through broker and dealer firms on the approved list --

Substitute [With few exceptions, orders placed direct to the main office --]

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

In the case of unlisted securities --

Whenever practicable, two approximately simultaneous offers to be taken.

IV. Mechanical handling of securities purchased and sold:

A. Vice President for Fiscal Affairs is authorized to establish the most practicable procedures possible, after consultation with --

Appropriate University offices
 Attorney General's Office
 State Comptroller's Office
 State Treasurer's Office

Selection of Security Brokers and Dealers

I. Our objectives:

- A. To obtain sound information and advice.
- B. To get the best possible price.
- C. To obtain efficient handling of orders.
- D. To distribute the business fairly --

Among a limited number of firms which can render exceptional service.

II. Criteria for selection:

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

III. Selection procedure:

A. Recommended by Staff Investment Committee to --

Land and Investment Committee and Board of Regents.

Selection of Security Brokers and Dealers (Continued)

Revised list 73 by JCD

IV. Initial list of firms recommended for approval:

(Changes in this list will probably be frequent as knowledge of individual firms is gained.)

A. Common Stock --

General --

1. Merrill Lynch, Pierce, Fenner and Beane
2. Dominick and Dominick (Dewar, Robertson and Pencoast; Underwood and Neuhaus)
3. Clark, Dodge (Rotan, Mosle)
4. Harris Upham & Company
5. A. C. Allyn and Company
6. H. C. Wainwright and Company
7. E. F. Hutton and Company

Specialized --

1. White, Weld and Company (Chemicals)
2. Kidder Peabody (Banks)
3. Laird, Bissell and Meeds (Insurance)
4. Lehman Brothers (Oils)
5. Laurence M. Marks and Company (Utilities)

B. Preferred Stock --

1. Spencer-Trask
2. Equitable Securities Corporation

C. Corporate Bonds --

1. Salomon Brothers and Hutzler
2. First Boston Corporation
3. Elyth and Company

Investment Adviser Service

not approved
J. D. [Signature]

I. It is recommended that the firm of Lionel D. Edie and Company be retained as investment adviser --

For one year, beginning February 1, 1957, at a fee of \$7500 per year, payable quarterly in advance.

Fidelity Bonds

I. It is recommended that fidelity bonds in adequate amounts be purchased:

To cover those University employees who will be handling securities bought for the Permanent Fund --

Premiums to be paid by the Investment Office.

The University consultant on insurance, Mr. A. B. Massey --

To be requested to advise as to this coverage.

Audit of Permanent Fund

I. Consideration should be given to the possible desirability of requesting legislative approval:

For periodic annual audits of the Permanent University Fund --

By a competent public accounting firm.

This examination would be in addition to that provided by the State Auditor.

Revised Budget for Investment Office

I. It is recommended that the attached revision of the budget for the Investment Office for the current fiscal year be approved:

A. Approval to be effective February 1, 1957.

B. Source of funds for the additional \$42,086 to be the Available Fund Unappropriated Balance.

INVESTMENT OFFICE
(12 Months)

	Present Budget 1956-57	Revised Budget 1956-57 (Annual Rate)	Revised Budget 1956-57 (Actual Appropiation)
Vice President for Fiscal Affairs J. C. Dolley	-	-	-
Endowment Officer W. W. Stewart	\$12,500	\$12,500	\$12,500
Assistant to Endowment Officer M. E. Cook	5,880	7,500	6,825
Mortgage Loan Officer	-	10,000	5,834
Senior Security Analyst <i>M. J. Grove</i>	-	7,200	4,200
Security Analyst C. J. Crosson	-	6,168	3,598
Executive Assistant T. Lockwood	(6,168)	6,168	3,598
Administrative Secretary Mrs. R. K. Gray	3,648	3,840	3,760
Senior Secretary Mrs. T. G. Manske	2,892	3,024	2,969
Mrs. C. A. Atkinson	2,892	2,892	2,892
Secretary	-	2,892	1,687
	-	2,760	1,610
Investment Adviser Service	-	7,500	5,625
Consultant Fees (Investment Advisory Committee)	-	800	800
Special Equipment (to furnish new office space)	-	7,500	7,500
Office Clerical Assistants, and Travel Expenses	8,500	15,000	
Total	\$36,312	\$95,744	\$78,398

LA GLORIA OIL AND GAS COMPANY

THE DRISCOLL BUILDING P. O. BOX 779 CORPUS CHRISTI, TEXAS

JOHN F. LYNCH
PRESIDENT

December 21, 1956

FOR ACTION OF
Regents
SEE MINUTES OF
JAN 11 1957

Board of Regents,
The President,
Faculty Building Committee,
The University of Texas
Austin, Texas

Gentlemen:

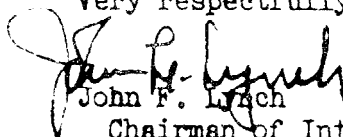
Since our Advisory Board to the Department of Petroleum Engineering was appointed on March 15, 1956, we have made a rather detailed analysis of the facilities available for that division. We have conferred with Dr. George Fancher and others of his staff, and with President Wilson. These conferences and discussions were held May, 1956.

As part of our program in advising the department, we also had three teams of prominent engineers from Humble Oil & Refining Company, Continental Oil Company and Magnolia Petroleum Company, who each spent an entire day in detailed inspection of the building and equipment and consultation with the staff. Each of these visiting teams prepared a report for transmittal to our Interim Committee. Subsequent to this, Dr. Fancher wrote a very complete report in November, 1956, which includes a full discussion of the work of the Advisory Board and also a discussion of all the activities of the Department of Petroleum Engineering.

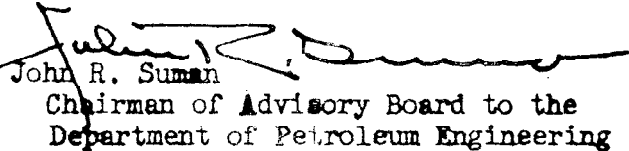
We strongly recommend that the remodeling of the fourth floor be done in accordance with plans, data and estimates from the office of the supervising architect of the University of Texas. The Advisory Committee will aid in any way that it can, and will continue to obtain the counsel of prominent engineers just as it did in the initial study.

If this project can be completed, it will be an important step toward making the Department of Petroleum Engineering outstanding, and that is the objective of the Advisory Board.

Very respectfully,


John F. Lynch

Chairman of Interim Committee


John R. Suman
Chairman of Advisory Board to the
Department of Petroleum Engineering

F-C

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THE UNIVERSITY OF TEXAS

Austin 12, Texas

See Deliberations of the Board

January 7, 1957

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JAN 11 1957

Vice-President C. P. Boner
The University of Texas

Dear Dr. Boner:

In compliance with the Regents' Minutes (Meeting No. 557, November 2 and 3, 1956, page 2), I sent a questionnaire to a number of Texas colleges to obtain information on their rodeo organizational set-up. The following is a resume of the replies received.

University of Arkansas: Has no rodeo team or club but students have shown some interest in rodeo.

Agricultural and Mechanical College of Texas: Has a rodeo team, known as the Texas Aggie Rodeo Association, which is affiliated with the National Intercollegiate Rodeo Association. Their Rodeo Association participates in Southeastern District meets, which include the states of Texas, Oklahoma, New Mexico and Louisiana. Due to the fact that A and M is an agricultural school, the Rodeo Association has received considerable institutional support and backing. However, they report that the program is now largely self-supporting and that the club will often net as much as \$2500.00 during the year. A and M requires each contestant, prior to a meet, to sign a waiver relieving the institution and the sponsoring organization of responsibility for injuries or damages of any kind. If the contestant is a minor, his parents or guardian must sign the waiver.

It appears that the Texas Aggie Rodeo Association has been very successful and has presented no serious problems to the institution. To give a more detailed picture, I am attaching a letter from the sponsors (Enclosure A) and a letter from the organizational advisor (Enclosure B).

Baylor University: Formerly had a rodeo team but it was disbanded several years ago.

Rice Institute: Has no rodeo club.

Southern Methodist University: Has no rodeo club.

Texas Technological College: The Rodeo Association at Texas Tech originally operated as a student organization but this type of management, with a faculty sponsor, proved to be incapable of handling the rather complex financial problems involved. As a result, the Rodeo Association now operates under the Rodeo Council, composed of the Dean of Men, two faculty members, one member of the Ex-Students' Association, one member of the Students' Association, and a faculty sponsor who serves as an ex-officio member. The Rodeo Council is responsible for its operation to the President of the College, just as the Athletic Council is. Their Rodeo Association is a member of the National Intercollegiate Rodeo Association and participates in regional meets.

Texas Tech has had some disciplinary problems in connection with their rodeo meets and as a result the Rodeo Association is now on probation. For further details I am enclosing a copy of their letter (Enclosure C).

Texas Christian University: Has a Rodeo Club which is a student organization. Their club has at times been a member of the National Intercollegiate Rodeo Association but not consistently. They hold a rodeo meet on one afternoon of Ranch Week. T. C. U. reports no serious problems in connection with their rodeo.

Vice-President C. P. Boner

January 7, 1957

Texas College of Arts and Industries: Has a Rodeo Club which is a recognized student organization and a member of the N. I. R. A. Interested friends helped to raise some funds to get the Club established. It is now largely self-supporting and has presented no serious problems. They have had some accidents, such as broken arms and legs.

Texas Western College: Had a Rodeo Club which died at the end of the last school year. The club failed due to lack of interest, lack of qualified rodeo contestants, and lack of financial support.

Sam Houston State Teachers College: Has a Rodeo Team which is a member of the N. I. R. A. and operates as a student organization. Their team has been very successful and apparently has presented no unusual problems. I understand that they have a national champion on their team.

Summary:

Summarizing the information from the various institutions, we find:

(1) Rodeo teams or clubs are normally recognized student organizations with a faculty sponsor. (Note: Texas Tech operates under a Rodeo Council similar to the Athletic Council because the student organization was unable to cope with the rather complex problems.)

(2) The clubs are usually members of the National Intercollegiate Rodeo Association and hold at least one local rodeo meet a year. Teams compete in District meets, --Texas, Oklahoma, New Mexico and Louisiana being in the Southeastern District.

(3) Rodeo clubs do not receive direct institutional support, though schools having a Department of Animal Husbandry may render some assistance, particularly the use of certain physical facilities.

Present Status of the Rodeo Club at the University:

University students interested in Rodeo (primarily Carey Crutcher and Bebe Moody) have received approval to reactivate the U. T. Rodeo Association as a recognized student organization with a faculty sponsor. I understand that they intend to call their club the "Charros." At the present time a special committee is studying the question of a rodeo meet during Round-Up this year. This committee will make its report to the Central Round-Up Committee in January. There are two major problems to overcome. First, where could a rodeo meet be sandwiched in the crowded Round-Up program without conflicting with some other scheduled event. (Note: We have worked hard to build up the Texas Relays and the Athletic people are very much opposed to a competing event while the Relays are being held.) Second, no suitable place on or in the immediate vicinity of the campus has been found which is available for a rodeo meet. In spite of the difficulties, based on my observations of Carey Crutcher, I would say that he will find a solution if there is one.

Sincerely yours,

H. Y. McCown
H. Y. McCown

Dean of Student Services

HYM:scj

Enclosures

DEPARTMENT OF GENETICS
December 12, 1956

Mr. W. D. (Pete) Hardesty
Department of Student Activities
Campus

Dear Pete:

This is in response to your request for information to assist you in answering Mr. McCown's letter of November 28 to Mr. Penberthy.

For many years the Saddle and Sirloin Club, the Animal Husbandry Technical Club, has held a fall rodeo in which all Aggies are eligible to participate. In 1949, with the organization of the National Inter-Collegiate Rodeo Association, our students with rodeo interests organized the Texas Aggie Rodeo Association as a local affiliate of N. I. R. A. Each spring this group holds an intercollegiate rodeo in which the participating teams are from schools in the southeastern district of N. I. R. A. The southeastern district includes schools in Texas, Oklahoma, New Mexico and Louisiana. The proceeds from the Saddle and Sirloin Club's fall rodeo are used to pay travel expenses of livestock, wool, and meats judging teams which represent us at various contests throughout the country during the school year. The proceeds from the T. A. R. A. spring rodeo are used to purchase sweaters and letters for qualifying rodeo team members and to pay expenses of our rodeo teams travelling to intercollegiate rodeos held by various schools in our district throughout the school year.

Answers to the specific questions in Mr. McCown's letter are enumerated below.

1. The Texas Aggie Rodeo Association, a student organization with a faculty advisor, is responsible for all our intercollegiate rodeo activity. Team members are chosen by secret ballot from the Association membership prior to each intercollegiate contest. There is no affiliation with our Intercollegiate or Intramural Athletics.
2. The program is largely self supporting. However, the Texas Aggie Rodeo Arena was built from funds allocated from our Exchange Store profits, the labor being supplied by members of the Saddle and Sirloin Club, many of whom were also members of T. A. R. A. Merchandise prizes (saddles, boots, belt buckles, etc.) for contestants are given by various firms in return for advertising.
3. Prior to each rodeo, contestants are required to sign waivers relieving the institution and the sponsoring organization of responsibility for injuries or damages of any kind. If the contestant is a minor, his parent or guardian must sign the waiver.

Enclosure A

Mr. W. D. Hardesty

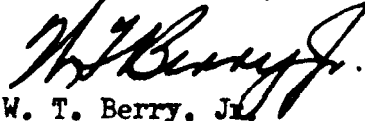
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December 12, 1956

4. T. A. R. A. is a member of N. I. R. A.
5. Our rodeo team competes in approximately six rodeos each year.
6. Our rodeos have good audience appeal, but we have been handicapped at times by rain which discouraged attendance.
7. Rodeo has presented no serious problems on our campus. The "C" average eligibility requirement has undoubtedly forestalled the development of certain problems we might have encountered had N. I. R. A. adopted scholastic eligibility requirements comparable to those for intercollegiate athletics.
8. We consider rodeo to be a very worth while sport. It has higher standards of sportmanship than any other sport. The "C" average eligibility requirement set by N. I. R. A., in our estimation, makes intercollegiate rodeo a more worth while sport than any of the other intercollegiate sports. It makes a significant contribution to the development of students interested in rodeo, who might otherwise become what we used to call "rodeo bums" and failures as students. Such cases were quite frequent before N. I. R. A. was organized, but we have not had such a case since 1949. An example of the high level of integrity and trust which prevails in intercollegiate rodeo is the fact that we use Ex-Aggies as judges in our intercollegiate rodeo and the official time keeper is the faculty advisor of T. A. R. A. Such a practice has never been questioned and is common at other intercollegiate rodeos also.

For more details concerning N. I. R. A. we are enclosing a copy of the rules, constitution and by-laws of the organization. The N. I. R. A. office is located in Brownfield, Texas this year.

Very truly yours,



W. T. Berry, Jr.
Faculty Advisor, Saddle and
Sirloin Club



Robert R. Shrode
Faculty Advisor, Texas Aggie
Rodeo Association

RRS/as

Enclosure

Enclosure A

AGRICULTURAL AND MECHANICAL COLLEGE OF TEXAS

COLLEGE STATION, TEXAS

Office of
STUDENT ACTIVITIES

December 14, 1956

Captain McCown
Dean of Student Services
The University of Texas
Austin 12, Texas

Dear Sir:

I have taken the liberty of going directly to the sponsors of our two rodeo clubs here at A. and M. and have asked them to give you their feelings concerning their individual clubs. In reviewing what they have said I feel that there is little that I can add except to say that the Department of Student Activities, of which I am a member, does counsel with the students in calling their attention to responsibilities concerning tickets, money and the rodeo script. We look forward each year to the rodeos and barring inclement weather a club will often net \$2,500 for their efforts.

May I caution you along one line, however. In the event that your club does decide upon having a rodeo and in the event that you do not know a stock producer, please contact us and we will be delighted to give you the names of some reliable men. Among the errors that we have made probably the most serious one has been in the line of paying the stock producer for the use of his stock. Currently, we share on a 50/50 basis; the producer furnishing stock and feed.

I hope that this information will help you and if we can be of any further service please call on me or either one of the sponsors of our rodeo clubs.

Very truly yours,

W. D. Hardesty,
Organizational Advisor

WDH/gd

Enclosure B

TEXAS TECHNOLOGICAL COLLEGE

LUBBOCK, TEXAS

December 10, 1956

OFFICE OF
DEAN OF STUDENT LIFE

Dean H. Y. McCown
Dean of Student Services
The University of Texas
Austin, 12, T e x a s

Dear McCown:

I have received your letter of November 28, which reached my office when I was away attending a meeting of the Executive Council of NASPA and the annual meeting of NIC in New York City. I give you herewith answers to the questions you raise about a Rodeo Association on the campus, in the order of your asking.

1. The rodeo team does not affiliate with our Athletic Council or intramural athletics. I have urged now for almost a decade that the Athletic Council recognize our rodeo team, without avail. The result was that it was sponsored formerly by the Rodeo Association, a recognized student organization, which found the management somewhat difficult and finally proved incapable of handling the rather complex financial problems involved.
2. This program receives no support from the institution, or as far as I know any significant aid from outside. It is financed almost entirely by the income from the local rodeo it holds, in which it was formerly assisted by a sister student organization, the Block and Bridle Club. Under the present set-up, under the newly established Rodeo Council, made up of the dean of men, two faculty members, 1 member of the Ex-Students Association, and one member of the Student Association, with the sponsor of the Rodeo Association serving as an ex-officio member, it is responsible for its operation to the president of the college, just as the Athletic Council is.
3. We have not had any serious problem as a result of its being a hazardous sport. The insurance program under which the National Intercollegiate Rodeo Association operates would seem to be a reasonable amount of protection against this very vulnerable area.
4. Our rodeo team is a member of the National Intercollegiate Rodeo Association.
5. The number of meets in which our team participates each year varies a good deal, though my impression is that it runs somewhere between six and ten.
6. In the past the rodeo has had a fairly good audience appeal, though it has been more of an area appeal than a college appeal. A lot of this has

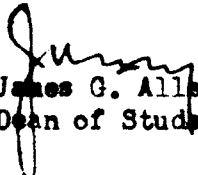
Enclosure C

been induced by parades and other fanfare, such as Western Days (which we now have done away with, at least temporarily).

7. We had a very particular problem two years ago when, in conjunction with Western Days, which started out as a promotional stunt to arouse interest and to increase attendance at the rodeo held on the campus for fund-raising to support the rodeo team, our student body got somewhat out of hand and the Rodeo Association attempted to raise additional funds through what gave the impression of being an unscheduled social event not meeting the requirements of the college. As a result it was put on probation for a year.
8. I find it a little difficult to answer this question. My common sense tells me from the quality of some of the students who have identified themselves with the activity that it does have some worthwhile qualities in it. I am not in a position yet to say whether or not some of the fringe aspects of the emphasis at Texas Tech are inescapably a part of having a rodeo team. I would like to hope that they are not. If some of the aspects less consistent with the best college experience could be eliminated, I am inclined to feel that it would be an acceptable student activity. We are now going through somewhat of a testing period to see for ourselves whether or not this is possible. In about two years perhaps I can answer the question a little better. In the meantime my reservations are in terms of our immediate experience, which has raised a very serious question with us as to whether or not we can so set up the rodeo team program here as to eliminate the aspects of our program in the past which have caused us so much concern.

I am pleased to have your letter of inquiry, and if I can be of any further assistance to you, please let me know.

Yours very truly,


James G. Allen,
Dean of Student Life

JGA:RJP

Enclosure C

TAX-FREE ALCOHOL PERMITS

FOR ACTION OF
Regents
 SEE MINUTES OF
 JAN 11 1957

Since the existing resolution granting authority for the handling of tax-free alcohol permits does not grant specific authority for the Business Manager of the Medical Branch and/or any other business manager of a component institution to execute power of attorney the internal revenue service will not accept the name of the Director of the Pharmacy Service to be substituted for the name of the Director in the Drug Room of the John Sealy Hospital, Medical Branch.

The following is a suggested minute order to take care of this request of Doctor Truslow, approved by President Wilson:

AMENDMENT TO RESOLUTION AUTHORIZING HANDLING OF TAX-FREE ALCOHOL PERMITS. -- A motion was made and seconded and duly adopted that the resolution adopted by the Board of Regents January 27, 1951, (Permanent Minutes, Volume X, Page 287) granting authority for the handling of tax-free alcohol permits at the Main University and various other component institutions of The University of Texas be amended in the paragraph numbered "2" by substituting the name of Mr. Robert L. Lantos, Director of Pharmacy Service, for the name of Miss Charlotte Reed Coleman, Director of the Drug Room in the John Sealy Hospital.

THE UNIVERSITY OF TEXAS — MEDICAL BRANCH
GALVESTON

85

THE SCHOOL OF MEDICINE
THE SCHOOL OF NURSING
THE TECHNICAL CURRICULA
THE POST-GRADUATE PROGRAM

THE JOHN SEALY HOSPITAL
THE CHILDREN'S HOSPITAL
THE PSYCHOPATHIC HOSPITAL
THE ROSA AND HENRY ZIEGLER HOSPITAL

December 17, 1956

FOR ACTION OF
Regents
SEE MINUTES OF
JAN 11 1957

PRESIDENT'S OFFICE, U OF T
ACKNOWLEDGED _____ FILE _____
REC'D DEC 20 1956
REFER TO _____
PLEASE ANSWER _____
PLEASE SEND BY RETURN

President Logan Wilson
The University of Texas
Austin 12, Texas

Dear President Wilson:

At the Board of Regents' meeting on January 26 and 27, 1951, a resolution was passed by the Board granting authority for the handling of "Tax-Free Alcohol Permits" at the Main University and the various component institutions of the University. The Board unanimously adopted the resolution as follows:

"It is hereby ordered by the Board of Regents of The University of Texas that the following named individuals, or their successors in office, shall perform the respective duties set out below in connection with the tax-free alcohol used for the various component institutions of The University of Texas:

.....

"2. For the Medical Branch at Galveston, Mr. E. N. Cappleman, Business Manager of the Medical Branch, is authorized as the agent of the Board of Regents to sign all documents required in connection with the application for and the issuance of permits for the delivery of tax-free alcohol; and Miss Charlotte Reed Coleman, Director of the Drug Room in the John Sealy Hospital, is authorized to have charge of and be responsible for the supply of alcohol and to sign all reports required as to the use of this alcohol at the Medical Branch (including the School of Medicine, the John Sealy College of Nursing, and the John Sealy and Affiliated Hospitals including the State Hospital for Crippled and Deformed Children and the Galveston State Psychopathic Hospital)."

On the basis of this resolution, we appointed Mr. Robert L. Lantos, Director of Pharmacy Service, to succeed Miss Charlotte Reed Coleman. This designation was denied by the Internal Revenue Service on the basis that the resolution did not grant specific authority for the Business Manager of the Medical Branch to execute Power of Attorney.

It is respectfully requested that the Board of Regents approve a resolution in the same form as was approved in January 1951, except that Mr. Robert L. Lantos, Director of Pharmacy Service, be substituted in place of Miss Charlotte Reed Coleman, Director in the Drug Room in the John Sealy Hospital.

Sincerely yours,

John B. Truslow
John B. Truslow, M. D.
Executive Director

APPROVED _____
President Logan Wilson

JBT:EDW:br

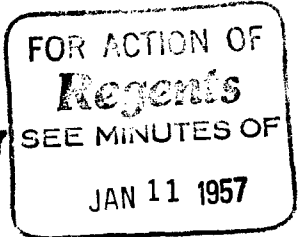
Return approved copies to: Dr. Truslow, Mr. E. D. Walker

RECORDED
Ed. Spangberg
CHARLES E. SPANGBERG, COMPTROLLER

THE UNIVERSITY OF TEXAS
OFFICE OF THE PRESIDENT
AUSTIN 12

86

January 7, 1957



Memorandum

To: Mr. Tom Sealy
Mrs. Charles Devall
Mr. Leroy Jeffers
Mr. J. Lee Johnson, III
Mr. Lee Lockwood
Dr. Marton M. Minter
Dr. L. S. Gates
Mr. J. R. Sorrell
Mr. Claude W. Voyles

I am enclosing for your study in advance of the meeting here this week a copy of the proposed full-time clinical faculty program dealing with salary augmentation at The University of Texas Medical Branch, Galveston. This document has just come to my attention and I have not had time as yet to give it careful study, but to avoid any delay in getting it to you, I am forwarding it now. As you know, this whole matter is on the agenda.

Logan Wilson

LW k
Encl.

cc: Dr. Melvin A. Casberg
→ Miss Betty Anne Thedford
Dr. John B. Truslow

THE UNIVERSITY OF TEXAS — MEDICAL BRANCH
GALVESTON

THE SCHOOL OF MEDICINE
THE SCHOOL OF NURSING
THE TECHNICAL CURRICULA
THE POST-GRADUATE PROGRAM

THE JOHN SEALY HOSPITAL
THE CHILDREN'S HOSPITAL
THE PSYCHOPATHIC HOSPITAL
THE ROSA AND HENRY ZIEGLER HOSPITAL

January 3, 1957

Miss Betty Anne Thedford
Office of the Board of Regents
The University of Texas
Austin 12, Texas

Dear Miss Thedford:

Enclosed is a copy of the proposed Full-Time Clinical
Faculty Program for The University of Texas Medical
Branch, Galveston.

Sincerely yours,

John B. Truslew
John B. Truslew, M. D. *mjs*
Executive Director

JBT/mjs

This is the Augmentation plan as sent or distributed to the members for the meeting January 11, 1957; however, not given to any member of the Board until day of meeting - Jan. 11. Only the basic features were adopted as reflected on the following item.

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I. Full-Time Clinical Faculty Program, University of Texas, Galveston

A proposal for presentation to the Board of Regents and the Legislature -

As revised, December 31, 1956

Far more important than the details of the proposal as they relate to the financial considerations of a clinical faculty salary program is the philosophy of this program and the application of this philosophy to the daily conduct of their professional lives. The proposed clinical faculty program is based on four general principles and seven specific regulations relating to full-time appointments:

General Principles

1. The patient and his welfare -- from the maintenance of health, the prevention of disease, thoroughness and accurateness of diagnosis, and therapeutic care to convalescence and recovery -- are the prime responsibilities of all physicians.
2. There are no complete physicians any more. We need each other as never before. There is no physician in teaching, research or practice who does not know through his own experience some segment of medical knowledge and experience incompletely known to others. It is our responsibility in the profession more than ever before to share this knowledge and experience, all of us, to the benefit of the patient.

3. In any walk of life, in any professional or technical discipline there are those more able than others to teach. These must be recruited and retained in medical education.
4. Full-time medical education and research is incompatible with the general practice of a specialty. The general practice of a specialty presumes a doctor's availability to his private patients in response to their urgent needs and convenience. Practice in the medical center is by appointment only and at the convenience of the doctor because his first responsibilities are to teaching and research.

Specific Regulations

1. Patients are to be seen in the John Sealy Hospital only on the basis of written referral (or oral referrals followed up by written referral letter) (a) from a licensed practitioner of medicine or (b) from a legal agent specifically seeking expert opinion. (Professional courtesy privileges are identical with those in practice). This definition excludes , specifically, contract practices, routine insurance examinations for industrial firms and the like, unless such patients are individually and specifically referred by the responsible physician. This definition specifically excludes referrals from individuals other than those licensed to practice medicine or dentistry (except (b) above). This definition embraces , however, all situations of emergency or near-emergency.

nature, rare situations compounded of factors of long distance and the existence of no family physician or the complicated problem of "changing family physicians"; and consultations within the medical center relating to the therapeutic procedure undertaken here or referred here, in these instances when the referring physician himself is not a member of the staff.

2. The effect of the referral letter as described above is only for the duration of the illness except that in such cases of prolonged illness (as refractory diabetes, recurrent malignancy and the like) follow-up care is specifically agreed upon by the referring physician.
3. Patient care to the point of diagnosis will be carried out expeditiously with special reference to acknowledgement of cost to the patient on the one hand, and appreciation of the referring physician on the other.
4. Therapeutic procedures or diagnostic studies and teaching consultations on other problems discovered or suspected shall be carried out only in the definition of emergency or to the extent specified in the referral letter -- pending direct communication with the referring physician.
5. ~~Direct communication with the referring physician~~ must be the rule rather than the exception during the course of diagnosis and therapy whenever such course diverges from the specifications of the letter of referral.

6. Patients are to be discharged specifically and promptly to the referring physician; and the letter describing the clinical course must be dispatched immediately. This letter must be an informative one and in its tone must presume the referring physician's interest in the patient and confidence in our capacity to contribute to the patient's care and to the physician's knowledge.
7. A committee of five appointed by the Executive Director annually will serve as supervisory body to full compliance with these regulations. Complaints from patients or physicians alleging departure from these regulations shall be studied and acted upon by this group.

II. The Philosophy Behind Specific Proposals for a Clinical Salary Augmentation Program - The University of Texas, Galveston

December 31, 1956

In the preparation of these proposals, clinical salary programs in effect at Southwestern, M. D. Anderson, Medical College of Virginia, University of Virginia, Rochester (N.Y.), Emory, Duke, North Carolina, Iowa, and Chicago have been studied carefully. Others, at Colorado, Louisiana State, Alabama, Florida, and California, have been discussed with appropriate officials from these medical schools.

Several general conclusions emerge from these studies and discussions. Most important factors in the success of these programs clearly effective educationally and satisfactory financially are:

1. Substantial base salaries from the Medical School budget; and a clear policy that the privilege of private practice in the Medical Center is not afforded as a source of income for the institution or as a primary source of income for any appointee.
2. A prevailing educational and investigative philosophy in the clinical faculty combined with a healthy and respectable attitude toward the practicing profession.
3. A faculty reputation among alumni and practicing physicians promoting confidence in the medical center programs and services, and pride in identification with any and all aspects of medical education.

Least important factors are the technical details of the plans. However, the institution of a formal program of any kind is far more easily achieved in a new medical center than in one with a long history of informal arrangements. The significant technical features of any clinical salary program in its augmentation details are determined by local conditions.

A. Base Salaries and Clinical Faculty Income

It has been the experience of medical education over the past twenty years in this country increasingly to appreciate that worthy income arrangements are necessary for the concentration in teaching centers of men and women of the calibre required to maintain a high standard of academic performance. Worthiness of income as applied to these appointments is measured in terms of reasonable security and incentive to sustain academic dedications and professional responsibility rather than in amounts such skills might command in the practice of medicine in the community.

Base salaries in the order of magnitude approved by the Board of Regents in June 1956 appear realistic currently in the field of medical education. Clearly they offer -- if implemented by appropriations -- a firm base for any of the several augmentation patterns now in operation in medical schools over the nation.

Augmentation, whether from private practice, grants or other professional sources, presumes certain conditions of faculty appointment -- regardless of the details of the plan. Most significant of these conditions is the full-time principle.

The full-time principle in clinical appointments whether strict or geographical, presumes full-time availability for the teaching of students and house staff, for the pursuance of investigative interests and for the ultimate responsibility for the care of teaching patients. It requires an office in the medical center and the concentration there of all professional interests, efforts and obligations.

Strictly full-time has come to be acknowledged as a self-imposed discipline, supported by administrative regulations, enabling the individual to concentrate his efforts upon teaching and research. Such regulations simply release such an individual from that obligation of private practice which transcends all others in the very nature of the doctor-private patient relationships, if he is to respond wholeheartedly to doctor-student needs, doctor-teaching patient needs, and his own research interests.

In the case of the geographical full-time appointee this definition is extended a little to permit certain faculty members to enjoy consultation practice, which describes an opportunity for the following three types of experiences and satisfactions:

- (1) To retain his skills as a physician in the area of the intimate doctor-patient relationship. Certain teachers are fearful of losing these skills, thereby jeopardizing their value as effective teachers and even to some extent the respect of their students and colleagues.

- (2) A full-time clinician interested in research relative to medicine must often be in practice in order to see enough patients to contribute significantly to his research experience and efforts.
- (3) It is in the nature of a limited number of skills (steadily decreasing in numbers as the years go on) that they be concentrated in a medical center. This is a factor not only in those clinical specialties dealing with relatively uncommon disease problems, but also of the dependence of many of these skills upon the types of facilities and laboratories supportable only in such a center.

As in the case of strictly whole time: scheduled class sessions, teaching rounds, teaching patient responsibilities are as exacting mistresses as the private practice of medicine for geographical full-time people. For this reason, the three areas defined above are to be limited to consultation practice as defined in a system of regulations to be accepted by all faculty members as a condition for inclusion in the Augmentation Program. These regulations, it must be emphasized, relate only to eligibility of the faculty member for the privileges and status of the appointment, and therefore enforceable only by medical school authority. As long as we believe in the free choice of physicians, a physician's skill cannot be denied, even by institutional regulations, to any patient except on the basis of self-determination alone - in this case by his acceptance of the conditions of his appointment.

B. The Faculty of Medicine and the Medical Community.

From time immemorial the medical profession has assumed responsibility for the maintenance and augmentation of a great tradition through recruitment, inspiration and training of each new generation in the profession. As in every walk of life, of professional or technical nature, there are in medicine relatively few more rich than others in the talents required for teaching. Such men and women gravitate toward teaching centers; too often they do not stay. Rare as they are, they deserve more reward than has been available in the past for their abilities to think out loud, describe problems and practices simply, understandably and effectively -- and for their qualities of skepticism and inquiry and their capacities to inspire, stimulate, and provoke others to emulate. Rare as they are, their most essential characteristic is love of teaching and research and a fortunate disposition to give the time -- sometimes dreary time -- to those efforts necessary to convey ideas from the mature mind to the learning one -- to those efforts designed to lead a student from Bachelorhood of the Arts or Sciences to marriage in perhaps the most exciting, exacting and humbling of professions.

Among the most brilliant, productive, and effective clinical teachers and investigators are as many who would be equally outstanding in practice as there are those for whom the academic life describes the optimum environment for their talents. For such people, the restrictive devices of many clinical augmentation programs are meaningless: Their hearts are in teaching and research, and any practice they enjoy simply enriches this experience.

It is for these that we seek respectable base salaries and for whom "ceilings" are determined by their own self-discipline rather than by regulation. To the extent that full-time faculty members are capable of expressing their own humility in the face of the staggering advances in medical knowledge, their genuine respect for the problems and the accomplishment of the practicing profession and their ultimate partnership with the profession in the total responsibility for medical education -- they will never want for adequate base salaries and true consultation practice and experience.

C. The Medical Community and its Medical Center

The luxury enjoyed by some medical center teachers in the contemptuous reference to the "L.M.D." disregards -- as most luxuries do -- the brittleness of its own nature. This LMD is, after all, the product of medical education! His experience, at least, is different from that at the medical center. While it is as often richer in the scale of human values as the professor's is in the balance of science these roles are so frequently switched we would do well to become better acquainted with each other! When we can freely acknowledge together that the most vocal professorial critics of their colleagues on faculties are a small minority of each group, and subject to persuasion, discount, or even discipline -- the matter of clinical salaries can be viewed in its proper perspective.

There are few physicians indeed who do not regard the medical school from which they graduated, and the medical school in their community or area as an institution of great potential value and pride to the profession.

Personalizing this, our colleagues frequently appeal to faculties in the areas of postgraduate-training, patient consultation, academic association.

Expecting a corresponding faculty interest, respect and concern for their welfare, professional services and the continuing education of their graduates, the profession seeks a closer relationship with the medical center. On the other hand, in the face of the astonishing advances of medical science there is a multitude of ways in which the profession can contribute to medical education -- of their experience, their resources and their patient problems. Few, indeed are the physicians in daily practice who do not see patients they would like to share with students or faculty at the medical school -- provided only that this "sharing" be possible on an educational basis alone. We would do well to seek ways of accomplishing these ends to the benefit of each new generation in medicine.

Learning is a continuous process. Teaching requires a special talent. Sharing experience in the care of patients can be accomplished without jeopardy to the doctor-patient relationship, to the patient's welfare (or pocket-book) or to the principles and philosophy of a good teaching program. Our problem is to discover some formulae to achieve these ends; but one of the first steps in this direction is to remove some practical obstacles.

Absolute income of medical faculties -- either net or gross -- is of no major concern to the practicing profession. Far more important is the anxiety of our colleagues in the medical community about three or four

aspects of medical centers practice which are widely interpreted as discriminating in the context of competitive practice. They focus on several which deserve individual discussion -- particularly the nature of consultations, the factor of overhead, the device of salary ceilings -- but the impact of these amounts to profound distrust of the institutions as a competitive practicing wolf in academic sheepskin.

1. The Nature of consultations is a very troublesome point. The problem probably arises more fundamentally in the relation of general practitioners to specialists than in the immediate segment of that relationship between the practicing profession and the medical faculty. The basis of the practice of medicine today is the family physician; and although it is becoming evident that an increasing segment of our population do not consider any single doctor as their "family physician", this remains a cultural pattern of fundamental importance in our society. Family physicians are for the most part the general practitioners in the community, but the internist and even the pediatrician in some areas (with respect to the children of the family), are emerging in this role. There are no complete physicians any more but at the same time there is competition for practice. Survival of the family physician as the worthy and professionally-qualified backbone of the profession depends primarily upon his acknowledgement that not infrequently he needs the help of specialists to meet the needs of patients in the light of

modern medical knowledge. Almost equally it depends upon acknowledgment by these specialists that they are only consultants, not rivals for that privilege of family relationship. The patient himself has a far greater responsibility than most have assumed. We firmly believe he has the right of free choice; but he must himself make the choice more unequivocally, more intelligently, and more communicatively than he has been accustomed to do! Able, conscientious and scrupulous general practitioners and specialists have been "strung along" by patients who choose not to infer either of the existence of the other!

2. The overhead question. In the practice of medicine the cost of running an office -- secretarial, technical and professional help, supplies and equipment, rent and insurance -- often approaches 25 to 40% of the income of that practice. From the viewpoint of our colleagues in practice there appear to be members of a faculty of medicine who in addition to the prestige of an academic title enjoy overhead privileges with respect to these items. In this view, their activity runs as much, if not more, to the general practice of their specialty rather than to teaching or research. It is therefore incumbent upon us to determine the validity of this viewpoint, either to correct our colleagues' impression, or to change our practices.

3. Salary ceilings create a curious problem. Designed and applied in medical centers over the country as a device analogous to a full-time salary simply impractical to achieve in educational budgets,

salary ceilings describe a limit to purely monetary ambition; and thereby are intended to favor truly full-time education and research. Likewise they are advocated to limit the competitive advantages of medical center positions. On the other hand, ceilings have come to be suspected as merely a device by which additional faculty can be supported, thereby multiplying faculty capacity for up-to-ceiling earnings aggregating considerably more than the single specialist without ceiling restrictions.

There may be other "practical obstacles" to achievement of these goals which medical practitioners and medical educators agree are desirable and essential to our profession. These need discussion and review constantly.

It is no more appropriate or effective for medical practice to prescribe the principles and forms of medical education than for faculties of medicine to lay down patterns for the practice of medicine. But as physicians together we have much to give each other. We hold in common a cherished responsibility to patients and a professional tradition to augment and to pass on from generation to generation.

Let us together resolve that communication amongst us shall henceforth be free and frequent, candid and complete, to the end that we continue to deserve the confidence and privilege our culture has ever granted the profession of medicine.

III. The Clinical Salary Augmentation Program

The Proposal as Amended December 31, 1956

A. Membership Requirements

1. Current appointment on the faculty, School of Medicine.
2. Acceptance of teaching assignments conforming to a teaching load ^{annually} reviewed and approved by department chairmen and the Dean of Medicine.
3. Written acceptance of General Principles and Specific Regulations
4. Acceptance of base salary and salary ceiling conditions
(See paragraphs A and B).
5. Initial nomination by procedures described below.
6. Licensure to practice medicine in the State of Texas.

B. Types of Membership

1. Strictly full-time appointments

a. <u>Salary scale</u> - Prof. & Chairman	- \$17,500	\$500 incentive
		increases every
Prof.	- 15,000	2 years shall be
		considered as
Assoc. Prof.	- 12,500	reasonably
		assured - subject
Asst. Prof.	- 11,000	however to admin-
		istrative
Instructor	- 9,000	recommendations*

* It is further recommended these be made retroactively at the inception of this program, on a similarly selective basis.

b. Private practice. No private practice shall be carried on for the primary purpose of increasing either individual or departmental income. Recognition must be given however, to the necessity of responding to exceptional pressures for professional consultation upon full-time appointees. These can easily be kept at a minimum; but in these few instances cannot be denied in patently urgent professional or political situations. Fees shall be deposited in a segregated (agency) fund within the Medical Branch of the University (see below).

c. Annuity

d. Perquisites - *perquisites*

The following shall be provided by the University (to the extent of space availability, etc.) to strictly full-time appointees, without cost to them.

One office and one other room - fully furnished and maintained.

Access to secretarial help, conference rooms, laboratory space

Telephone service (except personal)

Family hospitalization in a group plan (small fee)

2. Geographical full-time appointees

a. <u>Basic Salary Scale</u> - Prof. & Chairman	- \$15,000	\$500
		incentive
Prof,	- 12,500	increases
		every two
Assoc. Prof,	- 11,000	years shall
		be consid-
Asst. Prof.	- 8,400	ered or
		reasonably
		assured -
		subject how-
		ever to
		routine
		administra-
		tive recom-
		mendations.

b. The Ceiling Guide - The desideratum⁽²⁾ of a clinical faculty ceiling is simply a measure of regulation short of absolute restriction of income to serve as a guide for the maintenance of the whole philosophy of full-time appointments. Full-time faculty members join the staff primarily for purposes of education and research and not for the practice of medicine.

The ceiling guide here presented is an additional 100% of the base salary first step.

C. Other income sources.

(1) Private Practice (see pp 3 and 4, plus Specific Regulations)

Fees are the responsibility of the physician alone. Billing and collecting are his responsibility. He agrees, however, to report his professional income from practice and his costs, annually at the same time

as he makes his income-tax return. Any excess of adjusted gross income over his ceiling shall be deposited in the fund.

- (2) Research grants, consultant fees etc. - Generally on an annual basis, but occasionally on a fee-for-service arrangement, clinical faculty members in a School of Medicine are called upon by research grants, government and private agencies etc. for their skills in the resolution of a problem. Payment for these services shall be included in other income sources.

- (3) Annuity

- (4) Perquisites and Conditions

The following shall apply to geographic full-time faculty

- (a) The University shall provide (within the limits of available space) one office and one other room; and access to secretarial help for which a salary contribution may be made by the physician.
- (b) Telephone service - a private telephone must be installed and maintained by the physician.
- (c) Family hospitalization in a group plan - (small fee)

D. Initial Nomination to Membership

Subject to the approval of the President and the Board of Regents, all appointments to full-time clinical status will be made by the Executive Director; Full professors on the basis of consultation with all full professors in their respective departments.

E. The Clinical Practice Fund

An account shall be established in the Medical Branch to be known as the Clinical Practice Fund; an agency account to be administered under regulations established by the Board of Regents.

The major deposits into this Fund will be from professional fees from full-time faculty, and ceiling average from geographical full-time faculty.

Disbursements will follow the following general pattern:

- (a) Costs of administration of the Fund - not to exceed 15%.
- (b) Annuity payments?
- (c) The balance: to the Department in proportion to its contribution to the Fund.

F. Administration of Department Fund

Policies and procedures in the administration of these funds shall be established by the strictly and geographical full-time members of the respective department, who in the previous year contributed to the Fund, and the departmental Chairman ex officio.

Adopted by the Board ~~xxxx~~ 1/11/57/

BASIC FEATURES OF THE AUGMENTATION PLAN FOR
THE UNIVERSITY OF TEXAS - MEDICAL BRANCH

FOR ACTION OF
Regents
SEE MINUTES OF
JAN 11 1957

1. The present regental policy of requiring written referrals of all patients will be strictly adhered to under the proposed augmentation plan.

2. Like all other augmentation plans in effect throughout the nation, this Plan assumes the full-time principle, with substantial base salaries provided in the regular budget of the institution. The full-time principle in clinical appointments, whether strict or geographical, presumes full-time availability for the teaching of students and house staff, for the pursuance of investigative interests and for the ultimate responsibility for the care of teaching patients. It requires an office in the medical center and the concentration there of all professional interests, efforts and obligations.

Strictly full-time has come to be acknowledged as a self-imposed discipline, supported by administrative regulations, enabling the individual to concentrate his efforts upon teaching and research. Such regulations simply release such an individual from that obligation of private practice which transcends all others in the very nature of the doctor-private patient relationships, if he is to respond wholeheartedly to doctor-student needs, doctor-teaching patient needs, and his own research interests.

In the case of the geographical full-time appointee this definition is extended a little to permit certain faculty members to enjoy consultation practice, which describes an opportunity for the following three types of experiences and satisfactions:

- (a) To retain his skills as a physician in the area of the intimate doctor-patient relationship.
- (b) A full-time clinician interested in research relative to medicine must often be in practice in order to see enough patients to contribute significantly to his research experience and efforts.
- (c) It is in the nature of a limited number of skills (steadily decreasing in numbers as the years go on) that they be concentrated in a medical center. This is a factor not only in those clinical specialties dealing with relatively uncommon disease problems, but also of the dependence of many of these skills upon the types of facilities and laboratories supportable only in such a center.

As in the case of strictly whole time: scheduled class sessions, teaching rounds, teaching patient responsibilities are as exacting mistresses as the private practice of medicine for geographical full-time people. For this reason, the three areas defined above are to be limited to consultation practice as defined in a system of regulations to be accepted by all faculty members as a condition for inclusion in the Augmentation Program. These regulations, it must be emphasized, relate only to eligibility of the faculty member for the privileges and status of the appointment, and therefore enforceable only by medical school authority. As long as we believe

in the free choice of physicians, a physician's skill cannot be denied, even by institutional regulations, to any patient except on the basis of self-determination alone - in this case by his acceptance of the conditions of his appointment.

3. The base salary range envisaged for this Plan is the one approved by the Regents and set forth in the Legislative Request for the Medical Branch for the biennium 1957-1959.

4. The maximum professional earnings permitted a given individual under this Plan would in no instance exceed an amount equivalent to the state salary budgeted for that individual. Fees are the responsibility of the physician alone, as are billing and collecting. He must agree, however, to report his professional income and his costs annually at the time of filing his income tax return. Any excess over allowable ceiling shall be considered cause for transfer ^{of the individual} out of full-time status.

5. Membership Requirements

- (a) Current appointment on the faculty, School of Medicine.
- (b) Formal nomination by the administration and approval by the Board of Regents.
- (c) Acceptance of teaching assignments conforming to a teaching load annually reviewed and approved by department chairmen and the Director or his designated representative.
- (d) Written acceptance of General Principles and Specific Regulations.
- (e) Acceptance of base salary and salary ceiling conditions.
- (f) Licensure to practice medicine in the State of Texas.

This was presented at the Boardmeeting and revisions made are in red as finally adopted. The committee because of rejections will vary some but will appear in the minutes when finally completed.

THE UNIVERSITY OF TEXAS
Office of the President
Austin 12

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See deliberations of the Board

January 11, 1957

JAN 11 1957

Memorandum

To: President Wilson and Board of Regents
From: L. D. Haskeu
Subject: Selection of Members of Committee of 75 for the 75th Year

1. A few suggestions for deletions and additions to the list dated October 24 have been made by members of the Board of Regents. However, the total list still stands at 175 prospects and no progress has been made toward selecting the final 75.

2. It is important that final selection of the 75 be made at once.

3. To expedite that process we present herewith a "Nomination List" of 75 names selected more or less arbitrarily by this office from the revised slate. We append a "Reserve List" of 36 names to be used in filling vacancies of those who find it impossible to serve.

4. Comparison of the original slate with the recommended Lists will show the eliminations made, and furnish prospects for substitutions.

5. It is requested that final designation of an invitation list and a reserve list be made as soon as possible.

6. We attach a suggestive letter of invitation to be sent on behalf of the Board of Regents.

LDH:jj
Attachment

NOMINATION LIST
COMMITTEE OF SEVENTY-FIVE
JANUARY 11, 1957

<u>Name and Address</u>	<u>Occupation</u>	<u>Ex-Student</u>	<u>Senatorial District</u>
1. W. J. Adkins, Laredo	College President	37-41A	21
2. Theodore Andress, El Paso	Attorney	LL.B. 31	29
3. R. W. Armstrong, Ft. Worth	Railway Co.	No	10
4. John Ayres, Pt. Arthur	Newspaper Editor	LL.B. 23	4
5. Hines H. Baker, Houston	President Humble Oil	B.A. & LL.B. 17	6
6. Gen. J. M. Bennett, Jr. San Antonio	Chairman, National Bank of Commerce	B.A. 31	26
7. A. R. Bivins, Amarillo	State Board of Educ.	No	31
8. Richard W. Blalock, Marshall	Attorney	LL.B. 28	2
9. <i>Dr. L. S. Oates</i> _____		B.A. 20 M.D. 20	15
10. <i>A.M. (Swede) Swenson</i> _____ Swede	Rancher	B.B.A. 43	16
11. Ralph Bullington, Wichita Falls	Oil Drilling	B.B.A. 37	23
12. Waggoner Carr, Lubbock	Attorney	LL.B. 47	28
13. Amon G. Carter, Jr., Ft. Worth	Owner, Ft. Worth Star-Telegram	B.B.A. 46	10
14. Mrs. Neveille Colson, Navasota	Senator	37 & 43	5
15. Dr. H. Frank Connally, Waco	Physician	B.A. 34; M.D. 37	13
16. Landon H. Cullum, Wichita Falls	Ind. Oil Operator	08-11E	23

<u>Name and Address</u>	<u>Occupation</u>	<u>Ex-Student</u>	<u>Senatorial District</u>
17. Jack Curlin, El Paso	V.P. El Paso National Bank	B.B.A. 39	29
18. Leroy G. Denman, Jr., San Antonio	Attorney	B.A. 36; LL.B. 39	26
19. J. Conrad Dunagan, Monahans	V.P. First State Bank	32-33E; 35-37A	29
20. Dr. Kleberg Eckhardt, Corpus Christi	Physician	B.A. 30; M.D. 33	20
21. Judge James Elkins, [REDACTED], Houston	Chairman of Bank and Attorney	LL.B. 01	6
22. Stanley M. Erskine, Midland	Auto Dealer	25-28A	29
23. <i>Ruel C. Walker</i> Hon. W. St. John Garwood, Austin	Supreme Court of Texas	[REDACTED]	14
24. Harvey Gaylord, Ft. Worth	V.P. Bell Aircraft	No.	10
25. Dr. Van Goodall, Clifton	Physician	M.D. 33	12
26. Edwin Lee Gossett, Dallas	Chief Counsel, Bell Telephone Co.	LL.B. 27	8
27. The Very Rev. Vincent M. Harris Galveston	Roman Catholic Minister	No	17
28. W. V. Houston, Houston	Pres. Rice Institute	No	6
29. Ed Idar, Jr., McAllen	Attorney	B.J. 49	27
30. Bishop Everett H. Jones, San Antonio	Episcopalian Bishop	B.A. 22	26
31. Herman Jones, Austin	Attorney	B.A. & LL.B. 34	14
32. John T. Jones, Jr., Houston	Publisher	38-41A	6
33. Lawrence B. Jones, Dallas	Pres. Mosher Steel	B.S. 24	8

<u>Name and Address</u>	<u>Occupation</u>	<u>Ex-Student</u>	<u>Senatorial District</u>
34. Abraham Kazen, Jr., Laredo	Attorney	36-40	21
35. Dr. Robert W. Kimbro, Cleburne	Physician	M.D. 35	12
36. Robert J. Kleberg, Jr., Kingsville	Ranchman	No	20
37. Arthur L. Kramer, Jr., Dallas	Pres. A. Harris & Co.	B.F.A. 43	8
38. E. L. Kurth, Lufkin	Pres. Southland Paper	30-31B	3
39. Leonard F. McCollum, Houston	Pres. Continental Oil	B.A. 25	6
40. George L. MacGregor, Dallas	Texas Utilities Co.	B.S. 23	8
41. Dan A. McKnight, Rock Springs	McKnight Drug Co.	Ph.G. 34; B.S.inPh.34	25
42. Wales Madden, Amarillo	Attorney	B.A.50; LL.B. 52	31
43. Sherman A. Miles, Corsicana	Pres. Texas State Industrial Union Coun.	30-31	11
44. Hollis A. Moore, Tyler	Supt. Public Schools	M.A. 41, Ed.D. 47	7
45. John D. Moseley, Sherman	Pres. Austin College	LL.B. 40; M.A. 42	9
46. Mrs. E. C. Northen, Galveston	Insurance	No	17
47. Rabbi Levi Olan, Dallas	Rabbi, Temple Emanuel	No	8
48. N. R. Parsons, Ft. Worth	V.P. and Treasurer Community Public Serv.	B.B.A. 26	10
49. Dr. Herbert F. Poyner, Houston	Physician	B.A. 20	6
50. Charles Prothro, Wichita Falls	Oil Producer	B.B.A. 39	23
51. Smith P. Reynolds, Jr., Tyler	Reynolds Oil Interests	B.B.A. 49	7

<u>Name and Address</u>	<u>Occupation</u>	<u>Ex-Student</u>	<u>Senatorial District</u>
52. Tom Sealy, Midland	Attorney	LL.B. 31	29
53. Dr. Wm. Seybold, Houston	Physician	B.S. 36; M.D. 38	6
54. Gov. Allan Shivers, Austin	Governor of Texas	B.A. 31; LL.B. 33	14
55. Carroll D. Simmons, Houston	V.P. and Senior Trust Off., 1st City Nat'l Bk	B.B.A. & M.B.A. 24	6
56. John D. Simpson, Austin	Pres. Superior Dairies	No	14
57. Dr. Henry W. Stillwell, Texarkana	Pres., Texarkana Jr. Col.	B.A. 09; M.A. 19	1
58. P. K. Stubblefield, Victoria	V.P. Victoria Bank & Trust Co.	B.B.A. 36	18
59. L. P. Sturgeon, Austin	Texas State Teachers Association	sp50G	14
60. Gen. James E. Taylor, Austin	Exec. V.P. Texas Motor Transportation Assoc.	24-25	14
61. <i>Claude W. Youles</i> _____	_____	_____	8
62. Mrs. Margaret Batts Tobin San Antonio	Former Regent	14-17	26
63. Mrs. Ben F. Vaughan, Jr. Corpus Christi	Member U. of T. Dev- elopment Board	B.A. 33	20
64. Dr. Richard T. Weber, Austin	Dentist	No	14
65. William F. Weed, Beaumont	Pre-Fab Bldg. Supply	B.A. 25	4
66. C. C. Welhausen, Yoakum	Pres. Tex Tan	B.B.A. 20	15
67. R. L. Williams, Corpus Christi	Pub. Schools Supt.	M.A. 38; Ed.D. 43	20

	<u>Name and Address</u>	<u>Occupation</u>	<u>Ex-Student</u>	<u>Senatorial District</u>
68.	George Williamson, Jr., Jacksonville	Ind. Oil Operator	25-26B	3
69.	Mrs. Lemuel Scarbrough Austin,	Housewife	B.S. 23	25
70.	Dudley Woodard, Dallas	Pres. Southeastern Life LL.B.		8
71.	William H. Wood, Midland	Pharmacist	B.S. 48	29
72.	Don Wooten, Abilene	Wooten Grocery Co.	B.B.A. 46	24
73.	IMAHOGG Gas E. Wortham, Houston	Pres. Lougham Portland Cement company	08-10R: 11-12A	6
74.	David M. Warren Rev. M. Norvel Young, Lubbock	Panhandle Minister, Church of Christ	No	28
75.	Dr. H. A. Zappe, Mineral Wells	Dentist	D.D.S. 27	22

RESERVE LIST
COMMITTEE OF SEVENTY-FIVE
JANUARY 11, 1957

<u>Name and Address</u>	<u>Occupation</u>	<u>Ex-Student</u>	<u>Senatorial District</u>
1. E. G. Aycock, Ft. Worth	Attorney	LL.B. 33	10
2. J. H. Bain, Stockdale	Pres. Security St. Bk.	B.B.A. 23	19
3. Col. W. B. Bates, Houston	Attorney.	LL.B. 15	6
4. Warren S. Bellows, Jr., Houston	V.P. Bellows Const.	B.S. 39	6
5. Ben L. Bird, Ft. Worth	Attorney	LL.B. 31 44031	10
6. Julian Borschow, El Paso	Aaronson Bros.	47B	29
7. Mr. R. R. Bryant, Austin	Chairman, Brotherhood of Firemen and Engrm.	No	14
8. G. C. Butler, Bonham	Attorney	33-40L	9
9. M. C. Gonzales, San Antonio	Counsel for Mexican Consulate General	No	26
10. Charles F. Haas, Corpus Christi	Ind. Oil Operator	B.S. 41	20
11. Houston Harte, San Angelo	Newspaperman	No	25
12. George P. Hill, Ft. Worth	Oil Interests	B.S. 22	10
13. Mrs. Oveta Culp Hobby, Houston	Pres. Houston Post	No	6
14. Frank W. R. Hubert, Orange	Supt. of Schools	B.A. 38, M.A. 46, Ph.D. 50	4
15. Karl Kamrath, Houston	Architect	B. Arch. 34	6

<u>Name and Address</u>	<u>Occupation</u>	<u>Ex-Student</u>	<u>Senatorial District</u>
16. I. H. Kempner, Galveston	Banker	No	17
17. Rev. Walter K. Kerr, Tyler	Minister	M.A. 48	7
18. John W. McCullough, Galveston	Banker	No	17
19. A. G. McNeese, Jr., Houston	Banker	B.A. 33; LL.B. 37	6
20. Dr. J. T. McRee, Longview	Physician	22-25	2
21. Dan Moody, Austin	Attorney	10-14	14
22. William J. Murray, Jr., Austin	Texas RR Commission	B.S. 36; M.S. 37	14
23. Dr. Tom Oliver, Waco	Physician	30-34; M.D. 34	13
24. William B. Ruggles, Dallas	Newspaperman	07-10	8
25. James L. Shepherd, Jr., Houston	Attorney	B.A. 16; LL.B. 17	6
26. Byrd, Houston	Attorney	B.A. 27; M.A. 28	13
27. E. W. Smith, Lubbock	Banker	B.A. 38; LL.B. 39	28
28. Charles A. Spears, Sherman	Banker	B.B.A. 36	9
29. Bart Strayhorn, Rotan	Rancher	B.B.A. 48	24
30. Joseph C. Terrell, Ft. Worth	Insurance	B.A. 27	8
31. Ruel C. Walker, Austin	Texas Supreme Court	B.A. 31; LL.B. 34	14
32. Charles Wallace, Dallas	Magnolia Pet. Co.	24-30	8

<u>Name and Address</u>	<u>Occupation</u>	<u>Ex-Student</u>	<u>Senatorial District</u>
33. D. M. Warren, Panhandle	Banker	No	31
34. C. D. Williamson, Ft. Worth	Pres. and Manager Williamson Mfg. Co.	No	10
35. Dudley K. Woodward, Jr., Dallas	Attorney	B.A. 01	8
36. Toddie Lee Wynne, Dallas	Attorney	15-19	8

Analysis of Nominations

1. Age distribution: Below 30 -- 2; 30 to 45 -- 24; 46 to 60 -- 36; above 60 -- 13.

2. Ex-Student Status: 10 are not; 65 are.

3. Occupational distribution:

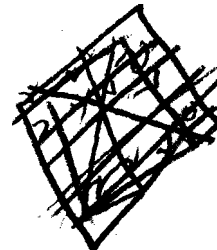
Attorney	9
Banker	6
Dentist	2
Distributor	7
Educator	7
Industrialist	9
Insurance	2
Legislator	3
Minister	4
Oil	7
Pharmacist	2
Physician	7
Publisher	3
Rancher	2
Miscellaneous	5

4. Senatorial District Distributions:

(1) 1; (2) 1; (3) 2; (4) 2; (5) 1; (6) 10; (7) 2; (8) 6;
 (9) 1; (10) 4; (11) 1; (12) 2; (13) 1; (14) 7; (15) 2; (16) 1;
 (17) 2; (18) 1; (19) 0; (20) 4; (21) 2; (22) 1; (23) 3;
 (24) 1; (25) 2; (26) 4; (27) 1; (28) 2; (29) 6; (30) 0;
 (31) 2.

(Suggestive Draft of
Letter of Invitation)

Date



Dear _____:

The calendar year 1958 is the 75th Anniversary Year of The University of Texas. This significant milestone is being employed as the occasion for charting the future of The University of Texas in its service to our state and nation. When the year is over we hope that the people of Texas can be presented with a realistic and attainable challenge for using the next twenty-five years to produce the University they should have.

To accomplish this end, the Board of Regents is appointing The Committee of Seventy-five, composed of seventy-five leading citizens of our state. This committee, after study and deliberation, will present its conclusions and recommendations to us, and from us they will go to the people of Texas.

We invite you to become a member of the Committee of Seventy-five. While we do not know any higher honor we can bestow than this invitation, we must tell you that its acceptance means ^{some} hard work and personal sacrifice on your part. It is an invitation to public service of the highest order.

The Committee of Seventy-five will be concerned with the entire University of Texas System. Its first meeting will occur in March or April of this year. We confidently expect that its work will mean the dawn of a new era for one of our state's greatest assets.

We do hope you can accept our invitation. May we hear from you by _____?

Sincerely yours,

/s/

Tom Sealy, Chairman
The Board of Regents

TS:

(Tentative Draft
Enclosure with Letter of Invitation)

THE COMMITTEE OF SEVENTY-FIVE
AND
"A UNIVERSITY OF THE FIRST CLASS"

Background. The University of Texas belongs to the people of Texas. Their representative for management of the University is, under the general direction of the Legislature, the Board of Regents.

Periodically, it becomes necessary for the managers of any public enterprise to ask the proprietors of that enterprise to take a careful look at it, to re-appraise its potential, and to set for it the goals it should attain. As The University of Texas enters the final quarter of its first century, faced with opportunities and with problems, the time is ripe for realistic and sober re-appraisal by the citizens of the state.

The Board of Regents has adopted plans for bringing about that re-appraisal as the major undertaking of the 75th Year of the University. Actually, the re-appraisal and planning will commence early in 1957, and come to final stages by the end of 1958. Many advisory groups of citizens, the Ex-Students' Association, the University Development Board, the faculty, and students will be engaged in producing information, studying problems, considering feasible goals.

To bring to summary and to focus this widespread activity, the Board of Regents is appointing The Committee of Seventy-five, composed of a cross-section of leading citizens of the state.

Work of the Committee of Seventy-five. This committee is investigative, deliberative, and advisory through recommendations to the Board of Regents and the people of Texas. It is requested to look, first, at the mission of The University of Texas -- what that mission currently is and what it should be. It should look at levels of performance -- both the present ones and the ones which should be attained. Particularly, it should advise upon the caliber of institution the State of Texas needs and has a right to expect as the state university. Finally, it is asked to suggest the conditions which should prevail for the goals it sets to be achieved over the next twenty-five years.

It is contemplated that the Committee of Seventy-five will need to meet five or six times. It will outline major lines of inquiry, and its procedural steps. For the most part, the information it wants can be collected by the 75th Year staff, but some investigations by subcommittees of its membership may be in order.

After the Committee has chosen its major lines of endeavor, the staff and Steering Committee of the 75th Year will proceed with establishment of other study groups, each of which will deal with some phase of the University's program or possibilities. Many of these groups will involve lay citizens. As these groups produce informational material and, later, suggestions for goals this material will be furnished to the Committee of Seventy-five. All recommendations from such groups will be addressed to

the Committee of Seventy-five. The only final recommendations will be made by that Committee. (Doubtless, the Committee will want to pass on to the Board of Regents and the University Administration many reports "for information".)

It is hoped that one tangible outcome of the Committee of Seventy-five's deliberations will be a brief, easy-to-read, convincing statement or "Charter" for The University of Texas which can be used as a guide and as a rallying-point through the next twenty-five years of progress.

Other 75th Year Activity. The 75th Year observance will have ceremonial aspects, informational activities, and many public functions. The Committee of Seventy-five will not be imposed upon to manage any of these. A 75th Year Steering Committee and an Executive Director (Mr. W. D. Blunk) are administratively responsible for execution and coordination of all undertakings. The Committee of Seventy-five has one big job to do, and will be left free to do that.