

Austin, Texas, October 29, 1954
Meeting No. 543

The Board of Regents of The University of Texas met in regular session in the Office of the President of The University of Texas at 10:30 a.m. on Friday, October 29, 1954, with the following present: Regents Sealy, (Chairman), Warren, (Vice-Chairman), Jeffers, Lockwood, Sorrell, Tobin, and Woodward; President Wilson and Secretary Thedford. Regents Oates and Voyles were absent.

REFERENDUMS FOR MEMBERS OF RETIREMENT SYSTEMS.--President Wilson reported to the Board that the 1954 amendments to the Social Security Law provide that employees of the State of Texas who have previously been excluded from coverage under Federal Social Security because of their membership in the Teacher Retirement or the Employee Retirement Systems of Texas may be covered in the future under certain conditions. The first of these conditions which must be met is that referendums must be held under the supervision of the State. Not less than ninety-days' notice of the referendums must be given to all eligible employees. Upon recommendation of President Wilson and on motion of Mr. Sorrell, seconded by Judge Woodward, the Board authorized President Wilson to arrange with the proper state agency for referendums to be held among those employees of The University of Texas who are members of the Teacher Retirement System of Texas or the Employees Retirement System of Texas (either on a system basis or a component institution basis as may be decided or required), as provided in the amendments to Section 218 of the Social Security Act, Public Law 761, 83rd Congress of the United States.

The Board of Regents resolved itself into a Committee of the Whole.

MEDICAL BRANCH

ADDITIONAL APPROPRIATIONS UNALLOCATED SALARIES AND UNALLOCATED MAINTENANCE, EQUIPMENT, ETC. FROM ESTIMATED INCREASED REVENUE, MEDICAL BRANCH.--President Wilson presented to the Board a letter under date of October 15, 1954, addressed to him from Doctor Chauncey D. Leake, Doctor G. A. W. Currie, and Mr. E. N. Cappleman. (A copy of this letter had been forwarded to each member of the Board prior to the meeting, and a copy is on file in the Office of the Secretary of the Board.) This communication advised that 15 additional hospital ward beds for obstetrical cases had been opened on September 15 and that 15 additional beds for psychiatric patients had been opened on October 25; that these extra beds had been added without exceeding the budget of the Nursing Service with the exception of four non-professional nurses whose salaries for the remaining months of the fiscal year would be approximately \$6,000; that the estimated increase of revenue from these facilities in a total amount of \$63,020.00 would be derived as follows:

	Number of Beds	Daily Revenue Per Bed	Total Daily Revenue	No. of days to 8-31-55	Total
Obstetrical Beds:					
Private	2	\$12.00	\$24.00	350	\$ 8,400.00
Part-pay	6	8.00	48.00	350	16,800.00
Charity	4	-	-	350	---
Unoccupied	3	-	-	350	---
	<u>15</u>	<u>\$20.00</u>	<u>\$72.00</u>	<u>350</u>	<u>\$25,200.00</u>
Psychiatric Beds:					
Private	8	\$12.75	\$102.00	310	\$31,620.00
Part-pay	4	5.00	20.00	310	6,200.00
Charity	2	-	-	310	---
Unoccupied	1	-	-	310	---
	<u>15</u>	<u>\$17.75</u>	<u>\$122.00</u>	<u>310</u>	<u>\$37,820.00</u>

This letter asked for approval of one of the following two recommendations:

1. Authorize the \$63,020.00 shown on the above schedule set up on the Medical Branch books as an addition to the Estimated Income account for Hospital Collections and further as an addition of \$31,020.00 to the appropriation for Unallocated Salaries and as an addition of \$32,000.00 to the appropriation for Unallocated Maintenance, Equipment, Etc.

2. Authorize the \$63,020.00 indicated above set up on the Medical Branch books as an additional appropriation of \$31,020.00 to the Unallocated Salaries account and as an additional appropriation of \$32,000.00 to the Unallocated Maintenance, Equipment, Etc. account, with the charge not made to the Estimated Income Account for Hospital Collections, but made to the "Reserve of Income Estimates" account authorized by the Board of Regents at the September 17, 1954, meeting.

A general discussion ensued. Doctor Currie came before the Board and reiterated the need for this additional allocation. It was definitely pointed out that this money is actually needed to open the Fifth Floor of the Private Pavilion and to maintain the beds that have been added.

Upon motion of Mr. Sorrell, seconded by Judge Woodward, the Board authorized that the \$63,020.00 shown in the first item on the preceding schedule be set up on the Medical Branch books as an addition to the Estimated Income account for Hospital Collections and further as an addition of \$31,020.00 to the appropriation for Unallocated Salaries and as an addition of \$32,000.00 to the appropriation for Unallocated Maintenance, Equipment, Etc. (See SECRETARY'S FILES, Vol. II, Page 3)

CENTRAL ADMINISTRATION AND MAIN UNIVERSITY

CREATION OF ACCOUNT FOR FURNITURE AND EQUIPMENT FOR OFFICES IN THE MAIN BUILDING; APPROPRIATION FROM AVAILABLE UNIVERSITY FUND.--President Wilson discussed with the Board the furnishings needed for the offices in the Main Building and stated that \$7,012.00 is a conservative estimate of the cost of new furniture needed for the quarters of the new University officials under the administrative reorganization. The concern of the Board was that the furniture to be purchased be adequate and in keeping with the usable furniture already in the office.

Upon motion of Judge Woodward, seconded by Mr. Lockwood, the Board as a Committee of the Whole and in accordance with the authorization on Page 3 of the Minutes of September, 1954, appropriated from the Available University Fund an amount of \$7,012.00 to be known as an account for Furniture and Equipment for Offices in the Main Building.

CENTRAL ADMINISTRATION

SPACE FOR REGENTS.--At this point, Judge Woodward advanced the idea that in the reorganization some space in the Main Building should be set aside strictly for the Regents, a place where they might have conferences without having to interfere with work in the President's Office. President Wilson stated that he had in mind assigning Room 209, which is the room east of the Regents' Room, for that purpose.

SECURITY REGULATION, DEPARTMENT OF DEFENSE RE CLASSIFIED MATERIAL.--President Wilson explained to the Board the security regulation of the Department of Defense for all persons who have access to classified information. Whereupon the Board declared, upon motion of Mr. Sorrell, seconded by Mrs. Tobin, that the Board would not require access to the classified information of the Department of Defense at the University.

CHANGE IN POLICY, EMPLOYMENT OF FOREIGN NATIONALS ON GOVERNMENT RESEARCH CONTRACTS.--In view of the fact that the agencies named in the policy prohibiting employment of foreign nationals without the express approval of the Board of Regents unless the individuals had had previous clearance by the FBI or equivalent agencies as far as communist and other subversive activities were concerned, as was adopted by the Board of Regents at its meeting April 23, 1953, are not in position to make any certification as to loyalty of foreign students, President Wilson recommended that the policy be changed to read:

Where these contracts do not otherwise prohibit such employment, a foreign student may be employed upon certification by the Director of the International Advisory Office that he has examined the student's visa and found it to be in order and has ascertained that the student has the approval of the Immigration authorities to accept such employment.

The Board adopted this recommendation upon motion of Judge Woodward, seconded by Mr. Sorrell.

MEDICAL BRANCH

COLLECTION AND DISPOSITION OF CERTAIN FEES FOR PROFESSIONAL SERVICES, MEDICAL BRANCH.--President Wilson reported that Judge Scott Gaines had reviewed the policy concerning professional services at the Medical Branch and had given an opinion thereon. Based on the opinion of Judge Gaines, President Wilson recommended and the Board, upon motion of Mr. Jeffers, seconded by Mr. Lockwood, amended the resolution adopted at the Regents' meeting February 27, 1954, (which is reflected on Page 493, Volume I, of the Permanent Minutes) to read as follows:

It is resolved that if members of the staff of The University of Texas Medical Branch agree in writing to donate their professional services for care of patients referred to them or the hospital by the State Commission for the Blind and The University of Texas Medical Branch Workmen's Compensation Division, it is agreed that funds derived from payments of these professional services will be deposited in Current Restricted Funds in the Business Office at the Medical Branch. Expenditures from such funds will be made upon authority of the chief of the service rendering the professional service or a person designated by him. These expenditures will be made for the furtherance of teaching, research, or service facilities of the department including reasonable per diem rates for travel expenses.

This resolution is in recognition of the fact that this service is not necessarily related to the teaching, research, and service responsibilities of the professional appointment.

The Board, upon a motion made and duly seconded, ordered that the policy adopted at the Regents' meeting on February 27, 1954, be amended in accordance with the above resolution, and be signed by faculty members involved and placed on file in the Business Office of the Medical Branch.

MAIN UNIVERSITY

CONVAIR'S OFFER, NUCLEAR REACTOR PROPOSAL.--President Wilson called to the attention of the Board that the University had been approached by Consolidated Vultee Aircraft Corporation on the matter of a Nuclear Reactor Project and had expressed the desire to take the initiative in raising the money to build a reactor at the University. He stated that the Officers and Directors of General Dynamics Corporation are willing to pledge their wholehearted aid in developing the necessary funds for the reactor proper and for a nuclear research and training program lasting a minimum of five years. It is contemplated that after

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five years the reactor would be self-supporting through industrial and other research contracts. President Wilson stated that it would take \$1,000,000.00 to build this reactor and he thought it an opportunity to get a worthwhile project without spending University funds for it or for the beginning of its operation.

Upon motion of Mr. Sorrell, duly seconded, the Board expressed the approval of the offer of Convair.

Chairman Sealy asked President Wilson to express to Consolidated Vultee Aircraft Corporation the Board's appreciation for Convair's offer to build a reactor and to express deep appreciation for the University of Texas' being the recipient thereof.

CENTRAL ADMINISTRATION

CORRECTION AND APPROVAL OF MINUTES, SEPTEMBER 17-18, 1954.-- In view of the fact that it was the intention of the Board that the office of the Vice-President of the Main University should be the principal line officer of the Main University, President Wilson recommended that Paragraph 3 under CENTRAL ADMINISTRATION on Page 1 of the Minutes of September 17-18, 1954, be changed from:

CREATION OF POSITION OF VICE-PRESIDENT OF ACADEMIC AFFAIRS AND OF THE MAIN UNIVERSITY AND APPOINTMENT OF DR. PAUL BONER.--The Board approved a motion by Mr. Voyles, seconded by Judge Woodward, that the position of Vice-President of Academic Affairs and of the Main University be created, and that Dr. Paul Boner be appointed to this position (with academic title of Professor of Physics), effective October 1, 1954, at an annual salary of \$15,000, plus \$1,000 allowance for house and utilities.

to read as follows:

CREATION OF POSITION OF VICE-PRESIDENT OF ACADEMIC AFFAIRS AND OF THE MAIN UNIVERSITY AND APPOINTMENT OF DR. PAUL BONER.--The Board approved a motion by Mr. Voyles, seconded by Judge Woodward, that the position of Vice-President of Academic Affairs and of the Main University be created, with the title of Vice-President of the Main University designating the principal line officer of the Main University, and that Dr. Paul Boner be appointed to this position (with academic title of Professor of Physics), effective October 1, 1954, at an annual salary of \$15,000, plus \$1,000 allowance for house and utilities.

The Board upon motion of Mr. Sorrell, seconded by Mr. Lockwood, approved this recommendation.

With this correction, the Board, upon a motion made and duly seconded, approved the Minutes of the meeting of September 17-18, 1954, in the form in which they were mimeographed and distributed by the Secretary.

At 12:00 noon the Board as a Committee of the Whole recessed for lunch until 1:30 p.m., reconvening in regular session with the same Regents present as in the morning session and with President Wilson and Secretary Thedford present.

MAIN UNIVERSITY

SALARY, DOCTOR GORDON GUNTER, DIRECTOR OF THE INSTITUTE OF MARINE SCIENCE; MAIN UNIVERSITY.--Upon motion of Judge Woodward, | See Page 737 seconded by Mr. Sorrell, the Board approved the recommendation of Vice-President Boner, concurred in and presented by President Wilson, that the salary of Doctor Gordon Gunter, Director of the Institute of Marine Science, be increased from \$6,984.00 for twelve months to \$8,040.00 for twelve months, effective November 1, 1954, the additional funds to come from Main University Unallocated Salaries.

CENTRAL ADMINISTRATION

CHANGE IN DECEMBER MEETING, BOARD OF REGENTS.--Doctor A. J. Gill was called into the meeting to discuss arrangements for the proposed meeting of the Board in Dallas on December 10, at which time dedicatory exercises for the Basic Science Building at Southwestern Medical School had been planned. In view of the fact that Doctor Gill reported he did not think the Basic Science Building would be completed to the extent that the exercises might be held at that time, Chairman Sealy instructed Judge Woodward to confer with Doctor Gill and Mr. Hoblitzelle and make satisfactory arrangements for the next meeting of the Board and report to Doctor Wilson on November 3 in order that the meeting date and place might be incorporated into the October Minutes.

Judge Woodward on November 3 reported to President Wilson that under the circumstances it would be agreeable with Mr. Hoblitzelle and more convenient for the Southwestern Medical School that the meeting of the Board of Regents on December 10 and 11 be held in Austin.

MAIN UNIVERSITY

ALL VETERANS DAY; HOLIDAY CALENDAR 1955-56; MAIN UNIVERSITY.-- In view of the fact that the Board of Regents had already approved the University calendar of holidays for the current academic year, and November 11 was not named as a holiday, President Wilson presented the request of General K. L. Berry that November 11, All Veterans Day, be declared a holiday.

The whole matter was discussed at some length; and the conclusion was reached that it would not be feasible to change the University calendar of holidays for 1954-55, as many complications would arise and the schedule of necessary class meetings for the Fall Semester would be upset. President Wilson, however, was instructed to bring this matter to the attention of the proper faculty committee for consideration in setting the academic calendar for the year 1955-56. | See Page 257

SOUTHWESTERN MEDICAL SCHOOL

CONDITIONAL APPROVAL OF DRAWINGS, CLINICAL SCIENCE BUILDING, SOUTHWESTERN MEDICAL SCHOOL.--In order that the administrative officials from Dallas might return home during the afternoon, Mr. Mark Lemmon, Consulting Architect, was called in at this time prior to the report of the Regents' Buildings and Grounds Committee. He presented two sets of drawings for two different schemes for the new Clinical Science Building to be constructed at Southwestern Medical School; namely, Scheme A, a narrow seven-story building, and Scheme B, a wider five-story building. | See Page 348
Mr. Lemmon pointed out to the Board, in the same manner as he had pointed it out to the Regents' Buildings and Grounds Committee, that the use of Scheme A would give a larger building for the money available than the use of Scheme B and that it was also his feeling that the use of Scheme A would present a better-looking building than the use of Scheme B.

Doctor A. J. Gill, Acting Dean of Southwestern Medical School, had explained to the Regents' Buildings and Grounds Committee the procedure being followed by the Building Committee of the Southwestern Medical School in connection with the planning of this building. Doctor Gill had stated to the Committee that he personally thought Scheme A was

better than Scheme B but that the Building Committee was still in the process of discussing space needs for the various departments and that this Committee was not quite ready to make a recommendation, but it was his feeling that the Committee would finally recommend the use of Scheme A.

After further discussion and upon recommendation of the Regents' Buildings and Grounds Committee and on motion of Judge Woodward, seconded by Mr. Sorrell, the Board approved Scheme A subject to the concurrence of the Building Committee of the Southwestern Medical School and authorized Mr. Lemmon to proceed with the preparation of preliminary plans in accordance with Scheme A if the Building Committee of Southwestern Medical School agreed with the decision to use Scheme A. The Board further approved the recommendation of the Regents' Buildings and Grounds Committee that if the Southwestern Medical School Building Committee does not agree with the decision to use Scheme A, the matter will be brought back for further consideration by the Board of Regents at the next meeting.

MAIN UNIVERSITY

NAME FOR DORMITORY FOR WOMEN ON KINSOLVING TRACT.--Before leaving the meeting, Consulting Architect Lemmon showed to the Board the drawings of the new dormitory for women, at which time, upon recommendation of the Regents' Buildings and Grounds Committee and on motion of Judge Woodward, seconded by Mrs. Tobin, the Board approved the name of Kinsolving Dormitory for the new dormitory for women on the Kinsolving Tract.

See Page 139 and 138

Mr. Lemmon and Doctor Gill left the meeting.

UNIVERSITY OF MEXICO RECTOR.--Chairman Sealy reported he had been informed that the Rector of the University of Mexico would be in San Antonio the latter part of January when the University of Mexico conducts courses in that city. Doctor Lewis Hanke has suggested the Rector be invited to come to the University during his stay and that, if possible, a dinner meeting with the Regents be arranged. President Wilson and the Board concurred in this idea if the meeting of the Board in January is held in Austin. The Board not only would like to have the University of Mexico Rector visit The University of Texas but also thinks that it would be a national good-will gesture.

Meeting held in Dallas, January, 1955

MEDICAL BRANCH

HUTCHINGS-SEALY NATIONAL BANK, GALVESTON, CARETAKER OF SPECIAL FUND UNDER THE JOINT CONTROL OF THE SEALY AND SMITH FOUNDATION FOR THE JOHN SEALY HOSPITAL AND THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS.-- Chairman Sealy read a letter from Mr. John McCullough, President of The Sealy and Smith Foundation, recommending for the Sealy and Smith Foundation that the Hutchings-Sealy National Bank of Galveston, Texas, be named the caretaker for the Special Fund under the Joint Control of the Sealy and Smith Foundation for the John Sealy Hospital and the Board of Regents of The University of Texas for a fee of \$1,200.00 per year, the fee to be paid from this fund. Upon motion of Mr. Warren, duly seconded, the Board joined with The Sealy and Smith Foundation in this recommendation.

At this point, Vice-President Boner, Comptroller Sparenberg, Acting President Smith, Assistant to the President Cox, Mr. Bill Keys, and Mr. Morris Midkiff came into the meeting.

MAIN UNIVERSITY

REPAIR OF ORGAN, RECITAL HALL, MUSIC BUILDING.--President Wilson recommended to the Board that the organ in the Recital Hall of the Music Building be repaired in accordance with the needs listed by the Aeolian-

Skinner Company when the organ was recently checked. The Board, upon motion of Judge Woodward, seconded by Mrs. Tobin, approved the recommendation of President Wilson and authorized him to have the repairs made and further authorized that a special supplementary account in the amount of \$4,500.00 be set up for this purpose, the funds to come from the Available Fund Unappropriated Balance.

TEXAS WESTERN COLLEGE

REPORT OF CLASSES WITH LESS THAN TWELVE STUDENTS IN FALL TERM, 1954, TEXAS WESTERN COLLEGE.--President Wilson presented the report, submitted to him by Acting President A. A. Smith, of classes with less than twelve students in the 1954 Fall Term at the Texas Western College which was prepared in accordance with Section 17 (h) of the Special Provisions in H. B. 111, 53rd Legislature, Regular Session. (A copy of this report is filed in the Office of the Board of Regents.) Upon a motion duly made and seconded, the Board approved the report.

MAIN UNIVERSITY

REPORT OF CLASSES WITH LESS THAN TWELVE STUDENTS IN FALL TERM, 1954, MAIN UNIVERSITY.--President Wilson presented a report of classes with less than twelve students, both undergraduate and graduate, in the 1954 Fall Term at the Main University which was prepared in accordance with the provision of Section 17 (h) of the Special Provisions of H. B. 111, 53rd Legislature, Regular Session. (A copy of this report is filed in the Office of Secretary of the Board of Regents.) The general categories into which the small classes fell are: *(see Secretary's Files, Vol. II, Page 6)*

1. Classes which cannot be larger because of equipment and/or space limitations
2. Highly specialized courses required for professional degrees
3. Courses in small departments which offer the minimum number of courses consistent with having at least an acceptable, balanced program
4. Courses which a large department regards as necessary for a rounded program
5. Courses for which students pay a supplementary fee for individualized Fine Arts instruction
6. Miscellaneous.

This report was adopted by the Board upon a motion duly made and seconded.

BUILDINGS AND GROUNDS COMMITTEE REPORT.--

At the request of Chairman Sealy, Comptroller Sparenberg presented briefly the following report which had been adopted by the Regents' Buildings and Grounds Committee:

(As you will observe at the close of this report on Page 134, the report was adopted by the Board upon a motion of Mrs. Tobin, seconded by Judge Woodward.)

APPROVAL OF PRELIMINARY PLANS FOR DORMITORY FOR WOMEN ON KINSOLVING TRACT.--Upon recommendation of Comptroller Sparenberg, the Regents' Buildings and Grounds Committee recommend that approval be given to the preliminary plans as prepared by Mr. Mark Lemmon, Consulting Architect, for the Dormitory for Women to be constructed on the Kinsolving Tract at the Main University in Austin. These plans have the approval of the Faculty Building Committee, F. C. McConnell, Director of Auxiliary and Service Activities, Comptroller Sparenberg, and Doctor Logan Wilson, President, subject to two exceptions which are shown on the certificates signed by the Chairman of the Faculty Building Committee, Mr. McConnell, Comptroller Sparenberg, and President Wilson. (A signed copy of the certificate is on file in the Office of the Secretary of the Board of

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(see Secretary's Files, Vol. II, p. 13)

Regents.) It is further recommended that authorization be given for the Associate Architect selected for this project, Kuehne, Brooks, and Barr, to proceed with working drawings, plans, and specifications upon execution of the loan agreement with the Housing and Home Finance Agency.

APPROVAL OF PLANS AND SPECIFICATIONS FOR AIR CONDITIONING IN HOGG AUDITORIUM AND MODIFICATIONS TO THE UTILITY SYSTEMS, MAIN UNIVERSITY.-- The plans and specifications for the Air Conditioning in Hogg Auditorium and Modifications to the Utility Systems at the Main University, as prepared by Zumwalt and Vinther, have been submitted for consideration and have been approved by the Main University Faculty Building Committee, Comptroller Sparenberg, and President Wilson. It is recommended that the Board of Regents approve these plans and specifications and authorize calling for bids to be opened at 10:30 a.m., Tuesday, December 7, 1954, these bids to be considered by the Board at its meeting December 10 and 11, 1954.

At the Regents' Meeting held September 18, 1954, an appropriation was approved in the amount of \$58,550.00 for the replacement of the old brick tunnel extending west from the Old Press Building to the Main Building. It would be of advantage to the University, both as to the cost of the construction and the engineer's fees thereon, to perform this work at the same time as the Air Conditioning of Hogg Auditorium and the other modifications to the utility systems. It is, therefore, recommended that the Board of Regents authorize Zumwalt and Vinther to amend the plans and specifications above indicated to include the replacement of this tunnel, so that the bids to be received will include this work for replacing the old brick tunnel. Before being used for bidding purposes, these amended plans and specifications must have the approval of the Faculty Building Committee, Comptroller Sparenberg, and President Wilson. | See Page 259

AWARD OF CONTRACTS FOR BUILT-IN FURNITURE AND VENETIAN BLINDS FOR THREE DORMITORIES AND APARTMENT BUILDING AT MEDICAL BRANCH.-- Pursuant to authorization given by the Board of Regents at the meeting held September 18, 1954, bids on built-in furniture and venetian blinds for the three dormitories and apartment building under construction at the Medical Branch were received, opened, and tabulated on October 26, 1954, as shown on the tabulation sheet. Upon inspection of samples and installations, it was found that the low bid on venetian blinds was not in accordance with specifications, and, therefore, could not be considered as an acceptable bid. The total of the low bid for the built-in furniture and the lowest acceptable bid for the venetian blinds is well within the amount of money available for this work, however, and it is recommended by Consulting Architect Mark Lemmon, Associate Architect Cameron Fairchild, Doctor Leake and Mr. Cappleman of the Medical Branch, and Comptroller Sparenberg that contract awards be made to the bidders as listed below, with authorization to the Chairman of the Board to sign the contracts involved: | See Page 557

Built-In Furniture	
Suniland Furniture Company, Houston, Texas	
(Low bidder)	\$52,195.00
Venetian Blinds	
Ray and Hamil Venetian Blind Company	
Houston, Texas	<u>2,991.80</u>
Total Recommended Contract Awards	<u>\$55,186.80</u>

AWARD OF CONTRACT FOR CLASSROOM SEATING IN BASIC SCIENCE BUILDING AT SOUTHWESTERN MEDICAL SCHOOL.--At the Regents' Meeting held September 18, 1954, authorization was given for the transfer of \$4,100.00 from the Allotment Account for the Basic Science Building to an account for Furniture and Equipment, out of which account it was expected to purchase principally classroom seating. Advertisements were placed and bids were called for on classroom seating to be opened October 26, 1954. Only one | See Page 261

bid was received, although four companies had requested copies of the specifications. This bid was from the American Seating Company, Dallas, Texas, in the amount of \$3,648.56. The bid appears to be reasonable and, if accepted, will leave a small balance in the Furniture and Equipment account for other purchases. It is, therefore, recommended by Dr. Gill and Mr. Gell of Southwestern Medical School and Comptroller Sparenberg that a contract be awarded to American Seating Company in accordance with the bid quoted above, and that the Chairman of the Board be authorized to sign the contract.

APPROVAL OF CHANGE ORDER NO. 14 TO CONTRACT WITH FINGER FURNITURE COMPANY, INC., FOR FURNITURE AND FURNISHINGS AT M. D. ANDERSON HOSPITAL FOR CANCER RESEARCH.--An additional change order to the contract with Finger Furniture Company, Inc., for Furniture and Furnishings at the M. D. Anderson Hospital for Cancer Research in the amount of \$5,170.12 has been written and approved by the Architects and Dr. Clark. This change order provides for additional furniture for one office, several panel divider screens, and thirty-two Hill-Rom Room Dividers for the Four-Bed Wards. | See Page 345

It is recommended that the Board of Regents authorize Comptroller Sparenberg to sign this change order as written and that the amount of \$5,170.12 needed to cover the cost thereof be appropriated from the Trust Funds of M. D. Anderson Hospital (Donations for Furniture and Equipment).

APPROVAL OF 95% PAYMENT ON GENERAL CONTRACT ON BASIC SCIENCE BUILDING AT SOUTHWESTERN MEDICAL SCHOOL.--Comptroller Sparenberg presented a letter which Mr. Lemmon had received from J. E. Morgan and Sons, General Contractor on the Basic Science Building at Southwestern Medical School, asking for 95% payment of their contract. They stated that the building was 98% complete and that they were not able to proceed much further with their work until work by others is completed. | See Page 261

Mr. Lemmon felt that this request by the General Contractor was justified, since the building was so near substantial completion, and Comptroller Sparenberg concurred in this opinion. The Regents' Buildings and Grounds Committee recommends that the Board approve the payment of 95% of the General Contract on the Basic Science Building at Southwestern Medical School.

Upon motion of Mrs. Tobin, seconded by Judge Woodward, the Board ratified the actions and approved the recommendations of the foregoing report of the Regents' Buildings and Grounds Committee.

SPECIAL COMMITTEE ON WEST TEXAS LANDS.--

REVISED GRAZING LEASE FORM.--Endowment Officer Taylor presented the following report of the Special Committee on West Texas Lands:

Attached hereto is a proposed revised grazing lease form to be used for grazing leases on Permanent University Fund lands. This revised form has been prepared by Land and Trust Attorney Gaines in accordance with the revised grazing lease policy adopted by the Board of Regents at its meeting held on September 18, 1954. The form has been approved as to content by both Endowment Officer Taylor and Land Agent Compton.

It is recommended that the Board of Regents approve the revised grazing lease form and a copy be filed in the Office of the Secretary of the Board of Regents. (See SECRETARY'S FILES, VOL. II, PAGE 15)

The Board adopted the proposed revised grazing lease form upon motion of Mr. Jeffers, seconded by Mr. Warren.

LAND AND FINANCE COMMITTEE REPORT.--

Endowment Officer Taylor presented the following report which has been adopted by the Regents' Land and Finance Committee (Motion on Page 144):

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 September 16, 1954. We ask that the Board ratify and approve these transactions:

UNITED STATES GOVERNMENT BONDS PURCHASED

Issue	Par Value	Purchase Price	Yield Basis*	Principal Cost	Date of Delivery
3-1/4% U. S. Treas., due 6/15/83-78	\$1,000,000	110.53125	2.65%	\$1,105,312.50	10-6-54

*Yield to first call date.

PERMANENT UNIVERSITY FUND--LAND MATTERS.--

LEASES AND EASEMENTS.--Endowment Officer Taylor reported for the Land and Finance Committee that consideration had been given 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 content by the University Endowment Officer and as to form by the University Land and Trust Attorney. Mr. Taylor has asked that the Board approve these applications and authorize the Chairman of the Board to execute the instruments involved:

PIPE LINE EASEMENT NO. 667, GULF OIL CORPORATION IN ECTOR COUNTY, TEXAS.--This application for a pipe line easement to Gulf Oil Corporation covers 1063-1/3 rods of 4-inch line at \$0.25 per rod, on University Lands, Block 35, Sections 7, 8, 9 and 13; Ector County, Texas, for a 10-year period beginning November 1, 1954, and ending October 31, 1964. The full consideration in the amount of \$265.83 has been tendered with the application. (Renewal of Easement No. 224, which expires October 31, 1954.)

PIPE LINE EASEMENT NO. 668, PHILLIPS PETROLEUM COMPANY IN ANDREWS COUNTY, TEXAS.--This application for a pipe line easement to Phillips Petroleum Company covers 3,209.7 rods of 4-inch line at \$0.25 per rod, and 179.8 rods of 6-inch line at \$0.50 per rod, on University lands, Block 4, Sections 33, 34, 35 and 36; Block 5, Sections 2, 3, 9, 10, 16, 17, 20, 29, 30, 31, 37, 38, 39, 40, 41 and 42; Block 6, Section 49; Block 7, Section 7; Block 8, Sections 1, 6, 12; Block 11, Sections 28 and 33; Block 14, Sections 14, 15, 16 and 17. This easement is for a 10-year period beginning September 1, 1954, and ending August 31, 1964. The full consideration in the amount of \$892.33 has been tendered with the application,

PIPE LINE EASEMENT NO. 669, PHILLIPS PETROLEUM COMPANY IN ANDREWS COUNTY, TEXAS.--This application for a pipe line easement to Phillips Petroleum Company covers 53.9 rods of 4-inch line at \$0.25 per rod on University lands, Block 14, Section 15, Andrews County, Texas, for a 10-year period beginning September 1, 1954, and ending August 31, 1964. The full minimum consideration in the amount of \$50.00 has been tendered with the application.

PIPE LINE EASEMENT NO. 670, TEXAS-NEW MEXICO PIPE LINE COMPANY IN ANDREWS COUNTY, TEXAS.--This application for a pipe line easement to Texas-New Mexico Pipe Line Company covers 333 rods of 2-3/8 inch line at \$0.25 per rod, 211 rods of 4-1/2 inch line at \$0.50 per rod, and 1,512.91 rods of 6-5/8 inch line at \$0.75 per rod. This easement is in Block 12, Sections 15, 19, 20, 22 and 29; and Block 14, Sections 3, 8, 9 and 10, University lands in Andrews County, Texas, and is for a period of 10 years beginning September 1, 1954, and ending August 31, 1964. The full consideration in the amount of \$1323.43 has been tendered with the application.

ASSIGNMENT OF BUSINESS SITE EASEMENT NO. 338 FROM J. PEARCE TO H. E. PEARCE IN WARD COUNTY, TEXAS.--This application for assignment of Business Site Easement No. 338 from J. Pearce to H. E. Pearce covers use for a filling station and tourist camp of a parcel of land 100 feet square in Section 1, Block 16, University lands in Ward County, Texas. The original easement is for a period of 10 years beginning July 1, 1948, and ending June 30, 1958. This assignment is to be effective October 1, 1954, and provides for an annual rental of \$50.00. The standard consideration for the assignment is an assignment fee of \$25.00, payable in advance, plus a fee of \$1.00 to be paid at the time the instrument is filed in the General Land Office.

PUMP AND BOOSTER STATION SITE EASEMENT NO. 671, TEXON GAS INCORPORATED IN REAGAN COUNTY, TEXAS.--This application for a pump and booster station site easement to Texon Gas Incorporated covers a 10-acre tract of land in Section , Block 9, University lands in Reagan County, Texas, for a period of one year beginning October 1, 1954, and ending September 30, 1955, with the option to extend and renew from year to year, not to exceed a total period of 10 years, by payment in advance of the annual rental of \$100.00 per year. This site is to be used for the purpose of installing, operating and maintaining a pump and booster station in connection with the operation of lessee's pipe lines transporting oil or gas or products thereof and other purposes incidental thereto. The consideration for the first year's rental in the amount of \$100.00 has been tendered with the application.

CATHODIC PROTECTION EASEMENT NO. 672, PHILLIPS PETROLEUM COMPANY IN REAGAN COUNTY, TEXAS.--This application for a cathodic protection easement by Phillips Petroleum Company covers construction, installation and operation of a cathodic protection unit consisting of generators, cables, conduits, pipe lines, ground beds, towers, poles and other apparatus in the E/2 of Section 33, Block 8, University lands in Reagan County, Texas. This installation is to be used in servicing and operating any pipe lines which may pass through the premises and the easement will be for a period of one year beginning September 1, 1954, and ending August 31, 1955, with the option to extend and renew from year to year, but not to exceed 10 years, by payment in advance of the rental of \$50.00 per year. The lease provides for payment by lessee of all ad valorem taxes pertaining to the surface of the land and provides that the lessee shall have the right to cancel this lease at any time by giving lessor written notice of intention to do so, refund of any portion of the rental already paid not being required.

POWER LINE EASEMENT NO. 673, TEXAS ELECTRIC SERVICE COMPANY, ANDREWS COUNTY, TEXAS.--This application for a power line easement to Texas Electric Service Company covers 950 rods of line at 5 cents per rod per year in Sections 5, 8, and 17, Block 31, University Lands in Andrews County, Texas, for a ten-year period beginning November 1, 1954, and ending October 31, 1964. The full consideration for the ten-year period in the amount of \$475.00 has been tendered with the application. (Renewal of Easement No. 227)

POWER LINE EASEMENT NO. 674, TEXAS ELECTRIC SERVICE COMPANY, ECTOR COUNTY, TEXAS.--This application for a power line easement to Texas Electric Service Company covers 1640 rods of line at 5 cents per rod per year in Sections 3, 4, 7, and 8, Block 35, University Lands in Ector County, Texas, for a ten-year period beginning November 1, 1954, and ending October 31, 1964. The full consideration for the ten-year period in the amount of \$820.00 has been tendered with the application. (Renewal of Easement No. 228)

POWER LINE EASEMENT NO. 675, TEXAS ELECTRIC SERVICE COMPANY, WARD COUNTY, TEXAS.--This application for a power line easement to Texas Electric Service Company covers 266 rods of line at 5 cents per rod per year in Sections 20, 34 and 35, Block 16, University Lands in Ward County, Texas, for a ten-year period beginning November 1, 1954, and ending October 31, 1964. The full consideration for the ten-year period in the amount of \$133.00 has been tendered with the application. (Renewal of Easement No. 229)

TRUST AND SPECIAL FUNDS--INVESTMENT MATTERS.--

REPORT ON PURCHASES AND SALES.--The following purchases and sales of securities (including redemption of U. S. Savings Bonds) have been made for the Trust and Special Funds since the report of September 16, 1954. We ask that the Board ratify and approve these transactions:

Date	PURCHASES Security	Total Cost
10/11/54	138 Shares The National City Bank of New York Capital Stock, purchased at \$52.50 per share plus 3 stock rights per share (Hogg Foundation: W. C. Hogg Fund)	\$ 7,245.00
10/15/54	100 Shares Radio Corporation of America Common Stock, purchased at 33 per share 84 Shares Gulf Oil Corporation Capital Stock, purchased at 59-5/8 per share (Funds Grouped for Investment)	3,331.50 5,048.02
10/18/54	\$10,000 par value Texas Power and Light First Mortgage 3-1/8% Bonds, due 10/1/84, purchased at 102.461 to yield 3% to maturity (Funds Grouped for Investment)	10,246.10

Date	SALES Security	Net Proceeds
10/11/54	100 Rights for The National City Bank of New York Capital Stock (Walter Henry Scherer Fund for Dentistry)	\$ 19.66
	2 Rights for The National City Bank of New York Capital Stock (Hogg Foundation: W. C. Hogg Fund)	0.39
9/ 1/54	\$5,000 maturity value U. S. Savings Bonds, Series G, dated April 1, 1954, due April 1, 1966, redeemed as of 9/1/54 (Alfred B. Wolters Scholarship Fund)	4,985.00

MEDICAL BRANCH - AMENDATORY LOAN AGREEMENT FOR PROJECT TEX. 41-CH-11.--The administrator of the Housing and Home Finance Agency has now submitted an amendatory loan agreement increasing the amount of the loan for Project Tex. 41-CH-11 for housing at the Medical Branch from \$1,167,000 par value as originally applied for and approved by HHFA to \$2,512,000 par value as subsequently requested to take care of proposed additional housing. The amendatory loan agreement calls for \$1,167,000 par value Series "A" Bonds at 3.01% and \$1,345,000 par value Series "B" Bonds at 3.25%. The bonds are to be dated January 1, 1955, and to mature serially to January 1, 1995. A copy of the full amendatory loan agreement is on file with the Secretary of the Board of Regents. *See Secretary's files, vol. II, p. 24*

The amendatory loan agreement has been approved as to form by University Land and Trust Attorney Gaines and as to content by University Endowment Officer Taylor and Business Manager Cappleman of the Medical Branch. The Land and Finance Committee has reviewed this amendatory loan agreement and recommends that the Board of Regents approve the agreement and adopt the following resolution in connection with the approval and execution of the agreement:

RESOLUTION APPROVING AN AMENDATORY LOAN AGREEMENT
WITH UNITED STATES OF AMERICA

PROJECT NO.: Tex. 41-CH-11
MEDICAL BRANCH

WHEREAS, there has been filed with the Housing and Home Finance Agency, for and on behalf of The University of Texas (Medical Branch) (herein called the "Borrower"), an amendatory application for aid in financing college housing under the provisions of Title IV of the Housing Act of 1950, and the UNITED STATES OF AMERICA, Housing and Home Finance Agency, Office of the Administrator, has transmitted to the Borrower for consideration an Amendatory Loan Agreement tendering such aid, dated September 1, 1954, in connection with the Project referred to in said application and generally described in said Agreement; and

WHEREAS, said Amendatory Agreement has been duly read in open meeting, fully considered in accordance with all pertinent rules of procedure and legal requirements, and made a part of the Borrower's records; and

WHEREAS, it is deemed advisable that said Amendatory Agreement be approved;

NOW, THEREFORE, be it resolved by the Board of Regents of the Borrower that the said Amendatory Loan Agreement, a true and correct copy of which is attached hereto, be and the same hereby is accepted without reservation or qualification, and the proper officials of the Borrower are authorized to execute documents evidencing such acceptance and to take such further action as is necessary to provide the project.

TEXAS WESTERN COLLEGE - PROPOSED USE OF BANK NOTES TO FINANCE CONSTRUCTION OF PERMANENT IMPROVEMENTS UNDER SECTION 17, ARTICLE VII OF THE CONSTITUTION OF TEXAS.--Mr. A. A. Smith, Acting President of Texas Western College, has recommended that the Board of Regents of The University of Texas enter into a financing plan with the El Paso National Bank and/or The First National Bank in Dallas for the issuance of up to \$518,000.00 par value of Notes under Section 17, Article VII of the Constitution of the State of Texas, being the so-called 5¢ ad valorem tax amendment adopted in 1947. These Notes will be in addition to the presently outstanding bonds to be paid in full out of the College's pro rata share of the 5¢ ad valorem for the first ten-year period ending December 31, 1957. The Notes would carry a 2% interest rate and would be due on December 31, 1957, which date, by the constitutional amendment, is the last date on which the Notes may be made payable. The issuance of the Notes is subject to the approving opinion of McCall, Parkhurst and Crowe, who will also prepare the necessary legal documents. The Board of Regents at its meeting held on May 28, 1954, authorized the retention of McCall, Parkhurst and Crowe in this matter and agreed to pay the firm a fee of \$1.00 per bond plus 25¢ per bond for additional services in connection with the efforts of the firm to reestablish the eligibility of the bonds as bank investments in unlimited amounts.

The State Comptroller has estimated that Texas Western College's prorata share of the ad valorem taxes to be received under the 5¢ constitutional tax amendment during the first 10-year period over and above that amount already committed for bond service requirements to pay in full the presently outstanding 5¢ tax bonds will be approximately \$554,739.61. Attention has been called, however, to the fact that approximately \$127,864.50 of this estimated sum is not expected to be collected until sometime after December 31, 1957. Using the Comptroller's estimates, there will be on hand on December 31, 1957, approximately \$426,875.11 which would be available for debt service requirements on the proposed Notes, including principal and interest. This would mean that on a 2-1/2-year 2% Note only \$406,547.72 par value of Notes could be borrowed that could be paid for in full on December 31, 1957. The banks in

tentative negotiations have indicated that they would be willing to extend the maturity date of the Notes beyond December 31, 1957, if the tax collections allocated to Texas Western College are not sufficient to pay off the Notes at that time.

Acting President Smith has estimated that approximately \$500,000 of money would be available for construction purposes through the bank note financing route whereas only about \$375,000 would be available from the sale of additional bonds under the constitutional amendment. He has further stated that the smaller amount would not be adequate for the two permanent improvement projects that the college had in mind. It is his opinion that all of the other colleges sharing in the 5¢ ad valorem tax amendment will go along on this bank financing plan which seems very favorable on behalf of the colleges. In view of the fact that the State Comptroller's estimates do not support a maximum of \$500,000 and that the possible extension of maturity on the University's Bank Notes would be against the credit of the University, it is recommended that the Board of Regents authorize Acting President Smith with the advice and help of Endowment Officer Taylor to enter into loan negotiations with the El Paso National Bank and/or The First National Bank in Dallas for the borrowing of up to a maximum of \$400,000.00 under the above-outlined financing plan with all documents to be submitted through the Land and Finance Committee at the proper time to the Board of Regents for consideration and approval or rejection thereof.

LOAN AGREEMENT FOR PROJECT TEX. 41-CH-26, 776-CAPACITY WOMEN'S DORMITORY - KINSOLVING SITE, MAIN UNIVERSITY.--Pursuant to authorization of the Board of Regents on September 18, 1954, Endowment Officer Taylor filed on October 1, 1954, the final loan application with the Housing and Home Finance Agency for loan assistance in the amount of \$3,960,000 to finance the construction of Project Tex. 41-CH-26, the proposed 776-capacity women's dormitory on the Kinsolving Site. The University had previously been awarded a tentative approval by the Washington office of the HHFA on the University's preliminary application. The Fort Worth office has now advised the University unofficially that it is the opinion of that office that the loan agreement should be for a somewhat higher sum of money, probably in the neighborhood of \$4,150,000, and that they propose to make this recommendation to the Washington office of the HHFA. The added money would be for additional interest during construction and for a larger construction contingency account. The important element in this dormitory project is to authorize the associate architects to commence work at an early date on the final working drawings and specifications so that the construction can be started at an early enough date that the project can be completed and ready for occupancy not later than the Fall Semester of 1957.

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Accordingly, in order to expedite the whole process, it is recommended that the following resolution be adopted by the Board of Regents which will authorize the Chairman of the Board to execute the loan agreement when it has been finally approved by the Housing and Home Finance Agency upon its approval as to content by the University Endowment Officer and as to form by the University Land and Trust Attorney:

RESOLUTION AUTHORIZING THE EXECUTION
OF A LOAN AGREEMENT WITH THE
UNITED STATES OF AMERICA

PROJECT NO.: Tex. 41-CH-26

WHEREAS, there has been filed with the Housing and Home Finance Agency, in behalf of The University of Texas (herein called the "Borrower"), an application for aid in financing college housing under the provisions of Title IV of the Housing Act of 1950, and it is contemplated that the Administrator of Housing and Home Finance Agency will approve such application and a loan in the amount of not to exceed \$4,150,000 in connection with the proposed dormitory and dining facilities for approximately 776 women students referred to in said application; and

WHEREAS, it is deemed advisable that a representative of the Borrower be authorized to enter into an agreement on behalf of the Borrower;

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Borrower:

That Tom Sealy, Chairman, be and he is hereby authorized and directed to approve and execute on behalf of the Borrower the Loan Agreement which may be tendered by the UNITED STATES OF AMERICA, acting by and through the Administrator of the Housing and Home Finance Agency, and to take such further action as is necessary to provide the project.

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

THOMAS E. HOGG ESTATE - DISTRIBUTION DEED FOR PERSONAL PROPERTY ITEMS.--At its meeting held on January 23, 1954, the Board of Regents approved a form of distribution deed to be used in the closing out of the administration of the Estate of Thomas E. Hogg, Deceased, this deed to be used in connection with royalties, bonuses, lease rentals and other income from the assets of the estate, and authorized the Chairman of the Board to execute such deeds. The distribution deeds for the real property have been executed and filed of record in the respective counties involved.

The University has now been furnished with an additional proposed form of distribution deed whereby the independent executrices of the above estate would make a distribution of the personal property belonging to the estate of the respective devisees, Mrs. Margaret Wells Hogg as life tenant and the Board of Regents as remainderman. The proposed form of distribution instrument is similar in form to the previous distribution deeds referred to above in dividing interests in the real property belonging to the estate. It is recommended that the Board of Regents approve the form of distribution deed for the division of interests in the personal property in the estate (a copy of this deed is filed in the Office of the Secretary of the Board of Regents) and authorize its Chairman to execute such deed when approved as to form by the University's Land and Trust Attorney and as to content by the University's Endowment Officer.

THOMAS E. HOGG ESTATE - FINAL ACCOUNTING.--The University has been furnished with certified copies prepared by Arthur Andersen & Co., of the Charge and Discharge Statement of Mrs. Margaret W. Hogg and Miss Ima Hogg, Executrices of the Estate of Thomas E. Hogg, dated August 26, 1954, which, together with a previously furnished Charge and Discharge Statement for the period commencing March 9, 1949, and ending February 28, 1954, discloses all financial transactions of the executrices in administering the estate from the beginning until it was finally closed on July 31, 1954. This statement has been approved by Land and Trust Attorney Gaines and by Endowment Officer Taylor. Your Land and Finance Committee recommends that the statement be accepted and approved by the Board of Regents and that Endowment Officer Taylor be authorized to so inform the executrices. A copy of the two Charge and Discharge Statements are on file with the Secretary of the Board of Regents.

THE DR. WALTER JUNIUS HILDEBRAND SCHOLARSHIP FUND - RENEWAL OF FARM LEASE TO MALCOLM GEISCHEIDLE AND AUTHORIZATION FOR WINDMILL REPAIRS.--By the terms of the farm lease between the Board of Regents and Malcolm Geischeidle on the 299-acre farm in Gonzales County, Texas, the lease is renewable from year to year upon payment of \$350.00 on or before January 1 of each year and \$350.00 on or before July 1 of each year. Mr. Geischeidle has asked that the University share in the expense of having the windmill repaired of the damage done by a storm in the area and has estimated that the repair will cost the University approximately \$100.00. Endowment Officer Taylor has given the lessee permission to proceed with the repair of the windmill and to deduct from the rental due on January 1, 1955, up to \$100.00 for the cost of repairing the windmill upon presentation of proper receipts for the work done.

A. C. McLAUGHLIN ESTATE - ADDITIONAL FEE OF HOLME, ROBERTS, MORE, OWEN, AND KEEGAN FOR SERVICES IN CONNECTION WITH SETTLING THE COLORADO PORTION OF THE ESTATE.--The University has received a statement dated September 1, 1954, from the legal firm of Holme, Roberts, More, Owen and Keegan, for additional services from February 15, 1954, to August 31, 1954, in settling the Estate of A. C. McLaughlin, including winding up of litigation, extensive research of inheritance tax case, conferences with Colorado Inheritance Tax authorities, preparation and court presentation of orders of partial distribution, examination of operating statements, conferences, correspondence and miscellaneous matters. The amount of the September 1, 1954, statement is \$4,595.02, consisting of \$4,200.00 for services and \$395.02 for out-of-pocket expenses. This statement represents the fifth presented by the firm and will bring the total amount paid to the firm to \$38,818.13. It is recommended that Endowment Officer Taylor be authorized to pay this fee out of Account No. 8653, The James W. McLaughlin Fellowship Fund.

A. C. McLAUGHLIN ESTATE - PROPOSED REJECTION OF UNITIZATION AGREEMENT FOR WEST RANGELY UNIT WITH THE CALIFORNIA COMPANY.--Mr. Stuart W. McLaughlin, Administrator for the Colorado portion of the Estate of A. C. McLaughlin, Deceased, has furnished the University with a copy of the report of a proposed unitization plan on the West Rangely Unit in the Rangely Oil Field in Colorado with The California Company. Based on this report, prepared by an independent petroleum consultant, Mr. McLaughlin proposes to refuse to join the unit and has asked that the University advise him what its desires in the matter are. The Land and Finance Committee recommends that Endowment Officer Taylor be authorized to advise Mr. McLaughlin that the University will follow any action he cares to take in the matter.

HOGG FOUNDATION: VARNER PROPERTIES - REPORT ON IMPROVEMENTS REQUIRED BY CITY OF HOUSTON FIRE DEPARTMENT ON SENS LEASEHOLD PROPERTY.--Under date of March 16, 1954, the City of Houston Fire Department sent in a report on certain fire hazards noted in the Sens Leasehold property with a request that the University remedy such hazards. The Board of Regents at its meeting held on April 10, 1954, approved the making of certain repairs provided the total cost thereof did not exceed approximately \$500.00. These repairs have now been completed and a report received under date of August 16, 1954, from the Houston Fire Department which reads as follows: "Repairs have been completed on the above-mentioned building (Tremont Hotel) as in regards to the previous notice. It is understood that repairs were temporary until such time as same shall be completely remodeled or demolished." This report is submitted to the Board of Regents for information.

HOGG FOUNDATION: VARNER PROPERTIES - RATIFICATION OF PAYMENT OF SUPPLEMENT U INCOME TAX FOR YEAR ENDED JULY 31, 1954.--Under date of October 14, 1954, Endowment Officer Taylor and Comptroller Sparenberg filed with the Austin Director of Internal Revenue a "U. S. Exempt Organization Business Income Tax Return" and paid the tax due in the amount of \$1,201.21 for the year ended July 31, 1954, on the Supplement U properties owned by the Hogg Foundation: Varner Properties. The Land and Finance Committee recommends that this action be ratified and approved by the Board of Regents.

HOGG FOUNDATION: VARNER PROPERTIES - AD VALOREM TAX PROBLEM IN CONNECTION WITH SALE OF GUNTER AND NEGLEY PROPERTIES.--Although numerous letters have been written and two visits to San Antonio have been made in connection with the unpaid ad valorem taxes rendered against the Gunter and Negley Properties in San Antonio, Texas, no progress has been made in getting these two properties removed from the tax rolls and their tax exempt status established while under the ownership of the University. The County Board of Commissioners has further advised the University after a hearing that the properties owned by The University of Texas in San Antonio are not considered to be tax exempt and that they will remain on the Bexar County tax rolls. At the time of the sale of the Gunter and Negley Properties, the University purchased a surety bond from the Queen Insurance Company of America agree-

ing to pay all taxes that might be asserted for the period of ownership by the University and to settle the matter of ad valorem taxes within a ten-year period of time. It is the view of Land and Trust Attorney Gaines that it will probably be necessary to institute legal proceedings against the taxing authorities of the City of San Antonio and of Bexar County in order to settle the matter, either by negotiation or by judgment. Accordingly, it is recommended that Land and Trust Attorney Gaines be authorized to proceed with the settlement of the tax problem on the properties owned by the University in San Antonio, including the two already sold and the Central Company property still held by the University, by legal proceedings if necessary, and to consult with the Attorney General of the State of Texas regarding any suit to be filed.

AD VALOREM TAX PROBLEM IN CONNECTION WITH PURCHASE OF MILLER AND JOSEPH PROPERTIES, AUSTIN, TEXAS.--When the University purchased the Joseph and Miller properties on Red River Street in Austin, Texas, all taxes were paid by the sellers of the properties through 1953 and also the sellers under the respective purchase contracts paid over to the University their prorata shares of the 1954 taxes, such proration being made as of the date of delivery of each deed and also made on an estimate of the amount of the 1954 taxes for the County and State and the City of Austin. Land and Trust Attorney Gaines has advised that the Attorney General has held that neither the University nor the State is liable for the payment of taxes which had accrued on property prior to its acquisition by the University. However, such taxes would, nevertheless, remain outstanding as a personal liability against the persons who were the owners of the property on the first day of January of the year or years for which the taxes were assessed against the property. The liability of the above properties for ad valorem taxes for the year 1954 was fixed as of January 1, 1954, and thereupon became a personal liability against the then owners and will remain such a liability until the same are paid. However, according to the above contracts for the purchase of the properties, it was agreed between the parties that such taxes for the year 1954 were to be prorated as of the date of the delivery of the respective deeds. Consequently, according to Judge Gaines, as a part of the consideration for the purchase of the properties, the University as purchaser agreed to pay its prorata part of the 1954 taxes so as to relieve the sellers or grantors from such tax liability.

Accordingly, upon the advice of Land and Trust Attorney Gaines, it is recommended that Endowment Officer Taylor be authorized to pay the University's prorata share of the 1954 ad valorem taxes assessed against the Miller and Joseph Properties and that the sum of \$962.02 for this purpose be appropriated from the Available University Fund - Unexpended Plant Funds to Account No. 9267, "Purchase of Properties on Red River Street, Austin, Texas."

HOGG FOUNDATION: W. C. HOGG ESTATE - RATIFICATION OF EXECUTION OF DIVISION ORDER TO SCURLOCK OIL COMPANY ON E. C. MOORE MINERAL LEASE, BROWN COUNTY, TEXAS.--Under date of September 21, 1954, Endowment Officer Taylor executed a division order to the Scurlock Oil Company for the University's interest in the E. C. Moore Lease on the South 120 acres, more or less, out of the W. W. Ahrenbeck and Brothers Survey No. 3, Brown County, Texas, being a part of the Fry and Smith-Ellis District. The Scurlock Oil Company purchased as of September 1, 1954, certain gathering facilities of the Humble Pipe Line Company, the above-described lease being among those affected. It is recommended that the Board ratify and approve this action. (University Mineral Lease No. 64-c, W. C. Hogg Estate)

HOGG FOUNDATION: W. C. HOGG ESTATE - RATIFICATION OF EXECUTION OF CORRECTED DIVISION ORDER TO SINCLAIR CRUDE OIL COMPANY ON A. E. TAYLOR MINERAL LEASE, WHARTON COUNTY, TEXAS.--Under date of September 21, 1954, Endowment Officer Taylor executed a corrected division order for the University's royalty interest in the Lyle Cashion Company's A. E. Taylor mineral lease in the Boling Field, Wharton County, Texas, the corrected division order to be effective retroactively to February 18, 1954 (first run). It is recommended that the Board ratify and approve this action. (University Mineral Lease No. 53-c, W. C. Hogg Estate)

HOGG FOUNDATION: W. C. HOGG ESTATE - PROPOSED MINERAL LEASE TO J. LINTON ROBERTSON, JR., AS AGENT FOR OLYMPIA OIL AND GAS CO., LTD., IN OLD HUMBLE OIL FIELD, HARRIS COUNTY, TEXAS.--A proposed mineral lease from Alice Nicholson Hanszen, et al, including the Board of Regents of The University of Texas as Trustee of the Hogg Foundation: W. C. Hogg Memorial Fund, as Lessors, and J. Linton Robertson, Jr., of Houston, Texas, agent for the Olympia Oil and Gas Co., Ltd., as Lessee, has been submitted to the University for consideration. The Board's interest in the land situated in the Old Humble Oil Field, North Harris County, Texas, consists of an undivided 108/1728 interest therein which was acquired in the Estate of W. C. Hogg, Deceased. This lease is primarily for sulphur exploration although efforts to find and produce oil and paying and commercial quantities will also be made by the lessee. The lease is for a primary term of six months beginning with the date of the last certificate of acknowledgement of any of the lessor parties and so long thereafter as oil or gas or other minerals may be produced from the land in paying or commercial quantities. No cash consideration is involved. The royalty is to be 1/6 of all oil produced, gas produced and saved, and residue gas, and 1/10 of all other minerals mined and marketed except on sulphur which shall be \$3.00 per long ton. The general terms of the instrument have already been approved by representatives of Rice Institute, one of the owners of the property, and have also been approved by Mr. Wm. B. Ferguson as attorney for Mrs. Hanszen and Mrs. Margaret Wells Hogg. It is recommended that the Chairman of the Board be authorized to execute the mineral lease on behalf of the Board of Regents upon its approval as to form by University Land and Trust Attorney Gaines and as to content by Endowment Officer Taylor.

HOGG FOUNDATION: W. C. HOGG ESTATE - PROPOSED OIL AND GAS LEASE TO H. B. & B. DRILLING CORPORATION IN OLD HUMBLE OIL FIELD, HARRIS COUNTY, TEXAS.--A proposed oil and gas lease from Alice Nicholson Hanszen, et al, including the Board of Regents of The University of Texas as Trustee of the Hogg Foundation: W. C. Hogg Memorial Fund, as Lessors, and the H. B. & B. Drilling Corporation, as Lessee, has been submitted to the University for consideration. The Board's interest in the land situated in the Old Humble Oil Field, North Harris County, consists of an undivided 108/1728 interest therein which was acquired in the Estate of W. C. Hogg, Deceased. The same lots in this lease were also included as to sulphur and all other minerals except oil and gas in the proposed lease above-outlined to J. Linton Robertson, Jr. The lease is for a primary term of six months beginning on June 14, 1954, and so long thereafter as oil or gas is produced from the land in commercial quantities. No cash consideration is involved. The royalty is to be 1/4 of all gasoline, gas, residue gas sold or used, with an overriding royalty out of oil in an amount computed at the rate of \$250.00 per net acre on a 1/8 royalty basis of all oil and gas produced and saved by Lessee. This would amount to a total overriding royalty payment of \$3,887.50 based on the acreage involved. The lease further provides for drilling to a depth of at least 1100 feet from the surface. The general terms of the instrument have already been approved by Rice Institute and by Mr. Wm. B. Ferguson as attorney for Mrs. Hanszen and Mrs. Margaret Wells Hogg. It is recommended that the Chairman of the Board be authorized to execute the oil and gas lease on behalf of the Board of Regents upon its approval as to form by University Land and Trust Attorney Gaines and as to content by Endowment Officer Taylor.

BLANCHE BENDER PROPERTY - RATIFICATION OF EXECUTION OF RENTAL DIVISION ORDER TO AUSTRAL OIL EXPLORATION CO., INC., AND MICHEL T. HALBOUTY ON CHARLES A. BAHR, ET AL, MINERAL LEASE, MONTGOMERY COUNTY, TEXAS.--Under date of May 28, 1954, the Board of Regents ratified an oil, gas and mineral lease from Charles A. Bahr, Sr., et al, to R. C. Hudson and A. E. Masterson as agents for Michel T. Halbouty insofar as the lease covered fifty acres of land, more or less, out of the Montgomery County School Land and R. O. W. McManus 1/3 League, Montgomery County, Texas, and authorized the Chairman to execute the lease on behalf of the Board. In connection with the lease the Austral Oil Exploration Co., Inc., and Michel T. Halbouty submitted a rental division order showing Mrs. Blanche

Bender as being entitled to receive all of the rentals provided for in the mineral lease during her life with the remainder to the M. D. Anderson Hospital for Cancer Research of The University of Texas, Houston, Texas. The 50-acre tract involved in the lease and rental division order is that covered in the deed, dated February 25, 1950, whereby Mrs. Blanche Bender conveyed to the M. D. Anderson Hospital all of her right, title and interest, the same being an undivided one-fourth interest in and to the 50-acre tract, and also whereby Mrs. Bender reserved unto herself all of the oil, gas and mineral rights and royalties during her natural life. Chairman Sealy executed the rental division order on behalf of the Board of Regents under date of September 27, 1954. It is recommended that this action be ratified and approved by the Board.

TEXAS WESTERN COLLEGE - PROPOSED GROUND LEASE TO PHI KAPPA TAU ALUMNI ASSOCIATION OUT OF ALEXANDER ADDITION, EL PASO, TEXAS, FOR FRATERNITY CHAPTER HOUSE SITE.--Acting President A. A. Smith of Texas Western College has submitted a ground lease to Phi Kappa Tau Alumni Association on property in the Alexander Addition, El Paso, Texas, the site to be used for the construction of a fraternity chapter house. The area involved in the ground lease contains 0.4138 acres, more or less. The term of the lease is for a period of thirty years beginning November 1, 1954, and ending October 31, 1984, with an option to extend the lease from the date of its expiration for another 30-year period at the same rental, the lessee being required to give sixty days' written notice of its intent to exercise the option. The total rent involved for the thirty-year period is \$2,250.00, payable \$75.00 annually in advance. If the lots are offered for sale during the term of the original or extended lease, the Lessee is to have first option to purchase the lots at a price to be agreed upon between the parties to the lease. Acting President Smith has approved the general terms of the ground lease and recommends that it be approved by the Board of Regents. It is recommended that the Board approve the lease and authorize the Chairman of the Board to execute the lease instrument upon its approval as to form by Land and Trust Attorney Gaines and as to content by Endowment Officer Taylor.

HUNTINGTON LANDS - PROPOSED GEOPHYSICAL EXPLORATION PERMIT TO THE HUMBLE OIL AND REFINING COMPANY.--The University has received a request from the Humble Oil and Refining Company for a geophysical exploration permit on the Huntington Lands in the H. B. Littlefield Survey and the Samuel C. Bundick Surveys in Galveston County, Texas, between Texas City and Virginia Point. The total acreage owned by the University in this tract is approximately 3,695 acres, more or less. Mr. John W. Mecom has a mineral lease on approximately 2,214 acres out of this tract, the primary term of which lease expires on October 21, 1954. The Texas Company now holds a geophysical exploration permit on the entire acreage for a 180-day period beginning October 4, 1954, and expiring April 1, 1955. The total acreage is also under grazing lease to Joe M. and H. C. Robinson.

It is recommended that a geophysical exploration permit be granted to the Humble Oil and Refining Company for a period of 180 days beginning November 1, 1954, the fee to be \$150.00 for each two weeks of seismic operations on the land. It is also recommended that the Chairman of the Board of Regents be authorized to execute the permit, such instrument to be generally in line with the University's geophysical exploration permits on Permanent University Fund Lands and to be approved as to form by University Land and Trust Attorney Gaines and as to content by Endowment Officer Taylor.

The Board ratified the actions and approved the recommendations of the foregoing report upon motion of Mr. Jeffers, duly seconded.

REPORT ON PERMANENT UNIVERSITY FUND INVESTMENTS, 1953-54.--
 Endowment Officer Taylor presented to the Board a Report of the Regents' Land and Finance Committee on the Permanent University Fund investments for the Fiscal Year 1953-54, stating that the Committee has made periodical reports of purchases, sales and exchanges of bonds made for the Fund and that all have been duly approved by the Board of Regents. This report pointed out that the current rate of return on bonds in the fund is 2.74%, the highest rate since the year 1945-46, and that as of August 31, 1954, the fund had a market value of \$208,522,990.66, which represented a book profit of \$4,263,814.70 on a total book value of \$204,259,175.96 and further that the interest rate on new investments for the past two years has been the highest since 1935-36. The Board directed the Secretary to file the signed copy of this report in the Office of the Board of Regents.

REVIEW OF COMMON STOCK HOLDINGS.--Endowment Officer Taylor presented to the Board the Report of the Regents' Land and Finance Committee on common stock held by the trust and special funds under the trusteeship of the Board of Regents. This report directed the Board's attention to the substantial unrealized appreciation which prevails at the present time in the common stock portfolio and recommended that careful consideration should be given to the relatively high level of the market and the possibility of lower prices in the future. While the holdings in general are in high-grade stocks with satisfactory earnings, dividends, and long-term outlook, and are held for the most part in well-diversified portfolios, the Board of Regents should consider partial liquidation unless it is prepared to see lower prices in the future and to hold the stocks on a more or less permanent basis for income and future growth purposes.

(The signed Committee Report and the statistical studies referred to in the report as Appendices A, B, C, D, and E are filed in the Office of the Board of Regents.)

REVIEW OF THE HOGG FOUNDATION: W. C. HOGG MEMORIAL FUND.--
 Endowment Officer Taylor presented a review of the Hogg Foundation: W. C. Hogg Memorial Fund, and pointed out that a substantial portion of the indebtedness acquired when the University took over the Varner Company assets had been reduced and further pointed out the sale of several pieces of real estate out of the Varner assets, all of which had helped to make possible at this time the release of net income for a substantial enlargement of the Mental Hygiene Program. The Secretary was instructed to file in the Office of the Board of Regents this report, and Endowment Officer Taylor was requested to send a copy of this review to each member of the Board.

HOGG FOUNDATION: W. C. HOGG MEMORIAL FUND (INVESTMENT).--
 Endowment Officer Taylor presented the following report of the Regents' Land and Finance Committee:

In the light of the current review of the investments in the Hogg Foundation: W. C. Hogg Memorial Fund, it is recommended by the Land and Finance Committee:

1. That Endowment Officer Taylor be authorized to negotiate with Mrs. Marie Willett Howard and her attorney for the final settlement of the annuity payments and death benefits due her and the accounts receivable due the Varner Company properties, the final agreement to be subject to approval by the Board of Regents.
2. In each fiscal year beginning September 1, 1954, that the net income of the Hogg Foundation: W. C. Hogg Memorial Fund, including income from both the assets in the W. C. Hogg Estate and the Varner Company properties, other than that income needed for depreciation and the payment for annuities, taxes, and other operating expenses, be made available for expenditure

in the succeeding fiscal year by the Mental Hygiene Program of the Hogg Foundation. The effect of this transaction should be to increase the annual sum available for the Mental Hygiene Program from approximately \$130,000.00 to approximately \$300,000.00. All increased expenditures for the Mental Hygiene Program shall be budgeted in the usual manner in the 1955-56 budget.

3. That the \$450,000.00 real estate mortgage note of the Pappas Co., Inc., now owned by the Varner Company properties, be sold to the W. C. Hogg Estate, the payment therefor to be the cancellation of the indebtedness in the amount of \$400,000.00 due the W. C. Hogg Estate from the Varner Company properties plus cash in the amount of \$50,000.00.

Upon motion of Mr. Sorrell, seconded by Mr. Jeffers, the Board approved the foregoing report.

MAIN UNIVERSITY

RESIGNATION OF JACK G. TAYLOR; CHAIRMAN SEALY'S REMARKS.--

Upon a motion made and duly seconded, the Board accepted with regret the resignation of Mr. Jack G. Taylor as Endowment Officer of The University of Texas, effective December 31, 1954, and granted Jack G. Taylor a leave of absence as Associate Professor of Investment in the Department of Finance, Insurance, and Real Estate in the College of Business Administration for the period January 1 - June 16, 1955. See Page 336 and 277

About the resignation of Endowment Officer Taylor, Chairman Sealy made the following remarks: "We are going to miss you here on the hill. We are happy for you, but sorry for us. You have made a very fine contribution to this institution, and a lasting one."

AMENDMENT, BANK DEPOSITORY AGREEMENT WITH THE AUSTIN NATIONAL BANK, AUSTIN.--

President Wilson presented a recommendation, in which he concurred with Comptroller Sparenberg, that the Comptroller be authorized by the Board of Regents to prepare an amendment to the Bank Depository Agreement with the Austin National Bank, the amendment to expire August 31, 1955, at the same date that the Depository Agreement expires, under which amendment there could be placed a maximum of an additional \$1,000,000.00 on "Time Deposit, Open Account", this additional \$1,000,000.00 or less to be subject to withdrawal on thirty days' written notice instead of ninety days' written notice, with the further provision that time deposit accounts opened up by us over and above the first \$1,000,000.00 would draw interest at the rate of 1% per annum instead of 1 1/2% per annum. The provisions in the present agreement in regard to the first \$1,000,000.00 of time deposits would remain unchanged. It is further recommended that the Chairman of the Board of Regents be authorized to execute this amendment to the Bank Depository Agreement after it has been approved as to legal form by Judge Scott Gaines, University Attorney.

Mr. Sorrell moved that the above recommendations be approved. Mrs. Tobin seconded the motion, which carried.

CENTRAL ADMINISTRATION

AUTHORIZATION, INSURANCE SURVEY AND CONSULTING SERVICES, INSURANCE AUDIT AND INSPECTION COMPANY, INDIANAPOLIS, INDIANA.--

Mr. Jeffers moved that pursuant to the recommendation of Comptroller Sparenberg, the Board accept the offer of the Insurance Audit and Inspection Company of Indianapolis, Indiana, to do an original insurance survey of The University of Texas System and to render continuing consulting services for a period of one year for a flat fee of \$3,500.00. Judge Woodward seconded this motion, which carried. See Page 263

DOCKETS, CENTRAL ADMINISTRATION; AMENDMENT TO DOCKET OF M. D. ANDERSON HOSPITAL.--President Wilson presented to the Board a docket under date of October 18, 1954, for Central Administration and in this docket he submitted his recommendation for approval of the dockets of the component institutions of The University of Texas; namely:

Main University and Extramural Divisions, submitted by
 Vice-President Boner, Page 151
 Texas Western College, submitted by Acting President Smith, Page 192
 Medical Branch, submitted by Executive Director Leake, Page 196
 Dental Branch, submitted by Dean Olson, Page 207
 M. D. Anderson Hospital for Cancer Research, submitted by
 Director Clark, Page 209
 Southwestern Medical School, submitted by Acting Dean Gill, Page 245
 Postgraduate School of Medicine, submitted by Dean Taylor, Page 250

President Wilson requested that the docket of M. D. Anderson Hospital be corrected by adding on Page A-5 Item 5 to read as follows:

5. The following gifts of less than \$100.00, for which acknowledgments and expressions of appreciation have been { See Page 213 sent by the hospital.

Upon motion of Judge Woodward, seconded by Mrs. Tobin, the Board approved the dockets submitted by President Wilson. (These dockets are attached to and made a part of these minutes. Page 148.)

MATERIAL FOR INFORMATION.--President Wilson called to the attention of the members of the Board that there was in their folders information on the following:

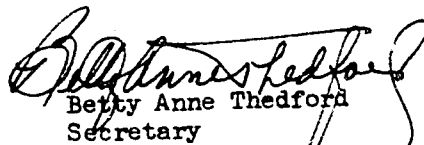
Staff Report, Children's Hospital of The University of Texas Medical Branch as Submitted to the Legislative Budget Board, September, 1954

Statistical Information on Tuition and Other Required Fees at the 15 State Universities which are members of the Association of American Universities and 3 State Universities in States Adjacent to Texas

Comparative Enrollment Figures, First Term of Semester for the Educational Institutions of Higher Learning in Texas.

DOCUMENTARY COLOR FILM ON THE UNIVERSITY OF TEXAS.--President Wilson informed the Board that about a dozen prints of a 28-minute documentary color movie of The University of Texas, sponsored jointly by the University and the Ex-Students' Association, are being made available for circulation among the Ex-Student, and other interested, groups in the state.

ADJOURNMENT.--There being no further business to come before the session, the Board adjourned at 4:00 p.m. to meet again on December 10, 1954.


 Betty Anne Thedford
 Secretary