

Austin, Texas
November 2, 1956
Meeting No. 557

On Friday, November 2, 1956, at 11:30 a. m., the Board of Regents of The University of Texas met as a Committee of the Whole in the President's Office with the following attendance:

Present

Chairman Sealy
Vice-Chairman Voyles
Regent (Mrs.) Devall
Regent Jeffers
Regent Lockwood
Regent Minter
Regent Sorrell
President Wilson
Secretary Thedford

Absent

Regent Johnson (Came in later)
Regent Oates (Excused)

(See Pages 2, 11 .)

(See Permanent Minutes,
Pages 276, 285.)

Also present were Vice-President Boner, Vice-President Casberg, Vice-President Dolley, Vice-President Haskew, and Assistant to the President Cox.

MAIN UNIVERSITY

POLICY RE USE OF UNIVERSITY BUILDINGS AFFIRMED. --President Wilson read a petition from the Young Democrats Club of The University of Texas, the Young Republican Club of The University of Texas, and the Law Students for Stevenson which included, among other things, a request for "the use of Batts Hall Auditorium or some other available University facility for Senator Albert Gore to speak on October 31, 1956, to all students at The University of Texas who are interested in the political aspect of the society they will inherit." (A copy of this petition is in the Secretary's Files, Volume IV, Page 34)

See Page
712.

President Wilson reported that he had denied this petition but had told one of the signers of the petition that he would present the entire matter to the Regents and give them an opportunity to affirm or to change the present policy.

President Wilson then read a summary by Dean McCown of the deliberations of a conference that he had had on this matter with the University deans and directors, Vice-President Boner, and Assistant to the President Cox. (A copy of this summary is in the Secretary's Files, Volume IV, Page 36) This summary set out the present policies and procedures and also set out an alternate proposal regarding the possibility of extending invitations to candidates for public office to appear as speakers at designated places on the campus.

After considerable deliberation and with some expressions of sentiment in favor of the alternate proposal, the Regents reaffirmed its present policy regarding the use of University buildings stating that for practical purposes it was thought inadvisable to alter the established policy that had been in existence since February 28, 1947.

INTERCOLLEGIATE RODEO TEAM. --President Wilson presented the question as to whether the now inactive Rodeo Association at the Main University should again be sponsored. After some discussion, Chairman Sealy said that he would name a special committee to go into this matter thoroughly and that it would be considered at the January 1957 meeting. Vice-President Boner was requested to assemble information as to how intercollegiate rodeo teams of other colleges in the Southwest Conference operate.

MC DONALD OBSERVATORY. --In compliance with the request of the Board at the September meeting, President Wilson reported that he had corresponded with Doctor Bengt Strömngren, Director of the McDonald Observatory, regarding visiting hours and guided tours at and signs leading to the McDonald Observatory and that he had offered to have See P. 447 made at the Main University and sent to the Observatory the signs needed. Doctor Strömngren plans to come by Austin in November to discuss these details. The Board left it with President Wilson to work out with Doctor Strömngren an improved arrangement for visitors at McDonald Observatory.

RECESS. --The Committee of the Whole recessed at 1 p. m. to reconvene as soon as the committees had completed their work.

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The Board as a Committee of the Whole reconvened at 4 p. m. with Regent Johnson present and the same attendance as at the morning session.

COMMITTEE REPORT

REPORT OF MEDICAL AFFAIRS COMMITTEE (See Page 5 for adoption). -- Doctor Minter presented the following report of the Medical Affairs Committee:

Policy Statement, Location, St. Paul's Hospital, Southwestern Medical School. --In reply to the request of the Administrator of St. Paul's Hospital, the Medical Affairs Committee recommends that the Board adopt the following policy statement regarding the proposed location of St. Paul's Hospital, a private group hospital:

1. The Board of Regents will neither sell nor lease any land in The University of Texas Southwestern Medical School acreage except to a hospital which is to be totally integrated in the teaching program.
2. The Board of Regents would look with favor on St. Paul's Hospital being located on property owned by the church as near to The University of Texas Southwestern

Medical School as is possible; and in that connection it would consider negotiating with the Southwestern Medical Foundation and the Bishop of the Dallas Diocese in an effort to exchange lands that would result in a consolidation of the properties of The University of Texas Southwestern Medical School and of the lands of St. Paul's Hospital.

3. The Board of Regents would look with favor on a program to integrate and utilize the clinical and charitable services in St. Paul's Hospital and such other portions as can be satisfactorily operated as a teaching integrated hospital.

Policy Statement re Allocation of Sites for Proposed Presbyterian Hospital or any other Private Group Hospital, Southwestern Medical School. -- The Medical Affairs Committee discussed an informal approach that had been made by a Presbyterian group in Dallas regarding the building of a hospital near or on the acreage of The University of Texas Southwestern Medical School. After taking into consideration that the proposed Presbyterian Hospital presents a different situation from that of St. Paul's Hospital in that, unlike St. Paul's Hospital which has been organized for many years, it does not have a staff, it is recommended that the following policy statement regarding the location of the proposed Presbyterian Hospital or of any other private group hospital be adopted:

The Board of Regents will not approve any building for construction on the land of The University of Texas Southwestern Medical School until a master-site plan for The University of Texas Southwestern Medical School tract has been approved, and the construction of the proposed Presbyterian Hospital or any other private group hospital will have to fit into the master plan in order to be considered by the Board. Contingent upon a location fitting into the master plan, the Board of Regents would look with favor upon the proposed Presbyterian Hospital as a teaching hospital if it complies with the Board's policy setting out the minimum prerequisites for a teaching hospital as set out below.

Master Plan, Southwestern Medical School. -- The Medical Affairs Committee recommends that Mr. Carl Hoblitzelle, who had offered to provide the funds necessary for the preparation of a master-site plan for The University of Texas Southwestern Medical School tract, be asked to request the proper persons to proceed with the master plan and to submit it to the Board of Regents within the next six months, that is by May 1, 1957.

See Page
710.

Policy re Private Teaching Hospitals, Southwestern Medical School. -- The Medical Affairs Committee, after due consideration and upon the recommendation of Dean Gill, concurred in by both Vice-President Casberg and President Wilson, recommends that any negotiations with reference to any private group hospital to qualify as a teaching institution of The University of Texas Southwestern Medical School be based

upon the following minimum prerequisites:

1. The hospital should be of proper form and structure as to merit approval by the University and its architectural consultants.
2. It would need to demonstrate in some manner that adequate financing could be assured.
3. All appointments to the hospital's professional staff should be made upon nomination by the Dean of the medical school.
4. The chairman of each department of the medical school should be chief of the corresponding service in the hospital.
5. A minimum number of free beds (beds for hospitalization of non-private patients) should be available. About 10% of the total bed capacity should be reserved for such free teaching beds.
6. The consultation departments (Pathology, Radiology, Physical Medicine and Anesthesiology) should be maintained adequately by the hospital with provision made for adequate salary for personnel.
7. All decisions relative to house staff appointments, rotation, integration with other hospitals, and all decisions pertaining to number of medical students and extent of undergraduate medical school teaching shall be decided by the faculty of the medical school.

Faculty Organization, Southwestern Medical School. -- The Medical Affairs Committee recommends the following proposal for faculty organization at the Southwestern Medical School:

I. The Faculty Council

The Faculty Council shall be composed of all full-time academic departmental chairmen or acting chairmen, the Dean, the Associate Dean, the Assistant Dean for Postgraduate Education and Alumni Relations, the Assistant Dean for Student and Curricular Affairs, and one part-time man from a given department for a period of one year rotating to each department in a set pattern. If a departmental chairman is unable to attend a meeting, he may appoint a member of his department to represent him at any single meeting. Membership on the Faculty Council may not, however, be permanently delegated. At the specific request of the Faculty Council, other members of the faculty may be invited to attend specific single meetings for consultation.

The Faculty Council shall be an advisory body and shall function in an advisory capacity to the Dean. This Council shall consider matters of admission procedures, student promotion, academic standards, curriculum, examinations and the honor system, building and grounds, inter-departmental relationships, coordination of fellowships and grants, visiting lectureships, and student-faculty relationships. It shall also be within the province of this body to consider and recommend upon general questions of retirement and various funds having to do with the health and retirement of teachers. It shall be the duty of the Faculty Council to certify and recommend students for graduation and the granting of degrees. In addition to the medical curriculum, the medical art program shall be included within the functions of the Faculty Council for discussion and recommendation as to policies, standards and general problems.

Meetings shall be called, approximately every other month during the school year from September to June, by the Dean or a representative appointed by him. The Dean or his representative shall be Chairman of the Faculty Council and shall preside at each meeting.

II. Committees

The Dean shall appoint standing committees annually in September of each year for a period to extend from September to August 31 of the following year.

The underlined portion was adopted by the Medical Affairs Committee as an amendment to the recommendation of Dean Gill, concurred in by Vice-President Casberg and President Wilson.

Salary Augmentation Plan, Medical Branch. -- The Medical Affairs Committee recommends that Director Truslow be requested to complete by January 11, 1957, the salary augmentation plan for The University of Texas Medical Branch and that later all the medical units of The University of Texas be instructed to work together in an attempt to set up an overall general augmentation policy with specific exceptions. See P. 452

Adoption of Report. -- Doctor Minter moved that the foregoing report and the recommendations contained therein be adopted. Mr. Jeffers seconded the motion which carried unanimously.

The Board adjourned as a Committee of the Whole at 5:10 p. m. , Friday, and convened in regular session on Saturday, November 3, at 9:45 a. m. Present at the meeting were:

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| <p><u>Present</u></p> <p><u>Board of Regents</u></p> <p>Chairman Sealy
 Vice-Chairman Voyles
 Regent (Mrs.) Devall
 Regent Jeffers
 Regent Johnson
 Regent Lockwood
 Regent Minter
 Regent Sorrell
 President Wilson
 Secretary Thedford</p> | <p><u>Absent</u></p> <p>Regent Oates</p> |
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Athletic Council

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| <p>Doctor O. B. Williams, Chairman
 Professor M. L. Begeman
 Doctor J. A. Burdine
 Mr. Jim Tom Barton, Proxy for
 Mr. Cullum
 Mr. Lloyd Hand, Student
 Representative</p> | <p>Mr. L. H. Cullum,
 Representative of
 Ex-Students' Association</p> |
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Also present at this meeting were Athletic Director Dana X. Bible, other administrative officials of the University, and representatives of the press.

MAIN UNIVERSITY

JOINT MEETING WITH ATHLETIC COUNCIL; PURPOSE. --Because of the resignation of Coach Ed Price, effective December 31, 1956, and because the Athletic Director Dana X. Bible goes on modified service as of August 31, 1957, the Board of Regents met in joint session with the Athletic Council of the Main University to set up plans for the selection of a new football coach and a new athletic director, or for the selection of one individual to fill a combination of these two positions.

See P. 448

Chairman Sealy commended Coach Ed Price for his service to the University which began as freshman coach in three sports in 1936. He stated that Coach Price was a fine Christian gentleman and a good football coach. It is the hope of the Board of Regents, if Coach Price should be interested in continuing at and being associated with The University of Texas, that a teaching position, possibly in physical education, or some other appropriate post, will be found where his twenty years of experience may be utilized. It is the personal hope of the Board of Regents that Coach Price will remain at The University of Texas.

FOOTBALL COACH AND ATHLETIC DIRECTOR, MAIN UNIVERSITY; PROCEDURE FOR AND POLICY RE SELECTION; SPECIAL COMMITTEE OF EX-STUDENTS' ASSOCIATION; SPECIAL COMMITTEE OF BOARD OF REGENTS. --At the joint meeting of the Board of Regents and the Athletic Council Chairman Sealy outlined the following procedure and policies to be followed in the selection of a football coach and athletic director at the Main University:

No one has been approached officially by the University with respect to an appointment.

Names of candidates and possible appointees will not be made public while the selective machinery is in operation. This policy is to protect those individuals being interviewed from any misunderstandings that might arise. Only when the qualifications of available persons are thoroughly studied can it be determined whether a combination appointment of head football coach-athletic director will be made or whether separate appointments will be made.

See P. 448

An appointment will be made through prescribed channels, in the same manner as all other University staff appointments are made. In this instance official policy provides that recommendations originate within the Athletic Council which is composed of three faculty members, Doctor O. B. Williams, Professor M. L. Begeman and Doctor J. A. Burdine; an ex-student, Mr. L. H. "Shino" Cullum of Wichita Falls; and a student, Mr. Lloyd Hand. Athletic Director D. X. Bible will have a voice in the deliberations of the Council which will be assisted further in its screening and study of names by an advisory committee.

The advisory group is composed of Doctor C. S. Alexander, Houston, President of the Longhorn Club; Mr. Richard W. Blalock, Marshall, retiring President of the University Dads' Association; Mr. Alva Carlton, Houston, former chairman of a state-wide ex-students athletic council; Mr. J. A. "Tiny" Gooch, Fort Worth, member of the University Development Board; Mr. Weldon Hart, Austin, member of the board of the Longhorn Club; Mr. Herman Jones, Austin, President of the Ex-Students' Association; Mr. A. M. G. Swenson, Stamford, former member of the Board of Regents; Mr. John B. Holmes, Houston, member of the Ex-Students' Association Council; and Mr. Stanley Erskine, Midland, newly-elected President of the Dads' Association.

Working concurrently and coordinately with the above groups will be a special committee of the Board of Regents composed of Chairman Sealy, Mr. J. R. Sorrell of Corpus Christi, Mr. Claude W. Voyles of Austin, and Mr. Lee Lockwood of Waco.

Council recommendations in turn will go to Dean McCown whose administrative responsibilities include intercollegiate athletics; to Vice-President C. Paul Boner who is chief executive officer of the Main University; to President Logan Wilson; and finally to the entire Board of Regents. Commenting on the qualifications of prospective appointees, President Wilson declared and all concurred that one thing was certain:

"The man or men we name must have a balanced point of view regarding the place of athletics in our educational program and must be prepared to

continue the emphasis on integrity which has characterized our efforts in the past."

CENTRAL ADMINISTRATION

JOINT MEETING WITH DEVELOPMENT BOARD, JANUARY 12. --The joint meeting of the Board of Regents with the University Development Board that had been canceled for November 3 at 10 a. m. was scheduled for Saturday, January 12, 1957, at 10 a. m. in the President's Office. See P. 493

AMENDMENT, THE UNIVERSITY OF TEXAS ADMINISTRATIVE ORGANIZATION: COUNCIL ON MEDICAL AFFAIRS. --Upon the recommendation of Vice-President Casberg, concurred in by President Wilson and approved by the Council on Administrative Policy, the Board, upon a motion by Mrs. Devall, seconded by Mr. Johnson, ordered that "The University of Texas Administrative Organization" as adopted at the meeting October 14-15, 1955, be amended on Page 51 of Meeting No. 549 (Permanent Minutes, Volume III, Page 51) by adding under "Advisory Council" the following to be known as Item 3:

Council on Medical Affairs. To advise the Vice-President for Medical Affairs in his area of staff responsibility. It is composed of the Vice-President for Medical Affairs, (Chairman), the Director of the M. D. Anderson Hospital and Tumor Institute, the Dean of the Dental Branch, the Director of the Medical Branch, the Dean of the Postgraduate School, and the Dean of Southwestern Medical School. Meetings are held at the call of the Vice-President for Medical Affairs, who prepares the agenda.

TRAVEL AUTHORIZATIONS, NOVEMBER 2, 1956, THROUGH JANUARY 11, 1957. --Upon a motion duly made and seconded, the Board made the following authorizations:

To comply with the requirements of Section 21 of Article V, H. B. 140, Acts 54th Legislature, the Board of Regents of The University of Texas hereby specifically authorizes the following officers of the component units of The University of Texas located outside of Austin to travel to Austin between this date and the next meeting of the Board of Regents for the transaction of State business, other than to attend, or be present at, any session of the 55th Legislature:

Texas Western College

Dysart E. Holcomb, President
A. A. Smith, Business Manager

Medical Branch, Galveston

John B. Truslow, Director
G. A. W. Currie, Hospital and Facilities Administrator
D. B. Calvin, Dean of Students and Curricular Affairs
T. G. Blocker, Jr., Professor of Surgery
Donald Duncan, Professor of Anatomy, Associate Dean of
the Graduate School
Marjorie Bartholf, Dean of the School of Nursing
R. S. Purvis, Director of Physical Plant
E. I. Bruce, Associate Professor of Psychiatry
E. D. Walker, Business Manager
Titus H. Harris, Professor of Psychiatry

Southwestern Medical School

A. J. Gill, Dean
E. A. Gell, Business Manager
Frank Harrison, Associate Dean

Dental Branch

J. V. Olson, Dean
Elna Birath, Business Manager
S. S. Arnim, Director, Postgraduate Study
Lorna Bruning, Director, Dental Hygiene

M. D. Anderson Hospital and Tumor Institute

R. Lee Clark, Jr., Director
David E. Liston, Assistant Director
Joe E. Boyd, Jr., Business Manager
Harry F. Ebert, Director of Physical Plant
Frances Goff, Assistant to the Director

Postgraduate School of Medicine

Grant Taylor, Dean

The above listed officers of each of the component units are hereby specifically authorized to travel to Austin in response to any request for their attendance by a legislative committee and to attend any scheduled hearing by a legislative committee on matters directly concerning their respective institutions.

EXTENSION OF CONTRACT WITH INSURANCE AUDIT AND INSPECTION COMPANY. -- Upon the recommendation of Vice-President Dolley, concurred in by President Wilson, and upon motion of Vice-Chairman Voyles, seconded by Mrs. Devall, the Board authorized Vice-President Dolley to negotiate with Mr. A. R. Massey of the Insurance Audit and Inspection Company for the extension of the contract between the Board of Regents of The University of Texas and the Insurance Audit and Inspection Company for one year beginning November 18, 1956, at an annual fee of approximately \$1,500. See P. 505

CORRECTION AND APPROVAL OF MINUTES, SEPTEMBER 21-22, 1956. -- Upon a motion duly made and seconded, the Board corrected the minutes of September 21-22, 1956, on Page 8 by deleting from the second sentence under the topical heading, Report of the Special Housing Committee, Medical Branch, the following:

" and the three additional dormitories and combination cafeteria, lounge and housing building known as Unit B."

Then, upon motion of Mrs. Devall, seconded by Mr. Johnson, the minutes of the regular meeting of the Board of Regents September 21-22, 1956, were approved with this correction in the form as distributed to each member of the Board.

APPROVAL OF DOCKET. -- Upon motion of Mrs. Devall, seconded by Mr. Johnson, the Board approved the Central Administration docket, dated October 25, 1956, as recommended by President Wilson, and to which President Wilson had attached and incorporated as a part of his docket the dockets of the component institutions of The University of Texas; namely:

Main University and Extramural Divisions - submitted by Vice-President C. P. Boner	P. 314
Texas Western College - submitted by President Dysart E. Holcomb	P. 365
Medical Branch - submitted by Director John B. Truslow	P. 370
Dental Branch - submitted by Dean John V. Olson	P. 387
M. D. Anderson Hospital and Tumor Institute - submitted by Director R. Lee Clark, Jr.	P. 389
Southwestern Medical School - submitted by Dean A. J. Gill	P. 410

(This docket is attached to and made a part of these minutes, Page 314.)

MAIN UNIVERSITY

SMALL CLASS REPORTS, FALL SEMESTER, 1956-57, MAIN UNIVERSITY. --President Wilson presented to the Board the Small Class Report as of the twelfth day for the Fall Semester, 1956-57, at the Main University. This report had been prepared in accordance with House Bill 140, 54th Legislature, R. S., Article V, Section 18, Subsection "g" of the Special Provisions, and reflected the following:

- I. Undergraduate Classes having Fewer than Ten Students
 - A. Highly specialized courses required for professional degrees.
 - B. Courses in small departments which offer the minimum number of courses consistent with having at least an acceptable, balanced program.
 - C. Courses which a large department regards as necessary for a rounded program.
 - D. Courses for which students pay a supplementary fee for individualized Fine Arts Instruction.
 - E. Miscellaneous
- II. Graduate Classes having Fewer than Five Students

(A copy of this report is in the Secretary's Files, Volume IV, Page 41)

The foregoing report was adopted upon motion of Mrs. Devall, seconded by Mr. Johnson.

DENTAL BRANCH

AMENDMENTS TO BANK DEPOSITORY AGREEMENTS. --Upon request of Vice-President Dolley and Chairman Sealy, Comptroller Sparenberg reported to the Board that the present bank depository agreements with The Second National Bank of Houston (now Bank of the Southwest National Association) and the First National Bank in Houston (now First City National Bank) covering deposits of the Dental Branch with these banks carry a limit on the maximum amount of money which may be placed on Time Deposit of \$250,000.00 and \$150,000.00 respectively, and these top limits were reached some time ago. The Dental Branch now has a large enough balance in the General Funds of the institution that it appears desirable to place an additional \$50,000.00 on Time Deposit in each of the banks above named, and the banks have accepted this additional Time Deposit money. (See Page 648)

Upon the recommendation of Comptroller Sparenberg and on motion of Mr. Lockwood, seconded by Mr. Johnson, the Board authorized Comptroller Sparenberg to prepare amendments to the two agreements giving effect to this change in the limit of Time Deposits and authorized the Chairman of the Board to sign the amendments after they have been approved as to form by Judge Gaines.

CENTRAL ADMINISTRATION

POLICY RE PREPARATION OF CONTRACTS. --The Board concurred in Mr. Sorrell's suggestion that all contracts requiring the approval of the Land and Trust Attorney should be prepared by that office. Comptroller Sparenberg stated that such has been the usual procedure.

ATTENDANCE. --Vice-Chairman Voyles left the meeting.

COMMITTEE REPORTS

REPORT OF BUILDINGS AND GROUNDS COMMITTEE. --At the request of Chairman Sealy, Mr. Lockwood, Chairman of the Buildings and Grounds Committee, presented the following report that had been adopted by his committee:

APPROPRIATION FOR CONSULTING ARCHITECT'S SERVICES AND TRAVELING EXPENSES IN CONNECTION WITH CAMPUS DEVELOPMENT PLANS. --In the Consulting Architect's contract with Page, Southerland, and Page, effective September 1, 1956, there is a provision for payment for services and traveling expenses in connection with the preparation of Campus Development Plans in amounts not to exceed \$10,000.00 for 1956-57 and not to exceed \$7,500.00 for 1957-58. It is, therefore, recommended that an appropriation of \$10,000.00 for this fiscal year be made out of the Available University Fund for an account to be entitled "Consulting Architect - Page, Southerland, and Page - Campus Development Plans - Services and Traveling Expenses," to be set up in the Central Administration section of the Available University Fund Appropriations, with a similar account to be set up in the amount of \$7,500.00 at the beginning of next fiscal year.

RATIFICATION OF APPROVAL OF PRELIMINARY PLANS FOR ADDITION TO PHYSICS BUILDING, MAIN UNIVERSITY. --At the Regents' Meeting held June 1, 1956, authorization was given for a Special Committee, consisting of Vice-President Boner, Vice-President Dolley, and Comptroller Sparenberg, to approve the preliminary plans for the Addition to the Physics Building at the Main University. These plans have been approved by this Committee, and the Associate Architect has been instructed to proceed with working drawings and specifications. See Page 856

It is recommended that the action of the Special Committee as reported above be ratified and approved by the Board.

AWARD OF CONTRACT FOR NEW POWER GENERATING EQUIPMENT, MAIN UNIVERSITY. --At the Regents' Meeting held September 22, 1956, authorization was given to Comptroller Sparenberg to advertise for bids for new power generating equipment for the Expansion of the Power Plant at the Main University. In accordance with this authorization, these bids were received, opened, and tabulated on October 23, 1956, as shown on Page 39. Bids were taken on two bases, one a system having a 9,375 KVA generator and the other a system having a 7,500 KVA generator. It was not actually expected that the bid on the larger system would come within the appropriation available, but it was thought desirable to take the bids in this manner on the chance that the larger setup might be purchased. In the case of every bid received, an escalation clause was added by the Company bidding, making it necessary in making an award to consider the largest possible amount which might have to be paid for the equipment. See pp. 313 & 492

After consideration of the bids, the amount available in the appropriation for this equipment, the estimated amount needed for labor to install the equipment, and the other items still to be paid for out of the overall appropriation for the Expansion of the Power Plant, the following recommendation has been made by the Director of the Physical Plant of the Main University, which recommendation has been approved by the Business

Manager of the Main University and the Comptroller:

It is recommended that an award be made to the low bidder, Westinghouse Electric Corporation, San Antonio, Texas, on the basis of that company's bid on the smaller system, which is Combination Alternate Bid C, as follows:

Unescalated Price	Maximum Escalated Price
\$411,275.00	\$451,902.50

This bid includes a 5,000 KW turbine (maximum capacity 6,250 KW) and 7,500 KVA generator, complete with exciter and their accessories and auxiliaries, together with a 7,500 sq. ft. surface condenser with accessories and auxiliaries.

"CAP" KIDD MEMORIAL BUILDING AT TEXAS WESTERN COLLEGE. --
Following are quoted some excerpts from a recommendation by Dr. Holcomb to President Wilson for consideration by the Regents' Buildings and Grounds Committee in regard to the subject above indicated:

The John W. (Cap) Kidd Memorial Foundation incorporated under the laws of the State of Texas is requesting permission from the Board of Regents to erect a building on the Texas Western College campus and to install seismological laboratory equipment therein, and to name the building and laboratory installation in honor of Dean John W. (Cap) Kidd. Building construction and the purchase and installation of equipment will be financed by the Foundation. The equipment to the extent of \$7,590 has already been purchased and paid for by the Foundation and it is anticipated that additional equipment to complete the installation will cost approximately \$2,500. The Foundation had a cash balance on hand as of August 20, 1956 of \$6,105.81.

In as much as the building will be built and financed by the Foundation through cash contributions and donations of materials and services, it is recommended that the Foundation be permitted to construct and equip this facility on the campus of Texas Western College without the formality of a firm contract between the Foundation and a contracting agency. Upon the completion of the structure the Foundation would then formally present the building and equipment as a gift to the College.

Texas Western College would assume the obligation of maintaining the building and equipment; however, in view of the size of the building such cost would be very nominal indeed. The benefit which would accrue to the staff and student body particularly those in physics and geology would more than offset the nominal maintenance costs which for the most part would consist of furnishing utilities.

This letter and the recommendations contained therein were reported orally to the Regents' Buildings and Grounds Committee at the September, 1956 meeting, as requested by Dr. Holcomb. No recommendation for action was made at that time, however, on account of serious doubts as to the propriety and the legality of the procedures recommended. Since the September meeting these recommendations have been discussed with Judge Scott Gaines and have been considered further by Comptroller Sparenberg, Vice-President Dolley and President Wilson. It is the opinion and recommendation of Comptroller Sparenberg, Vice-President Dolley, and President Wilson that the proposed gift of this building should not be accepted, without authorization of the Legislature, unless a written legal opinion to the contrary is forthcoming from Attorney Scott Gaines. The expense of operating and maintaining the "Cap Kidd" Memorial Building, whether small or not, would have to be paid for out of the General Budget, and therefore, in our opinion, would be in conflict with Article VI, General Provisions of the Legislative Appropriation Bill for the biennium ending August 31, 1957, Section 22, part of which reads as follows:

Except as specifically authorized to do so by the existing statutes, none of the agencies for which appropriations are made in this Act shall accept the donation of real property, except gifts or devises of real property from private sources for the establishment of scholarships, professorships, or other trusts for educational purposes, provided such property will not thereafter require appropriations by the Legislature for operation, maintenance, repair or the construction of buildings; or expend any of the moneys appropriated herein for the purchase of real property without the expressed permission and authorization of the Legislature.

It is the opinion of Comptroller Sparenberg, Vice-President Dolley, and President Wilson that it was the Legislature's intent to prohibit donation of both land and buildings under the words "real property", and also that, during the current biennium at least, it would probably be unwise to accept the actual cash money rather than the building, as this might be construed as an attempt to evade the Legislature's intent.

If Attorney Scott Gaines should render an opinion that it would be legal to accept the cash and the equipment during the current biennium, then, in any event, the Regents' Rules and Regulations should be followed in the acceptance of the gifts and the construction of the building, as previously pointed out by President Wilson in relation to the stadium improvement projects at Texas Western College.

Under present Rules and Regulations of the Board of Regents, all gifts, of course, would have to be approved by the Board of Regents, and all matters relating to the building would have to be approved by, and handled through, the Comptroller's Office, the President's Office, the Regents' Buildings and Grounds Committee, and the Board of Regents as a whole, as usual. These matters include architects' contracts, plans and specifications, awarding of construction contracts, etc.

APPROPRIATION TO COMPLETE AIR CONDITIONING OF MAIN BUILDING, MAIN UNIVERSITY. --At the meeting of April 6, 1956, the Board of Regents approved the following appropriations for 1956-57 from the Available University Fund for Air Conditioning the Main Building at the Main University:

See P. 490

New Centrifugal Compressor to be Installed in Central Water Chilling Station (in Basement of Experimental Science Building)	\$100,000.00
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Air Conditioning Work in Main Building Proper (Essentially Library Portion)	325,000.00
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The Supplemental Report of the Main University Faculty Building Committee dated March 2, 1956, included the following paragraph:

For the following biennium and, if possible, in 1957-58, it is estimated that an additional \$375,000.00 will be needed to complete the Air Conditioning of the Main Building offices as well as the Library. We would recommend that this item plus the addition to the Chemistry Building and the Business Administration Building be considered as having top priority in that period.

The Auditor's Office has just reported that the unappropriated balance in the Available University Fund at October 31, 1956, is \$395,604.48.

It is the recommendation of Comptroller Sparenberg, concurred in by the Main University Faculty Building Committee, Vice-President Dolley, Vice-President Boner, and President Wilson, that an additional \$375,000.00 be appropriated at this time from the Available University Fund to complete the Air Conditioning work in the Main Building proper, this amount to include the balance of the Engineers' Fees still due as well as construction costs. It is the firm opinion of all these University officials, concurred in by the Engineers, Zumwalt and Vinther, that it is highly desirable that this appropriation be made now, so that the work can all be bid at one time, for the following reasons:

1. It is estimated that an overall saving of at least \$50,000.00 will be made if the air conditioning work on the back portion of the Main Building and the air conditioning work on the front portion of the Main Building are done simultaneously, rather than at different times.
2. The amount of trouble, inconvenience, and serious interference with normal business of University offices and students' use of the Library will be almost doubled if this work is done in two installments at two different times, rather than all at once.

It is contemplated that most of the duct work and blowers already installed for various administrative offices in the Main Building already air conditioned can be utilized when the entire building is air conditioned, but not the compressors, condensers, and cooling tower.

Adoption of Report. --The Board unanimously adopted the foregoing report as presented, upon motion of Mr. Lockwood, seconded by Mrs. Devall.

BOARD FOR LEASE OF UNIVERSITY LANDS. --Mr. Johnson announced that the Board for Lease of University Lands would conduct a sale of oil and gas leases on Tuesday, November 27, 1956.

REPORTS OF LAND AND INVESTMENT COMMITTEE. --Chairman Sealy called on Mr. Jeffers, Chairman of the Land and Investment Committee, who presented the following reports of the Land and Investment Committee:

ROUTINE AND MISCELLANEOUS MATTERS (See Page 38 for Adoption). --

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 21, 1956. 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% U. S. Treas., due 2/15/95	\$ 600,000	95.1875	3.22%*	\$ 571,125.00	9/26/56
3-1/4% U. S. Treas., due 6/15/78-83	300,000	100.8125	3.20 #	302,437.50	10/ 8/56
3% U. S. Treas., due 2/15/95	800,000	95.1875	3.22 *	761,500.00	10/23/56
Totals	<u>\$1,700,000</u>			<u>\$1,635,062.50</u>	

*Held to maturity.

#Held to option.

TEXAS MUNICIPAL BONDS PURCHASED

Issue	Par Value	Purchase Price	Yield Basis*	Principal Cost	Date of Delivery
City of El Paso, 2-3/4% Wtr. & Swr. Ref. Bonds Ser. 1956, due 3/1/78	\$45,000	89.468400	3.45%	\$40,260.78	10/ 9/56
City of El Paso, 2-3/4% Wtr. & Swr. Ref. Bonds Ser. 1956, due 3/1/80-76	5,000	89.621207	3.45	4,481.06	10/ 9/56
Dibs, due 3/1/82-76	20,000	89.061552	3.45	17,812.31	10/ 9/56
Dibs, due 3/1/82-76	25,000	89.062987	3.45	22,265.75	10/11/56
Totals	<u>\$95,000</u>			<u>\$84,819.90</u>	

*Held to maturity.

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. 99, TEXAS STATE HIGHWAY COMMISSION, CRANE COUNTY, TEXAS. --This application for a caliche permit to the Texas State Highway Commission provides for the use of a caliche pit out of Sections 1 and 2, Block 30, University Lands in Crane County, Texas, the tract involved containing 8.26 acres, more or less. Caliche from this pit is to be used for State Highway 51 from Ector County line to Crane. No consideration is involved in the easement.

CALICHE PERMIT NO. 100, JONES BROS. PAVING CONTRACTORS, REAGAN COUNTY, TEXAS. --This application for a caliche permit to Jones Bros. Paving Contractors provides for the removal of 200 yards of caliche from Section 31, Block 10, University Lands in Reagan County, Texas, at the rate of 25¢ per cubic yard. The full consideration in the amount of \$50.00 has been tendered with the application.

CALICHE PERMIT NO. 101, FRANK MONTGOMERY, ANDREWS COUNTY, TEXAS. --This application for a caliche permit to Frank Montgomery provides for the removal of 200 yards of caliche from Section 36, Block 11, University Lands in Andrews County, Texas, at the rate of 25¢ per cubic yard. The full consideration in the amount of \$50.00 has been tendered with the application.

HIGHWAY RIGHT-OF-WAY EASEMENT NO. 860, TEXAS STATE HIGHWAY COMMISSION, HUDSPETH COUNTY, TEXAS. --This application for a highway right-of-way easement to the Texas State Highway Commission covers a strip of land containing in all 59.248 acres, more or less, across Sections 6, 7, 18, and 19, Block J, University Lands in Hudspeth County, Texas, for use as a right-of-way for F. M. Highway 2317 from U. S. Highway 62 and 180 to E. P. N. G. Co. Station No. 2. In addition the easement covers two parcels of land to be used for sources of material, one source to be used as borrow material (dirt) for the construction of highway embankments and the other to be used as source of caliche for construction of flexible base for the highway. The first source is a tract in Section 18, Block J, containing 2.755 acres, more or less, and the second source is a tract in Section 7, Block J, containing 5.739 acres, more or less, both in Hudspeth County, Texas. The easement will grant the Highway Department the right of ingress and egress to and from the material sources. No consideration is involved in the easement.

CATHODIC PROTECTION UNIT EASEMENT NO. 861, EL PASO NATURAL GAS COMPANY, HUDSPETH COUNTY, TEXAS. --This application for a cathodic protection unit easement to El Paso Natural Gas

Company covers construction, maintenance, and operation of a cathodic protection unit by the lessee on the company's already established and paid for pipe line easement (No. 791, expiring July 31, 1966) in the SW/4 of the NE/4 of Section 10, Block K, University Lands in Hudspeth County, Texas, the easement to be for the period beginning September 1, 1956, and ending July 31, 1966. The lessee will have the right at any time to cancel the cathodic protection unit easement without refund of rental by giving the lessor written notice of its intention to cancel. The full minimum consideration in the amount of \$50.00 for the period has been tendered with the application.

CATHODIC PROTECTION UNIT EASEMENT NO. 862, EL PASO NATURAL GAS COMPANY, HUDSPETH COUNTY, TEXAS. --This application for a cathodic protection unit easement to El Paso Natural Gas Company covers construction, maintenance, and operation of a cathodic protection unit by the lessee on the company's already established and paid for pipe line easement (No. 791, expiring July 31, 1966) in the W/2 of the SW/4, Section 2, and the NE/4 of the SE/4, Section 3, Block L, University Lands in Hudspeth County, Texas, the easement to be for the period beginning September 1, 1956, and ending July 31, 1966. The lessee will have the right at any time to cancel the cathodic protection unit easement without refund of rental by giving the lessor written notice of its intention to cancel. The full minimum consideration in the amount of \$50.00 for the period has been tendered with the application.

PIPE LINE EASEMENT NO. 863, EL PASO NATURAL GAS COMPANY, ANDREWS COUNTY, TEXAS. --This application for a pipe line easement to El Paso Natural Gas Company covers 1,528.436 rods of 4-inch line at 25¢ per rod in Sections 19, 26, 27, 34, and 35, Block 1, University Lands in Andrews County, Texas, for a ten-year period beginning September 1, 1956, and ending August 31, 1966. An assignment provision clause has been added to the standard form as Paragraph 11-A. The full consideration in the amount of \$382.11 for the ten-year period has been tendered with the application.

PIPE LINE EASEMENT NO. 864, PASOTEX PIPE LINE COMPANY, WINKLER COUNTY, TEXAS. --This application for a pipe line easement to Pasotex Pipe Line Company covers 1,204 rods of line larger than 12 inches at \$1.50 per rod in Sections 2, 3, 4, 11, and 12, Block 21, University Lands in Winkler County, Texas, for a ten-year period beginning January 1, 1957, and ending December 31, 1966. The full consideration in the amount of \$1,806.00 for the ten-year period has been tendered with the application.

PIPE LINE EASEMENT NO. 865, TEXAS-NEW MEXICO PIPE LINE COMPANY, CRANE AND UPTON COUNTIES, TEXAS. --This application for a pipe line easement to Texas-New Mexico Pipe Line Company covers 2,383.81 rods of 4-1/2-inch line at 50¢ per rod and 233.6 rods of 6-5/8-inch line at 75¢ per rod in Sections 14, 22, 23, 24, 25, 26, 34, 35, 44, 45, and 48, Block 30, University Lands in Crane and Upton Counties, Texas, for a ten-year period beginning September 1, 1956, and ending August 31, 1966. The full consideration in the amount of \$1,367.11 for the ten-year period has been tendered with the application.

PIPE LINE EASEMENT NO. 866, STANOLIND OIL AND GAS COMPANY, ANDREWS COUNTY, TEXAS. --This application for a pipe line easement to Stanolind Oil and Gas Company covers 41.21 rods of 2-1/2-inch line at 25¢ per rod and 103.03 rods of 4-1/2-inch line at 50¢ per rod in Section 38, Block 1, University Lands in Andrews County, Texas, for a ten-year period beginning September 1, 1956, and ending August 31, 1966. The full consideration in the amount of \$61.82 for the ten-year period has been tendered with the application.

PIPE LINE EASEMENT NO. 867, PHILLIPS PIPE LINE COMPANY, ANDREWS COUNTY, TEXAS. --This application for a pipe line easement to Phillips Pipe Line Company covers 396.4 rods of 4-inch line and 58.9 rods of 1-inch line at 25¢ per rod in Section 42, Block 9, University Lands in Andrews County, Texas, for a ten-year period beginning August 9, 1956, and ending August 8, 1966. The full consideration in the amount of \$113.83 for the ten-year period has been tendered with the application.

PIPE LINE EASEMENT NO. 868, PHILLIPS PIPE LINE COMPANY, ANDREWS COUNTY, TEXAS. --This application for a pipe line easement to Phillips Pipe Line Company covers 414.2 rods of 4-1/2-inch line at 50¢ per rod in Sections 24, 35, and 36, Block 11, and Section 19, Block 10, University Lands in Andrews County, Texas, for a ten-year period beginning October 1, 1956, and ending September 30, 1966. The full consideration in the amount of \$207.10 for the ten-year period has been tendered with the application.

WATER LEASE CONTRACT NO. 69, BIG LAKE OIL COMPANY, REAGAN COUNTY, TEXAS, AND ASSIGNMENT THEREOF TO PLYMOUTH OIL COMPANY. --Big Lake Oil Company, operating on University Lands in Reagan County, Texas, under Grazing Lease No. 619, has been furnishing water to Texon Gas, Incorporated. University Land Agent Compton has requested that Big Lake Oil Company pay royalty on the basis of 1/8 of the amount charged and collected for all water sold and delivered to Texon Gas, Inc., for its use in the operation of a gasoline and compressor plant under its University lease in Reagan County, Texas. Accordingly, Big Lake Oil Company has now submitted an application for a five-year water lease contract dated January 1, 1956, and expiring December 31, 1960, carrying a 1/8 royalty provision, and expects to make payment to the University of the accumulated royalty due from January 1, 1956, from water sold to Texon Gas, Inc., the instrument submitted being dated July 24, 1956.

Plymouth Oil Company has now acquired by transfer and assignment all interests of the Big Lake Oil Company, a certified copy of Assignment executed by Big Lake Oil Company under date of August 28, 1956, and effective September 1, 1956, having been submitted to the University. Accordingly, the above-described Water Lease Contract No. 69 is to be assigned from Big Lake Oil Company to Plymouth Oil Company, the required assignment fee in the amount of \$25.00 and the filing fee in the amount of \$1.00 having been submitted with the application for assignment.

It is recommended that the Board approve the granting of the water lease contract to Big Lake Oil Company and the subsequent assignment thereof to Plymouth Oil Company and that the Chairman be authorized to execute the instruments involved upon their approval as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

ASSIGNMENT OF GRAZING LEASE NO. 619 FROM BIG LAKE OIL COMPANY TO PLYMOUTH OIL COMPANY, REAGAN COUNTY, TEXAS. --

Big Lake Oil Company holds a grazing lease on approximately 5,727.6 acres of land in Sections 1, 2, 11, 12, 13, and 14, Block 2; Sections 24 and 25, Block 9; and Sections 35 and 36, Block 1, University Lands in Reagan County, Texas, at an annual rental of \$0.30 per acre for a ten-year period beginning July 1, 1948, and ending June 30, 1958.

Plymouth Oil Company has now acquired by transfer and assignment all interests of the Big Lake Oil Company, a certified copy of Assignment executed by Big Lake Oil Company under date of August 28, 1956, and effective September 1, 1956, having been submitted to the University. Accordingly, Grazing Lease No. 619 is to be assigned from Big Lake Oil Company to Plymouth Oil Company, the required assignment fee in the amount of \$25.00 and the filing fee in the amount of \$1.00 having been submitted with the application for assignment.

It is recommended that the Board approve the assignment and authorize the Chairman to execute the assignment instrument which is on the University's standard assignment form, such form to carry the approval as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

ASSIGNMENT OF PIPE LINE EASEMENT NO. 516 FROM SHELL PIPE LINE CORPORATION TO COMANCHE PIPE LINE COMPANY, WARD COUNTY, TEXAS. --Shell Pipe Line Corporation, holder of University Pipe Line Easement No. 516 covering 1,093 rods of 6-inch line in Block 16, University Lands in Ward County, Texas, for a ten-year period beginning May 1, 1952, and ending April 30, 1962, has requested approval of assignment, effective October 1, 1956, to Comanche Pipe Line Company, and has submitted the required \$25.00 assignment fee and the \$1.00 filing fee. It is recommended that the Board approve the assignment and authorize the Chairman to execute the assignment instrument upon its approval as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

REVISION OF TERMS APPROVED BY BOARD OF REGENTS ON SEPTEMBER 21, 1956, FOR WATER EXPLORATION PERMIT NO. 68, PUBLIC SERVICE BOARD OF CITY OF EL PASO, TEXAS, UNIVERSITY LANDS IN HUDSPETH COUNTY, TEXAS. --At its meeting on September 21, 1956, the Board of Regents approved a four-year water exploration permit to the Public Service Board of the City of El Paso, Texas, with a provision for an option to lease, the consideration for the four-year period being \$5,000, with minimum requirements to be set out as to exploration to be done during the period. The Board further stipulated in its approval that the Public Service Board would pay \$20,000 per year during the first 25-year period of any lease until production of water is actually commenced at which time the Public Service Board would pay royalty at the rate of 2¢ per 1000 gallons or an amount equal to 12-1/2% of the wholesale water rate charged by the lessee to its customers for each 1000 gallons, whichever is greater, with a minimum royalty of \$12,000 per month.

The El Paso Public Service Board at its regular meeting on September 25, 1956, approved the Board's recommendations with two exceptions and has

requested that the Board of Regents give consideration to the following revisions of the terms as approved on September 21:

1. Change the minimum royalty payment after production from \$12,000 per month to \$144,000 per year.
2. Provide for the Public Service Board to have another year for the exploration, reporting, and option to lease, in addition to the four years approved on September 21, in the event the Public Service Board does not have its report from the United States Geological Survey at the end of four years after having started as soon as possible and proceeded with due diligence in its exploration and testing work.

The Land and Investment Committee recommends that the Board grant the two above-requested revisions in the terms of the water exploration permit and option to lease and authorize the Chairman to execute the exploration contract and option to lease in which the above revisions are incorporated upon approval as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

TRANSFER OF UNIVERSITY LANDS GRAVITY METER TO GEOLOGY DEPARTMENT FOR RESEARCH PROJECTS. --In 1943, the Board approved a recommendation of the Land Committee that a gravity meter for use by the University Geology staff in doing geophysical exploration work on University Lands be purchased and appropriated the sum of \$7,500 for the purchase of the gravity meter out of an item in the budget entitled "Special Auditing and Investigation as Needed." There is no further use for the gravity meter on University Lands, and the instrument has been stored for several years. Attempts have been made to sell the instrument to both outside sources and to University departments but no offers have been received. The University Geology Department requested that the instrument be transferred without charge to that department to be used for research projects, there being two projects having need for the instrument this year and it being the opinion of the Department that the impetus of having a gravity meter available at all times would develop this important field of geologic research at the University.

Accordingly, upon approval of Consulting Geologist Bybee, Geologist in Charge Haigh, Vice-President for Fiscal Affairs Dolley, and Endowment Officer Stewart, the above-described gravity meter was transferred from the Department of University Lands - Geology to the Geology Department of the University. It is recommended that the Board ratify and approve this transfer.

REVISIONS OF THE UNIVERSITY OF TEXAS EASEMENT FORM FOR OIL, GAS, AND WATER PIPE LINES. --The following revisions are recommended by the Land and Investment Committee on the standard University easement form for oil, gas, and water pipe lines:

1. On page 1 of the present Form UL-4, approved by the Board of Regents on January 20, 1949, add the following footnote at the bottom of the page to the paragraph in Section (2) which begins "This contract and grant is made

for the laying and maintaining of a pipe line"* _____ :

"*(Note: Show whether oil, gas, or water line, and size of pipe, giving outside diameter measurements thereof, as well as length of said line or lines in rods.)"

2. At the top of page 2, change the following clause in Section (2)

from "to said First Party the established rate per lineal rod, for such additional pipe line so laid, said additional sum to become payable when the laying of the line is started."

to "to said First Party the then established rate per lineal rod, as fixed by the Board of Regents of The University of Texas, for such additional line so laid, said additional sum to become payable when the laying of the line is started."

3. In Section (6), page 2, change the phrase "as will not interfere" to "as will not unduly interfere."

4. In Section (8), page 2, change the phrase "present condition" to "original condition."

5. At the end of Section (11), page 2, change the period to a semicolon and add the following provision:

". . . ; provided, however, Second Party may assign and transfer its rights and liabilities under this contract to a corporation with which it may be merged or consolidated or which shall have acquired substantially all of its properties and franchises without the consent of First Party; further provided, however, that the foregoing shall not operate to prevent the assignment of this contract to the trustee under any mortgage placed upon the property of the company, or to prevent the trustee or any receiver from using this contract in such way as to secure the benefits thereof to the holders of the bonds secured by said mortgage; in either of which events, this contract shall inure to the benefit of and be as binding upon the respective successors and assigns of the parties as upon the parties themselves. In the event of any such assignment or transfer, due notice shall be given in writing to the First Party."

A revised copy of the present form, showing the above recommended revisions, is in the Secretary's Files, Volume IV, Page 43)

ASSIGNMENT OF PART OF GRAZING LEASE NO. 700 FROM WIDOW OF J. FARRIS BAKER TO LOUIS WOODWARD AND PART TO R. L. WALKER, PECOS COUNTY, TEXAS. --Under date of March 12, 1955, the Board of Regents granted Grazing Lease No. 700 to J. Farris Baker, being a renewal of part of Grazing Lease No. 558, covering 16,087.81 acres in Sections 3

through 10, 15 through 18, Block 18; Sections 1 and 10, Block 19; and Sections 1 through 16, Block 20, University Lands in Pecos County, Texas, for a period of 5 years beginning July 1, 1955, and ending June 30, 1960, with an option to renew the lease for another period of five years at negotiated terms. Rental was set at the rate of 27-1/2¢ per acre per year for the first 1-1/2 years and 35¢ per acre for the following 3-1/2 years. The lease also provided for farming of a portion of the acreage at an additional rental of \$5.00 per acre per year for all land under cultivation, payable semiannually.

Mr. Baker died several months ago and his widow, Individually and as Independent Executrix of the Estate of J. Farris Baker, Deceased, is requesting permission to assign Grazing Lease No. 700 as follows:

Assignment of 810.77 acres to R. L. Walker, to be designated as Grazing Lease No. 700-A, being 799.47 acres out of Sections 1 and 10, Block 19, and 11.3 acres out of Section 1, Block 20, being that part of the sections in Grazing Lease No. 700 lying south of Highway 290, the terms and conditions of the assigned lease to be the same as for Lease No. 700.

Assignment of 12,902.14 acres to Louis Woodward, to be designated as Grazing Lease No. 700-B, being all of the remaining acres out of Lease No. 700 after taking into consideration 2,374.90 acres assigned to Alva Carpenter in December, 1955, the assigned portion to Alva Carpenter to be designated as Grazing Lease No. 700-C, the terms and conditions of the herein assigned lease to be the same as for Lease No. 700. Mr. Woodward has paid Mrs. Baker a \$5,000.00 bonus for the assignment of part of the grazing lease and under University regulations Mrs. Baker has submitted a check in the amount of \$2,500.00 as one-half due the Lessor. Also submitted with the two assignments are two checks, each in the amount of \$1.00, as filing fees for the two assignments.

REDUCTION OF GRAZING LEASE RENTAL PAYMENTS DUE JANUARY 1 AND JULY 1, 1957, AND POSTPONEMENT OF RENTAL RATE INCREASE TO JANUARY 1, 1958. --Land Agent Compton has again reported on the serious drouth conditions prevailing on West Texas Lands on which grazing leases are held. He and Chairman Sealy are of the opinion that a reduction of rentals should be made for the year rather than for six months which would, should it rain next year, allow the turf to increase if stock is reduced for the entire year.

Accordingly, it is recommended by the Land and Investment Committee that the Board of Regents grant a 25% reduction on grazing lease rental payments due on January 1 and July 1, 1957, provided the lessee reduces his livestock by 25% to 50%, and a 50% reduction for both payments provided the lessee reduces his livestock by 50% or more for the entire year and further provided that the reduced rental is paid without default.

In December, 1954, the Board of Regents approved a rental rate policy for renewal of grazing leases as follows: Leases to be renewed as of

January 1, 1955, would carry the old rates for the first two years and an increased rate for the next three years of the five-year lease; those renewed as of July 1, 1955, would carry the old rates for the first one and one-half years and an increased rate for the next three and one-half years of the five-year lease; etc., so that by January 1, 1957, all leases would be paying at an increased rate.

Land Agent Compton has further recommended that the rental increases due to become effective on January 1, 1957, be postponed for one year until January 1, 1958, payments become due, at which time the conditions then prevailing would determine what action should be then taken. Mr. Compton states that by cutting the rental payments in half for 1957 and deferring the rental increase until 1958, the ranchers without any livestock or very little can manage to pay the reduced rental and get back into business if it ever does rain. He has further stated that conditions are at their worst in the last seven years. Accordingly, the Land and Investment Committee further recommends that the rental increase established to begin on January 1, 1957, be postponed for one year to January 1, 1958, and that all grazing leases be on the old rates to January 1, 1958.

It is further recommended that Land Agent Compton be authorized to prepare supplemental agreements to effect the above-recommended grazing lease rental reduction and postponement of rate increase for both the January 1 and July 1, 1957, rental payments.

GRAZING LEASE NO. 713, JEFF OWENS, CROCKETT COUNTY, TEXAS (RENEWAL OF GRAZING LEASE NO. 567 HELD BY JEFF OWENS AND NO. 568 HELD BY J. W. OWENS, EXPIRING DECEMBER 31, 1956). -- This application is for the renewal of two grazing leases under one lease, J. W. Owens, father of Jeff Owens, asking for permission for all of the acreage to be put in his son's name. The renewal lease will cover 12,270.7 acres in Sections 1 through 12, 15 through 22, and 28 through 32, Block 29, University Lands in Crockett County, Texas, (Lease No. 567 being for 7,430.7 acres and No. 568 for 4,864.0 acres, less 24 acres in correction). The lease is for a period of five years beginning January 1, 1957, and ending December 31, 1961, with an option to renew the lease for another period of five years at negotiated terms. Rental is at the rate of 50¢ per acre per year, the old leases being at the rental rate of 38¢ per acre per year, the aggregate rental for the five-year period begin \$30,676.80, payable in semiannual installments in the amount of \$3,067.68 each. (If the postponement of rental rate increases recommended above is granted, the rental for 1957 for Grazing Lease No. 713 will be at the rate of 38¢ per acre per year.)

GRAZING LEASE NO. 714, LEE MOOR, HUDSPETH COUNTY, TEXAS (RENEWAL OF GRAZING LEASE NO. 575, EXPIRING DECEMBER 31, 1956). -- This application for renewal of a grazing lease to Lee Moor covers 32,606.4 acres in Sections 1 to 48, inclusive, Block G, University Lands in Hudspeth County, Texas, for a period of five years beginning January 1, 1957, and ending December 31, 1961, with an option to renew the lease for another period of five years at negotiated terms. Rental is at the rate of 15¢ per acre per year, the old lease being at the rate of 10¢ per acre per year, the aggregate rental for the five-year period being \$24,454.80, payable in semiannual installments in the amount of \$2,445.48 each. (If the

postponement of rental rate increases recommended above is granted, the rental for 1957 for Grazing Lease No. 714 will be at the rate of 10¢ per acre per year.)

GRAZING LEASE NO. 715, M. F. KING, ANDREWS COUNTY, TEXAS (RENEWAL OF GRAZING LEASE NO. 576, EXPIRING DECEMBER 31, 1956). -- This application for renewal of a grazing lease to M. F. King covers 60, 412 acres in Sections 1 through 38, Block 1; Sections 1 through 9, Block 2; and Sections 1 through 48, Block 9, University Lands in Andrews County, Texas (Lease No. 576 being for 59, 432 acres, plus added acreage in the W/2 of Sections 31, 42 and 43, Block 9, not in Lease No. 576). The lease is for a period of five years beginning January 1, 1957, and ending December 31, 1961, with an option to renew the lease for another period of five years at negotiated terms. Rental is at the rate of 33¢ per acre per year, the old lease being at the rate of 27-1/2¢ per acre per year, the aggregate rental for the five-year period being \$99,679.80, payable in semiannual installments in the amount of \$9,967.98 each. (If the postponement of rental rate increases recommended above is granted, the rental for 1957 for Grazing Lease No. 715 will be at the rate of 27-1/2¢ per acre per year.)

GRAZING LEASE NO. 716, C. R. COCKRELL, CULBERSON COUNTY, TEXAS (RENEWAL OF GRAZING LEASE NO. 577, EXPIRING DECEMBER 31, 1956). -- This application for renewal of a grazing lease to C. R. Cockrell covers 11,116.6 acres in Sections 1 through 3, 7 through 24, Block 48, University Lands in Culberson County, Texas, for a period of five years beginning January 1, 1957, and ending December 31, 1961, with an option to renew the lease for another period of five years at negotiated terms. Rental is at the rate of 15¢ per acre per year, the old lease being at the rate of 10¢ per acre per year (Lease No. 577 was originally made to C. R. Cockrell at 10¢ per acre per year but sublet with Regents' approval in March, 1953, to Herman Bippes, with the provision that Mr. Bippes would pay 15¢ per acre per year to the University through the remainder of the term of the lease expiring December 31, 1956). The aggregate rental for the five-year period is \$8,337.50, payable in semiannual installments of \$833.75 each. (If the postponement of rental rate increases recommended above is granted, the rental for 1957 for Grazing Lease No. 716 will be at the rate of 10¢ per acre per year.)

CANCELLATION OF PIPE LINE EASEMENT NO. 825, PHILLIPS PETROLEUM COMPANY, ANDREWS COUNTY, TEXAS. -- The Board of Regents at its meeting held on September 22, 1956, approved two pipe line easements to Phillips Petroleum Company on the same gas line, the company having inadvertently sent in two applications for easements on the line. Easement No. 825 was approved for 181.8 rods of 6-inch line at \$0.50 per rod in Sections 27 and 34, Block 11, University Lands in Andrews County, Texas, for a ten-year period beginning April 9, 1956, and ending April 8, 1966, the full consideration in the amount of \$90.90 for the ten-year period having been tendered with the application submitted. Easement No. 841 was approved for 181.82 rods of 6-5/8-inch line at \$0.75 per rod in Sections 27 and 34, Block 11, University Lands in Andrews County, Texas, for a ten-year period beginning April 12, 1956, and ending April 11, 1966, the full consideration in the amount of \$136.37 for the ten-year period having been tendered with the application submitted. The company has requested that Easement No. 825 be cancelled, this easement having been in error as the inside diameter of 6" was shown instead of the outside

diameter on which the University's rates are based.

Accordingly, in order to keep both the company's and the University's records straight, it is recommended that Easement No. 825 be cancelled and that Phillips Petroleum Company be refunded the amount of \$90.90, which amount is now being held in suspense at the General Land Office. It is further recommended that the Chairman be authorized to sign the cancellation instrument upon its approval as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

RADIO TOWER SITE EASEMENT NO. 869, WESTERN OIL TRANSPORTATION COMPANY, ANDREWS COUNTY, TEXAS. --This application from Western Oil Transportation Company covers a site containing approximately 2.81 acres, more or less, out of the NW/4 of Section 10, Block 3, University Lands in Andrews County, Texas, on which the company will construct a 300-foot guyed steel tower to support the lines and equipment for a radio communications system. The site adjoins the east line of the 2.81 acre-site now occupied by the Midessa Television Company, Inc., under microwave Station Site Easement No. 751, approved in October, 1955. Rental for the easement will be \$100 per year, payable annually in advance, the easement being for a ten-year period beginning November 1, 1956, and ending October 31, 1966. It is recommended that the Board approve the easement and authorize the Chairman to execute the instrument upon approval 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 AND REDEMPTION OF SECURITIES. --The following purchases and redemption of securities have been made for the Trust and Special Funds since the report of September 21, 1956. We ask that the Board ratify and approve these transactions.

PURCHASES

Date	Security	Principal Cost
9/13/56	\$64,000 maturity value U. S. Savings Bonds, Series J, dated 9/1/56, due 9/1/68 (Dormitory Revenue Bonds, Series 1954 - Reserve for Bond & Interest Sinking Fund)	\$46,080.00
9/27/56	\$20,000 par value U. S. 3-1/4% Treasury Bonds of 1978-83, due 6/15/78-83, purchased at 100:12 Net (100.375) to yield 3.23% to option. Accrued interest paid to 9/28/56	20,075.00
	\$10,000 par value Allied Chemical & Dye Corp. 25-year 3-1/2% Debentures, due 4/1/78, purchased at 98 Net to yield 3.63% to maturity. Accrued interest paid to 10/3/56	9,800.00

PURCHASES (Continued)

Date	Security	Principal Cost
9/27/56	\$5,000 par value General Electric Company 3-1/2% Debentures, due 5/1/76, purchased at 99 Net to yield 3.58% to maturity. Accrued interest paid to 10/3/56	4,950.00
	\$5,000 par value Pacific Gas & Electric Company 1st & Refunding Mortgage Bonds, Series Z, 3-3/8% due 12/1/88, purchased at 95 Net to yield 3.64% to maturity. Accrued interest paid to 10/3/56 (Funds Grouped for Investment)	4,750.00
	100 Shares R. J. Reynolds Tobacco Company New Class B Common Stock, purchased at 53-3/8 per share (The James W. McLaughlin Fellowship Fund - Reserve for Depletion)	5,377.84
	80 Shares Ditto (Hogg Foundation: Varner Properties)	4,324.93
10/10/56	15 Shares American Telephone & Telegraph Company Capital Stock purchased at \$100 per share and 10 rights per share (Hogg Foundation: W. C. Hogg Estate Fund)	1,500.00
	10 Shares Ditto (Funds Grouped for Investment)	1,000.00
	3 Shares Ditto (The James W. McLaughlin Fellowship Fund - Reserve for Depletion)	300.00

REDEMPTION

Date	Security	Net Proceeds
9/4/56	\$6,000 maturity value U. S. Savings Bonds, Series F, due 1/1/61, redeemed 9/1/56 (Texas Union Repairs and Replacement Fund)	\$5,166.00

E. D. FARMER INTERNATIONAL SCHOLARSHIP FUND - RECOMMEN-
DATION RE SALE OF ST. LOUIS-SAN FRANCISCO RAILWAY COMPANY
PREFERRED STOCK. --In the 1947 reorganization of the St. Louis-San
Francisco Railway Company, the Farmer Fund received in exchange for
its holding of \$10,000 par value (book value \$9,344.81) 4-1/2% Bonds,
Series A, 1928, due 1978, the following securities, the Regents' Finance
Committee at the time of exchange approving holding the securities until
such time as they could be advantageously sold:

\$2,200 par value (book value \$1,958.00) St. Louis-San Francisco Ry. Co. 1st Mortgage Bonds, Series A 4%, due 1/1/97, sold in 1952, net principal proceeds	\$2,164.36
\$1,500 par value (book value \$761.25), Ditto, Second Mortgage Income Bonds, due 1/1/2002, sold in 1952, net principal proceeds	\$1,277.98
34 Shares, Ditto, Common Stock (book value \$331.50), sold in November, 1955, net proceeds	\$973.93
17 Shares, Ditto, Preferred Stock, Series A 5%, (book value \$459.00), currently held at \$27 per share	

The company has presented an optional exchange offer to the holders of
the preferred stock which will expire on December 31, 1956. For each
share of Preferred Stock exchanged, the holder will receive:

\$100 principal amount of 5% Series A Income Debentures,
due 1/1/2006;
One-quarter share of Common Stock (fractional shares will
not be issued to round out fractional shares received which
must be sold); and
An amount in cash equivalent to the unpaid portion of the
dividend of \$5.00 declared for 1955, payable in 1956, on
the Preferred Stock (\$1.25 per share to stockholders of
record on September 1, 1956, payable on December 15,
1956).

The current market for the securities involved is as follows:

\$1700 par value Series A Income Debentures to be received, currently quoted at 70-1/2	\$1,198.50
4 Shares Common Stock to be received, cur- rently quoted at 27-3/8 per share	109.50
1/4 Share Common Stock to be sold, estimated cash value	<u>6.84</u>
Total Estimated Market Value of Exchange Securities	<u>\$1,314.84</u>
17 Shares Preferred Stock now held, currently quoted at 78 per share	<u>\$1,326.00</u>

Based on the fact that the securities to be received in the exchange do not represent desirable investments for the trust fund and on the advisability of liquidating the Preferred Stock on the present market above book value, it is recommended that the Preferred Stock be sold. It is recommended that the cash to be received from the sale of the Preferred Stock together with the cash on hand in the fund in the approximate amount of \$214.16 be invested in Common Stock selected from the following list:

	No. Shs. Held in Fund	Current Price	Approx. Current Yield
Norfolk and Western Railway	50	71-3/8	4.20%
National Biscuit Company	100	34-3/4	5.76
R. J. Reynolds Tobacco Company New Class B	100	52-3/4	5.88

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

TEXAS WESTERN COLLEGE - ESTATE OF LUCILLE T. STEVENS - REPORT ON BEQUEST. --President Holcomb of Texas Western College has reported a bequest to the college in the will of Mrs. Lucille T. Stevens, Deceased. Mrs. Stevens died during the latter part of the past summer, the Administrator of the Estate, the El Paso National Bank, having indicated that it would probably require a year to administer the Estate. Information to date indicates that none of the heirs will contest the will. Quoted below are those portions of the will pertaining to Texas Western College:

Paragraph III. I hereby give, bequeath and devise to the College of Mines, an educational institution, located in El Paso County, in or near the City of El Paso, Texas, which is a branch of the University of Texas, located at Austin, Texas, all of my property, located at the intersection of Texas Street and North Mesa Avenue, known as the R. B. Stevens Building and legally described, West 1/2 of lot 24, Block 4, Mills map of the City of El Paso, Texas, the net income therefrom, only, to be used for the purpose of financing scholarships for deserving young men who are seeking higher education for special lines of work, as ministers of the gospel, physicians, lawyers, scientists and engineers, and I hereby direct that each scholarship shall be to the amount of five thousand dollars (\$5000.00) each to the winner, and that the money shall be distributed to the student as his schooling progresses, in whatever school he may be located, and if the student fails in his studies through like of interest, sickness, or be expelled from school the unused portion of his scholarship fund shall revert back to the College of Mines. This bequeath, . . .

Paragraph V. I desire and direct that all property legally described East 1/2 lot 28, all of lot 29 to 32, inclusive, Block 85, Bassett add., including improvements, hand

paintings, and all furnishings described therewith, and which I have bequeathed to my brother, James Roscoe Tindall, in paragraph IV of this Will, for and during his lifetime, shall at his death become the sole property of the College of Mines in full and complete title, said College being the same institution described in paragraph III of this Will, and the net income therefrom shall be used and distributed in the same manner and for the same purpose theretofore outlined and specifically directed in my Will which applies to my property located on Texas Street and North Mesa Avenue, and which is bequeathed, by this Will, to the College of Mines. And after said properties have been released in full and complete title to the College of Mines the trustees of the institution may choose, or elect, to sell or hold the properties, and I hereby direct, if and when sales are made the proceeds shall be invested in sound securities, and the income only therefrom shall be used for the same purpose outlined in paragraph III of this Will. . .

Dr. Holcomb has reported that the downtown building which will become the property of the College under paragraph III of the Will was leased to a Mr. Feder in 1945 for a period of twenty years at a rental of \$1,200.00 per month, and that Mr. Feder subsequently subleased the building at a rental of \$2,800.00 per month. Dr. Holcomb further reports that the apartment building which will become the property of the College upon the death of James Roscoe Tindall under paragraph V of the Will is currently valued at about \$65,000.00.

ESTATE OF FLORENCE RALSTON BROOKE, DECEASED - REPORT ON FOURTH DISTRIBUTION FROM BROWN BROTHERS IN BANKRUPTCY. --

The bankruptcy matter of Brown Brothers has been pending since 1945, at which time the University as the residuary legatee under the Will of Florence Ralston Brooke, Deceased, filed a claim on account of three unsecured notes in the total amount of \$9,118.84 in the Brooke Estate against the Brown Brothers, this claim being amended to \$6,746.29 after payment initially on indebtedness of Brown Brothers to the Brooke Estate. Prior to 1950, three dividends of 10% each were paid on unsecured claims. Under date of October 16, 1956, the Trustee in bankruptcy paid a fourth 10% dividend which has been duly authorized by the Court, the University's share amounting to \$674.63, making a total of \$4,815.85 paid to the University. One-half or \$337.31 of the fourth distribution was credited to the endowment account of Florence Ralston Brooke Fund for Library Books and the other one-half or \$337.32 to the endowment account of the Florence Ralston Brooke Scholarship in English Fund. The Trustee has stated that they are in the process of winding up the matter of Brown Brothers in Bankruptcy and that the fifth and final distribution will be forwarded to the University as soon as all details have been completed.

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746,

WILL OF MADISON ALEXANDER COOPER, JR., DECEASED - REPORT ON CONTINGENT BEQUEST TO THE UNIVERSITY OF TEXAS. --

The University has been furnished a certified copy of the will of Madison Alexander Cooper, Jr., of Waco who died recently. The residue estate

is devised to the Cooper Foundation of Waco; and in the event the Foundation cannot or will not accept the devise, the residue estate is to go to the University for the establishment of The Madison A. and Martha R. Cooper Student Loan Fund with a provision that accumulated income not needed for worthy applicants could be used to establish some needed new structure for the University. The attorneys for the estate have advised that it appears the Cooper Foundation will accept the residue estate under the terms of the will.

ESTATE OF MURRAY CASE SELLS, DECEASED - REPORT ON STATUS OF ESTATE. --On June 1, 1956, it was reported to the Board of Regents that another will contest had been filed in the Estate of Murray Case Sells, Deceased, in the Probate Court of Gregg County, Texas, referred to as the Parker-Milliken contest, and that a committee of attorneys representing the colleges and universities named in the will had been selected for the purpose of investigating the facts relating to the contest and for possible negotiations for settlement. The committee of attorneys is composed of Judge Abner McCall, representing Baylor University, Mr. Cecil A. Mergan of Fort Worth, representing Texas Christian University, and Mr. John M. Scott of Fort Worth, representing Texas Wesleyan College.

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The committee determined after thorough investigation that trial of the Parker-Milliken contest would be hazardous to the interests of the schools and gave its consent to settlement of the contest by First National Bank in Dallas, Independent Executor and Trustee under the Will, by payment of \$750,000. The University has now been notified that this settlement has been made by an agreed judgment. The committee for the schools went to great lengths in its investigation of the matter in efforts to see that all possible heirs were joined in these proceedings so as to prevent further contests of the will.

It is now necessary for the Executor to borrow the amount to meet the agreed payment in the contest, and the committee for the schools is working with the Executor on arrangements for this financing and plans for closing the estate. There is under consideration a plan for Sells Petroleum, Inc., the corporation solely owned by the estate, to declare a dividend to the estate in the nature of a sizeable overriding royalty interest in its producing properties which can then be pledged by the Executor in borrowing the necessary funds, at the same time reducing Federal Income Taxes of the corporation. Further developments will be reported to the Board of Regents.

It is recommended that the Board of Regents approve and ratify the settlement of the Parker-Milliken will contest insofar as the interest of the University is concerned.

MEDICAL BRANCH - BEQUEST UNDER THE WILL OF RAYMOND BELL, DECEASED. --The University has been notified recently by the Hutchings-Sealy National Bank of Galveston, Independent Executor and Trustee of the Estate, that Raymond Bell of Galveston County who died on November 8, 1940, provided in his will for a trust fund of \$10,000

from which payments at \$40 per month were to be made to his sister during her life, and then as follows:

At the death of my sister, Clara Louise Bell, the trust hereby created shall end and the said Trustee shall, upon the death of my said sister and after the payment of her funeral expenses, turn over and deliver all of said trust fund then remaining in its hands to the Board of Managers of John Sealy Hospital of Galveston, Texas, to be used as may be needed to purchase orthopedic appliances of various kinds for crippled children who are patients in the Crippled Children's Hospital and who are not able financially to purchase such appliances as they may need.

Clara Louise Bell died recently, and the Bank has requested that the University advise it as to the proper authority to receive the remainder of the trust fund, now amounting to approximately \$1,100. Land and Trust Attorney Gaines has written an opinion setting out that the Board of Regents is the authority to whom the payment should be made.

It is therefore recommended that the Board of Regents accept the bequest to be used for the purchase of orthopedic appliances as set out in the will, and that the Chairman be authorized to execute a receipt for the payment after approval by the Endowment Officer as to content and by the Land and Trust Attorney as to form.

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

M. D. ANDERSON HOSPITAL AND TUMOR INSTITUTE - RATIFICATION OF SALE OF HOMESTEAD AT FAYETTEVILLE, TEXAS - ESTATE OF SOPHIE CAROLINE STEVES, DECEASED. --At the meeting held October 13, 1955, the Board of Regents authorized sale of the homestead in the Estate of Sophie Caroline Steves, Deceased, located at Fayetteville, Texas, being Lots 19 and 20, Block 3, for a gross price of not less than \$5,500.00 cash less 5% sales commission to the Farmers National Bank of Fayetteville, the Independent Executor of the Estate, any offer received to be subject to the approval of the Chairman of the Land and Investment Committee, the Vice-President for Fiscal Affairs and the Endowment Officer.

The Executor in October, 1956, presented an offer made by Mrs. Carolina Vitek of \$6,500.00 all cash for the property. After approval required, the offer was accepted and a contract of sale duly executed by Mrs. Vitek and Chairman Sealy, an earnest money deposit of \$325.00 being held by the Farmers National Bank. The sale is now in the process of being closed, the University being obligated to pay out of the proceeds of the sale a 5% commission to the Executor and also the cost of having the abstract brought up to date.

The Land and Investment Committee recommends that the Board ratify and approve the above-described sale of the property.

TEXAS WESTERN COLLEGE - RATIFICATION OF MINERALS (OTHER THAN OIL AND GAS) PROSPECTING PERMIT TO HENRY C. WALL, COTTON ESTATE PROPERTY, HUDSPETH COUNTY, TEXAS. --Application was made by Mr. Henry C. Wall to President Holcomb of Texas Western College for a minerals prospecting permit on all of Section 5, Block 5. G. C. & S. F. Ry. Co., Hudspeth County, Texas, being Cotton Estate Property. Using the same form as approved by the Board of Regents for a prospecting permit for minerals other than oil and gas on Permanent University Fund Lands, Endowment Officer Stewart executed a permit to Mr. Wall for a period of 90 days beginning October 20, 1956, and ending January 18, 1957, the consideration for the permit being \$50.00 for the period, paid by permittee.

See Page 747.

The Land and Investment Committee recommends that the Board ratify and approve the minerals prospecting permit as described above.

BRACKENRIDGE TRACT - RATIFICATION OF CONTRACT FOR DEMOLITION OF RESIDENCE AT 2510 LAKE AUSTIN BOULEVARD, AUSTIN, TEXAS. --At its meeting held on June 1, 1956, the Board of Regents authorized the Endowment Officer to advertise for bids and to contract for the removal of the two-story rock house situated on the triangular tract lying between West Seventh Street, Hearne Street, and Lake Austin Boulevard, any proceeds to be credited to ██████████, Brackenridge Lands Rentals, and any costs to be charged to that Account. Based on this authorization, bids for the demolition were called for and opened on July 30, 1956, only one bid being received from Franks and Hobbs Demolition Company to do the work for \$1,245.00 to be paid by the University. After thorough consideration, the bid was rejected. In October, the Franks and Hobbs Demolition Company proposed to do the work for \$500.00 to be paid by the University provided the requirement in the demolition specifications for the construction of a fence be left out, the company agreeing as a safeguard against injury to children in the neighborhood to have someone on the premises at all times until the work should be completed.

After receiving approval of Vice-President Dolley and Director of Physical Plant Eckhardt, Endowment Officer Stewart entered into a demolition contract with the Franks and Hobbs Demolition Company for the work, such contract being approved as to form by Land and Trust Attorney Gaines. The Land and Investment Committee recommends that the Board ratify and approve the above-described contract for the demolition of the residence at 2510 Lake Austin Boulevard for which the University will be obligated to pay \$500.00 to the contractor.

BRACKENRIDGE TRACT - PROPOSED FORMAL DEDICATION TO THE CITY OF AUSTIN, TEXAS, OF A STRIP OF LAND SIXTY-SIX FEET WIDE FOR STREET AND SIDEWALK PURPOSES - EXTENSION OF EXPOSITION BOULEVARD FROM ENFIELD ROAD TO LAKE AUSTIN BOULEVARD. -- On December 7, 1951, the Board of Regents gave the City of Austin permission to construct a public street on the east side of the Brackenridge Tract for the extension of Exposition Boulevard from Enfield Road to Lake Austin Boulevard. This was a strip 66 feet wide, being 56 feet for street and 10 feet for sidewalks, comprising 4.52 acres. The City of Austin has now requested that the Board of Regents formally dedicate this strip for street and sidewalk purposes so long as it is so used and maintained by the City

of Austin. This request has arisen from requests by interested citizens for the City to surface this street and build concrete sidewalks, in large part for better access to O. Henry Junior High School. The City has determined that it cannot make these expenditures without a formal dedication from the Board of Regents. It is recommended that the Board of Regents make this dedication and authorize the Chairman of the Board to execute the instrument when approved as to content by the Endowment Officer and as to form by the Land and Trust Attorney, delivery of the instrument to be conditioned upon the City of Austin agreeing to construct adequate sidewalks to serve O. Henry Junior High School without cost to the University.

HUNTINGTON LANDS - REPORT ON ACCEPTANCE OF COUNTER OFFER BY THE AMERICAN OIL COMPANY FOR PURCHASE OF 112-ACRE TRACT, H. B. LITTLEFIELD SURVEY, GALVESTON COUNTY, TEXAS. --On September 21, 1956, the Board of Regents rejected an offer submitted by The American Oil Company for purchase of a tract of 112 acres, more or less, out of the Huntington Lands in the H. B. Littlefield Survey, Galveston County, for \$1,250 per acre cash and made a counter offer to the Company to sell the tract for \$1,500 per acre cash, subject to acceptance within 45 days from date of notice. The Board further authorized the Chairman to execute a deed to the purchaser upon the purchaser's compliance with the terms of the counter offer. The American Oil Company has notified the University of its acceptance of the counter offer and is proceeding with examination of title in order to close the sale as soon as practicable. If the sale is not closed within the 45 days allowed from date of notice, earnest money will be deposited. It is recommended that the Board of Regents ratify and confirm this sale to The American Oil Company upon the Company's meeting the terms of the counter offer.

See Page
747.

MEDICAL BRANCH - DR. WALTER J. HILDEBRAND SCHOLARSHIP FUND - PROPOSED MINERAL LEASE TO CECIL V. HAGEN ON LAND IN GONZALES COUNTY, TEXAS. --On July 17, 1954, the Board of Regents authorized a five-year oil and gas lease to Walter R. Faber, through Austin P. Peirce, Jr., of Gonzales, at bonus of \$1.00 per acre and annual rental of \$1.00 per acre on the Hildebrand tract of 299 acres in the Jonathan Cottle League and E. Kelley Survey, Gonzales County. Annual rental due July 6, 1955, was paid by Barron Kidd of Dallas, but 1956 rental was passed and the lease dropped. The University has now received a proposal from Mr. Peirce for another five-year oil and gas lease to be made to Mr. Cecil V. Hagen of Houston on the same tract at \$2.00 per acre bonus and \$1.00 per acre annual rental. Royalty will be one-eighth on all minerals except sulphur and will be not less than \$1.00 per ton on sulphur. Some leases on other acreage in the vicinity have been dropped with no proposals received for new leases, and the bonus and rental proposed are in line for the area. There is no production in the area, and the only recent activity is a test being drilled 3 to 4 miles to the west by Standard of Texas. It is recommended that the Board of Regents accept the proposal for a lease to Cecil V. Hagen and authorize the Chairman to execute the instrument upon approval as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

TEXAS WESTERN COLLEGE - REQUEST FOR EXTENSION OF LEASE TO M. M. HARDIN, COTTON ESTATE PROPERTY, EL PASO, TEXAS. --
 By lease dated March 25, 1949, running from April 1, 1949, to March 31, 1969, the University leased to M. M. Hardin a tract of 3.822 acres out of the Cotton Estate property on East Paisano Drive, El Paso, at a rental beginning at \$133.77 monthly for the first five years and increasing each five years to \$191.10 per month for the last five years (1964-69). By instrument dated May 8, 1950, this lease was amended to add another 12 years to the term causing it to expire on March 31, 1981, and giving the lessee an option to renew at the expiration for another 8 years at a rental to be agreed on at that time. This amendment made no change in the rental under the original lease for the first 20 years but provided that for the additional 12 years the rental would be at \$210.21 per month for the first 5 years, \$229.32 per month for the next 5 years, and \$248.43 for the last two years (1979-81).

Mr. Hardin later sold his business, retaining ownership of the improvements on the leased property, to The Border Machinery Company, Inc., and on February 1, 1952, the Board of Regents gave its approval to Mr. Hardin's giving to the principal stockholders of the corporation an option for 5 years beginning on January 1, 1952, to purchase his improvements and rights under the lease with the understanding that Mr. Hardin would continue liable on the lease in the event such option was exercised.

President Holcomb of Texas Western College has now been advised that Border Machinery Company wishes to exercise such option and purchase the improvements and rights under the lease but will need to borrow approximately \$100,000 for such purchase. They state that they are unable to obtain a bank, insurance, or finance company loan for this purpose without a longer lease, and they have therefore submitted to President Holcomb the following three alternative proposals, any one of which will meet their needs:

1. The University subordinate its interest in the real estate to the mortgagee, with the deed of trust to provide that in the event of default on the part of Border Machinery Company, Inc., the University could liquidate the loan on the same basis and terms.
2. The University extend the present lease, which has approximately 24 years to run, a minimum of 27 additional years. The rental for the additional 27 years, beginning April 1, 1981, would be established by applying a now agreed fair percentage to the appraised value in 1981, and be revised every 10 years thereafter by applying the same percentage to the then appraised value. The Company would agree to pay the landowner's share, amounting to approximately \$3,000, of the cost of paving First Street along one side of the property.
3. The University lend to Border Machinery Company from funds in the Cotton Estate \$97,000 to \$100,000 at an agreed fair rate of interest to be repaid in monthly installments over a term of 15 years. The loan would be secured by the improvements on the property.

Present rental under the lease now in effect is \$152.88 monthly which continues to April 1, 1959, when it increases to \$171.99 monthly. Dr. Holcomb believes that an appraisal now being made of the Cotton Estate properties will show a present value for this land of approximately \$35,000 per acre or about \$125,000 for the tract. It is noted that on this value the present rental return is approximately 1.5% and that for the last two years (1979-81) of the present lease the return will be approximately 2.5% on the present value.

It is recommended that the Board of Regents, on the basis of information now at hand, decline all three proposals and authorize President Holcomb to negotiate with the lessee for a new lease if the lessee so desires.

TEXAS WESTERN COLLEGE - PROPOSED LEASE TO EL PASO GRAIN ELEVATOR COMPANY ON ONE ACRE, COTTON ESTATE PROPERTY, EL PASO, TEXAS. --Mr. A. E. Schuester of El Paso who has operated as a grain broker for many years proposes a lease to El Paso Grain Elevator Company, now being organized and incorporated with Mr. Schuester as principal stockholder, on approximately one acre of the Cotton Estate property bounded on three sides by Coles, Fifth and Sixth Streets for a term of 20 years at a rental of \$100 per acre per month with option to renew for another 20 years at a rental to be agreed on one year before expiration of the primary term. The property will be used for construction of a grain elevator to cost approximately \$40,000 which is the proposed capitalization of the corporation. The lessee would pay for any street improvements. The proposal was negotiated by J. C. Holmes, El Paso realtor, who would receive commission paid by the lessor in the amount of 2-1/2% of all rents due for the primary term. This commission would be paid as follows: 2-1/2% of the first year's rent payable at the end of the first year and 2-1/2% of the rental for the remaining 19 years payable at the end of the second year. President Holcomb and Business Manager Smith recommend acceptance.

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1020

It is recommended that the Board of Regents accept this proposal for a lease to El Paso Grain Elevator Company and authorize the Chairman to execute the lease when approved as to content by the Endowment Officer and as to form by the Land and Trust Attorney.

Adoption of Report. --With the exception of three items in the above report, each member of the Board of Regents had been furnished these recommendations in his volume of Material Supporting the Agenda some ten days prior to the meeting. With the reservation that he was not sure, Mr. Jeffers pointed out that probably the item in the Texas Western College portion of the docket on Page W-2 entitled Cotton Estate Survey should have been referred to the Buildings and Grounds Committee for its recommendation.

Upon motion of Mr. Jeffers, seconded by Doctor Minter, the Board unanimously adopted the foregoing report and the recommendations contained therein.

PERMANENT UNIVERSITY FUND - AUTHORIZATION FOR REQUEST FOR ATTORNEY GENERAL'S OPINION ON QUESTIONS RE INVESTMENT PROCEDURES AND ACCOUNTING. --In an effort to formulate tentative plans for investment in corporate securities to be recommended to the Board of Regents in the event the proposed College Building Amendment, H. J. R. 15, is adopted at the General Election on November 6, 1956, members of the University staff have conferred recently with The State Comptroller of Public Accounts and the State Treasurer regarding handling of payments out of the Permanent Fund for such purchases along with related questions involved in the State Treasurer's custody of such securities.

The principal question is that of meeting the requirement of the New York Stock Exchange for payment on the fourth business day following purchase of stocks, whereas transfer of the stock and delivery of certificates registered in the name of the Board of Regents normally takes from two to three weeks. The State Comptroller and the State Treasurer have expressed the firm opinion that they must have an approving opinion from the Attorney General before they can make payment on such purchases without simultaneous delivery of the securities to the State Treasurer. It is believed that the Permanent Fund investment program under the proposed amendment would be seriously hampered if we could not comply with the four-day payment rule, that a request for the opinion of the Attorney General of the State of Texas on this question is urgent, and that a request for such an opinion as soon as possible after November 6, if the proposed amendment is adopted, will be in order.

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414.

You and the other members of the Board of Regents are generally familiar with the problem, under interpretations of the present statutes, of accounting for gains and losses on sales of securities in the Permanent Fund. Such problem would become more pressing under the proposed constitutional amendment; and, regardless of the adoption of the amendment, it is believed that an opinion should be requested from the Attorney General of the State of Texas as to proper accounting for such gains and losses.

We therefore recommend that the Board of Regents authorize its Chairman to request as soon as practicable, regardless of adoption or defeat of the proposed constitutional amendment, the opinion of the Attorney General of the State of Texas regarding proper accounting on gains and losses from sale of securities in the Permanent University Fund.

It is further recommended that the Board of Regents authorize its Chairman to request as soon as possible, after the November 6 election, if reports of the Texas Election Bureau show adoption of the proposed constitutional amendment, H. J. R. 15, the opinion of the Attorney General as to payment for securities without simultaneous delivery of the securities to the State Treasurer and on such related questions under the amendment as the Chairman, with consideration to recommendations from the University staff, may deem advisable. Any request to the Attorney General for his opinion on such questions under the proposed amendment may be submitted to him prior to the official canvas of the election returns but will be submitted as contingent upon such official canvas.

The request or requests to the Attorney General under the authorization here recommended will be prepared by Land and Trust Attorney Gaines for consideration and signature by the Chairman.

Adoption of Report. --The foregoing report was adopted by the Board upon the motion of Mr. Jeffers, seconded by Doctor Minter.

REPORT OF PERMANENT UNIVERSITY FUND INVESTMENTS - FISCAL YEAR ENDED AUGUST 31, 1956. --Ten days prior to the meeting, each member of the Board of Regents had been furnished along with the Material Supporting the Agenda a bound copy of the Report on Permanent University Fund Investments, The University of Texas, for the Fiscal Year Ended, August 31, 1956. This report is filed in the Office of the Board of Regents.

SPECIAL MEETING OF THE BOARD OF REGENTS; PERMANENT FUND INVESTMENT PROGRAM. --Chairman Sealy stated that if Constitutional Amendment No. 3 passed at the General Election November 6, 1956, there would be a called session of the Board of Regents the latter part of November or the early part of December to consider the Permanent Fund Investment Program. See Page 414.

ADJOURNMENT. --The items on the agenda having been disposed of, the Board adjourned at 11 a. m.

Betty Anne Thedford
Betty Anne Thedford
Secretary

TABULATION OF BIDS
ON
A COMPLETE POWER GENERATING SYSTEM

MAIN UNIVERSITY

<u>Name of Bidder</u>	Base Bid A	Alt. Bid A	Base Bid B	Alt. Bid B	Comb. Base Bid C	Comb. Alt. Bid C
Allis-Chalmers*	\$447,255	\$377,400	\$84,380	\$72,950	\$531,635	\$450,350
General Electric**	487,200	414,100	-	-	-	-
Westinghouse***	405,000	340,000	81,385	71,275	486,385	411,275

* All prices offered by the bidder designated thus are subject to escalation by a method prescribed with a top limit as follows:

- 10% for shipments completed in 12 months
- 20% for shipments completed in 24 months
- 30% for shipments completed after 24 months

** All prices offered by the bidder designated thus are subject to escalation by a method prescribed with a top limit as follows:

- 20% for shipments up to and including 24 months
- 30% for shipments above 24 months through 36 months from date of order

*** These prices, less the contingency allowances included in the bid, are subject to adjustment upward or downward for changes in labor and material cost, such adjustment to be determined as prescribed except increases will not exceed 10%.

<u>Name of Bidder</u>	Bid Bond
Allis-Chalmers	\$33,500
General Electric	5%
Westinghouse	\$35,000

Delivery Periods in Calendar Days

<u>Name of Bidder</u>	Base Bid A	Alt. Bid A	Base Bid B	Alt. Bid B	Comb. Base Bid C	Comb. Alt. Bid C
Allis-Chalmers	420	420	270	270	420	420
General Electric	540	540	-	-	-	-
Westinghouse	365	365	365	365	365	365