



TAMU Staff:                   Dr. William Duce  
                                  Dean, College of Geosciences and Maritime Studies  
Mr. Robert Rutledge  
                                  President, Development Foundation  
Mr. John Stropp  
                                  Vice President & Treasurer, Development Foundation  
Mr. Joe Wallace  
                                  Dir. of Development, Geosciences Development Foundation

TAMUS staff:                 Mr. Ronald Streibich  
                                  Assistant Deputy Chancellor

Chairman Searcy Bracewell called the meeting to order and expressed his appreciation to our guests for their attendance.

A copy of the agenda for the meeting was distributed (see attached).

Mr. Caple moved to approve the minutes of the August 14, 1992 Board of Visitors meeting, and this motion was seconded by Mr. John Shaw. At this time, Mr. Bracewell turned the meeting over to Dr. David J. Schmidly, Campus Dean.

Dr. Schmidly summarized the topics to be discussed and then reviewed the Policy and Procedures Statement (Attachment #3) with the Board. Mr. Bracewell spoke about the issue of tenure on the Board. He suggested the policy be altered so that 1/3 of the board would go off each year with an automatic turn over every 3 years. According to his suggestion, a member could be reappointed.

Dr. Schmidly presented the Status and Assets of the TAMU-G Foundation noting that there were no changes from the last meeting. The Eikekl Endowment was discussed as to how it was maintained and Dr. Schmidly stated there was an issue of Faculty and Staff having to compete for the same award. Dr. Schmidly suggested giving 2 awards, one for outstanding Faculty and one for outstanding Staff. However, because of the funds in the account we would not be able to give equal monetary awards.

Dr. Schmidly suggested expanding the Board to 25 members with each member assigned 1, 2, & 3 year terms. Four standing committees would be formalized with the Chairman of the Board appointing committee heads. After discussion by various members, noting that more local people should be involved and giving recommendations of specific individuals, the Board requested that Dr. Schmidly circulate a list of prospective Board members to them and draft the language for the Board to review. The Board will take an official vote on this issue at the spring meeting.

In new business, Dr. Schmildy briefed the Board on recent Campus Developments and Initiatives (Attachment #4). Dr. William Evans gave a narration on THE CHAUVENET, the

replacement ship for the T/S TEXAS CLIPPER. Mr. Powell ask about the disposal of the T/S TEXAS CLIPPER and Mr. Baxter ask if the T/S TEXAS CLIPPER could be used by the College for other activities. Mr. Frank McNerney stated the T/S TEXAS CLIPPER would possibility be scrapped by the Navy.

Dr. Seitz gave a description of the Bridge and Oil Spill Simulators that will be purchased and installed in the next few months. We will be the only facility on the Gulf Coast with this type of capability. Dr. Schmildy noted that this will give TAMU-G a chance to become partners with TEES. Mr. Bracewell ask if it would be utilized to train people and Dr. Seitz stated that users would pay to have people trained. Also, Dr. Schmildy noted that it was an excellent means to train our students.

Dr. Schmildy announced to the Board that the Coordinating Board approved the P.E. Facility and expressed thanks for the letters and visit Mr. & Mrs. Schwartz made with him to visit with Mr. Ray Santos in Lubbock. Dr. Schmildy also noted that the Waterfront Campus would develop a facility for water based physical education courses.

Dr. Schmidly provided an overview of the TAMU-G Budget which was presented to the Legislative Budget Board Staff. The budget continues to be under great stress due to the rapid enrollment and our special purpose programs. "Formula funding" does not take into account special purposes items at TAMU-G. Dr. Schmildy is working toward a need-based funding budget.

Dr. William Evans presented a brochure on TIO and briefed the group on TIO programs. Dr. Evans also presented the leveraged funds for TIO, noting they leveraged over 10 federal dollars for each 1 state dollar used as match. Mr. Bracewell ask if TIO was free standing and Dr. Evans responded yes, but that the money is appropriated in the TAMU-G Budget.

Dr. Schmidly introduced Mr. Bob Rutledge of the TAMU Development Foundation. Mr. Rutledge reviewed the assets of the TAMU Development Foundation and noted any funds for TAMU-G would be managed through trust assets. Mr. Rutledge noted that most private funds now come through the foundation and presented slides indicating total gifts and pledges. Mr. Bracewell ask where the money would go for management if funds were contributed to the Galveston Campus. Mr. Rutledge stressed that all assets managed for Texas A&M University-Galveston would be considered a trust asset by his foundation and also explained that the TAMUG's Board of Visitors were the trustees of the money earmarked for the Galveston Campus and the foundation development fee for management of the funds would come directly to the Galveston Campus. In addressing the inability of the Foundation to provide a development professional for the Galveston Campus, he shared with the Board of Visitors the Foundation's 1992-93 budget. Mr. Rutledge also shared with the audience details about the University Campaign. Mr. Rutledge answered various questions from the audience and then introduced Mr. John Stropp, Vice President and Treasurer of the Foundation.

Mr. Stropp spent a few minutes explaining the Foundation's investment program. Particular emphasis was placed on current investment objectives and strategies, and a review of the Foundation investment performance over the last ten years. Mr. Stropp then outlined the

Foundation's accounting procedures, and explained how the Foundation's financial programs would serve the Galveston Campus. Mr. Stropp responded to several questions from the Board related to investments and financial matters.

Dr. Schmidly discussed the TAMU-G Capital Campaign and also spoke on two outstanding proposals for TAMU-G the Moody Foundation Proposal for 2.5 million and a gift of land by Mr. Mitchell.

Dr. Schmidly introduced Dr. Gene Binder, the new Director of Campus Development and External Relations, and Mr. Ron Streibich. Dr. Binder stated he and Mr. Streibich had identified 500 businesses and 400 individuals that the Galveston Campus should contact with regards to our Capital Campaign. Dr. Binder also noted several foundations he had contacts with and stated he would be presenting the Capital Campaign to their Board of Directors for review.

Mr. Bracewell called the meeting into executive session. After the executive session the Board of Visitors reviewed the Sea Aggie Drill team.

The Board of Visitors' Meeting was adjourned at 5:30 p.m.

cc: Mr. M. A. Abelow  
Dr. W. E. Evans  
Mr. W. C. Hearn  
Dr. J. M. McCloy  
Dr. W. A. Seitz

## TAMUS-LIFE VOLUNTEERS

The Texas A&M University System

Legislative Initiatives For Education

TAMUS-LIFE VOLUNTEERS is an organized effort of friends of The Texas A&M University System to establish a broad-based support group for the System members. This effort is based on statewide involvement of citizens to ensure that the Legislature is informed on issues of importance to Texas higher education, The Texas A&M University System and its institutions and agencies. As a VOLUNTEER you will be an integral part of legislative actions and will be offered an orientation on those issues.

The goals of TAMUS-LIFE VOLUNTEERS are clear: to develop a base of informed, interested people in the State who will communicate with legislators for support funding and programs on behalf of higher education and The Texas A&M University System and its members; to provide feedback related to legislators' interests and positions on key issues; and to insure that citizens interested in higher education express their concerns to The Texas A&M University System or any of its members.

TAMUS-LIFE VOLUNTEERS will be composed of friends, alumni, and supporters of each member of The Texas A&M University System. The Chancellor's 21st Century Council will serve to coordinate activities of the volunteer group. VOLUNTEERS will be informed on higher education issues, how these issues affect System members and how to most effectively communicate with legislators. VOLUNTEERS will be kept informed of the status of issues and alerted on specific issues and concerns as they arise. A minimum commitment of time for each volunteer will include attendance at one of the sessions this fall and one or more meetings with your legislator. Additional communications with legislators will be on an "as needed" basis.

Your participation in TAMUS-LIFE VOLUNTEERS is extremely important, not only to The Texas A&M University System but *to all of higher education in Texas*. We need your support and appreciate your willingness to take on this tremendously important role.

# TAMUS-LIFE VOLUNTEERS REGISTRATION FORM

Please complete and return this form signifying that you are willing to become a volunteer to work in the area of legislative support for The Texas A&M University System and the individual members of The Texas A&M University System. (For your convenience, this form is designed for return mail.)

Name \_\_\_\_\_

Business or Profession \_\_\_\_\_ Title or Position Held \_\_\_\_\_

Home Address \_\_\_\_\_ Business Address \_\_\_\_\_

City \_\_\_\_\_ City \_\_\_\_\_

State \_\_\_\_\_ State \_\_\_\_\_

Phone \_\_\_\_\_ Phone \_\_\_\_\_

Fax \_\_\_\_\_ Fax \_\_\_\_\_

Preferred Mailing: \_\_\_\_\_ (home) or \_\_\_\_\_ (business)

System Member(s) most familiar with: (please check all appropriate)

- |  |   |
|--|---|
| <input type="checkbox"/> Corpus Christi State University | <input type="checkbox"/> Texas Agricultural Experiment Station          |
| <input type="checkbox"/> Laredo State University         | <input type="checkbox"/> Texas Agricultural Extension Service           |
| <input type="checkbox"/> Prairie View A&M University     | <input type="checkbox"/> Texas Engineering Experiment Station           |
| <input type="checkbox"/> Tarleton State University       | <input type="checkbox"/> Texas Engineering Extension Service            |
| <input type="checkbox"/> Texas A&I University            | <input type="checkbox"/> Texas Forest Service                           |
| <input type="checkbox"/> Texas A&M University            | <input type="checkbox"/> Texas Transportation Institute                 |
| <input type="checkbox"/> The Texas A&M University System | <input type="checkbox"/> Texas Veterinary Medical Diagnostic Laboratory |
| <input type="checkbox"/> West Texas State University     |   |

I belong to the following support groups within The Texas A&M University System:  
(alumni associations, development councils, etc.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Other civic organizations in which I am active and willing to contact regarding support for higher education and Texas A&M University:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

My state legislators: House \_\_\_\_\_ Senate \_\_\_\_\_

Members of the legislature or state officials I know and am willing to contact:

Name of Legislator or State Official                      Relationship (Business associate, friend, etc.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Other information that might be useful as we plan the program of state affairs for The Texas A&M University System and its members:

You (may) (may not) release my name as being a member of The TAMUS-LIFE VOLUNTEERS to the press.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

SENIOR VICE PRESIDENT AND PROVOST  
Texas A&M University

..... 26 January 1993 .....  
DATE

Memo to: Deans .....

For your information and files.

E. Dean Gage

JAN 28 1993  
Jan  
Send a copy to all members  
of the Board of Visitors.  
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# Permanent University Fund must be guarded



**WILLIAM CUNNINGHAM**

Of the many misconceptions surrounding higher education in Texas, among the most persistent are the views that the Permanent University Fund benefits only two institutions — the University of Texas in Austin and Texas A&M in College Station — and that a wider distribution of the fund's proceeds would help alleviate the state's chronic budget problems.

These myths hold the potential for grave damage to Texas and its system of higher education.

The major risk in broadening access to the Permanent University Fund is that the fund would be diluted to the point that it could no longer serve as a vehicle for academic excellence at any institution.

The Permanent University Fund, which was established by the Texas Constitution of 1876, is the public endowment for the UT and Texas A&M systems. Although the fund, which has a book value of about \$3.5 billion, is the second-largest university endowment fund in the nation (only Harvard's is larger), that ranking is misleading. Harvard's endowment supports just one institution with only 17,000 students, while the Permanent University Fund is used for the benefit of 17 institutions with approximately 200,000 students. On a per-student basis, the Permanent University Fund does not rank in the top 100 university endowments in the nation.

There are 13 Permanent University Fund institutions in the UT system and four in the Texas A&M system.

Two-thirds of the Permanent University Fund is designated by the Texas Constitution for the UT system and one-third is designated for the Texas A&M system. The fund includes 2.1 million acres in West Texas, mineral income generated by that land, and investments in stocks and bonds. The constitution protects in perpetuity the fund's corpus, allowing the spending of only dividend and interest income as well as revenue from surface operations such as grazing leases.

The constitution also provides for how the spendable income (which goes into the Available University Fund) is to be used. The first obligation is to pay debt service on bonds for capital expenditures.

Permanent University Fund bonds, secured by the fund's investment income, are used throughout the two university systems to finance the construction and renovation of facilities, library acquisitions, and the purchase of educational and research equipment necessary for a first-class educational enterprise. One outstanding example is the Fine Arts Center at Tarleton State University, a facility that not only serves students and faculty members but also is a vital cultural resource for the entire Cross Timbers region.

There are dozens of other examples — such as the recent conversion of the old library at UT El Paso into the Geological Sciences Building, the biotechnology center at Texas A&M, the new medical research and teaching facilities at UT Southwestern Medical Center in Dallas, the Engineering and Computer Science Building at UT Dallas, the microelectronics and materials science building at UT Austin, the expansion and renovation of the Engineering Building at UT Arlington, and the new Engineering and Biotechnology Building at UT San Antonio.

The academic enhancement money available after bonds are serviced (approximately \$100 million per year) is used by UT Austin and Texas A&M in College Station for a variety of special programs such as library enhancements, equipment for teaching and research, student counseling services, graduate student fellowships, and National Merit and minority scholarships. Over the years, the Permanent University Fund has provided the margin of excellence that has enabled UT Austin and Texas A&M to supplement state appropriations and to be numbered among the nation's pre-eminent universities.

There are two additional fundamental reasons that the fund cannot be stretched to meet more of the needs of higher education in Texas:

- The decline in long-term interest rates, as well as the decline in oil prices and production, mean the Permanent University Fund will earn almost \$20 million less per year than was projected in mid-1992. This decline in spendable income has resulted in serious constraints on the amount of construction funding and other benefits that can be realized by each campus.

- The long-term health of our institutions requires that provisions be made for maintenance and renovation of campus facilities. Early in the next decade, most of the proceeds of the Permanent University

Fund will be needed to renovate and update the buildings that already have been constructed at the 17 institutions that share in the fund.

Given the projected enrollment growth of more than 150,000 students in Texas public colleges and universities by the year 2005, there is no doubt that additional capital spending for higher education facilities will be necessary for all institutions, those within the Permanent University Fund and others. Because of this increasing need for higher education services, the state should increase significantly the amount of money allocated to the Higher Education Assistance Fund, which is currently supported with \$100 million a year from general revenue appropriations (state tax dollars), or develop alternate means to fund such expansion. The Higher Education Assistance Fund has proved to be a vital means of support for institutions that do not participate in the Permanent University Fund. Even at the current level of Higher Education Assistance Fund appropriations, most institutions benefiting from that fund are receiving more capital support than they would if they were a part of the Permanent University Fund.

There is no doubt that the Permanent University Fund is a magnificent resource that has strengthened Texas higher education immeasurably. But it is also clear that the fund is not a magical, limitless source of money. The broad public interest is best served by maintaining the integrity of the Permanent University Fund and concentrating its limited, albeit critical, resources on significant quality.

In a time of severe budget constraints, it might be tempting to seek an expedient solution by dispersing and dividing those resources among more institutions. Under such a scenario, no institution would receive adequate support and short-term gains would diminish substantially the state's most comprehensive and widely recognized public institutions. Diluting quality would be a self-defeating approach that would represent flawed and shortsighted public policy. To sacrifice excellence at the state's flagship universities would be contrary to the vision and determination of generations of Texans who have understood the need for a permanent commitment to academic quality.

*William H. Cunningham is chancellor of the University of Texas System.*