

H.J.R. No. 20

By

Armstrong

House Joint Resolution

Haines of Brazos

PROPOSING an amendment to Section 11a, Article VII, of the Constitution of Texas, providing for the investment of the Permanent University Fund by the Board of Regents of The University of Texas System in certain types of securities within the prudent man rule.

Carriss

Guin

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

Foreman

SECTION 1. That Section 11a, Article VII, of the Constitution of the State of Texas, be amended to read as follows:

"Section 11a. In addition to the bonds ~~enumerated~~ in Section 11 of Article VII of the Constitution of the State of Texas, the Board of Regents of The University of Texas may invest the Permanent University Fund in securities, bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government, or any of its agencies, and in such ~~corporation~~ bonds, debentures, or obligations, and preferred and common stocks, <sup>issued by corporations,</sup> as the Board of Regents of The University of Texas System may deem to be proper investments for said fund; provided, however, that not more than one per cent (1%) of said fund shall be invested in the securities of any one (1) corporation, nor shall more than five per cent (5%) of the voting stock of any one (1) corporation be owned; provided, further, that stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase and which, except for bank stocks and insurance stocks, are listed upon an exchange registered with the Securities and Exchange Commission or its successors.

*issued by corporations, or other in distributions*

"In making each and all of such investments said Board of Regents shall exercise the judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital.

"The interest, dividends and other income accruing from the investments of the Permanent University Fund, except the portion thereof which is appropriated by the operation of Section 18 of Article VII for the payment of principal and interest on bonds or notes issued thereunder, shall be subject to appropriation by the Legislature to accomplish the purposes declared in Section 10 of Article VII of this Constitution.

"This amendment shall be self-enacting, and shall become effective upon its adoption, provided, however, that the Legislature shall provide by law for full disclosure of all details concerning the investments in corporate stocks and bonds and other investments authorized herein."

SEC. 2. The foregoing ~~C~~onstitutional ~~A~~men~~d~~ment shall be submitted to a vote of the qualified electors of the ~~S~~tate at an election to be held on the first Tuesday after the first Monday in November 1968, at which election all ballots shall have printed thereon the following:

"FOR the ~~C~~onstitutional ~~A~~men~~d~~ment providing for investment of the Permanent University Fund by the Board of Regents of The University of Texas in certain types of securities within the prudent man rule."

"AGAINST the ~~C~~onstitutional ~~A~~men~~d~~ment providing for investment of the Permanent University Fund by the Board of Regents of The University of Texas in certain types of securities within the prudent man rule."

SEC. 3. The ~~G~~overnor shall issue the necessary proclamation for the election, and this ~~A~~men~~d~~ment shall be published as required by the Constitution and laws of this ~~S~~tate. <sub>1</sub>

FORM B

*pd*

(For favorable reports on bills where committee amendments other than "committee substitutes" are recommended; and for resolutions where committee amendments, including complete substitutes, are recommended.)

COMMITTEE REPORT

Date April 11, 1967

HON. BEN BARNES

Speaker of the House of Representatives.

Sir:

We, your Committee on Constitutional Amendments, to whom was referred HJR No. 20, have had the same under consideration and beg to report back with recommendation that it do pass, as amended, and be A printed.

*Raymond A. ...*  
Chairman.

(In the case of simple and concurrent resolutions the words "and be printed" should be stricken out since resolutions are printed in the Journal when they are first introduced.)

The word "not" should be inserted before "printed" only in case of a local bill reported favorably with amendments and ordered not printed, which is customary for local bills.)

BILL ANALYSIS

(1) Background Information

Section 11a, Article VII, Constitution, provides that no more than 50% of the Permanent University Fund may be invested in corporate stocks and bonds; and that the stocks eligible for purchase shall be restricted to stocks of companies incorporated in the United States which have paid dividends for 10 consecutive years or longer immediately prior to the date of purchase.

(2) What the Bill Proposes

Amend Section 11a, Article VII, Constitution, to provide for the investment of the Permanent University Fund by the Board of Regents of the University of Texas System in certain types of securities with the prudent man rule.

(3) Section by Section Analysis

Section 1: Amend Section 11a, Article VII, Constitution, to allow stocks to be purchased which have paid dividends for only 5 consecutive years immediately prior to date of purchase. There is no provision that no more than 50% of the Fund can be invested in corporate stocks or bonds.

Section 2: This amendment shall be submitted to the qualified electors of this state on the first Tuesday after the first Monday in November, 1968.

Section 3: The Governor shall issue the necessary proclamation for the election, and this Amendment shall be published as required by the Constitution and laws of this State.

Committee Amendment No. 1: Amend HJR 20 as follows: Section 11(A) at line 17 of the printed bill by striking the word "corporation" and in line 18 by inserting between the words "stocks" and "as" the following: "issued by corporations, associations, or other institutions".

(4) Summary of Committee Hearings

Representative Armstrong explained HJR 20, and Mr. Raymond Vowell, Central Administrator of the University of Texas; Mr. Floyd O. Shelton, Executive Director, Investments, Trusts, and Lands, University of Texas; and Mr. Frank Erwin, Chairman of the Board of Regents of the University of Texas, spoke in favor of the bill. There were no witnesses to testify against HJR 20. The bill was sent to subcommittee. The Committee unanimously adopted Subcommittee amendment No. 1. The Committee reported HJR 20 back to the House with the recommendation that it do pass as amended and be printed.

COMMITTEE AMENDMENT  
NO. 1

*Joe*

COMMITTEE AMENDMENT NO. 1

Amend H.J.R. No. 20 as follows:

*of the printed bill.*

(1) Section 11 A at line 17 <sup>1</sup>by striking the word "corporation" and in line 18 by inserting between the words "stocks" and "as" the following:

"issued by corporations, associations, or other institutions".

*Jesse T. George*

*K M  
MB*

DATE APR 24 1967

READ AND ADOPTED  
*Dorothy Hallman*  
HOUSE OF REPRESENTATIVES

(2)

by *Kline* <sup>7dc</sup>

Amend H.R. #20 by adding  
a new sentence at the end  
of Section 3 as follows:

① The publication of this  
amendment shall be limited  
to sect<sup>10425</sup> 4 2 of this resolution  
only. ①

DATE APR 24 1967

READ AND ADOPTED  
*Dorothy Hallman*  
CHIEF CLERK  
HOUSE OF REPRESENTATIVES

*700*  
*116*

By: Armstrong, et al

H.J.R. No. 20

HOUSE JOINT RESOLUTION

proposing an amendment to Section 11a, Article VII, of the Constitution of Texas, providing for the investment of the Permanent University Fund by the Board of Regents of The University of Texas System in certain types of securities within the prudent man rule. \_\_\_

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

Section 1. That Section 11a, Article VII, of the Constitution of the State of Texas, be amended to read as follows: \_\_\_

Section 11a. In addition to the bonds enumerated in Section 11 of Article VII of the Constitution of the State of Texas, the Board of Regents of The University of Texas may invest the Permanent University Fund in securities, bonds or other obligations issued, insured, or guaranteed in any manner by the United States Government, or any of its agencies, and in such <sup>(corp.)</sup> bonds, debentures, or obligations, and preferred and common stocks issued by corporations, associations, or other institutions as the Board of Regents of The University of Texas System may deem to be proper investments for said funds; provided, however, that not more than one per cent (1%) of said fund shall be invested in the securities of any one (1) corporation, nor shall more than five per cent (5%) of the voting stock of any one (1) corporation be owned; provided, further, that stocks eligible for purchase shall be restricted to stocks of companies incorporated within the United States which have paid dividends for five (5) consecutive years or longer immediately prior to the date of purchase and which, except for bank stocks

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and insurance stocks, are listed upon an exchange registered with the Securities and Exchange Commission or its successors. \_\_\_\_\_

"In making each and all of such investments said Board of Regents shall exercise the judgment and care under the circumstances then prevailing which men of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital. \_\_\_\_\_

"The interest, dividends and other income accruing from the investments of the Permanent University Fund, except the portion thereof which is appropriated by the operation of Section 18 of Article VII for the payment of principal and interest on bonds or notes issued thereunder, shall be subject to appropriation by the Legislature to accomplish the purposes declared in Section 10 of Article VII of this Constitution. \_\_\_\_\_

"This amendment shall be self-enacting, and shall become effective upon its adoption, provided, however, that the Legislature shall provide by law for full disclosure of all details concerning the investments in corporate stocks and bonds and other investments authorized herein." \_\_\_\_\_

Sec. 2. The foregoing constitutional amendment shall be submitted to a vote of the qualified electors of the state at an election to be held on the first Tuesday after the first Monday in November 1968, at which election all ballots shall have printed thereon the following: \_\_\_\_\_



"FOR the constitutional amendment providing for investment of the Permanent University Fund by the Board of Regents of The University of Texas in certain types of securities within the prudent man rule." \_\_\_\_\_

"AGAINST the constitutional amendment providing for investment of the Permanent University Fund by the Board of Regents of The University of Texas in certain types of securities within the prudent man rule." \_\_\_\_\_

Sec. 3. The governor shall issue the necessary proclamation for the election, and this amendment shall be published as required by the Constitution and laws of this state. The publication of this amendment shall be limited to Sections 1 and 2 of this Resolution only. \_\_\_\_\_

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Austin, Texas

MAY 4, 19 67

Hon. Preston Smith  
President of the Senate

Sir:

We, your Committee on CONSTITUTIONAL AMENDMENTS,  
to which was referred HJR ~~XX~~<sup>B</sup>. No. 20, have had the same  
under consideration, and I am instructed to report it back to  
the Senate with the recommendation that it do \_\_\_\_\_  
pass \_\_\_\_\_ and be \_\_\_\_\_ printed.

  
\_\_\_\_\_  
Chairman MOORE

CAS

ENROLLED  
H.J.R. No. 20

HOUSE JOINT RESOLUTION

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Sec. 3. The governor shall issue the necessary proclamation for the election, and this amendment shall be published as required by the Constitution and laws of this state. The publication of this amendment shall be limited to Sections 1 and 2 of this Resolution only.

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Lieutenant Governor  
President of the Senate

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Speaker of the House

I hereby certify that H.J.R. No. 20 was adopted by the House on April 24, 1967, by the following vote: Yeas 120, Nays 18.

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Chief Clerk of the House

H.J.R. No. 20

I hereby certify that H.J.R. No. 20 was adopted by the Senate on May 27, 1967, by the following vote: Yeas 29, Nays 2.

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Secretary of the Senate

APPROVED:

6-17-67

Date

*John Connally*

Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
6:52pm O'CLOCK

JUN 17 1967

*John L. Hill*

Secretary of State

H.J.R. No. 20

By Armstrong, et al

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PROPOSING an amendment to Section 11a, Article VII of the Constitution of Texas providing for the investment of the Permanent University Fund by the Board of Regents of The University of Texas System in certain types of securities within the prudent man rule.

APR 24 1967 READ SECOND

TIME Amended AND

ORDERED \_\_\_\_\_ ENGROSSED + adopted

by vote of 120 yeas, 18 nays

*Dorothy Hallman*

Chief Clerk, House of Representatives

APR 24 1967 SENT TO ENGROSSING CLERK

FILED FEB 3 1967

FEB 6 1967 READ 1ST TIME AND REFERRED TO COMMITTEE ON

*Constitutional Amendments*

APR 12 1967 REPORTED FAVORABLY AS AMENDED SENT TO PRINTER



A.M.



PRINTED, DISTRIBUTED AND

REFERRED TO COMMITTEE ON

RULES 10:45 A.M. APR 13 1967

(Time)

(Date)

By: Armstrong, et al

H.J.R. No. 20

HOUSE JOINT RESOLUTION

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- 2- 3-67 Filed.
  - 2- 6-67 Read first time and referred to Committee on Constitutional Amendments.
  - 4-12-67 Reported favorably as amended, sent to printer.
  - 4-13-67 Printed, distributed and referred to Committee on Rules at 10:45 a.m.
  - 4-24-67 Read second time, amended and ordered engrossed and adopted by the following vote: Yeas 120, Nays 18.
- Dorothy Hallman  
Chief Clerk, H. of R.
- 4-24-67 Sent to Engrossing Clerk.
  - 4-24-67 Engrossed.

Area Suggins  
Engrossing Clerk, H. of R.

APR 26 1967      RETURNED FROM ENGROSSING CLERK      SENT TO THE SENATE

APR 26 1967

IN THE SENATE  
Received from the House

MAY 27 1967

Senate Rule 32 and  
Constitutional Rule (Sec. 32, Art. III)  
suspended by a vote of 29 yeas,  
2 nays, to place bill on third  
reading and final passage.

MAY 1 1967 Read first time  
and referred to Committee  
on Constitutional Amendments

MAY 27 1967

READ THIRD TIME AND PASSED  
BY THE FOLLOWING VOTE:

Yeas 29 Nays 2

Charles Schnabel  
Secretary of the Senate

MAY 5 1967 Reported Favorably.

MAY 27 1967 SENT TO HOUSE

Regular order of business sus-  
pended by unanimous consent to  
permit consideration.

*JER*

MAY 27 1967  
READ SECOND TIME.  
AND PASSED TO THIRD READING.



MAY 27 1967

RETURNED FROM SENATE

*Dorothy Hallman*

Chief Clerk, House of Representatives

MAY 27 1967

SENT TO ENROLLING CLERK

*Charles C. ...*