



Volume 35, Number 25

September 13, 2013

Dear Client:

As a result of Thursday's vote authorizing Michael Dell to take the company private, Dell Inc. will become the largest privately-held company in Texas. This will nudge H-E-B -- a well-respected Texas company -- down to #2. While it will no longer be #1, H-E-B is a company that has a remarkable history of success.

Most are well aware of Michael Dell's amazing story – that he started his company at the age of 19, while still a student at UT Austin, and achieved world-recognized success. But how much do you know about a **little grocery store opened by Florence Butt in the Hill Country town of Kerrville more than 100 years ago?** It's a marvelous Texas success story.

Fifteen years after Florence was loaned \$60 to start the store on the ground floor of her home, her youngest son, **Howard E. Butt**, expanded the Butt Grocery Company. The new H-E-B kept growing. Finally, the third generation came along in 1971. Harvard MBA **Charles Butt** took over the San Antonio-based chain. And it took off **to become the state's largest privately-held company.**

Just how big is H-E-B? The most recent numbers we saw show H-E-B is bagging groceries all over **Texas and Mexico in 155 communities with more than 340 stores and 76,000 employees** – with more stores opening all the time. **Its annual sales are reported to be in the \$18 billion range.** And it continues expanding -- fiercely defending its market share from big retailers such as Walmart and Target. **According to one source, H-E-B's total sales were up 8% to 9% in 2012.**

And in the process, **it has made the unmarried Charles Butt, 75, a very wealthy billionaire.** Just how wealthy? Earlier this year *FORBES* reported **Butt is worth \$7.4 billion.** Where does this place him among the ranks of other Texas billionaires? A *FORBES* sampling: *behind* Michael Dell's \$15.3 billion net worth and *ahead* of Austin's **John Paul DeJoria** (\$4 billion) ... **Ross Perot Jr** (\$3.5 billion) ... **Jerry Jones** (\$2.7 billion) ... **Mark Cuban** (\$2.4 billion) ... **Red McCombs** (\$1.3 billion) and **T. Boone Pickens** (\$1.2 billion).

H-E-B is known for its generosity, with **5% of annual pre-tax earnings given to civic and charitable organizations in the communities in which the company operates**, including schools and food banks in Texas and Mexico. In fact, the Mexican government awarded Butt the Aguila Azteca medal for his philanthropic and business dealings in Mexico.

Austin’s water source is on course to reach its lowest level in history in just a few weeks. So, what does Senator Kirk Watson, who while Mayor negotiated an agreement for a 50+-year water supply for Austin, think about the current management of the valued water supply?

A “rain bomb” could still occur and raise the levels of the Highland Lakes. But, absent that, the state agency charged with managing surface water in the lakes, the Lower Colorado River Authority (LCRA), has a board meeting next week and is considering **dramatic (“drastic,” some say) policy changes**. The drought-induced proposals could affect four previously constant-level lakes, including Lake Austin, as well as causing a reduction in the flow of fresh water downstream, raising environmental concerns for fish and shellfish on the Gulf Coast.

Watson considers the **LCRA/City of Austin water deal “one of my proudest accomplishments”** while serving as Austin’s mayor. He, obviously, has a deep interest – and, now, from a position of influence as the State Senator from Austin. He said this week: “we’ve paid for our right to use water in the basin. That’s a big deal; among other things it gives **Austin citizens the right to hold the LCRA’s feet to the fire if it mismanages water in a way that undermines our supply** (something that, you may have guessed, I believe has happened).”

“In 2011 (yeah, two years ago, during a drought), the LCRA gave downstream users **enough Highland Lakes water to cover Austin’s needs for years**. Partly as a result of that **very, very questionable decision**, Lakes Travis and Buchanan are just over 30% full this month. However, if the LCRA hadn’t sent that water downstream in 2011, the Highland Lakes would be roughly half full,” he said.

Referencing looming LCRA actions, Watson said “any actions that might be taken to address this drought will need a lot of scrutiny and input. Unfortunately, too many Central Texans feel like they’ve been told that the **LCRA will get back with us whenever it’s convenient, once the agency decides what it wants to do.**”

“Right now, **people need to hear more – not less – about what the region’s facing**, and what can and should be done to address that challenge,” he added.

Watson said “this drought doesn’t change the fact that, no matter how much growth there is in or around this region, Austin water customers will be among the first in line for water being stored in the Highland Lakes.” However, he continued: “**the right to use water that’s there doesn’t help you if a drought or some bad decisions – or both – take that water away. No amount of notarized paper can protect people when it simply doesn’t rain.** At that point, we all need to be part of the solution to this problem.”

It remains to be seen what the LCRA will do next week. Meantime, keep your eye on the weather forecast. There are early reports of **tropical activity in the Gulf that could generate some much-needed heavy rainfall** in the Colorado River watershed.

UTAustin first opened its doors 130 years ago this month. Just how far has it come and where is it going? Its president, Bill Powers, said this week it is looking “even beyond national greatness” and is “now a world university.” And he has statistics to back up that assertion.

Throughout Powers’ presidency he has said his goal is for **UTAustin to be “the top public research university in the nation.”** And in his address Wednesday on the State of the University, he invoked the opinions of others to show that what was nurtured by **“an audacious breed of people”** over the past 130 years is being recognized worldwide.

He noted the London-based *Times Higher Education* listed UTAustin in 2012 as the **25th best university in the world**, with these words: “UTAustin’s impressive performance this year sees it enter the top 25 of the world’s best universities. **Even more remarkably, this jump from 29 to 25 comes amidst an alarming sector-wide decline for the US**, with 51 institutions falling down the table in the face of mounting competition from heavy-spending Asian nations.”

The report went on to say: “UTAustin is one of a minority of American universities resilient to the challenge posed by the East in 2012, and it is **rightly rewarded with a place in the world’s top 25.**” Powers added another accolade: “just two months ago, the **Riyad-based Center for World University Rankings**, using a different methodology, came to much the same conclusion and listed **UTAustin 26th in the world, up four places from just last year.**”

“We have progressed as a university because we have progressed at the level of our individual programs,” said Powers, citing **increased excellence in the departments and in the organized research units.** “These are the organic units of a university. They are where the widgets are made. They are where the teaching and the research take place.”

“The number of programs ranked in the Top 5 has gone from 16 to 20 in eight years, **an increase of 25%**,” Powers pointed out. “Top 5 graduate programs have grown by **more than 75%** in eight years, from 9 to 16. **We now have 59 top-10 programs and 111 top-25 programs.**”

“These rankings are just a reflection of a more important underlying reality. **They are the result of the fact that we are actually getting better at what we do,**” observed Powers. “We are **teaching** better. We are doing deeper and more extensive **research.** We are engaging our **students** and the **community** in richer and more meaningful ways. We are more **diverse**, both in our student body and in our faculty.”

While it is important to recognize achievements and progress, **Powers devoted the bulk of his address to challenges facing the university** as it tries to continue its progress. The important items he includes are too lengthy to cover in this short report. But you can read the full speech [here](#) or watch it as it was carried Wednesday on The Longhorn Network [here](#).

More “best-this-and-best-that” national metro rankings are out and, ho hum, Austin again ranks near or at the top.

In fact, the big news would be if Austin was *not* highly-ranked in these listings. But, in the interest of keeping you informed here are a few recent rankings.

The website NerdWallet.com said **Austin is the best US city in which to own a small business**, after examining the nation’s 20 biggest cities. San Antonio (#2), Dallas-Fort Worth (#3) and Houston (#5) also made the list. The Daily Beast website named **Austin the 4th most thriving city in the US**. And in a comparison of cities with the **highest salaries and lowest costs of living**, *The Huffington Post* ranked **Austin #4**. Houston was #1 and Dallas-Fort Worth locked down the #3 slot.

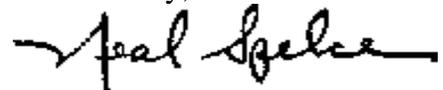
Okay, here’s a little quiz for you. How many single men in Austin are millionaires? Fifty? One-hundred? How about two-hundred? Nope. You are way off the mark. One website tallies the total of single (eligible?) male millionaires in Austin at 543.

The person who says you can find almost anything on the Internet may have stumbled across SeekingMillionaire.com. Its’ headline reads: “**seek a richer love life. Join the millionaire dating community and find a wealth of quality singles.**” Then the sub-head reads: “No gold diggers allowed.” Yeah, right.

Don’t ask me how they came up with this ranking, but the website ranked **Austin #10 in the US on the list of largest number of single millionaires -- 543**. But don’t get smug about this ranking. The website claims New York City is #1 with 4,101 single millionaires and Los Angeles is #2 with 2,127. And Dallas and Houston ranked ahead of Austin.

Speaking of money, **Dr. Louis Overholster** says he has accumulated so much debt he could be classified as another nation!

Sincerely,



Editor/Publisher