A Stated Meeting of the Trustees of the University of Pennsylvania was held on Friday, May 5, 1972 at 2:00 p.m. at the Wharton Sinkler Conference Center.

Present were Mr. William L. Day (Chairman), Gustave G. Amsterdam, Esq., Mr. Samuel H. Ballam, Jr., Mr. Julian S. Boro, Dr. Detlev W. Bronk, Mr. Orville H. Bullitt, Mr. I. W. Burnham, II, Mr. Howard Butcher III, Mr. Henry M. Chance, TT, Mr. Paul J. Cupp, Milton T. Daus, Esq., Robert Deichert, Esq., Mr. Charles D. Dickey, Jr., Mr. Robert G. Dunlop, Mr. John W. Eckman, Mr. Thomas S. Gatco, Dr. Carl Kayon, Mr. Charles A. Krause, Mr. Arthur M. Larrabee, Mr. Robert P. Levy, Mr. C. B. McCoy, Mr. Paul F. Miller, Jr., Dr. D. Sergeant Pepper, Mr. James A. Salinger, Bernard G. Segal, Esq., Ernest Scott, Esq., Mr. James M. Skinner, Jr., Mr. Wesley A. Stanger, Jr., Mrs. Marietta Tree, Robert L. Trescher, Esq., Mrs. Jacqueline Wexler, Morton H. Wilner, Esq., Mr. Ernest L. Whitney, Mr. Charles S. Wolf, Mr. William J. Zellerbach, President Martin Meyerson, Provost and Vice-President Curtis R. Reitz, Vice-Presidents Carl C. Chambers, Robert D. Dripps, John C. Hetherston, Paul O. Gaddis, Harold E. Manley, E. Craig Sweeten, Associate Provost John N. Hobstetter, Vice-Provost Humphrey Tonkin, Mr. Donald C. Carroll, Charles F. Farrell, Wm. Richard Gordon, Chancellor Stanley E. Johnson, Mr. Bruce Johnstone, Mr. Donald T. Sheehan, Mr. Donald M. Stewart, and Mr. William G. Owen (Secretary). John Ames Ballard, Esq. attended as Counsel.

Preceding the start of the meeting, Vice-President for Management Paul Gaddis presented a brief talk on the managerial role in the University, noting that while there is a need for sound management, it is not an end in itself. He reflected upon residual attitudinal problems and suggested the need for some form of orientation on management procedures for members of the campus community.

The Chaplain opened the official meeting with prayer and
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called for a moment of silence in memory of Henry Vance.

As a first item of business, President Meyerson recommended
the election of Donald C. Carroll as Dean of the Wharton School
of Finance and Commerce, this recommendation having been made
to him by the consultative committee following some five months
of deliberation. The President commented that he had inquired
extensively into Mr. Carroll’s experience and qualifications and
that both he and the Provost and Vice-President were enthusiastic
about the appointment. The following resolution was adopted:

Donald C. Carroll, elected Dean of
Wharton School

Resolved, That Donald C. Carroll be elected Dean
of the Wharton School of Finance and Commerce
effective September 1, 1972.

At this point, Mr. Carroll was invited into the meeting,
and he expressed his gratification at assuming this new responsi-

bility.

The minutes of the meeting of January 14, 1972 were approved.

Messrs. Scott, Krause, Larrabee
and Whitney present

The Chairman expressed his pleasure in having Ernest Scott
present and he acknowledged that Messrs. Krause, Larrabee and
Whitney, were attending their first meetings as Trustees. Mr. Day
went on to convey appreciation on behalf of all of the Trustees
for the ten years of service which Dr. Sergeant Pepper has given
to the Board. An election will soon be conducted by the General
Alumni Society to fill this vacancy.

The following resolution relating to the passing of Henry
Vance was adopted:

Resolution regarding Henry T. Vance

WHEREAS, Henry T. Vance of the Wharton School Class
of 1927 was a loyal and contributing member of his
University in many capacities, not the least of which
has been his official Trusteeship since 1966; and

WHEREAS, he reflected honor and credit to his University
as a result of his many accomplishments in finance
and personal service to various eleemosynary institu-
tions; and

WHEREAS, the Trustees feel a deep sense of personal
loss in his untimely passing from their midst; be it

RESOLVED, Therefore that the Trustees record this
official minute in memory of Henry T. Vance and ask
the Secretary to convey their condolences to the
Vance family.

Secretary
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The Chairman commented upon recent activities of certain Trustees, noting that Marcus Foster will soon be granted the doctorate degree by the School of Education and that Messrs. Foster and Regan have recently published books.

The Secretary read a letter received by the Chairman from Mrs. Sally Vance Allen, daughter of Henry Vance. He also presented for action the following resolution, which was adopted:

RESOLVED, That subject to concurrence by the Trustees of the Moore School of Electrical Engineering, approval be given to naming the present undergraduate laboratory located on the first floor of the Moore School of Electrical Engineering in honor of Clarence E. Clewell, E.E., Litt.D. and that an appropriate plaque to that effect be placed at the entrance to the laboratory.

FURTHER THAT, The Trustees of the University acknowledge with appreciation the provision made on April 21, 1972 by Ruth H. Clewell, daughter of Dr. Clewell, directing that following the deaths of the present and contingent beneficiaries under a Deed of Trust, there shall be paid to the Trustees of the University of Pennsylvania, in Trust, the balance of principal and undistributed income of the estate up to One Hundred Thousand ($100,000) Dollars.

THE FUND to be known as the Clarence E. Clewell Endowment Fund, the principal and income of which shall be used for the benefit of the Clewell Laboratory presently located in the Moore School of Electrical Engineering at the University of Pennsylvania, 33rd and Walnut Streets, Philadelphia, Pennsylvania.

FURTHER that the Trustees express grateful thanks to Miss Ruth H. Clewell for her generosity in providing funds for the purchase of the plaque to be erected honoring her distinguished father.

In his report, Provost and Vice-President Reitz commented upon the following matters with actions being taken as indicated:

1. The election of Dr. Arthur E. Humphrey as Dean of Engineering and Applied Science as of July 1, 1972 for a 7-year period with the possibility of renewal. Mr. Chance moved the appropriate resolution and it was adopted.

Agreement was given also to a recommendation from Dr. Chambers that, assuming faculty concurrence, the Faculties of the Schools of Engineering hereafter will be known as the Faculty of Engineering and Applied Science.
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Carl C. Chambers designated University Professor of Engineering

Jefferson Fordham and Lester Burket as Dean Emeritus

2. RESOLVED, That Dr. Carl C. Chambers, Vice-President for Engineering Affairs, be designated University Professor of Engineering effective July 1, 1972.

3. RESOLVED, That Dr. Jefferson B. Fordham and Dr. Lester W. Burket be granted the designation of Dean Emeritus as of July 1, 1972.

Academic appointments and promotions

4. RESOLVED, That the academic appointments and promotions for the period from March 30, 1972 through April 19, 1972, be approved.

Committee reports

Nominating Committee - Mr. Segal

The Chairman commented that the established procedure of soliciting nominations from various constituencies within the University was not followed in this particular instance because of the ready availability of well-qualified persons from within the Trustees. Upon presentation by Mr. Segal, the following actions were affirmed:

Paul Cupp elected as Emeritus Life Trustee

Carl Kaysen elected as Life Trustee

Samuel Ballam elected as Term Trustee

John Eckman elected as Term Trustee

Honorary Degrees Committee - Dr. Kaysen

RESOLVED, That the following selection by the Trustees' Honorary Degree Committee of candidates for honorary degrees at the May 22 Public Commencement be confirmed:

Candidates for Honorary degrees at May Commencement confirmed.

William Gordon Bowen Doctor of Laws
Thomas Childs Cochran Doctor of Laws
Robert Galbraith Dunlop Doctor of Laws
Nancy Hanks Doctor of Fine Arts
John Hilton Knowles Doctor of Laws
Yu Hau Ku Doctor of Laws
Harold Francis Linder Doctor of Laws
Emily Hartshorne Mudd Doctor of Science
George Holmes Perkins Doctor of Laws
Andrew Wyeth Doctor of Fine Arts
RESOLVED, That the Trustees' Honorary Degree Committee be authorized to select candidates for receipt of honorary degrees at any special Convocations to be scheduled for next October, with the understanding that their action will be confirmed at the next meeting of the Trustees.

Committee on Health Affairs - Mr. Ballam

Mr. Ballam commented upon the formation of this Committee several months ago and the discussion which took place at its meeting in April on problems associated with Graduate Hospital. Attention was directed to the following resolution adopted at that time:

RESOLVED, That the Trustees' Committee on Health Affairs express its agreement with the following steps to be taken relating to the future of Graduate Hospital, as proposed by the University administration:

1. That Graduate Hospital be maintained by the University, with the understanding that the University's role may change and that transfer of the hospital to an independent board is a possible course of action in the future.

2. That those persons engaged in negotiations with the Blue Cross of Philadelphia be encouraged to use their best judgment in resolving the continued difference of views concerning the settlement of costs incurred by the University in 1970-71.

3. That the scope of services offered at Graduate Hospital be altered so as to become more comparable to Pennsylvania Hospital, such action to include the transfer of certain complex functions to University Hospital.

4. That the present administrative staff of Graduate Hospital be reinforced, with the concurrence and full participation of the Executive Director, by a competent management firm which can provide supplementary skills in operational areas to be identified by a feasibility study.

5. That the proposed loan and grant from Hill-Burton be accepted and the necessary steps be taken by the administration to secure the necessary matching funds.

6. That the sum of $50,000 be allocated from Graduate Hospital "Fund A" for development of a program (to include architectural sketches and estimates of costs) for a comprehensive care unit on a small scale and experimental basis.

Dr. Dripps stated his belief that the various steps outlined above represented the only solution to these problems at this time. He indicated that the University will not take down any large amount of the Hill-Burton funds until the viability of Graduate Hospital has been assured. He expressed the hope that a model of comprehensive health care for all three segments of the hospital could be established and noted that there is no intention of converting Graduate Hospital into a "mini-HUP." He expressed hope and faith that the various steps indicated can be implemented.

Authorization of Honorary Degrees Committee

Committee on Health Affairs

Graduate Hospital

Blue Cross

Secretary
Graduate Hospital

Mr. Gates questioned whether or not Graduate Hospital could be made viable inasmuch as it has been a problem for the University for some twenty years.

In response to a question about deficit operations, President Meyerson indicated that the annual subsidy from the University will cease. He further acknowledged that the Hospital is an anomaly and that all of those who have studied the problem are most hopeful that a break-even point can be reached.

In response to a question raised by Mr. Eckman about the taking down of Hill-Burton funds, Dr. Dripps stated that the Hill-Burton loan and grant could be lost to the Commonwealth of Pennsylvania if the University does not consummate the arrangement called for. Mr. Dunlop commented that in such an eventuality, representatives of the Commonwealth would become more cognizant of Graduate Hospital problems.

Upon vote, the above resolution was adopted.

University Hospital

Mr. Bullitt expressed the hope that conditions associated with the University Hospital might receive attention at the next meeting of the Trustees.

Finance Committee – Mr. Dunlop

Budget Survey

Attention was directed by the Chairman to the Budget Survey for fiscal year 1971-72 as of April 30. The following resolutions were adopted:

RESOLVED, That the sum of $33,000 be appropriated from University General Fund for demolishing Potter Hall and converting the area for use as a temporary parking lot.

Demolition of Potter Hall

Class of 1923 Ice Rink

RESOLVED, That the sum of $33,000 be appropriated from University General Fund for demolishing Potter Hall and converting the area for use as a temporary parking lot.

WHEREAS the construction of the Class of 1923 Ice Rink did not contemplate its use as a 12-month, 20-hour per day facility; and

WHEREAS the demands for utilization and the program which has been developed require the facility to be operated on a year-round basis; and

WHEREAS the operation of the rink on this basis will increase the estimated income in excess of $30,000 per year: Therefore be it

RESOLVED, That the sum of $108,775 be advanced from University General Fund to provide for certain additions to and renovations of the ice rink physical plant, with the understanding that this advance will be repaid with interest from charges to the operating budget of the rink over a period of four years.
WHEREAS, under the terms of the Personnel Guaranteed Mortgage Program, the University agrees to buy mortgages which are in default; and

WHEREAS the mortgage on the property as 33 University Mews is in technical default by a small amount; and

WHEREAS the property is now rented until September 30, 1973 at a rental sufficient to cover the monthly carrying charges; and

WHEREAS appraisals indicate that the property can be sold for an amount in excess of the mortgage balance: Therefore be it

RESOLVED, That University General Fund purchase from The First Pennsylvania Banking and Trust Company the mortgage on 33 University Mews in the approximate amount of $24,000, with the understanding that the property will be sold after the expiration of the current lease and University General Fund will be reimbursed from the proceeds of the sale.

WHEREAS the Executive Board on September 17, 1965 approved the guarantee of University personnel mortgages in University City in an aggregate principal amount not to exceed $2,000,000; and

WHEREAS increases of $500,000 in the aggregate principal amounts of these mortgages were approved on both May 5, 1967 and on September 13, 1968; and

WHEREAS it is anticipated that the total requests for such guaranteed mortgages will exceed the presently approved total of $3,000,000 during the next 12 months; and

WHEREAS The First Pennsylvania Banking and Trust Company has increased the amount available for such mortgages to $3,382,000: Therefore be it

RESOLVED, That an increase of $382,000 in the principal amount of these mortgages be approved subject to the same conditions as were established by the Executive Board on September 17, 1965.

WHEREAS an unimproved plot of land located in Lower Providence Township, Pennsylvania, was given to the University on December 29, 1972, having an appraised value of $6,000; and

WHEREAS an offer of $6,800 has been received for this property: Therefore be it

RESOLVED, That the appropriate officers of the University be, and they hereby are, authorized and directed to execute the deed for said property and to execute and deliver such documents and take such other action as may be required to carry out these resolutions.
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Mr. Dunlop moved that the proposed operating budget for fiscal year 1972-73 covering unrestricted budgets, as presented by the administration and approved by the Finance Committee, be approved. President Meyerson commented upon three important variables affecting future income upon which the proposed budget is based. These include (1) the announced increase in tuition and its possible effect on enrollments next year; (2) the use of realized capital gains as a result of new legislation in the Commonwealth; and (3) receipt by the University of the amount of appropriation recommended by the Governor. He made the point that all of these are within the framework of expectations and not promises. On the expenditure side, the President referred to the large amount which has been allocated for the operation of physical plant and noted that the allocation for salary adjustments will be utilized to conform with the Federal guidelines.

The proposed operating budget for 1972-73 was approved.

University Development Committee - Mr. Eckman

The fiscal year total as of May 5 is $16,264,000. Both this total amount and Annual Giving are ahead of the same period for last year. He directed attention also to a gift of $1,000,000 from the Merrill Trust which will be utilized for purposes of the Wharton School.

Educational Policy Committee - Dr. Kaysen

The Committee meeting on Thursday was devoted to several matters relating to undergraduate education and to Dean-elect Humphrey's prospectus for the Engineering Division. Primary attention was given to a progress report from the University Development Commission.

Alumni Trustees - Mr. Ballam

At its meeting on Thursday, the Committee endorsed the efforts of President Meyerson and Provost and Vice-President Reitz to enhance the status of undergraduate education at the University. He reported also upon the person who will likely succeed him as President of the General Alumni Society.

Investment Committee - Mr. Skinner

Mr. Skinner reported that the Committee has explored the possibility of establishing the University's own investment firm both for management of the University's investment fund and, eventually, for the management of the accounts of other institutions, the fees from which would accrue to the University. He stated that success of such a venture would depend essentially upon obtaining the right investment management personnel and noted that several promising people have been interviewed. He asked for approval for this major shift in the management of the University's investment fund.

Mr. Gates expressed opposition to the proposal, stating that the University cannot afford to pay the kind of persons who would be involved in the management responsibility.

Mr. Miller responded that an equity interest was possible here and that this is not envisioned as a University management department, but that various resources of the Wharton School would be utilized to back up the three key persons.

Mr. Amsterdam expressed his reservations about the proposal.
Mr. Burnham said that The Wharton School is one of the outstanding schools in the country and, in his opinion, inasmuch as it tries to educate many of our future financiers, it should be able to set up a corporation which would be a fund manager for the University. He expressed belief that the economy forecasting service, computer service and other capabilities of the Wharton School would be of great value to the investment adviser. Although he recognizes that some of the largest banks and independent investment advisers spend substantial amounts of money for in-house research, it is his opinion that the fund managers at the University could augment their own research work by getting research from many of the brokerage firms, who would accept "soft dollars" in payment. He went on to note that some of the top member firms in the financial community are considered to be absolutely equal in the quality of their work with the major banks and independent investment advisers. It is his view that the cost of setting up the University's own fund manager would be excessive and that this cost could be substantially reduced by accepting other investment advisory accounts. Mr. Stanger observed that Princeton University has followed a similar course for many years, although the management personnel are outside of the institution itself. On this point, Dr. Kaysen observed that the experience of the Institute for Advanced Study with John W. Bristol and Company has been good, although it essentially fills the role of advising the Investment Committee. Dr. Kaysen went on to suggest that a particular firm be looked at closely and that possibly William Scranton, who is a Director, would be a good source of information.

Mr. Butcher spoke in favor of the proposal, noting the problems of possible conflicts of interest under the present arrangement, the fact that it will not cost anything in the long run, and that the Investment Committee will continue to be available to exercise close supervision.

Following further discussion, the Trustees voted to support the possibilities being explored by the Investment Committee, with Messrs. Gates and Amsterdam voting in the negative.

Committee on Corporate Responsibility - Mr. Segal

Certain background relating to investment policy questions was presented, and Mr. Segal indicated that the Committee wishes to be helpful to the Investment Committee in the evaluation of certain shareholder proposals. The procedure being followed is that Messrs. Mundheim and Segal will handle the less volatile proposals, that is, where no new principles need to be established; more complex proposals will be handled in accordance with a set of guidelines which are now in draft form. These guidelines have been approved by the Committee and are submitted to the Trustees for review. He asked that comments be sent to him by the end of September so that they can be finally adopted at the October meeting. Mr. Segal noted further that there will be maintained in the office of the Treasurer quarterly statements and a list of questions currently being faced by shareholders. Reactions to the proposed guidelines are also being sought from the University community at large.

Student Affairs Committee - Mr. Trescher

The Chairman observed that the recent sit-in relating to war activity was handled with patience and restraint by President Meyerson and his colleagues.

In closing the meeting, the Chairman noted that the next meetings will be held on October 10 and 13. Trustees are encouraged to attend the Commencement on May 22.

Adjourned.

William C. Owen
Secretary