A Stated Meeting of the Trustees of the University of Pennsylvania was held on Friday, January 12, 1973 at 2:00 p.m. in the Council Room of the Furness Building.

Present were Mr. William L. Day, Mr. Robert P. Adler, Gustave G. Amsterdam, Esq., Mr. Samuel H. Ballam, Jr., Mr. Julian S. Bers, Dr. Detlev W. Dronk, Mr. Orville H. Bullitt, Mr. I. W. Burnham, II, Mr. Howard Butcher III, Mr. Henry M. Chance, II, Dr. George A. Coleman, Mr. Paul J. Cupp, Robert Dechert, Esq., Dr. Edgar Lee Dessen, Mr. Robert G. Dunlop, Mr. John W. Eckman, Mr. Thomas S. Gates, Judge A. Leon Higginbotham, Jr., Mr. Reginald H. Jones, Dr. Carl Kaysen, Mr. Charles A. Krause, Mr. Arthur M. Larrabee, Mr. Robert P. Levy, Mr. John A. Mayer, Mr. C. B. McCoy, Dr. Franklin D. Murphy, Mr. William D. Patterson, Mr. Donald T. Regan, Mr. James A. Salinger, Bernard G. Segal, Esq., Mr. James M. Skinner, Jr., Mr. Wesley A. Stanger, Jr., Mrs. Ione Strauss, Mr. Sarkes Tarzian, Mrs. Marietta Tree, Robert L. Trescher, Esq., Mrs. Jacqueline Wexler, Mr. Ernest L. Whitney, Morton H. Wilner, Esq., Mr. Charles S. Wolf, President Martin Meyerson, Provost and Vice-President Curtis M. Reitz, Vice-Presidents Paul O. Gaddis, John C. Hetherston, Harold E. Manley and E. Craig Sweeten, Associate Provost John N. Hobstetter; Vice-Provost Humphrey Tonkin; Dean Alice P. Emerson, Mr. Wm. Richard Gordon, Chaplain Stanley E. Johnson, Dr. D. Bruce Johnstone, Mr. Scott C. Lederman, Mr. Donald T. Sheehan, Dr. Eliot Stellar, Dr. Arnold Thackray, Dr. Robert Zemsky; (Associate Secretary) Robert G. Lorndale, (Assistant Secretary) Richard M. Sherman and (Secretary) William G. Owen.

David W. Maxey, Esq. attended as Counsel.

A prayer was offered by the University Chaplain, Stanley E. Johnson.

The minutes of the meeting of October 13, 1972 were approved.

The Chairman reported that he and President Meyerson had discussed the desirability of having an ad hoc committee of the Trustees.
Stated Meeting of the Trustees, January 12, 1973

appointed to consider University public relations; the following resolution was adopted:

WHEREAS the University of Pennsylvania is presently undergoing an intense evaluation of present policies and procedures; and

WHEREAS we must ensure that the University's special character, advantages, and academic offerings receive the widest public attention in a competitive and difficult period for independent institutions; therefore be it

RESOLVED that an Ad Hoc Trustees' Committee on Public Relations be appointed to report in May or October of this year on the present means by which Pennsylvania conveys its service and academic accomplishments to students, to alumni, to governments, and to citizens, through radio and television, newspapers, magazines, books and pamphlets and including signs and symbols and what other activities might be undertaken in view of present resources and what new public relations patterns might be established.

Mr. Day appointed the following members to the new ad hoc committee: Mr. Murphy (Chairman), Mrs. Tree, Mr. Salinger, Mr. Levy, and Mr. Krause.

Upon presentation by Mr. Owen, the following resolutions were adopted:

RESOLVED, That a mandamus be issued by the Corporation to the President, Provost and Professors for a Convocation of University Council for the conferring of degrees on May 21, 1973, and at any Special Convocations called during the balance of the year 1973.

RESOLVED, That the following persons be elected to the Board of Managers of The Wistar Institute of Anatomy and Biology for 1973:

Mr. Frank G. Binswanger, Sr.  Mr. Paul B. Branin  Dr. John R. Brobeck  Mrs. T. Wistar Brown  Mr. John T. Dorrance, Jr.  Mr. Joseph N. DuBarry, IV  Dr. Harry Eagle

Mr. John W. Eckman  Mr. Robert H. Purman

Dr. David R. Goddard  Dr. George B. Koelle  Mr. W. Thacher Longstreth  Mr. I. M. Scott  Mr. E. Robert Thomas, Jr.  Mr. Owen Jones Toland, Jr.  Mr. Andrew Van Pelt  Mr. James D. Winsor, III

The Academy of Natural Sciences has designated Dr. William W. Marvel and Dr. H. Radclyffe Roberts as their representatives on The Wistar Institute Board of Managers.

Mr. Caspar W. Haines has been designated the Wistar family representative on The Wistar Institute Board of Managers.

President Meyerson expressed his personal feelings about the contributions which Curtis Reitz has made during the past two years as his administrative colleague; he presented the following
resolution for the consideration of the Trustees; the resolution was adopted by acclamation:

WHEREAS Curtis R. Reitz has served as Provost and Vice-President of the University of Pennsylvania since January 1, 1971; and

WHEREAS he has made possible major advances in the development of academic policy, including new criteria for faculty appointments and promotions, and forwarded the interests of our students while giving fresh direction to research and professional activities; and

WHEREAS Provost and Vice-President Reitz has expressed his desire to relinquish his present administrative responsibilities so that he might devote himself more fully to his own legal scholarship and teaching; therefore be it

RESOLVED that the Trustees convey their warm appreciation of the contributions of Professor Reitz to educational quality at Pennsylvania, acknowledging his wise advice, firm guidance, and thoughtful support for the University and expressing as well their gratitude that he will continue to assist the central administration in the role of Counsellor.

In the course of his preceding remarks, the President indicated that in his new role as Counsellor, Mr. Reitz would serve as a general advisor on many University matters, as well as legal counsel as part of a modified relationship with Drinker, Biddle and Reath.

Mr. Meyerson described the work of the consultative committee which had advised in the search for a new Provost and indicated that the Executive Board, at its meeting in December, had formally nominated Professor Eliot Stellar for election by the Trustees as Provost of the University. Upon motion by Dr. Bronk, the following resolution was adopted unanimously:

WHEREAS the Executive Board of the Trustees has formally nominated Professor Eliot Stellar for the Office of Provost of the University; and

WHEREAS the Statutes of the Corporation have been complied with in terms of due notice and the presence of the required quorum of Trustees; be it therefore

RESOLVED, That Professor Eliot Stellar be elected to the position of Provost of the University effective January 15, 1973, with the specific arrangements to be in accordance with those agreed upon by the Executive Board, meeting in Executive Session, on December 15, 1972.

Attention was directed by the Chairman to the following resolution adopted by the ad hoc Committee on Resource Evaluation: the resolution was approved:

SECRETARY
Stated Meeting of the Trustees, January 12, 1973

RESOLVED, That the report of the University Development Commission be received by the Trustees with an expression of deep appreciation to the members of the Commission for their dedication and personal sacrifice in accomplishing this meaningful examination of the University of Pennsylvania; and be it further

RESOLVED, That the University Administration be encouraged to continue with the necessary review, evaluation, and consideration of the Commission's recommendations through the appropriate bodies in the University, toward the end that implementation of recommendations will be pursued aggressively; and be it further

RESOLVED, That the Trustees, in discharging their responsibility for the financial health of the University, direct the ad hoc Committee on Resources Evaluation and the several standing committees to examine their respective areas of concern in the Commission report, toward the end that during the May meeting of the Trustees, a cohesive plan of action can be approved in anticipation of a major fund-raising effort.

Continuing with his report, President Meyerson expressed appreciation to Mr. Buitit for his role of leadership as Chairman of the Trustees of the University of Pennsylvania Press. He said that Mr. Manley is maintaining a careful scrutiny of the budget of the Press and that for fiscal 1974, a subsidy on the order of $30,000 is anticipated. He described briefly the general plan of publication, in which the Press will continue to function at a very reduced scale and publish a small number of high quality books.

Speaking of relationships with various governmental bodies, he noted that there is a recognized need to relate more closely to agencies at the Federal level and that such relationships are being explored. In terms of the Commonwealth, he said that the administration is pursuing more stable arrangements in financing. Finally, he stated that the University's ties to the City of Philadelphia are being examined closely.

Referring to remarks made by Mr. Gates at the morning meeting of the ad hoc Committee on Resource Evaluation, the President acknowledged the need for a managerial approach to present and future University problems and said that the assistance of the Trustees would be needed in launching efforts relating to major fund-raising. He assured the Trustees that the monies authorized by the Finance Committee for pre-fund raising activities would be expended with care.
Mr. Reitz voiced deep gratitude for the expression of appreciation recorded by the Trustees; he reflected upon the fact that his 25 years of association with the University of Pennsylvania have been particularly meaningful and expressed the hope that he will be able to contribute to the University in the years ahead. He expressed personal enthusiasm about the election of Professor Stellar as his successor.

In his brief report, Mr. Reitz noted that there are certain problems which need to be resolved before the new Faculty of Arts and Sciences can become an accomplished fact; that hopefully an appointment can soon be made to the position of Vice-Provost for Graduate Studies and Research; and that recommended candidates for the Deanship of Social Work are in the process of visiting the University. The following resolution was adopted:

RESOLVED, That the academic appointments and promotions for the period from December 8, 1972 through January 12, 1973 be approved.

In a brief review of the outlook for labor negotiations during the ensuing months, Mr. Gaddis noted that eleven contracts affecting some 1000 workers will expire in the spring. He said that the University will likely face certain wage demands which cannot be met: that reductions in certain services which will emanate from recommendations of the Development Commission would serve to complicate union matters; that the independent labor questions associated with workers in the two hospitals can lead to fragmented dealings with the unions; and that labor experts will continue to be utilized and every effort made to communicate the administration's posture to the various groups within the University community.

Mr. Manley described briefly the medical benefit options and tuition benefits which have recently been granted to University personnel as the result of action recommended by the Budget Committee and endorsed by the administration and the Trustees.

Dr. Hobstetter addressed himself to the matter of the planning budget for 1973-74, in which he outlined the following assumptions upon which a balanced budget projection has been cast:
Stated Meeting of the Trustees, January 12, 1973

1. The level of tuition will be related to disposable family income.

2. The current yield from the investment portfolio will be maintained subject to the management overhead charge which the Trustees have approved.

3. A cost of living floor will be established under salaries.

4. There will be increased overhead recovery from contracts and grants.

5. The Deans will be given flexibility in the use of earned income.

Investment Committee

Reporting for the Investment Committee, Mr. Skinner stated that it was premature to provide an in-depth report on the activities of the new management firm, especially in view of the fact that the restructuring of the portfolio has not yet been completed. He said that certain guidelines for investments have now been formulated and that a model portfolio would be comprised of the following:

- 7% in short term securities
- 5% in convertible debentures
- 8% in utilities
- 25% in financial
- 40% in general industrial
- 15% in special equities

In general terms, he noted, approximately 65% of the portfolio can be viewed as "conservative" and the remaining 35% as of "high volatility." The point was made that this particular model is subject to change by the Investment Committee and he assured the Trustees that the Investment Committee wishes to function openly so that all Trustees may be informed on a continuing basis. He noted that, to this end, the investment Committee will meet jointly with the Executive Board in February, at which time the investment managers will make a full report. Finally, Mr. Skinner noted that the investment managers, during their initial four and one half months, have brought about an appreciation in the portfolio of approximately 6.9%.

Budget Survey

Reporting for the Finance Committee, Mr. Dunlop directed attention to the Budget Survey for fiscal 1973 as of December 31 and the Statement of University Operating Fund for fiscal 1973. The following resolutions were adopted:

SECRETARY
Stated Meeting of the Trustees, January 12, 1973

RESOLVED, That the action of the Chairman in approving the following resolution be confirmed:

WHEREAS, South Hall, a former motel located on University Avenue, is owned by University City Associates and was formerly used by the University as a residence facility; and

WHEREAS, the purchase of South Hall was financed by a 20-year term loan with the Girard Bank in the amount of $640,000 secured by the assignment of a net lease with the University for a similar period; and

WHEREAS, the University pays $56,550 per year in rent and $17,000 per year in taxes, or a total of $73,550, on account of this facility; and

WHEREAS, University City Associates has been attempting to sell South Hall for over two years without success; and

WHEREAS, a prospective purchaser is now interested in the property; and

WHEREAS, the extremely poor condition of the buildings and contents makes necessary the complete rehabilitation of the facility; and

WHEREAS, possible financing for the prospective purchaser is limited by the substantial cost of renovations: Therefore be it

RESOLVED, That the appropriate officers of the University be authorized to arrange with University City Associates for the sale of South Hall for the sum of $300,000; and be it further

RESOLVED, That the appropriate officers be authorized to arrange for the University to take a second mortgage on South Hall in the amount of $300,000.

WHEREAS, Mr. David Van Pelt, on his death, was the owner of five shares of stock of University City Associates, Inc. valued at $5,000; and

WHEREAS, the executor of Mr. Van Pelt's estate desires to liquidate this investment: Therefore be it

RESOLVED, That the University purchase the five shares of stock of University City Associates, Inc. from the Estate of Mr. David Van Pelt for the sum of $5,000; and be it further

RESOLVED, That this sum be charged to University General Fund and held as an investment of that fund.

WHEREAS, the University has formed a corporation, Franklin Investment Company, which is a partner in Franklin Capital Investors, investment counsel to the University; and

WHEREAS, Franklin Investment Company has issued 1,000 shares of stock, representing the entire issue: Therefore be it

RESOLVED, That the University purchase 1,000 shares of stock of Franklin Investment Company at $1.00 per share; and be it further

SECRETARY
RESOLVED, That this sum be charged to University General Fund and held as an investment of that fund.

WHEREAS, the School of Veterinary Medicine is badly in need of a new clinical facility to accommodate an increasing student body, to provide adequate animal care, and to maintain its high academic standing; and

WHEREAS, it is estimated that such a facility will cost approximately $6,000,000; and

WHEREAS, the Development Department and the Dean of the School of Veterinary Medicine concur that $2,000,000 of the cost can be raised from private and other donors; Therefore be it

RESOLVED, That the appropriate officers of the University be encouraged to investigate the feasibility of financing the remaining $4,000,000 of the cost of the proposed facility with governmental agencies such as the Pennsylvania Higher Education Facilities Authority and other appropriate sources; and be it further

RESOLVED, That the investigation of the financing feasibility include a study of sources of funds for meeting rental, interest or amortization charges as well as additional costs of operating the facility.

WHEREAS, the Development Department is planning to employ additional staff in support of a program of prospect identification and other research efforts preparatory to a decision on University fund-raising patterns in the future; and

WHEREAS, the costs associated with this special effort should be covered by the proceeds of the future fund-raising program; Therefore be it

RESOLVED, That a supplemental Development Department budget in the amount of $125,000 be approved for the period January 1 to June 30, 1973; and be it further

RESOLVED, That expenses incurred against this budget be carried forward to the next fiscal year and charged against the proceeds of the fund-raising program in succeeding fiscal years.

WHEREAS, Graduate Hospital is in need of facilities for cashing of employee payroll checks; and

WHEREAS, Centennial Bank has agreed to provide such service at its 15th and South Streets branch upon receipt of a letter of indemnification with respect to payroll checks drawn on The First Pennsylvania Banking and Trust Company, and upon presentation of an identification card bearing the photograph and signature of any employee desiring to use such service; and

WHEREAS, such a letter of indemnification has the approval of counsel; and

Secretary
Stated Meeting of the Trustees, January 12, 1973

WHEREAS, Centennial Bank will also provide coin and currency for Graduate Hospital's daily cash requirements and will accept daily deposits to be wired weekly to the University administration account at First Pennsylvania: Therefore be it

RESOLVED, That the appropriate University officers be authorized to furnish a letter of indemnification and to deposit $10,000 with Centennial Bank; and be it further

RESOLVED, That the Centennial Bank is designated as a depository of this Organization and that an account entitled

The Trustees of the University of Pennsylvania - Graduate Hospital Special

be opened with the Bank wherein may be deposited to the credit of this Organization any monies, checks and other instruments which may come into its possession: that any one of the following:

Treasurer
Associate Treasurer
Assistant Treasurers
Executive Director - Graduate Hospital
Assistant Directors - Graduate Hospital

of this Organization is hereby authorized, on its behalf and in its name, to sign checks and other orders for the payment of money from said account; to endorse checks and other instruments for deposit in said account, or for collection by the Bank; to accept drafts and other instruments payable at the Bank; and to waive demand, protest, and notice of protest or dishonor of any instrument made, drawn, or endorsed by this Organization; and be it further

RESOLVED, That the Bank may honor all such checks and other orders for the payment of money when signed as authorized above, including any payable to the Bank or to any signer or other officer or employee of this Organization, may cash the same, and may receive the same in payment of or as security for the personal indebtedness of any signer or other officer or employee to the Bank, or in any transaction known to be for the personal benefit of any such person, without inquiry as to the circumstances of their issue or the disposition of their proceeds, and without liability to this Organization; and be it further

RESOLVED, That the Bank shall be fully protected in relying from time to time upon any certificates of the Secretary or an Assistant Secretary of this Organization as to its officers and other personnel, and in acting in reliance upon the foregoing resolutions until actual receipt by the Bank of a certified copy of a resolution of the governing body of this Organization modifying or revoking any or all such resolutions.

It was noted by Mr. Ballam, on behalf of the Health Affairs Committee, that the Committee has been functioning now for about one year and that the monthly meetings have been well attended. He said that the several subcommittees are now meeting on a regular basis and that the involvement of Dr. Dripps and Mr. Gaddis have been of great value in health care operations. He summarized the present major concerns of the Committee as relating to negotiations

SECRETARY
Stated Meeting of the Trustees, January 12, 1973

Health Affairs Committee

for past amounts due by the Blue Cross of Philadelphia, Federal price controls, and the patient census at University Hospital. He noted that approval has been received from the courts for the Pepper Estate to pass to Graduate Hospital and that the University Hospital has received its accreditation. Judge Higginbotham observed that the Subcommittee on Patient Services is continuing to examine the long-range relationship between the University and Philadelphia General Hospital.

At this juncture in the meeting, Professor Stellar was invited into the meeting room, and he expressed his enthusiasm for the prospect of working with the Trustees as Provost for the future of the University.

Attention was directed by Mr. Eckman to the summary of subscriptions, gifts, bequests and receipts for the period July 1 to December 26, 1972. He noted that the totals received as of January 10, 1973 brought the fiscal year total to $12,610,709.67, which represents the second-best comparable result in the University's history. It was reported also that the Annual Giving total, as of the same date, was $1,049,707 from 8578 donors: this, he said, is the first time that Annual Giving has gone over the $1 million mark as of this date. He further noted that $625,000 of this total was given by the Benjamin Franklin Associates organization. He cautioned that the $3 million goal for Annual Giving is not assured and encouraged Trustees to give thoughtful consideration to their gifts.

Upon presentation by Dr. Kaysen, the following resolution was adopted:

RESOLVED, That the Trustees' Honorary Degree Committee be authorized to select candidates for receipt of honorary degrees at the May Public Commencement Ceremonies and any other Convocation which may be scheduled between this date and the next meeting of the Trustees, with the understanding that their action will be confirmed at the next meeting of the Trustees.

Alumni Affairs

indicated that the Committee is focussing attention on new ways of drawing alumni into the work and activities of the University, and on explaining programs and policies of the University to the
Stated Meeting of the Trustees, January 12, 1973

The Chairman of the Student Affairs Committee, Mr. Treschker, observed that his Committee had received a very thoughtful and informative report on student financial aid at its Thursday meeting.

Mr. Day, in closing the meeting, directed attention to certain University events in the near future and to the specific dates for next meetings of the Trustees, namely, May 3 and 4, 1973.

Adjourned.

William G. Owen
Secretary