A Stated Meeting of the Trustees of the University of Pennsylvania was held on Friday, May 4, 1973 at 1:30 p.m., in Alumni House, New Bolton Center.

Present were: Mr. William L. Day (Chairman), Gustave G. Amsterdam, Esq., Mr. Julian S. Bers, Dr. Detlev W. Bronk, Mr. Orville H. Bullitt, Mr. I. W. Burnham, II, Mr. Howard Butcher III, Mr. Henry M. Chance, II, Mr. Paul J. Cupp, Mr. Charles D. Dickey, Jr., Mr. Robert G. Dunlop, Mr. John W. Eckman, Mr. Thomas S. Gates, Mr. James W. Gray, Jr., Dr. F. Otto Haas, /Mr. Reginald H. Jones, Dr. Carl Kaysen, Mr. Charles A. Krause, Mr. Arthur M. Larrabee, Mr. John A. Mayer, Mr. Paul F. Miller, Jr., Mr. Donald T. Regan, Mr. James A. Salinger, Ernest Scott, Esq., Bernard G. Segal, Esq., Mr. James M. Skinner, Jr., Mr. Wesley A. Stanger, Jr., Mrs. Ione A. Strauss, Mr. Sarkes Tarzian, Mrs. Marietta Tree, Robert L. Trescher, Esq., Mrs. Jacquelline Wealer, Morton H. Wilner, Esq., Mr. Charles S. Wolf, Mr. Harold L. Zellerbach, Mr. William J. Zellerbach, President Martin Meyerson, Provost Eliot Stellar, Vice-Presidents Robert D. Dripps, Paul O. Gaddis, John C. Hetherston, Harold E. Manley and E. Craig Sweeten; Associate Provost John N. Hobstetter; Vice-Provost Humphrey Tonkin; Dean Alice Emerson, Mr. Wm. Richard Gordon, Chaplain Stanley E. Johnson, Dr. D. Bruce Johnstone, Mr. Michael Neiditch, Mr. Curtis R. Reitz, Mr. Donald T. Sheehan, Dr. Arnold W. Thackray, Dr. Robert Zemsky, Assistant Secretary Richard M. Sherman, Associate Secretary Robert G. Lorndale and Secretary William G. Owen. John Ames Ballard, Esq. attended as Counsel.

The Chairman called the meeting to order and asked Chaplain Johnson to offer a prayer.

The minutes of the January 12, 1973 meeting were approved.

The Chairman welcomed Dr. Haas to his first Trustee meetings; expressed appreciation on behalf of all Trustees to Messrs. Bers,
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Appreciation to Mr. Gray and Mr. Salinger

Gray and Salinger for their service as Alumni Trustees; reported that Mr. Daus underwent heart surgery in April and is recuperating satisfactorily; and voiced satisfaction that those meetings have been so well attended in that 44 Trustees have been present at different times.

President Meyerson commented upon continuing developments on the Commonwealth and Federal scenes and reported that Mr. Donald Stewart, former Executive Assistant to the President, will undertake a 60-day assignment of analyzing the pattern of relationships between the University and various governmental levels; hopefully his report will be available at the time of the October Trustees' meetings.

Upon presentation by the President, the following resolution was adopted:

RESOLVED, That Dr. Edwin B. Williams, Emeritus Professor of Romance Languages and Provost during the period 1951-1955, be elected Provost Emeritus, effective immediately.

Provost Stellar referred to implementation of the Development Commission report and reflected that there is a certain excitement, sense of mission, and hope which pervades the campus community as consideration of the Commission's report continues. It was noted that certain recommendations have already had an effect on budgeting and planning and that the major review process is now just about completed. Six task forces have been appointed to examine particular issues, the administration is proceeding with direct implementation of certain recommendations where appropriate, the Academic Planning Committee is continuing with its evaluation of graduate and professional programs, from which some sense of future priorities will be determined, and some 57 different proposals affecting schools and departments have been received from various sources.

The Provost went on to enumerate various major honors which have been earned recently by members of the faculty. Dr. Bronk observed that the five faculty members elected to the National Academy of Sciences represent a great compliment to the University. The following resolution was adopted:

SECRETARY
RESOLVED, That the Trustees take official cognizance of the various honors accorded members of the University faculty by professional organizations during recent weeks by adopting this resolution of commendation and acknowledgment that such honors reflect great credit upon the University of Pennsylvania.

Upon presentation of the Provost's report on academic appointments and promotions, the following resolution was adopted:

RESOLVED, That the academic appointments and promotions for the period from March 23, 1973 through April 12, 1973 be approved.

It was reported by Mr. Gaddis that on the labor relations front, settlements have been achieved with the dining service and library unions and that new contract termination dates have been established in the fall instead of the spring. He observed also that, in the case of negotiations with Blue Cross concerning Graduate Hospital, there appears to be a good opportunity to work out a satisfactory settlement.

Following explanation by Mr. Hetherston, the following resolutions were adopted:

WHEREAS on January 12, 1973, the Trustees authorized the exploration of the possibility of financing and constructing a new teaching hospital for the School of Veterinary Medicine on the West Philadelphia campus; and

WHEREAS the results of this preliminary exploration were considered by the Advisory Board of the School of Veterinary Medicine; and

WHEREAS that Board on April 25, 1973, adopted a resolution advising the School and the University that it is critical to the interests of the School that the University proceed with the construction of the hospital; and further requested that the sum of $50,000 be appropriated for architectural services in this connection; and

WHEREAS the most desirable site identified for the hospital is presently owned partially by the University and partially by commercial interests requiring both land acquisition and relocation of existing University functions; and

WHEREAS the proposed financing of the hospital contemplates a substantial contribution from the State of New Jersey which has not yet been negotiated: Therefore be it

RESOLVED, That the Trustees approve in principle the plan to construct a new teaching hospital for the School of Veterinary Medicine and herewith state their intention to implement the plan subject to a satisfactory resolution of the problems of site acquisition, relocation of University functions now extant on a portion of the site, and gaining assurance that the proposed method of financing or some satisfactory alternative thereto is realistic and acceptable to the Trustees' Finance Committee; and with the further understanding that prior to engaging an architect the matter will be reviewed by the Executive Board.

Secretary
WHEREAS the Development Department of the University has undertaken a campaign to raise $300,000 for funds to equip the C. Mahlon Kline Center at the New Bolton Center campus of the School of Veterinary Medicine; and

WHEREAS the Advisory Board of the School has reviewed a long-range physical development program for New Bolton Center and identified as highest priority items the need for additional classroom space and student housing facilities estimated to require additional funding at the level of $690,000; and

WHEREAS the Advisory Board has recommended to the School and the University that the Development Department be authorized to raise the funds required for additional classroom and student housing facilities: Therefore be it

RESOLVED, That the Trustees authorize an increase in the goal of the present campaign from $300,000 to $1,000,000.

A report was made by Mr. Hetherston on the general state of buildings and grounds, street closings and proposed entrances, vehicular control, campus inspection, control of vendors, trash receptacles, control of posters, beautification of the campus area, and security measures. The Chairman commented upon this excellent summary of what is being done to the physical campus.

In behalf of the Nominating Committee, Mr. Segal presented the following recommendation, which were unanimously adopted:

For election as Emeritus Trustee - Life
    Ernest Scott

For election as Life Trustee
    John W. Eckman

For re-election as Term Trustees
    A. Leon Higginbotham, Jr.
    Reginald H. Jones
    Franklin D. Murphy
    Charles S. Wolf

For election as Term Trustee
    Julian Bers

Mr. Eckman and President Meyerson commented briefly upon the Friday morning meeting of the Trustees' Resources Evaluation Committee. The following resolution, which had been adopted by that Committee, was presented for action and was approved:

[Signature]
SECRETARY
WHEREAS in January, 1972 the Trustees concurred in the President’s proposal to establish a University Development Commission, and in January of this year received the report of the University Development Commission, and in January of this year received the report of the University Development Commission and subsequently encouraged the University Administration to continue with the necessary review, evaluation, and consideration of recommendations; and

WHEREAS the Resources Evaluation Committee was directed by the Trustees to exert an appropriate role in the creation of a cohesive plan of action for approval by the Trustees in anticipation of a major fund-raising effort; and

WHEREAS this Committee has received from the Administration an encouraging review of the implementation of Development Commission recommendations; a summary of related actions already taken by the Administration; and an analysis by the President of the future mission of the University; and

WHEREAS the Development staff has solicited the views of members of this Committee and the Trustees’ Development Committee on critical questions associated with a major fund-raising effort; be it

RESOLVED therefore that the Trustees’ Resources Evaluation Committee recommend to the Trustees that the President and his associates be requested to proceed with the formulation of specific program objectives, based upon the recommendations of the Development Commission, with some order of priorities and associated costs indicated, and taking into account the accumulation of views expressed from all quarters, including such advisory bodies as the Academic Planning Committee; and be it

RESOLVED further that these program objectives be brought to the Trustees at the time of their meetings next October, to the end that continued planning thereafter will lead in January, 1974 to a decision on fund-raising plans by the Trustees.

For the Honorary Degrees Committee, Dr. Kayser presented the following resolution for consideration; it was approved:

RESOLVED, That the following selection by the Trustees’ Honorary Degree Committee of candidates for honorary degrees at the May 21 Public Commencement be confirmed:

- Christian Boehmer Anfinsen, Doctor of Science
- Mary Eakin Crooks, Master of Arts
- Gerald Maurice Edelman, Doctor of Science
- Erik Homburger Erikson, Doctor of Laws
- Jerome Heartwell Holland, Doctor of Laws
- Roy Harris Jenkins
- Clark Kerr, Doctor of Laws
- Leon Levy, Doctor of Laws
- John Robert Schrieffer, Doctor of Science
- Ernest Scott
- George Pratt Shultz, Doctor of Laws
- Morris Simon Vitello, Doctor of Laws

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Upon presentation by Mr. Dunlop, for the Finance Committee, the following resolutions were adopted:

WHEREAS the University on April 1, 1969, purchased the property at 3925 Walnut Street from Zion Hill Baptist Church for $315,000; and

WHEREAS the funds were provided by five fraternities who planned to relocate their houses on this site; and

WHEREAS the plans for relocation cannot be consummated and the fraternities desire the University to sell the property; and

WHEREAS the fraternities have incurred expenses for architectural fees for the planned relocation and the University has incurred expenses in the maintenance of the property. Therefore be it

RESOLVED, That the appropriate officers of the University be authorized to sell the property at 3925 Walnut Street to University City Associates, Inc. for the sum of $375,000 to be used as the site of a proposed shopping area; and be it further

RESOLVED, That the proceeds of the sale will be used to reimburse the University for out-of-pocket expenses incurred during the period of ownership of the property and the balance of the proceeds be returned to the five fraternities; and be it further

RESOLVED, That the appropriate officers of the University are hereby authorized and empowered to execute such documents and take such further action as may be necessary to consummate the foregoing transaction.

WHEREAS the University holds title to premises 3809 Locust Walk, Philadelphia, Pennsylvania, as part of the fraternity-dormitory system, subject to a reversionary interest in the Sigma Chi Club of Philadelphia, Inc. if said premises should ever cease to be used by the University for dormitory purposes; and

WHEREAS the fraternity has requested the University to obtain a loan to be replaced by a mortgage upon said premises to provide funds for extensive renovations, which the University is willing to do. Therefore be it

RESOLVED, That the appropriate officers are hereby authorized to borrow up to $65,000 for a two-year term with interest at approximately one point over the prime rate and at the end of that period execute a note or bond and mortgage to be secured on premises 3809 Locust Walk in the sum of the principal amount outstanding on the loan with interest at the then prevailing rate to be repayable over a period not to exceed 30 years, subject to the condition that the University's liability under such instruments shall be restricted to the mortgaged premises; and be it further

RESOLVED, That the appropriate officers of the University are hereby authorized and empowered to execute such additional documents and take such further action as may be necessary or advisable in order to consummate the foregoing transaction.
RESOLVED, That the sum of $45,000 be appropriated from University General Fund to complete a landscaping plan in the Superblock area which will channelize vehicular traffic and protect the current investment in landscape improvements.

On behalf of the administration, President Meyerson presented a Budget Survey for fiscal year 1973-74, which had received the approval of the Finance Committee at its morning meeting. This budget reflects the fact that after application of certain revenues, the estimated operating deficit of $3,130,000 will be eliminated, leaving an estimated zero balance for 1973-74 operations. Mr. Dunlop moved approval of the budget and it was adopted.

In a commentary on health care delivery, Dr. Driggs discussed three pertinent questions: (1) is there really a health crisis? (2) are the costs unreasonable?; (3) what if any changes need to be made? He went on to observe that there is not as much of a health crisis as the public believes, but that rather the public has been led to certain unreasonable expectations in terms of health "miracles" and that there is a need to recognize the importance of still greater basic research. He suggested that health costs are high but not unreasonably so when compared with other social costs. In terms of possible changes to be made within the University's health care facilities, he proposed as a first order of business the defining of the needs which the University can meet; among them possibly are the following: (1) the training of health planners. (2) The analysis and conducting of experiments in new concepts of health care delivery. (3) The increasing involvement of health care professional faculty in undergraduate education. (4) Basic research and professional education.

On behalf of the University Development Committee, Mr. Eckman reported a total of $17 million in gifts received and pledges for the year to date which compares with last year's total of $16.2 million at the same time. As of the end of April, Annual Giving had reached $1,877,000, which is comfortably ahead of the total at the same time last year; this result is largely attributable to the major increase in giving through the Benjamin Franklin Associates. In addition he noted that there are other receivables such as pledge payments, corporate annual giving, etc., which provide...
Mr. Skinner presented the following report for the Investment Committee:

The severe deterioration in common stock prices continued in the month of April. Once again the declines in the three popular weighted indexes (DJIA, S&P 500) were not representative of the erosion in most stock prices. The Value Line Composite Index (an unweighted index of 1400 stocks) declined 6.8% for the month (in contrast to the 3.1% to 4.2% drop for the three popular averages) bringing its total decrease for the first four months of the year to 19.8%.

The A.I.F. declined 6.90% in the month of April, bringing its total decrease from January 1 through April 30 to 18.66%. The A.I.F.'s April and year-to-date results were somewhat better than the respective performances for the average of the 534 mutual funds listed in the Arthur Lipper Mutual Fund Performance Average. This composite dropped 8.0% in April and is down 19.6% for the first four months of the year. Unfortunately, the statistical presentation of the group of 129 growth oriented mutual funds with assets ranging between $25 million and $500 million allows us to measure exact rankings on a quarterly basis only. However, based on the April results, we would estimate that there would be little change in the A.I.F.'s year-to-date relative ranking which would place its performance in the upper one-third of that group.

The average decline of the group of 13 mutual funds with moderate growth objectives listed in Table I was 6.5% in the month of April, or about the same as that of the A.I.F. Six of the funds were down more than the A.I.F. while seven declined less. For the first four months of the year, the average decline of these funds was 17.4%, or about one percentage point less than that of the A.I.F. Five of these funds have dropped more than the A.I.F. while eight have declined less for that period. The average decline of the eight aggressive growth funds, most of which have excellent long term records, was 10.4% in April. This group has registered a 28.8% average drop since the beginning of the year, and all of the eight funds have declined more than the A.I.F. during that period. (See
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appendix for complete data).

Mr. Day observed at the conclusion of Mr. Skinner's report that the Investment Committee has worked very hard and that the Executive Board will continue to relate closely to its work.

As Chairman of the Alumni Affairs Committee, Mrs. Strauss commented upon the future role of alumni in the implementation of the Development Commission report, toward which end there is a need seen to clarify the responsibilities of Alumni Trustees and to make alumni in general more aware of the University and its future. She stated that a working handbook for Alumni Trustees has been compiled by the Alumni Relations Office.

It was noted by Mr. Segal, Chairman of the Committee on Corporate Responsibility, that the Committee is not confronted at this time with any major issues and that, as a matter of procedure, all proxy statements are being evaluated by the Counsellor to the Committee and the Chairman.

By way of conclusion, the Chairman noted that Mr. Segal was to be honored by the Law Alumni Society later in the day as recipient of this year's Distinguished Service Award. He made mention of the fact that Mr. Scott will be the recipient of an honorary degree at the University Commencement on May 21st and that the next meetings of the Trustees will take place on October 25-26, 1973.

Adjourned.

William G. Owen
Secretary