A meeting of the Executive Board of the Trustees of the University of Pennsylvania was held on Friday, June 8, 1973 at 12:15 p.m. in the Faculty Club, 3600 Walnut Street.

Present were: Mr. William L. Day (Chairman), Mr. Samuel H. Ballam, Jr., Mr. Howard Butcher III, Mr. Henry M. Chance, II, Mr. Robert G. Dunlop, Mr. John W. Eckman, Mr. Thomas S. Gates, Mr. James M. Skinner, Jr., John Ames Ballard, Esq., Mr. Paul O. Gaddis, Mr. John C. Hetherston, Mr. Harold E. Manley, President Martin Meyerson, Mr. Curtis R. Reitz, Mr. Donald T. Sheehan, Provost Eliot Stellar, Mr. E. Craig Sweeton and Mr. William G. Owen (Secretary).

The minutes of the April 13, 1973 meeting were approved.

It was reported by the Chairman that Mr. Cupp has submitted his resignation from the Joint Committee of the Annenberg School of Communications and the Trustees of the University and that he has appointed Mr. Gates in his place. He noted that Miss Mary Crooks of the Provost's Office has written a letter of appreciation for the honorary degree conferred upon her at the Commencement.

President Meyerson commented upon his recent visit to the West Coast and said that he had discussed with President Richard Lyman of Stanford the possibility of meeting with our Trustees in January and reflecting upon the Stanford campaign.

The President noted also that members of the Faculty and administration had met for a second time with Mayor Rizzo and his colleagues and that a formal means of communication has been established; the University has offered to assist in recommending persons to fill key City positions and provide expertise on certain problems. He expressed appreciation to Messrs. Day and Dunlop for their efforts in meeting with key members of the State Legislature. Mr. Day reflected upon the sympathetic reception accorded them in Harrisburg.
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Commonwealth

Also on Commonwealth matters, Mr. Sweeten expressed the hope that the financial picture for the next academic year would be clarified by the middle of July. Mr. Manley reported that discussions are underway concerning the possibility of receiving the University's appropriation payments on a monthly basis; this would bring about appreciable interest savings.

At the request of the President, Mr. Reitz presented the summary of an inquiry he has conducted relating to the justification for creating an in-house counsel for the administration. His analysis of legal services indicates that the volume has doubled during the past five years; that some 47 lawyers in the Drinker, Biddle & Reath firm have been engaged at different times on University business; and that the annual cost of something under $100,000 is very modest by comparison with the amounts spent in comparable institutions. He noted that the variety of services provided is concentrated in the following areas: hospital and medical affairs, estates and trusts, real estate and construction, litigation, students and faculty members, and labor relations. He noted that a principal problem is that too many individuals within the University direct inquiries to the law firm; Mr. Ballard is now monitoring these requests in order that some corrective action can be taken. It was noted that in-house counsel could take the form either of having a lawyer within the President's Office or establishing a separate office of University Counsel. Mr. Reitz's own conclusion is that there is presently no economic justification for having in-house legal counsel, especially in view of the mutually pleasant relationships which have existed with Drinker, Biddle & Reath for many years. He noted that his present role as a point for casual reference by University persons needs to be resolved. He said also that additional help is needed on intra-University conflicts, which presently take too much of the time of senior administrators.

President Meyerson expressed appreciation of the relationship with Drinker, Biddle & Reath; in turn Mr. Ballard said that his firm prizes the relationship with the University very much and that the presence of a person on the campus like Mr. Reitz has been of
real assistance during recent months. It was further indicated by the President that Professor James Freedman of the Law School has been named to succeed Professor Joel Connaroe as University Ombudsman.

In his report, Provost Stellar noted that a consultative committee to advise in the search for a Vice-Provost for University Life will soon be constituted. He also stated that the single recommendation submitted by the consultative committee to advise in the appointment of a Dean of the Veterinary School has been acted upon and that hopefully the person in question will soon answer in the affirmative.

Commenting briefly upon the proposed Faculty of Arts and Sciences, which is intended to embrace all graduate and undergraduate programs in the arts and sciences under a single dean with budgetary authority, he said that hopefully it will be possible to begin the search for a dean early in the fall.

Mr. Codding was requested by the Provost to present the salient points associated with the proposal for installation of a rathskeller in Houston Hall, the purpose of which will be to advance the social and educational interests of students, faculty and staff. Beer and wine and light refreshments will be served, he noted. Furthermore, the rathskeller operation, including employee benefits, will be self-supporting from income. There will be a full-time supervisor with previous experience in running such a business. The estimated capital expenditure for construction and furnishings is $25,000 to $35,000, most of which is available in the Houston Hall renovation fund; it is proposed that an internal loan be obtained from the University for the difference. Various questions were raised and the following resolution was adopted:

RESOLVED, That the Executive Board approve in principle the installation of a rathskeller in Houston Hall, and that the following enabling resolutions be approved:

WHEREAS, the Trustees have found it to be desirable, in furtherance of the general educational and academic objectives of the University of Pennsylvania, to provide for a social meeting place to promote communication, acquaintance, fellowship, and cohesiveness among the members of the University community; and
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WHEREAS, it would be conducive to the fulfillment of the purposes above stated that beer and wine be available for purchase by the members of the University community at the meeting place; and

WHEREAS, it has been proposed that a "Rathskeller" be established in an appropriate facility in Houston Hall to meet these needs, as more fully set forth in the Proposal presented to the meeting and filed with the minutes thereof; be it therefore

RESOLVED, That:

1. The President or his delegate is hereby authorized to apply to the Pennsylvania Liquor Control Board for a Club Retail Liquor License in order that beer and wine may be legally served in a designated facility in the basement of Houston Hall to members of the University community, said license to be purchased by the University from the Penn Athletic Club for the amount of Two Thousand Dollars ($2,000.00), and to execute the necessary application, bond, and other papers in connection therewith. If it be deemed advisable by the President or his delegate, application may be made at the same time for licensing of the Auditorium, the Harrison-Smith-Penniman Rooms, and the Ivy Room on the second floor of Houston Hall in order to permit the serving of liquor in such room or rooms at special HHRC functions.

2. There shall be established a "Houston Hall Rathskeller Club" (HHRC), which shall be part of the University and shall be organized and operated substantially as follows:

(a) HHRC shall be administered by and under the immediate control of the Director of Houston Hall, who shall report periodically to the president or his delegate concerning the operation of HHRC. The President or his delegate shall report periodically to the Student Affairs Committee of the Board of Trustees concerning the operations and functions of HHRC. The Director of Houston Hall shall be responsible for ensuring that the operation of such facilities is in full compliance with the liquor, food, and health laws of the Commonwealth of Pennsylvania. He shall consult with University counsel as he deems necessary to assist in achieving such compliance.

(b) The Director of Houston Hall is authorized to employ a full time manager who shall have had previous experience in running such a venture and who shall meet the requirements of the Pennsylvania Liquor Control Board for such a position. Initially, the Director of Houston Hall may act as manager, provided that he shall not receive additional compensation solely by reason of acting in that capacity. The Director of Houston Hall may also employ a full-time assistant to the manager and such part-time student help as necessary to assist in running the facility. Any assistant and any student so hired shall meet all the legal requirements of the Pennsylvania Liquor Control Board for working in such facility.

(c) Members of the University community shall become members of HHRC and shall be permitted to enter upon and use the facilities thereof only in accordance with rules and regulations adopted by the Director of Houston Hall with the approval of the Student Affairs Committee. Such rules shall at all times provide for proof of University affiliation and age as required by the Pennsylvania Liquor Code and the regulations of the Liquor Control Board. Members of HHRC may invite guests only in accordance with rules and regulations issued by the Director of Houston Hall. No beer or wine shall be sold to any guest.

(d) The Director of Houston Hall shall promulgate such additional rules and regulations as he deems necessary for the proper and orderly operation of HHRC, including but not limited to rules for the eviction of any person from the facilities of HHRC and for the revocation of membership or guest privileges of any person. The University Police shall cooperate with and
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assist the Director of Houston Hall in the enforcement of such regulations. All students, faculty members, and employees who use the facilities of HHRC shall agree to comply fully with any and all regulations as a condition of membership, and their guests shall agree to fully comply with such regulations as a condition of using the facilities of HHRC.

3. HHRC shall be operated at all times in a manner consistent with the tax-exempt status of the University of Pennsylvania. No part of the net income of HHRC shall inure to the benefit of any individual or group but shall be used to support, in part, the Houston Hall Services budget. The Director of Houston Hall and the manager of HHRC shall keep such books and records as are required by the liquor laws of Pennsylvania and shall, if necessary, be authorized to open a special University account for the receipt and disbursement of funds relating to HHRC. HHRC shall charge prices for beverages sufficient that the income from the sales thereof, in conjunction with annual dues (if any), shall cover the costs of operation.

4. The appropriate officer of the University of Pennsylvania is hereby directed to obtain whatever insurance is deemed necessary to meet any potential liabilities of the University of its employees (where acting in the normal course of business and within the scope of their authority) arising out of the operation of HHRC.

5. In securing a liquor license from the Liquor Control Board, the President or his delegate may agree to such modifications of the provisions of Resolution and enter into such agreements or commitments with the Board as he deems reasonable and necessary to obtain the Board's approval. The President or his delegate shall as soon as possible report any such modifications, agreements or commitments to the Student Affairs Committee of the Board of Trustees.

WHEREAS it is the desire of the Trustees of the University of Pennsylvania to be granted a transfer Club Liquor License, Therefore be it

RESOLVED, That an application for said license to expire October 31, 1973 be filed with the Pennsylvania Liquor Control Board, and that E. Craig Sweeten, Vice President for Development and Public Relations, be authorized to execute the necessary application and bond, and any other papers required by the Pennsylvania Liquor Control Board.

Upon presentation by Provost Stellar, the following resolutions were adopted:

RESOLVED, That the academic appointments and promotions for the period April 13, 1973 through May 23, 1973, be approved.

RESOLVED, That Donald F. Patterson, Professor of Medicine, be designated the first recipient of the Charlotte Newton Sheppard Professorship in Veterinary Medicine, effective July 1, 1973. (Full affiliation, full salary).

Reporting on the status of current negotiations between the Delaware Valley Hospital Council and the Philadelphia Blue Cross concerning next year's contract, Mr. Gaddis observed that little progress is apparently being made and that the extra 30 days...

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Delaware Valley Hospital Council and Blue Cross permitted beyond expiration of the present contracts will very likely have to be invoked. He said that the University would have a statement available for use in the event negotiations drag on and the University hospitals incur adverse publicity. On the subject of negotiations with Blue Cross for past amounts due Graduate Hospital, he expressed the hope that it may be possible to achieve a resolution within the near future which will bring the potential million dollar loss down to approximately $325,000.

Mr. Hetherston outlined the nature of current conversations with the Philadelphia Redevelopment Authority on the extension of the contract with the University for three remaining parcels of land. He also reported that a recent ruling from HUD on the 3401 Walnut Street area serves to brighten the picture concerning forward movement on that project. Mr. Ballard cautioned that the recent favorable ruling was subject to appeal on the part of the complainants.

It was noted by Mr. Gaddis that a proposal has been presented to the Department of intercollegiate Athletics for erection in various athletic facilities of electronic score boards and associated advertising signs, from which the University would receive certain revenue. No objections were voiced to the propriety of such a venture, but the administration was cautioned to examine carefully all of the implications.

On the matter of labor relations, Mr. Gaddis referred to the forthcoming election by the Hospital Workers of America and to the eight union contracts in the University which are in the process of negotiation. He expressed the view that labor relations are in a profoundly better atmosphere than in past years, largely due to the efforts of Messrs. Manley, Robinson, Driver and Budd.

For the Finance Committee, Mr. Dunlop referred to the Budget Survey for fiscal 1972-73 as of the end of May and noted that it is essentially on target. On presentation by him, the following resolutions were adopted:

RESOLVED, That the action of the Chairman of the Trustees' Finance Committee in approving the offering for sale to the Commonwealth of Pennsylvania of the Lafayette Quarters parcel of property in Valley Forge for the sum of $460,000 be confirmed.

Secretary
RESOLVED, That the sum of $85,000 be appropriated from University General Fund to cover the expenses of relocating a number of departments and activities in the space made available by the occupation of Williams Hall, Vance Hall and the new Chemistry Laboratory.

RESOLVED, That the sum of $6,000 be advanced from University General Fund to cover renovations to the Lippincott Building to prepare space for a Wistar Institute activity, with the understanding that this sum will be repaid with interest over a two-year period.

RESOLVED, That the sum of $13,000 be appropriated from the Graduate Hospital Advancement Fund to cover expenses associated with the fund raising campaign.

WHEREAS it is planned to implement granting of student loans under the Federally Insured Student Loan Program for the fall semester 1973, and

WHEREAS, The First Pennsylvania Banking and Trust Company has agreed to extend a line of credit for the Program in the amount of $2,000,000 at the prime rate: Therefore be it

RESOLVED, that this corporation maintain a bank account with The First Pennsylvania Banking and Trust Company in the name of this corporation entitled "The Trustees of the University of Pennsylvania - FISL Loans" for the deposit of any money, checks, drafts, notes and acceptances, or other evidences of indebtedness which may now or hereafter be in possession of this corporation; and that until otherwise ordered, said Bank be and hereby is authorized to make payments from said account upon and according to the check, draft, note or other of this corporation when signed by

Treasurer
Associate Treasurer
Assistant Treasurers

and to receive the same when so signed for the credit of, or in payment from the payee or any other holder without inquiry as to the circumstances of their issue or the disposition of their proceeds, whether drawn to the individual order or tendered in payment of individual obligations of the officers above named or other officers of this corporation or otherwise.

For the Investment Committee, Mr. Skinner presented the highlights of an Associated Investment Fund Performance report for the period September 30, 1972 to May 31, 1973; this report is appended to the minutes.

The response to a question raised by Mr. Skinner about the adequacy of Investment Committee information being sent to the

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Management of portfolio

Executive Board was that summary statements will generally suffice. Mr. Butcher expressed reservations about the present management of the portfolio and he urged that Mr. Stanger be given a larger role in serving as the close advisor (portfolio manager) to the firm. The Chairman said that this suggestion will receive careful consideration. The point was made by Mr. Skinner that the Investment Committee and the portfolio managers have attempted to respond to the objectives set forth by the Trustees and that the Committee is prepared to receive different instructions at any time.

It was noted that the Chairman of the Investment Committee will need the specific authority of the Executive Board for the final distribution in the Investment Act; a 9% distribution must be made on the value of investments at June 30. It was suggested that such authorization can be arranged by the Secretary, with the advice of Counsel, either by telephone or mail.

Resources Evaluation

Mr. Day noted that the ad hoc Committee on Resources Evaluation will meet on June 15.

Development Committee

Reporting for the Development Committee, Mr. Eckman stated that as of June 8, subscriptions, gifts, receipts and bequests total slightly in excess of $19 million. He noted that much activity is now underway, both in Annual Giving and in Capital Support areas of the Development Program, and said that the year-end totals should be most satisfying. It is anticipated that Annual Giving will reach $2.7 million; he urged all those associated in any way with prospective major gifts to follow through on their assignments.

Adjourned.

William G. Owen
Secretary