THE EXECUTIVE BOARD
OF THE
TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA
September 14, 1973

A meeting of the Executive Board of the Trustees of the University of Pennsylvania was held on Friday, September 14 at 12:15 p.m. in The Rittenhouse Club.

Present were: Mr. William L. Day (Chairman), Mr. Samuel H. Ballam, Jr., Mr. Howard Butcher III, Mr. Henry M. Chance, II, Mr. John W. Eckman, Mr. James M. Skinner, Jr., Mr. Wesley A. Stanger, Jr., Robert L. Trescher, Esq., President Martin Meyerson, Provost Eliot Stellar, Dr. Robert D. Dripps, Mr. Paul O. Gaddis, Dr. John N. Hobstetter, Mr. Harold E. Manley, Mr. Curtis R. Reitz, Mr. Donald T. Sheehan, Mr. E. Craig Sweeten and Mr. William G. Owen (Secretary). John Ames Ballard, Esq. attended as Counsel.

The Chairman opened the meeting by asking for a moment of silence in memory of the late Ernest Scott. He indicated that an appropriate memorial resolution would be prepared for the Trustees' meeting in October.

The Chairman reported the following organizational changes:

Robert Dunlop - Deputy Chairman of the Trustees
James Skinner - Chairman of the Finance Committee
Wesley Stanger - Chairman of the Investment Committee
Julian Bers - Chairman of the Insurance Subcommittee.

He noted also that the General Alumni Society is in the process of conducting three Alumni Trustee elections.

Utilizing the summer meetings of the Commonwealth Universities as a backdrop, President Meyerson referred to the success achieved during the last three years in bring the University's financial house into order, and indicating that certain burdens have been incurred in this process. He emphasized the need to build quality into every aspect of the University in the future by striving, among other things, for a style in the design of new buildings and an emphasis on the caliber of appointments to the faculty. He suggested the desirability of a close arrangement with a British university to provide interchangeability among British university
the respective faculties and students. Such a possibility was explored by him with officials of the University of Edinburgh and University College in London, and he noted that representatives of both institutions will be coming to Philadelphia for visits in the ensuing months. While there will be financial problems associated with such an undertaking, he noted, hopefully it will be possible to enter into such a relationship.

Upon presentation by Mr. Skinner, Vice Chairman of the Finance Committee, the following actions of that Committee were ratified:

**RESOLVED**, That John J. Jackson be appointed Comptroller of the University, effective September 1, 1973.

**RESOLVED**, That Robert L. Warren be appointed Assistant Comptroller of the University, retroactively to July 1, 1973.

**RESOLVED**, That the action of the Chairman of the Board of Trustees in approving the allocation of $145,000 from University General Fund for the following purposes be confirmed:

1. Acquisition of 3923 Walnut Street and the demolition of 3909 through 3923 Walnut Street $121,000

2. Preliminary architectural studies for the renovation of Houston Hall 24,000

WHEREAS, the market value of the University's Associated Investments Fund, a common trust fund maintained pursuant to Section 7581 of the Non-Profit Corporation Law of 1972, amounted, as of June 30, 1973 (the end of the last fiscal year of the University), to $105,805,979; and

WHEREAS, the income from this common trust fund received during the fiscal year, determined in accordance with rules generally applicable to the determination of income, amounted to $5,084,672; and

WHEREAS, under the provisions of clause (c) of Section 7550 of the Pennsylvania Non-Profit Corporation Law of 1972, the Trustees of the University are authorized, by resolution enacted within 120 days of the close of the said fiscal year, to allocate from net realized capital gains accumulated in the AIF to income an amount which when added to all other income received from the AIF during the year as above set forth will not exceed 9% of the market value of the AIF after deducting the amount so allocated; and

WHEREAS, the net accumulated realized capital gains in the AIF, as of June 30, 1973, amounted to $48,761,042 and even after deduction of unrealized losses such realized gains as of such date would exceed $4,025,629; and

WHEREAS, it is the judgment of the Finance Committee of the Trustees of the University - after reviewing indicated results of operations for previous years, including particularly the

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fiscal year 1972-73 and the projected budgeted figures for the current fiscal year and having given due consideration to the opinions of the Investment Committee with respect to current and prospective market values of the AIF — that there should be allocated from net capital gains accumulated in the AIF to income for the fiscal year ended June 30, 1973 the full amount authorized and permitted by the provisions of clause (c) of Section 7550 of the Non-Profit Corporation Law as above described: therefore be it

RESOLVED, That the Executive Board of the Trustees, pursuant to the provisions of clause (c) of Section 7550 of the Pennsylvania Non-Profit Corporation Law, approve allocation from accumulated net capital gains previously realized in the AIF to income for the fiscal year ended June 30, 1973 the amount of $4,025,629.

RESOLVED, That the sum of $236,000 be advanced from University General Fund for badly needed renovations in the Veterinary School Building and Veterinary Hospital, with the understanding that these funds will be repaid to University General Fund from funds raised in the future for the Veterinary School or from other sources as determined by the University administration.

Mr. Skinner reported that the Finance Committee had received a recommendation from the Investment Committee concerning the budgeting of cash flow whereby a three-year average value of the portfolio would be established by means of adjustments every six months. It was proposed specifically that during 1973-74, a 7% figure be utilized, to be followed thereafter in succeeding years by 6% and 5% figures. Following discussion, he noted, the matter was placed on the table until the next meeting of the Committee with an urging by the Chairman that Committee members express themselves in writing to him on this subject.

Following explanation by Mr. Manley, the following resolutions of the Finance Committee were affirmed:

WHEREAS, the University has made arrangements with Uni-Coll Corporation, a subsidiary of the University City Science Center, under which that corporation furnishes extensive computer services to the University as one of its major customers; and

WHEREAS, the rendering of such services in a prompt, accurate and efficient manner as required by the University for its extensive operations makes it necessary and advisable that Uni-Coll have available a model 370/168 computer recently developed and offered for sale by International Business Machines; and

WHEREAS, Uni-Coll Corporation has negotiated to lease a model 370/168 computer from Provident Leasing Corporation under leasing documents to be executed substantially in the form presented to the meeting involving an eight year (96 months) lease term (with variable termination rights) at a monthly rental of approximately $55,000; and

Approval of allocation from net capital gains to income $4,025,629

Renovations in Veterinary School Building and Hospital

Recommendation from Investment Committee

Lease of 370/168 Computer

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Lease of 370/168 computer

WHEREAS, the acquisition by the lessor company of the 370/168 computer and its leasing of the same to Uni-Coll under the proposed lease referred to above is subject to and dependent upon the pledging of the University's credit to insure the receipt by the lessor company and its assigns of the rent payments stipulated and agreed to in the said lease: Therefore be it

RESOLVED, That this committee hereby approves the terms and arrangements for the leasing of the 370/168 computer as set forth in the form of leasing agreements presented to the meeting; and be it further

RESOLVED, That the Executive Board formally authorize a commitment by the University to guarantee the performance of the lessee's obligations as set forth in the said lease, such guarantee to be effected by agreement of the University to become successor lessee upon any default by Uni-Coll or in such other manner as the officers of the University, with the advice of Counsel, may determine to be necessary or advisable and in the best interest of the University.

WHEREAS, there was presented to the meeting the form of substitute lease agreed upon by the parties and executed on behalf of the Provident National Leasing Corporation which embodies the undertakings authorized above.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the President or any Vice President of this corporation hereby authorized and directed to execute and deliver, on behalf of this corporation and under its corporate seal which the Secretary or any Assistant Secretary of the corporation is authorized to affix and attest, a Lease by and between this corporation and Provident Leasing Corporation, substantially in the form presented to this meeting and hereby approved; and such ancillary and supporting documents and instruments, and to do any and all other things, as may to them seem necessary or advisable to effectuate the full intent and purposes of this resolution and of the said Lease.

Report of Investment Committee

An A. I. F. Performance Report as of August 1973 was presented by Mr. Skinner for the Investment Committee: (Appendix A).

The Chairman expressed appreciation to Mr. Skinner for his tireless efforts on behalf of the University's investment policy.

In a brief report on behalf of the Health Affairs Committee, Mr. Ballam indicated that he and Dr. Dripps have held a series of meetings on key issues; that no final agreement has yet been consummated concerning past amounts due from the Philadelphia Blue Cross; that no final agreement has yet been consummated concerning past amounts due from the Philadelphia Blue Cross; and that the search for a director of the two hospitals is continuing.

Dr. Dripps reported that agreement was entered into on August 2 with the City of Philadelphia concerning the provision of medical care and service to patients at Philadelphia General Hospital; the agreement is for the period from July 1, 1973 to
June 30, 1974. Upon vote, the said agreement was affirmed.

The report of the administration was introduced by President Meyerson with an indication that he had attended a recent meeting of the Ivy Group Presidents concerning collective action toward the restoration of government funds for research and development activities. He said that the Trustees will be kept informed of continuing developments and of the possible role they might play in concert with the trustees of the other colleges.

It was indicated by Mr. Reitz that the Trustees have been requested by the Law School faculty to establish the Kenneth W. Gemmill Professorship of Tax Law and Tax Policy in the Law School for a term of fifteen years. This Chair is funded by a gift of $330,000, all in hand, with principal and income to be used to support the compensation of the Gemmill Professor. Mr. Gemmill received his law degree from this Law School in 1935; he is Chairman of Dechert, Price and Rhoads and is a tax lawyer of world renown. Upon vote, establishment of the Gemmill Professorship was approved.

On the subject of reconstituting advisory boards for certain of the schools, the question was posed by President Meyerson as to the most appropriate title to be used for such boards in the future. Discussion ensued about the pro's and con's of "Board of Visitors" versus "Board of Overseers;" there was a general consensus that the latter term was preferred. The President expressed the hope that the chairman or at least vice chairman of such boards will be University Trustees in order to maintain appropriate liaison with the governing body.

Mr. Sheehan gave a brief report on his activities in establishing the Wharton School Board of Overseers, in which he noted that ten persons of stature have been enlisted to date and that the initial meeting of the Board will be on November 15-16. In the case of the School of Social Work Board of Overseers, the Dean, Provost, and President have agreed to constitute a Board of approximately 25 members representing social work professionals, representatives of the public at large who have a demonstrated
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Approval was given to the following resolution:

RESOLVED, That the present Advisory Board of the School of Social Work be reconstituted as the Board of Overseers of the School of Social Work and that the following individuals be elected as members of the Board:

Present Members to be Retained:

- Mrs. Anderson Page, Chairman
- Mrs. Arlin M. Adams
- Mrs. Taylor Anderson (Alumni Association)
- Robert J. Callaghan, Esquire
- Dr. Robert D. Eilers
- Mr. Clifford Scott Green
- Dr. Arthur H. Keeney
- Miss Elizabeth Madeira
- Mr. William G. Nagel
- Mr. Robert W. Reifsnyder
- Hon. Francis L. VanDusen

New Members to be Elected

- Trustee
  - Robert L. Trescher, Esquire
- Professional - Social Work Field
  - Mr. Donald B. Hurwitz
  - Dr. Katharine Kendall
  - Esther Lazarus
  - Mr. Richard Lodge
  - Mrs. Irene Pernsley
  - Dr. Eugen Pusic
  - Miss Willie V. Small
- Public Representatives
  - Lee F. Driscoll, Jr.
  - Anita Grossman Langsfeld
  - Rt. Rev. James E. McDonough
  - Mrs. Hilda Robbins
  - Richard S. Schweiker
  - Mr. Charles (Chuck) Stone

President Meyerson stated that the administration has been discussing with the local committee of the Public Interest Research Group the possibility of establishing a positive check-off system for payment by students of dues for support of the Group's activities. Legal counsel has approved the possibility of a one-year experiment. Mr. Meyerson reflected a concern for the precedent which would thereby be established of making it possible for various kinds of organizations to take advantage of such a check-off system in the future. In the ensuing discussion, Messrs. Day, Eckman, Trescher, Skinner and Ballam expressed reservations about the precedent. The point was made by Mr. Reitz that PIRG is not a student organization in the usual sense.

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and that the proposed procedure is more akin to that which has
long been available for employees in making contributions to the
United Fund. He suggested that possibly the idea of a Campus
Fund should be reinstituted in order to provide a mechanism
for centralizing such a dues-paying check-off system. The
Chairman indicated that the matter would be left with the
administration to resolve, without any vote being registered
by the Executive Board. Mr. Meyerson said that he would reflect
the concerns of the Board in his presentation to the University
Council next week.

Provost Stellar reported upon the following matters:

1. RESOLVED, That Dr. Robert R. Marshak be appointed as
Dean of the School of Veterinary Medicine, effective
on this date.

2. Following explanations by Dr. Dripps and Mr. Ballard,
and with supporting commentary of a positive nature
by Mr. Sweeten concerning possible views of the Secretary
of Education of the Commonwealth, the following resolution
was adopted:

WHEREAS, the appropriate officers of the University, with the
advice of counsel, have negotiated with representatives of the
Department of Higher Education of the State of New Jersey with
respect to the terms on which the University would agree to
admit qualified New Jersey residents to the University School
of Veterinary Medicine; and

WHEREAS, there has been presented to the meeting a draft agreement
which contemplates a grant by the State of New Jersey in the
amount of $4,130,000 in consideration of an undertaking by the
University to admit fifteen qualified New Jersey resident
applicants to the Veterinary School per year for the first five
years of the agreement and thirty qualified New Jersey residents
per year for the remaining twenty-five years of the thirty years
stated term of the agreement with an undertaking that New Jersey
will pay with respect to each New Jersey resident student admitted
to the School under the agreement a capitation payment equal to
the amount per student by which the cost of operating the School
for the year in question exceeds the tuition charge.

NOW, THEREFORE, BE IT RESOLVED, that the proposals and
undertakings of the University as set forth in the preliminary
draft of the contract presented to the meeting in consideration
of the grant and capitation commitment of the State of New Jersey
set forth in said draft be and the same hereby are ratified,
confirmed and approved and the appropriate officers of the
University are authorized to continue negotiations looking toward
the effectuation of such agreements on substantially the terms
set forth in said draft of agreements.

RESOLVED FURTHER, that the appropriate authorities and representa-
tives of the Commonwealth of Pennsylvania be advised concerning
the negotiations with respect to the State of New Jersey.

3. A search Committee for the Vice Provostship for University
Life is still being formed. It has not yet been possible
to appoint an individual to the Vice Provostship for

Robert Marshak
appointed Dean
of Veterinary
School

New Jersey resident
to be admitted to
Veterinary School

Vice Provostship
for University
Life

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Vice-Provost for Graduate Studies and Research and Dean of Medical School

Resignation of Dean Neal Gross

Academic appointments

Vice President Gaddis reported upon the following:

1. Past amounts due from the Philadelphia Blue Cross total $1,050,000; an agreement reached between the two parties calls for payment of approximately $615,000 net. This matter awaits the approval of the State Insurance Commissioner.

2. Mr. Ballard stated that Counsel has turned over to lawyers representing the Sansom Street Committee, in response to a subpoena, certain minutes of the Trustees and documents relating to the 3401 Walnut Street development; requested documents concerning disposition of the Valley Forge property have not been released. Mr. Ballard reiterated his belief that it is most difficult to predict the outcome of this litigation in which the University is not a defendant.

3. In a brief report on the Commonwealth situation, Mr. Sweeten stated that there has been no affirmative action on the University's appropriation as yet; that while no particular problems are foreseen, it is important that every appropriate step be taken to reiterate the University's interest in the amounts which have been requested of the Commonwealth.

4. On presentation by Mr. Manley, the following resolution was adopted:

WHEREAS, appropriate officers of the University of Pennsylvania have negotiated a Loan Agreement with First Chicago University Finance Corporation by which there is established for the University a revolving credit in an amount not to exceed $2,000,000 for the period October 1, 1973 to and including September 30, 1974, with any sums borrowed to be secured by the assignment to the Lender of federally insured student loans; and

WHEREAS, the Trustees of the University of Pennsylvania wish to approve and ratify the execution of the aforesaid Loan Agreement:

THEREFORE BE IT RESOLVED that the execution by the University of Pennsylvania of the Loan Agreement dated August 31, 1973 between it and the First Chicago University Finance Corporation is hereby ratified and confirmed;

AND BE IT FURTHER RESOLVED that the appropriate officers of the University are hereby authorized to borrow under the terms of the said Loan Agreement in an amount not to exceed $2,000,000.

Reporting for the Development and Public Relations Committee, attention was called by Mr. Eckman to total gifts received in the last academic year of $24,500,000, which is the largest total in the University's history and the eighth year in which voluntary
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support has exceeded $20,000,000. At the same time, he noted, a new record of $3,045,000 in Annual Giving was recorded, foundation gifts totalled $6.1 million, corporation gifts were $3.1 million, bequests totalled $4.9 million and deferred giving was $1.6 million. The 1973-74 fiscal year total as of September 14 was $2,110,887, which will be added to unitrusts totalling $2,000,000 to be announced in October. The Law School campaign crossed the $1 million mark this summer.

It was reported by Mr. Ballard that his firm is actively engaged in defending the University in the suit of Professor Phyllis Rackin, noting that this is a particularly important case in the light of other possible class actions which could be instituted.

Upon presentation by the Secretary, the following resolutions were affirmed:

RESOLVED, That the following persons be submitted as nominees for re-election to the Board of Trustees of the Presbyterian-University of Pennsylvania Medical Center for three-year terms:

Dr. Robert D. Dripps
Mr. John C. Hetherston
Mr. Charles M. Justi

RESOLVED, That the following individuals be appointed to the Board of Trustees of the University of Pennsylvania Press, Inc. for the terms indicated:

Orville H. Bullitt 3 years
Carroll G. Bowen 3 years
James Midades 2 years
W. S. Woods, Jr. 3 years
Harold E. Manley 2 years
Curtis R. Reitz 2 years

For the record, the following statement of the University Treasurer is herewith recorded:

5 September 1973

To the Trustees of the University of Pennsylvania

Gentlemen:

In accordance with the Act of the General Assembly of the Commonwealth of Pennsylvania approved the seventeenth day of July, 1935, entitled "An act to amend Section 306 of the Act approved the fifth day of May 1933 (P.L. 289), entitled 'An act relating to non-profit Corporations,'...et cet., I hereby report and certify that The Trustees of the University of Pennsylvania, a Pennsylvania Corporation, keeps accurate accounts of all trust funds separate and apart from the other.

Phyllis Rackin case

Appointments to the Board of Trustees of the University Press

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funds of the Corporation, and, unless the terms of the particular trust department provide otherwise, the said Corporation makes an annual report, signed by the Treasurer, to the members of the Corporation concerning the trust funds held under the said Section, and the use made of such funds and of the income therefrom.

Respectfully submitted,

Wm. Richard Gordon
Treasurer

It was indicated by the Chairman that future meetings of the Executive Board would be held on the second Friday of the month at 2:15 p.m.

Adjourned.

William G. Owen
Secretary

NOTE: As a result of a mail vote conducted by the Secretary during the summer, the following action was affirmed and is herewith officially recorded in the minutes of the Executive Board:

The Executive Board has authorized the following persons, in the absence from the University of the Secretary, Associate Secretary and Assistant Secretary, to affix the seal to and attest it on all diplomas, certificates, deeds, agreements, contracts, transfers, conveyances and other written instruments executed by the Trustees or in their name:

D. Bruce Johnstone, Executive Assistant to the President
James E. Davis, Executive Assistant to the Provost.