A Stated Meeting of the Trustees of the University of Pennsylvania was held on Friday, January 11, 1974 at 2:00 p.m. in the Council Room of the Furness Building.

Present were: Mr. Robert G. Dunlop (presiding), Mr. Robert P. Adler, Gustave G. Amsterdam, Esq., Mr. Samuel H. Dallam, Jr., 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, Dr. George A. Coleman, Mr. Paul J. Cupp, Dr. Edgar Lee Dessen, Mr. Charles D. Dickey, Jr., Mr. John W. Eckman, Mr. Thomas S. Gates, Dr. Warren S. Griffin, Dr. F. Otto Haas, Hon. A. Leon Higginbotham, Jr., Mr. Charles A. Krause, Mr. Arthur M. Larrabee, Mrs. Margaret R. Mainwaring, Mr. John A. Mayer, Mr. C. B. McCoy, Mr. Paul F. Miller, Jr., Anthony S. Minisi, Esq., Mr. William D. Patterson, Mr. Donald T. Regan, Bernard G. Segal, Esq., Mr. James M. Skinner, Jr., Mr. Welsey A. Stanger, Jr., Mrs. Ione A. Strauss, Robert L. Trescher, Esq., The Honorable John H. Ware, Mrs. Jacqueline Wexler, Mr. Ernest L. Whitney, Mr. Charles S. Wolf, Mr. William Zellerbach, President Martin Meyerson, Provost Eliot Stellar, Vice Presidents Paul O. Gaddis, John C. Hetherston, Harold E. Manley, and E. Craig Sweeten, Dr. John N. Hobstetter, Chaplain Stanley E. Johnson, Dr. J. Bruce Johnstone, Dr. Donald S. Murray, Mr. Curtis R. Reitz, Mr. Donald T. Sheehan, Mr. Donald M. Stewart, Dr. Richard M. Sherman (Assistant Secretary), Mr. Robert G. Lorndale (Associate Secretary) and Mr. William G. Owen (Secretary). John Ames Ballard attended as Counsel.

Mr. Dunlop, as Deputy Chairman, called the meeting to order and asked Chaplain Johnson to offer a prayer. The Chaplain requested a moment of silence for William Day, Marcus Foster and Ernest Scott.

The minutes of the October 26, 1973 meeting were approved.

Mr. Dunlop welcomed Mrs. Mainwaring to her first series of Trustees' meetings. Concurrence was given to inclusion in the minutes of a memorial resolution for William Day (See Appendix).
Reporting for the Nominating Committee, Mr. Segal indicated that conversations with Mr. Dunlop had reflected the fact that, because of future commitments to his firm and to his industry, Mr. Dunlop felt that he would not be able to assume the Chairmanship of the Trustees on a permanent basis. It was proposed by Mr. Segal that Mr. Dunlop be elected as Chairman of the Trustees until the time of the next Trustees' meeting on May 3rd; upon vote, this motion was adopted by acclamation (with President Meyerson in the Chair). In resuming the Chair, Mr. Dunlop observed that he would not be a caretaker Chairman, but would endeavor to maintain the present forward thrust in University affairs.

Continuing his report, Mr. Segal said that this would be a propitious time to consider the possible restructuring of the organization of the Trustees, and that the Nominating Committee will proceed promptly to give thought to this matter, to the permanent Chairmanship and to the several vacancies which now exist. He said that the views of Trustees would be solicited and that a candidate for permanent Chairperson would be proposed to the Executive Board and then to the full Board in May.

In his message President Meyerson reflected upon his first meeting with the Trustees in 1970, referring to them as the University's greatest resource, unmatched in the nation. He said that his annual written review of the past year would be sent to Trustees within the next few weeks. Meanwhile, he said, events of the past two days are of special significance for they have dealt with early warnings - as reflected in the Thursday session with graduate students, the luncheon discussion on the energy crisis, and the presentation on undergraduate admissions. He referred to certain early warnings about the future of private institutions where the emphasis is on quality of education. The University of Pennsylvania is a prime example of relatively few such institutions, he noted. For them there is just a decade or less to go. They are a rare resource - not to be found in other countries where outstanding universities have largely disappeared.

"During these years immediately ahead, which represent the time..."
to achieve the necessary support, there are three paths from which to choose. The proprietary model is not for us. The state university model would deny us a national and international reputation.

The model of an endowment-based institution is the other choice. We have a year or two before a decision must be made, and in view of our present mixed economy, this appears to be the natural course.

It is hard to produce evidence to support this view. But we cannot keep to the present path. The need to make a hard decision reflects the views of Bill Day."

Attention was next directed to the following resolution adopted by the Resources Evaluation Committee:

WHEREAS the University of Pennsylvania has demonstrated the capacity to manage its existing resources with prudence and effectiveness and to maintain high quality of teaching, research, and service; and

WHEREAS it is clear that the long-range future of the University depends upon continued public funds and tuition, and upon increased support from private sources, including alumni, friends, corporations, and foundations for endowment as well as operating purposes; and

WHEREAS the Report of the University Development Commission and the programs, policies, and on-going plans which it has brought forth provide the basis for important resource needs;

THEREFORE BE IT RESOLVED that the Trustees of the University of Pennsylvania are determined to mount a major fund-raising effort hopefully to be launched in 1975; and

BE IT FURTHER RESOLVED that the Administration: in the months immediately ahead, be asked to:

1. Proceed, in concert with the deans and the faculties of the schools and with University planning and deliberative bodies, with the selective refinement of resource needs and establishment of priorities sufficient to suggest the programmatic composition of alternative aggregate fund-raising targets;

2. Prepare a case statement and supporting materials based on these plans and priorities and test the contents of the proposed program, its projected levels of support and suggested time table for its implementation on an appropriate number of prospective donors and others.

3. Submit a progress report to the Trustees at the May 1974 meeting on the information growing out of the aforesaid survey and proposed adjustments in the case statement and supporting materials arising from the activity;

4. Begin, with the concurrence of the Trustees, to solicit a nucleus fund with an eye toward establishing appropriate goals and fund-raising strategy;

Resolution to mount a major fund-raising effort

Things administration will be asked to do
5. Propose to the Trustees at the October 1974 meeting a general fund-raising program with appropriate goals and timetables in the light of experiences with prospective donors, current and projected economic conditions, and other relevant factors; and

6. Authorize the President and the Executive Board to take the required steps to provide the staff and logistical support which will be required to implement the above steps and additional phases of activity that can be expected to follow therefrom.

It was moved by Mr. Gates that in the fourth paragraph, the word "hopefully" be deleted. Mr. Segal voiced a second to this motion. Mr. Eckman cautioned against raising false expectations in the event that adverse economic and other conditions eventually serve to discourage the start of a major fund-raising effort in 1975. Mr. Gates responded that in such an eventuality, the goals could be modified and that the important thing now is for the Trustees to take a firm stand on a future funding effort. Upon vote, the motion to amend was approved unanimously. Upon vote, the amended resolution was adopted.

Upon presentation by Mr. Skinner on behalf of the Finance Committee, the following resolutions were adopted:

WHEREAS the physical condition of the Dormitory Quadrangle has deteriorated for a number of years; and

WHEREAS the items of deferred maintenance in this facility are substantial; and

WHEREAS the Development Commission has recommended the renovation of the Dormitory Quadrangle, including investigating the possibility of converting some of the facilities to College Houses; and

WHEREAS it is desirable that preliminary architectural and artwork be prepared for the purpose of establishing budgets and evaluating donor interest in the project; Therefore be it

RESOLVED, That the sum of $100,000 be appropriated from the University General Fund for preliminary studies on the Dormitory Quadrangle.

WHEREAS it has been proposed that a communication network system for the campus be constructed which will provide ducts for the following needs:

1. Computing activities
2. Closed circuit instructional television
3. Monitoring of security devices
4. Remote monitoring and control of building electrical and mechanical devices

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5. Other audio/visual requirements

AND WHEREAS the construction of the communication network system and the installation of a central monitoring and control system for electrical and mechanical devices for University buildings will result in substantial budgetary savings: Therefore be it

RESOLVED, That the sum of $650,000 be advanced from current funds for the construction of a communication network system and the installation of central monitoring devices for University buildings; and be it further

RESOLVED, That this advance be repaid with interest over a period not to exceed eight years from specifically identified budgetary allocations.

On behalf of the Health Affairs Committee, Mr. Ballam presented

the following resolution:

WHEREAS in September 1973, the Provost appointed a Task Force on Nursing, Allied Medical Professions and Related Health Sciences, one of whose charges was to review previous studies of nursing education at the University which extended back to 1958, and recommend program priorities, administrative structures and long range plans which would bring the greatest benefits from the resources of the University; and

WHEREAS the Task Force recognized the long and distinguished history of the School of Nursing of the Hospital of the University of Pennsylvania and its contributions to nursing education, but, in viewing nursing education within the framework of the mission of the University, the Task Force recommended that orderly plans be made for the closing of the School since the degree granting programs clearly fall within that mission of the University while the diploma program does not, and development of the full potential of excellence in nursing education in the University School of Nursing is impeded by its inability to fully utilize opportunities for clinical experience at the Hospital of the University; and

WHEREAS the Task Force recommendation was referred by the administration to the Trustees' Health Affairs Committee where it was reviewed by an ad hoc committee. This committee, while also recognizing the outstanding quality of the diploma program, concluded that in view of the need to further develop the University School, the national trend to move nursing education into degree programs, and that the clinical nursing educational opportunities available in University hospitals are insufficient to meet the needs of two schools, endorsed the recommendation to phase out the diploma program; and

WHEREAS, the Trustees' Health Affairs Committee has endorsed the recommendation of its review committee; be it therefore

RESOLVED that the Trustees approve an orderly phasing out of the diploma program with the last class being admitted to the School of Nursing of the Hospital of the University of Pennsylvania in the fall of 1975, so that by 1978 the University School of Nursing will be fully utilizing both University hospitals.

Mr. Bullitt raised a question about the present shortage of nurses for bedside care and emphasized the obligation of the University to continue to respond to this shortage. Mr. Ballam said that evidence strongly points to declining enrollments in diploma
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schools of nursing and to increased numbers of degree nursing students providing bedside care. Mrs. Wexler concurred in these trends and supported the use of University Hospital for the clinical program of degree nursing students. Upon vote, the resolution was adopted.

Note was made by President Meyerson that Donald M. Stewart, former Assistant to the President, who has been completing his doctoral requirements at the University, will soon rejoin the President's staff as an assistant on governmental matters, especially at the federal and city levels.

A brief status report on various consultative committees was given by Provost Stellar, along with indication that the mission of the Graduate School of Education will be examined before the Deanship is filled. The following resolution was adopted:

RESOLVED, That the academic appointments and promotions for the period from December 6, 1973 to January 10, 1974, be approved.

In a brief report on the continuing five-year financial projection for the University, about which the Trustees heard initially last spring at their meetings at New Bolton Center, Vice President Gaddis noted that the projection constitutes an extrapolation of present conditions and that the results of academic planning will now be superimposed upon the projection, following which there will be refinements made in view of macro-economic projections. He assured the Trustees that all vital details will be taken into account and that the matter will be reviewed with the Trustees in May.

Mr. Reitz commented upon the "legal health" of the University and enumerated major litigation which is in the courts; litigation among third parties which affects the University; the interest of the Department of Health, Education and Welfare in the University's affirmative action plan; and a Department of Labor review of wage scales as the basis for a possible charge of discrimination by the University among janitors and maids. The point was made by Judge Higginbotham that the actual data on employment of minorities will be more significant than rhetoric and that the University must show clear success in achieving affirmative action goals among the faculty.

Donald M. Stewart to rejoin President's staff
Consultative committees.
Graduate School of Education
Academic appointments and promotions
Five-year financial projection
Major litigation

SECRETARY
It was indicated by Provost Stellar that the central administration has been pressing forward vigorously in recruitment from minority groups.

For the Development Committee, Mr. Eckman noted that the total of subscriptions, gifts, bequests and receipts as of January 10 was in excess of $11 million. Additionally he acknowledged recent notice of a bequest in the amount of $750,000. He went on to report a small increase in the number of donors to date to Annual Giving and indicated that Pennsylvania's year-end experience was quite similar to that of similar institutions. He suggested that the work still to be done during the remaining six months of the fiscal year will call for assiduous efforts by everyone.

For the Committee on Corporate Responsibility, Mr. Segal said that an in-depth self-study of our Guidelines will be undertaken along with examination of the social responsibility practices of other institutions. He noted that he would be meeting soon with the Chairman of the Investment Committee to consider the advantages of continuing interchange on business corporation questions between the two committees. The University's concern for issues which arise in the local community must also be recognized, he said. A complete report on all of these matters will be made to the Trustees in May.

The following report was presented by Mr. Stanger on behalf of the Investment Committee:

In my 45 years in Wall Street, I can clearly remember a great many years when it was much easier to manage an investment portfolio than the year 1973.

Comparative results for the calendar year 1973 of the A.I.P. are as follows:

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<th>12/31/72</th>
<th>12/31/73</th>
<th>Decline</th>
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<tr>
<td>Dow Jones Industrials</td>
<td>1021</td>
<td>350</td>
<td>16%</td>
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<tr>
<td>Standard &amp; Poors 500</td>
<td>118</td>
<td>97</td>
<td>17</td>
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<tr>
<td>Univ. of Pennsylvania AIP</td>
<td>127</td>
<td>93</td>
<td>26</td>
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Investment Committee

The greater part of this decline occurred in the fall months. The Dow Industrial average showed a decline from a late October high of 997 to a mid-December low of 794, a drop of 203 points or 20%. The University portfolio in the same approximate period declined from a total value of $111,000,000 to $91,000,000, or 18%.

Our portfolio on 12/31/72 was 20% in cash or bonds and on 12/31/73 was 21% in cash or bonds. Total market value on 12/31/72 was $127,000,000 and on 12/31/73 was $93,000,000.

Our realized profits have been reduced to $30,000,000 from $37,000,000 when I first reported to you in October and from $58,000,000 a year ago. We have a cushion of about $9,000,000, in line with the State total income formula, from which to make up the difference needed for University budget requirements over the estimated income for our current fiscal year. This does not give us much leeway for any further drop in security prices if we continue to pay $5,000,000 - $6,000,000 per year out of capital.

Looking back, we have really been in a five-year bear market - equity prices having declined on the average more than 60% since the highs of 1968 in spite of the fact that corporate earnings have increased about one-third since then. The general level of stock prices is now below that which prevailed in June of 1962 and price/earnings ratios less than half of what they were then.

Whether this means we are at our low is not known (at least by any of the members of the Investment Committee) but it does appear we should have an opportunity for a substantial percentage increase in our assets whenever a more optimistic atmosphere pervades.

With 20% of our assets in cash or the equivalent and an additional 14% in financial and bank shares, we should be able to weather any further storms, short of catastrophe, and, at some point, employ these defensive assets to our long term advantage.

Alumni Trustees

Mrs. Strauss referred to the merger of certain Clubs, to the apathy of recent alumni in terms of traditional club activities and the new forms of activity which are being developed by the Alumni Relations Office, and to a new mailing piece which summarizes alumni events on...
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Alumni Trustees

the campus at regular intervals. Mr. Eckman offered congratulations to Mrs. Strauss upon the rejuvenation of organized alumni activities.

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 20, 1974, and at any Special Convocations called during the balance of the year 1974.

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.

Mr. Dunlop adjourned the meeting by expressing appreciation for the interest and attention of all those assembled.

Adjourned.

William G. Owen
Secretary

Mandamus for conferring of degrees during balance of 1974

Authorization of Honorary Degree Committee