Executive Board of the Trustees, March 15, 1974

THE EXECUTIVE BOARD
OF THE
TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA

A meeting of the Executive Board of the Trustees of the University of Pennsylvania was held on Friday, March 15 at 2:15 p.m. in the Board Room of the Sun Oil Company in St. Davids, Pennsylvania.

Present were: Mr. Robert G. Dunlop (Chairman), Samuel H. Ballam, Jr., Henry M. Chance, II, Paul J. Cupp, John W. Eckman, Wesley A. Stanger, Jr., Robert L. Trescher, President Martin Meyerson, Provost Eliot Stellar, Vice-Presidents Paul O. Gaddis, Harold E. Manley and E. Craig Sweeten; Mr. Curtis R. Reitz, Dr. John N. Hobstetter, and Mr. William O. Owen (Secretary). John Ames Ballard attended as Counsel.

The Chairman requested a standing moment of silence in memory of Mr. James Skinner. It was agreed that an appropriate resolution should be spread upon the minutes of this meeting and sent to members of the Skinner family. The resolution follows:

JAMES M. SKINNER, JR.

WHEREAS, James M. Skinner, Jr., Wharton School Class of 1936, perpetuated the example of his father before him and served the University of Pennsylvania with energy and devotion throughout his career, giving leadership to many important endeavors and favoring this Board with his invaluable services as a Trustee for the past 14 years, including the chairmanship of several of the standing committees; and

WHEREAS, Mr. Skinner's keen interest in University affairs was perhaps best exemplified in the contributions made by intercollegiate athletics and recreation to University life and of the Faculty Club to pleasant and stimulating interchange among all elements of the Pennsylvania family; and

WHEREAS, the Trustees are deeply grieved by the death of their dedicated colleague on February 19, 1974; therefore be it

RESOLVED, that the Trustees record this official minute in affectionate memory of James Skinner and that the Secretary be asked to convey to his family their abiding appreciation of his lifetime of service to Pennsylvania.

The minutes of the February 8, 1974 meeting were approved.

Memorial Resolution for James M. Skinner, Jr.

On pages 7-8, the resolution relating to the Zion Hill Baptist Church should indicate that the property at 3925 Walnut Street was to be sold to University City Associates, Inc., for the sum of $350,000.
The Chairman reported that the ad hoc Committee on Organization and Structure of the Trustees has held an initial meeting and will meet again on March 22 and April 17, with the intention of presenting a series of recommendations to the Executive Board in April. He further reported that the Nominating Committee has met to consider present vacancies on the Trustees and will present a report in April which will accord with the recommendations of Mr. Dickey's committee. He indicated that the ideas of any Trustee would be welcomed by these two committees.

President Meyerson reflected upon his recent travels to Venezuela and with alumni groups in the South. He observed that at the annual meeting of the Council on Higher Education in the American Republics, there was clearly evident the lack of substance in universities in that part of the world - that the participation of faculty and students has served to turn many institutions into political instruments. He suggested the need for an examination of our own system of governance. Next, he pointed to the need for examining how important the University's overseas alumni can become in terms of future funding efforts and other respects. From his contacts with University alumni in the South, he suggested that thought be given to providing new forms of recognition for persons whom the University wishes to cultivate for one reason or another, and he encouraged the Trustees to think about various possibilities.

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

WHEREAS, Room 10, Leidy Laboratory is one of the most heavily-used lecture rooms on campus; and

WHEREAS, the room is badly in need of renovations for teaching purposes; and

WHEREAS, the Provost has stated that the renovation of this facility has high priority in his facilities planning; Therefore be it

RESOLVED, That the sum of $120,000 be appropriated from University General Fund for the renovation of Lecture Room 10 in Leidy Laboratory.
WHEREAS, Dr. Thomas B. R. Webster bequeathed his house and real property located in Roxbury, Connecticut, to the University of Pennsylvania, subject to his friend, John L. Girard, having the use of the property for life; and

WHEREAS, Mr. Girard has indicated an intention to relinquish his life use; and

WHEREAS, counsel for Dr. Webster’s estate has advised that the value of Mr. Girard’s life interest, according to the mortality tables used in the State of Connecticut, would entitle him to 41.5% of the proceeds of the sale of the property; and

WHEREAS, counsel for the University has advised that the proposed apportionment is favorable to the University, since it is based on a 3 1/2% interest rate: Therefore be it

RESOLVED, That the University approve the settlement with John L. Girard for relinquishment of his life use by payment to him of 41.5% of the net proceeds on the sale of the property; and be it further

RESOLVED, That the appropriate officers of the University be and they hereby are authorized and empowered, for and on behalf of the University, to execute, acknowledge and deliver any and all deeds, conveyances and transfers necessary or proper to implement and effect the action of this resolution.

WHEREAS, The Woman’s Hospital was merged into The Trustees of the University of Pennsylvania by Decree of the Court of Common Pleas of Philadelphia County dated November 22, 1966; and

WHEREAS, among the assets acquired in such merger were various historic documents concerning the history and status of women in medicine; and

WHEREAS, at the time of such merger, Dr. Fay, Dean and President of The Woman’s Medical College of Pennsylvania, and Drinker Biddle & Reath as its Counsel, requested the University of Pennsylvania to permit the Woman’s Medical College to obtain and retain such historic documents (many of which related to the Woman’s Medical College of Pennsylvania since Woman’s Hospital was in effect the Hospital of the College in earlier times) with the assurance that such documents would be kept with the greatest care and would always be available to those interested in the history of women in medicine; and

WHEREAS, The Woman’s Medical College of Pennsylvania now has requested the University of Pennsylvania to deliver such records to it under the conditions and for the purposes stated: Therefore be it

RESOLVED, That the appropriate officers of the University of Pennsylvania be authorized to transfer to The Woman’s Medical College of Pennsylvania certain historic documents concerning the history and status of women in medicine received in the merger thereof into The Trustees of the University of Pennsylvania.

SECRETARY
The following resolution of the Finance Committee was adopted with the addition of the indicated provision contained in the second "RESOLVED" paragraph:

WHEREAS, University City Associates has proposed plans for developing a commercial area called Walnut Mall on the north side of Walnut Street between 39th and 40th Streets, on a site presently owned by the University, at a total cost of $1,235,000, including land; and

WHEREAS, financing for the project is being sought through the Philadelphia Industrial Development Corp. and the Girard Bank; and

WHEREAS, in order to make the loan commitment, the Girard Bank requires a University guarantee of a portion of the loan; and

WHEREAS, leases have already been executed for 95% of the rentable space; and

WHEREAS, the pro forma operating statement submitted to this meeting shows a positive cash flow; Therefore be it

RESOLVED, That the University agrees to guarantee, directly or indirectly, the top 40% of a $990,000, 7%, 20-year first mortgage and the top 40% of a $245,000, 9 1/2%, 20-year second mortgage on Walnut Mall, with the understanding that the guarantee will expire and become inapplicable at the end of the tenth year; and be it further

RESOLVED, That the University administration be encouraged to exercise its influence, to the extent possible, with University City Associates in the selection of tenants for the Mall area.

The following resolution of the Finance Committee was adopted with amendments represented in the two provisions for receiving the concurrence of the Chairman of the Finance Committee and the Chairman of the Trustees.

RESOLVED, That, subject to concurrence by the Chairman of the Finance Committee and the Chairman of the Trustees, the appropriate officers of the University be authorized to enter into a contract with Monsant Company for the replacement of the artificial turf on Franklin Field and to commit to other incidental expenses pertaining to the removal of the old turf, etc., in the total amount of $210,000; and be it further

RESOLVED, That, subject to the same concurrence specified above, this sum be advanced from current funds with the understanding that it will be repaid from the 1975 capital budget of the City of Philadelphia.

Partial schedule of tuition and general fee for 1974-75

President Meyerson introduced the subject of future tuition and fee by reflecting concern about the financial burden placed...
upon families and about the competition which the University faces in seeking the most qualified students.

Following explanation by Dr. Hobstetter and some discussion, the following resolution was adopted:

RESOLVED. That upon the recommendation of the President, as advised by the University Budget Committee, the following partial schedule of tuition and general fee be approved for 1974-75:

<table>
<thead>
<tr>
<th>Program</th>
<th>1974-75 Increase</th>
<th>1974-75 General Fee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Undergraduates</td>
<td>250</td>
<td>3100</td>
<td>3450</td>
</tr>
<tr>
<td>Education</td>
<td>250</td>
<td>3350</td>
<td>3600</td>
</tr>
<tr>
<td>Social Work</td>
<td>250</td>
<td>3300</td>
<td>3650</td>
</tr>
<tr>
<td>Annenberg</td>
<td>250</td>
<td>3350</td>
<td>3650</td>
</tr>
<tr>
<td>Law</td>
<td>200</td>
<td>3250</td>
<td>3450</td>
</tr>
<tr>
<td>Nursing (Grad.)</td>
<td>250</td>
<td>3350</td>
<td>3650</td>
</tr>
<tr>
<td>Wharton (MBS) Second year</td>
<td>0</td>
<td>3300</td>
<td>3460</td>
</tr>
<tr>
<td>Wharton (MBA) First year</td>
<td>140</td>
<td>3440</td>
<td>3620</td>
</tr>
</tbody>
</table>

Part Time

<table>
<thead>
<tr>
<th>Program</th>
<th>1974-75 General Fee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGS and Evening per c.u.</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Summer School, University</td>
<td>42(6.c.u.)</td>
<td>25(session) 267</td>
</tr>
<tr>
<td>Wharton - second year</td>
<td>410(c.u.)</td>
<td>420(c.u.)</td>
</tr>
<tr>
<td>Wharton - first year</td>
<td>430 &quot;</td>
<td>440 &quot;</td>
</tr>
<tr>
<td>Education</td>
<td>430 &quot;</td>
<td>440 &quot;</td>
</tr>
<tr>
<td>Social Work</td>
<td>430 &quot;</td>
<td>440 &quot;</td>
</tr>
<tr>
<td>Annenberg</td>
<td>430 &quot;</td>
<td>440 &quot;</td>
</tr>
<tr>
<td>Nursing (Grad.)</td>
<td>430 &quot;</td>
<td>440 &quot;</td>
</tr>
</tbody>
</table>

BE IT RESOLVED further that, the administration be authorized to fix the tuition and general fee for the remaining graduate-professional schools with a permissible deviation of up to ten per cent of the total costs represented in the foregoing schedule.

In view of mixed feelings which were expressed about the tuition for the Law School, it was suggested that the Dean of the School be informed of these sentiments and the results achieved during the coming year be closely scrutinized.

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

Authorization to fix tuition and general fee for remaining graduate-professional schools

Law School tuition

Secretary
WHEREAS in 1970, by action of the Trustees, the Fred Carr Chair in Financial Institutions was established in the Law School for a period of five years and thereafter permanently only if by that time the Chair was fully funded; and

WHEREAS the necessary funds for making the Chair permanent have not yet been forthcoming; and

WHEREAS the Dean of the Law School has recommended that the Chair be continued for as long as Robert H. Mundheim remains a Professor of Law at the University of Pennsylvania and wishes to continue as the Carr Professor; be it

RESOLVED, therefore that the Trustees concur in the recommendation of the President that the Dean's request be approved.

President Meyerson noted certain concerns on the part of the administration about fiscal results associated with the Annenberg Center for the Performing Arts.

Provost Stellar directed attention to a request from a former member of the faculty, Dr. Wayne Phelps, that the Trustees review a series of decisions which have been reached on his appeal of a tenure decision as of July 1969. The Provost discussed the background of the case and noted that the appeal to the Trustees is an unusual step based apparently on the statute of the Corporation which makes the Trustees the court of last resort in cases involving the termination of tenured members of the faculty. Although there is no explicit provision in the Statutes for the appeal of such a case as the present one, he said, the plaintiff and his attorney have made it clear that they will exhaust every possible avenue of appeal. After discussion, the following resolution offered by the Provost was adopted:

RESOLVED, That the Trustees, having received a submission by Dr. Wayne Phelps concerning his former position in the Faculty of The College of Arts and Sciences, determined that the previous decision taken in this matter should be final.

By way of a progress report on a proposed school of public policy at the University, the Provost said that the task force report, which was made subsequent to the Development Commission recommendation, is receiving close attention and that there are certain problems associated with bringing faculty members from several existing schools in the University together into a new school. This proposal, he said, will come before the Trustees in
May for resolution.

The following resolution was adopted:

**RESOLVED, That the academic appointments and promotions for the period January 31, 1974 to March 6, 1974 be approved.**

On behalf of the Investment Committee, Mr. Stanger presented a brief report, in which he indicated that the Committee is in the process of revising the composition of the University's portfolio in terms of placing greater emphasis upon quality of securities.

In a brief status report on the Silverstein Pavilion, Mr. Gaddis said that agreement has been reached among the various planning bodies on a ten-story structure and that steps should be taken to proceed expeditiously toward construction. He said that the initial architect for the project has been disengaged and that a new architect should be selected; an auditing firm is in the process of being identified.

Mr. Gaddis reiterated the central problem which emanated from recent negotiations between the Blue Cross of Philadelphia and the Delaware Valley Hospital Council, namely, that of unreimbursed care for the indigent. He said that the Acting Vice-President for Health Affairs plans to convene the administrators of Philadelphia area medical schools and President Meyerson has offered to bring together the Presidents of the same institutions to discuss ways in which efforts can be combined to obtain reimbursement for free care.

Mr. Manley identified the following central concerns at this time in the 1973-74 budget:

1. Responsibility centers have overestimated their recoveries from research contracts in an amount exceeding $1 million. It is likely that salary savings will more than offset this discrepancy, and the problem will be corrected in the next budget.

2. Earnings from investments cannot be ascertained until after June 30.

3. The anticipated operating deficit of Graduate Hospital is now running on the order of $500,000. Such an amount would cause available resources in the Hospital to be wiped out and still leave possibly $100,000 to $150,000 to be offset from University resources. This matter will be discussed in detail by the Finance Committee next month.
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Upon presentation by Mr. Manley, the following resolution was adopted:

WHEREAS the School of Veterinary Medicine in the spring of 1973 anticipated a loss of federal capitation grants for the 1973-74 academic year; and

WHEREAS in the face of this anticipated loss of income, the tuitions in the School of Veterinary Medicine for the 1973-74 academic year were raised to $3900 for non-Pennsylvania residents and $3300 for Pennsylvania residents, with the understanding that these tuitions would be rolled back some amount by means of a tuition rebate in the event that federal funds were released to relieve the budget; and

WHEREAS former impounded capitation monies have now been released by the federal government; be it therefore

RESOLVED that the Comptroller be authorized to issue rebate checks to students in the School of Veterinary Medicine giving effect to adjusted tuition levels for 1973-74 ($2500 for in-state students and $3100 for out-of-state students).

It was indicated by Mr. Gaddis that there have been conversations between the World Football League and the Director of Intercollegiate Athletics concerning the possible use of Franklin Field by a local team, and that serious conversations have not yet been entered into because the local group has not yet met the initial requirement of establishing the necessary financial resources. He said that the University would move cautiously in these discussions, keeping in mind tax implications with the City of Philadelphia.

No objection was voiced to Mr. Gaddis’ statement that the University would very likely contest the proposals of the Philadelphia Water Company and Philadelphia Electric Company for increasing appreciably the respective utility rates.

Mr. Ballard was requested by Mr. Gaddis to comment upon a reported conflict of interest situation involving a new member of the Engineering faculty. Mr. Ballard said that the central issue was one of poor judgment on the part of the Professor in handling a series of dates concerning his employment by the State of New Jersey and subsequently by the University. He further said that the University should be advised not to accept the research contract funds in question unless the State of New Jersey is satisfied on
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the possible conflict of interest question.

Mr. Ballam reported, for the Health Affairs Committee, that close attention is continuing to be paid to fiscal matters in the hospitals, and that the two consultative committees are moving along in their deliberations concerning the Deanship of Medicine and the Vice-Presidency for Health Affairs.

On behalf of the University Development Committee, Mr. Eckman reported that, as of March 14, the fiscal year total reached $14.5 million, which compares with the figure of $14.1 million at the same time last year. He noted that major gifts include a remainder trust in an amount of nearly one half million dollars; a gift to the Kline Center of $100,000; and a firm gift to the Law School development program from Montgomery, McCracken, Walker and Rhoads. He went on to state that Annual Giving has almost reached $1.4 million with a considerable gain in the number of donors over the comparable date for last year, and that Benjamin Franklin Associates giving is running somewhat behind the amount of a year ago. Finally, he commented that there is some reason to believe that signs of the economic slowdown in the large gift category are being felt, but that Annual Giving committees are continuing to press, with good success, on all fronts. Mr. Sweeten commented that a very good reaction has been received from individual Trustees and Deans to the case statement prepared for the future major funding effort.

The Secretary directed attention to the statement of appraisal of the trusts indicated below:

The following trusts were appraised as of December 31, 1973 by Mr. Samuel H. Ballam, President of the Fidelity Bank:

1. CLARK RESEARCH PROFESSORSHIP OF ASSYRIOLOGY FUND

   If this fund depreciates to such an extent as to reduce the invested sum to less than $100,000, then 10% of the income must be applied to the principal.

   The Appraised value is $194,698.34

2. THE GEORGE L. HARRISON FOUNDATION FOR THE ENCOURAGEMENT OF LIBERAL STUDIES AND THE ADVANCEMENT OF KNOWLEDGE

   If this fund depreciates to such an extent as to reduce the invested sum to less than $1,000,000 then 10% of the income must be applied to principal. In making the appraisal no assets may be appraised above par in the case of bonds, or cost in the case of stocks.

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The Appraised value is $1,404,257.89

3. WILLIAM PEPPER HALL ENDOWMENT FUND

If this fund depreciates to such an extent as to reduce the
invested sum to less than $50,000, then 10% of the income
must be applied to principal.

The Appraised value is $54,933.47

4. WHARTON SCHOOL FUND

If this fund depreciates to such an extent as to reduce
the invested sum to less than $600,000, then 10% of the
income must be applied to principal.

The Appraised value is $1,625,399.38

Adjourned.

William G. Owen
Secretary