OPEN STATED MEETING
OF THE
TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA
October 25, 1974

An open stated meeting of the Trustees of the University of Pennsylvania was held on Friday, October 25, 1974 at 2:00 p.m. in Room 200 College Hall.

Present were: Chairman Donald T. Regan, Mr. Robert P. Adler, Gustave G. Amsterdam, Esq., Mr. Samuel H. Ballam, Jr., Mr. Julian S. Rhea, Mr. Orville H. Bullitt, Mr. I. W. Burnham, II, Mr. Howard Butcher III, Dr. Gloria Twine Chisum, Dr. Edgar Lee Dessen, Mr. Charles D. Dickey, Jr., Mr. Robert G. Dunlop, Mr. John W. Eckman, Mr. Thomas S. Gates, Mr. Warren S. Griffin, Dr. P. Otto Haas, Mr. Reginald H. Jones, Dr. Carl Kaysen, Mr. William J. Kennedy III, Mr. Charles A. Krause, Arthur M. Larrahee, Esq., Mr. Robert P. Levy, Mrs. Margaret R. Mainwaring, Mr. Paul F. Miller, Jr., Mr. William D. Patterson, Bernard G. Segal, Esq., Mr. Wesley A. Stanger, Jr., Mrs. Ione A. Strauss, Mr. Sarkes Tarzian, Mrs. Marietta Tree, Robert L. Trescher, Esq., The Honorable John H. Ware, III, Mrs. Jacqueline Wexler, Mr. Ernest L. Whitney, Morton H. Wilner, Esq., Mr. Charles S. Wolf, Mr. Harold L. Zellerbach, President Martin Meyerson, Provost Eliot Steller, Vice Presidents Paul O. Gaddis, John C. Hetherston, Thomas W. Langfitt, Harold E. Manley, and E. Craig Sweeten; Mr. Stuart H. Carroll, Dean Alice F. Emerson, Mr. Arthur R. Freedman, Mrs. Karen C. Gaines, Dean Vartan Gregorian, Dr. John H. Hobstetter, Mr. William J. Hickey, Chaplain Stanley E. Johnson, Dr. Donald S. Murray, Mr. Curtis R. Reitz, Mr. Donald T. Sheehan, Dr. Humphrey Tonkin; Richard M. Sherman (Assistant Secretary), Robert G. Lorndale (Associate Secretary) and William G. Owen (Secretary). John Ames Ballard attended as Counsel.

Chairman Regan called the meeting to order; Chaplain Johnson asked for a moment of silence in memory of Dr. Alfred H. Williams and offered a prayer.

The Chairman commented that this was the first public meeting of the corporation under the new sunshine law of the Commonwealth, and he offered for consideration a rule formulated by Counsel...
concerning attendance of the public at meetings of the Trustees (Appendix A). Unanimous approval was given to adoption of the proposed rule.

The minutes of the June 13, 1974 meeting were approved with the following corrections:

In the first resolution on page 2, the middle initial of the name should be "G"; on page 7, the final sentence should read, "By way of summary, he observed that the budget for the current year will likely reflect a deficit on the order of $1,500,000; he said that..."; at the end of the first sentence on page 10, the word "surprises" should be replaced with the words "discretionary areas."; in the last sentence on page 13, the word "evidently" should be replaced with "eventually."

Announcement was made by the chairman that Mr. H. Samuel Greenawalt of Detroit has been elected as Alumni Trustee for the Central Region, replacing Mr. Milton Daus.

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

RESOLVED, That Wesley A. Stanger, Jr. Chairman of the Investment Committee, be elected to serve on the Executive Board during the academic year 1974-75.

In the introduction of his report, President Meyerson noted that Donald Sheehan has been appointed to serve as a consultant, on a public service basis, to the Citizen's Action Committee to Fight Inflation, an effort which will seek to develop public understanding and participation in a nation-wide program to control inflation and save energy.

The President referred to the recent history of University deficits and the several major problems which had contributed to them. He then addressed himself to the present problem, which consists of an anticipated decline in investment income of some $1,500,000 by the end of the fiscal year; the recent negative vote by the New Jersey legislature on a regionally-oriented school of veterinary medicine, and the low rate of Commonwealth and Blue Cross support of the two hospitals. The point was made that although the accumulated deficit which is anticipated by the end of the year may
be low in comparison to other universities, little comfort can be gained from this fact. He expressed fear of a quality deficit as being more damaging than a money deficit and he pledged efforts to continue to make savings in ways that will not cut into the quality of the University.

He went on to acknowledge the constant size of the University in terms of number of degrees awarded and faculty size and pointed to the following variable factors which exert an influence on fiscal matters: the amount of the Commonwealth appropriation, the upward rate in tuition in recent years and the financial burden placed on middle-income families, the decline in the standard of living of the American professoriate, and the University's low endowment per student enrolled.

Vice President Gaddis addressed himself to the general economic parameters which prevail, taking the position that while it is easy to become pessimistic in view of these conditions, one cannot reasonably expect an indefinite prolongation of these factors. He said that the current year along with fiscal 1976 and possibly fiscal 1977 will be years of difficulty, but that thereafter the economic parameters should become more normal. His talks with Trustees, he said, reflected the fact that the administration has been dealing with substantive information in developing its five-year financial projection; he assured the Trustees and the University community that a variety of methods, modeled on those employed by business enterprise, will continue to be utilized in attacking major fiscal problems. In conclusion, Mr. Gaddis said that the shortfalls of the next few years will be modest, manageable and predictable. He pointed to three degrees of prudence that could be exercised in preserving academic values in getting through these years: first, turning all non-operating funds into endowment; second, spending gains on endowment; and finally, invading quasi-endowment or funds functioning as endowment.

In response to a concern voiced by Mr. Eckman about the need for adequate internal controls to prevent "surprises," the President referred to a quarterly budget review system which is being implemented.
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It was reported by Mr. Heitz that sounder, more acceptable contractual arrangements for faculty are being designed with the advice of the Faculty Senate and others and that a more detailed report will be made at the next meeting.

Vice President Langfitt, in concert with architects Westermann/Miller/Associates and Geddes-Brecher-Cunningham, presented a report on physical planning associated with construction of the Silverstein Pavilion.

Provost Stellar commented briefly upon various personnel searches which are either underway or will soon be initiated and upon a proposed exchange program with universities in Israel. Upon presentation, the following resolutions were adopted:

WHEREAS, The School of Social Work from 1936 through 1974 granted certificates in lieu of Master of Social Work (MSW) degrees for candidates who met all the requirements for the MSW who did not hold a Bachelor's degree upon entrance into the program; and

WHEREAS, A degree or certificate granted by the Trustees upon recommendation of a faculty of instruction reflect only academic accomplishments within the program leading to the degree or certificate and do not presume to reflect accomplishments by the recipients after leaving the program; and

WHEREAS, The certificate represents the same academic accomplishment at the same level of quality as the Master of Social Work; and

WHEREAS, The faculty of the School of Social Work upon recommendation of the dean approved on May 24, 1974 a resolution calling for retroactive granting of the Master of Social Work degree to all holders of the certificate and for the Master in Social Work degree henceforth to be granted to all students successfully completing the M.S.W. program regardless of whether or not they hold a Bachelor's degree upon entrance into the program; and

WHEREAS, The President and Provost have concurred in this recommendation; therefore be it

RESOLVED, that the degree Master of Social Work be granted in course retroactively to all holders of the certificate from the School of Social Work who completed successfully all academic requirements for the Master of Social Work except for the entrance requirement of a Bachelor's degree; and be it further

RESOLVED, That the Secretary of the Corporation take such steps as are necessary to carry out the intent of this resolution, including the preparation of degrees and communication with former certificate-holders.

SECRETARY
RESOLVED, That the academic appointments and promotions for the period from September 12, 1974 to October 11, 1974 be approved.

President Meyerson referred to the upcoming evaluation of undergraduate education at the University by the Middle States accrediting association and upon efforts being undertaken by students in the Ivy Group universities to organize themselves in such a way as to make their presence felt effectively on the federal scene and possibly elsewhere.

On behalf of the Finance and Operations Committee, Mr. Wolf invited attention to the following resolution, which was adopted:

RESOLVED, That additional planning funds be advanced for the following projects:

- Silverstein Pavilion $800,000
- Medical Education Building 270,000
- Small Animal Hospital 250,000
- Quadrangle Renovations 165,000

$1,485,000 with the understanding that the specific sources of funds be identified by the President, approved by the Chairman of the Trustees' Finance Committee and reported to the Executive Board at its next meeting.

Mr. Wolf offered the following resolution, which was adopted:

RESOLVED, That the chairman of the Trustee be authorized to appoint an audit subcommittee of the Finance and Operations Committee, such subcommittee to concern itself with internal auditing procedures, the work of the professional auditors, and coordination of these efforts.

The Chairman of the Investment Committee, Mr. Stanger, commented on the present structure of the portfolio, noting that some $35,000,000 or 50% of its current value of approximately $70,000,000 consists of bonds and cash or equivalent. He noted that although the advisors' performance was perhaps representative, nevertheless, in view of the University's need to retrench, he said: "The size and character of the University's investment portfolio is such that the Investment Committee feels that it can be effectively and economically managed at this juncture by the committee itself with the assistance of the treasurer and his staff and that he understood the performance of the advisor, Franklin..."
Capital Investors, during their tenure as managers of the endowment fund on a total return basis has exceeded that of the Standard & Poor's 500 stock index as well as that of many other funds with similar objectives."

The following resolution was adopted:

RESOLVED, That the Investment Advisory Agreement between the University and Franklin Capital Investors dated 15 August 1972 be terminated by mutual agreement.

On behalf of the Health Affairs Committee, Mr. Ballam spoke encouragingly of the efforts being made by Dr. Langfitt and Mr. Levitan to resolve the financial problems of the two hospitals and he referred to a special study which is being undertaken that will be reported upon to the Executive Board next month and to the full board in January. He announced that the University's Cancer Research Center under Dr. Peter Nowell has been designated, in conjunction with the inter-institutional Fox Chase facility, as one of 17 national cancer institutes in the country.

For the Educational Policy Committee, Dr. Kaysen referred to the panel discussion on Thursday concerned with women's education and commented that Pennsylvania appears to be meeting and going beyond its legal obligations but is not assuming a leadership position in education of women in areas traditionally open preferably, and sometimes only, to men. He reflected his understanding that the Trustees will hear in due course from the University administration on the degree of leadership which the University can and should take.

For the Alumni Trustees, Mrs. Strauss reported on seven major national awards won by the Pennsylvania Gazette and the Family Day program of the Alumni Relations Department. She referred also to the popularity of the tour program, alumni college, and regional outreach projects, and concluded by expressing the belief that these combined efforts are serving to provide a favorable climate for future development efforts.

Mr. Eckman's report for the University Development Committee reflected the fact that last year the University received the largest total of private gifts in its history ($24,588,109) and that the first quarter for the current year is also the best ever.
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($5,996,651).

Mr. Regan expressed appreciation to Mr. Segal for his leadership of the Corporate Responsibility Committee during the formative years and announced that Mr. Trescher had assumed the chairmanship following Mr. Segal's indication of desire to step aside at this time. It was reported by the new chairman that the committee had held a brief organizational meeting on Friday morning and had agreed essentially to endorse substantially the same principles and procedures as in the past.

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

RESOLVED, That the following persons be appointed to the Board of Overseers of the School of Veterinary Medicine and as Associate Trustees:

- The Honorable James A. McHale
- Mr. Alfred H. Rosenthal
- Mr. Robert L. Whittaker

RESOLVED, That the following persons be reappointed to the Board of Law and as Associate Trustees for terms expiring on June 30, 1977:

- Marvin Comisky, Esq.
- Robert J. Dodds, Jr., Esq.
- John G. Harkins, Jr., Esq.
- Bernard G. Segal, Esq.
- Robert L. Trescher, Esq.

In bringing the meeting to a close, Mr. Regan expressed appreciation to Messrs. Krause and Larrabee for their diligent and dedicated efforts as the first-elected Young Alumni Trustees. He observed that the Trustees had entered upon the election of Trustees from recent classes several years ago as an experiment and that the contributions made by these gentlemen have clearly proven that recent classes should be so represented. By way of response, Mr. Krause bespoke of the honor and privilege which he had enjoyed during these years and reflected his belief that the University is fortunate to enjoy the dedicated services of his fellow Trustees and University administrators. Mr. Larrabee referred to satisfactions received from having been a part of a successful experiment and from knowing that the ideas of recent graduates will continue to receive a hearing.

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The meeting was adjourned with an indication by the Chairman that the next meetings will be held on January 9 and 10, 1975.

William G. Owen
Secretary