THE EXECUTIVE BOARD
OF THE
TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA

December 9, 1974

An open meeting of the Executive Board of the Trustees of the University of Pennsylvania was held on Monday, December 9, 1974 at 2:00 p.m. in Room E-106 Dietrich Hall.

Present were: Mr. Thomas S. Gates (Chairman), Mr. Samuel H. Ballam, Jr., Mr. Henry M. Chance, II, Mr. Charles D. Dickey, Jr., Mr. Robert G. Dunlop, Mr. John W. Eckman, Dr. Carl Kaysen, Mr. Donald T. Regan, Mr. Wesley A. Stanger, Jr., Robert L. Trescher, Esq., Mr. Paul O. Gaddis, Mr. Wm. Richard Gordon, Mr. John C. Hetherston, Dr. John N. Hobstetter, Dr. D. Bruce Johnstone, Dr. Thomas W. Langfitt, Mr. Scott C. Lederman, Mr. Harold E. Manley, President Martin Meyerson, Mr. Curtis R. Reitz, Dr. Eliot Stellar, Mr. E. Craig Swooten and Mr. William G. Owen (Secretary). John Ames Ballard, Esq. attended as Counsel.

The minutes of the September 9, 1974 meeting were approved.

President Meyerson reported, for the record, on the identification of the sources of additional planning funds for certain projects as follows:

1. That the $800,000 required for the Silverstein Pavilion be advanced from current funds cash since the executors of the estate have indicated that substantial sums will be forthcoming by the end of the year.

2. That the amount for the Medical Education Building be reduced to $250,000 and the funds appropriated from CCF Medical, an existing fund with sufficient resources to cover this allocation.

3. That the $250,000 for the Small Animal Hospital be advanced from current funds cash with the understanding that it will be repaid from fund raising or from the GSA appropriation when approved.

4. That the $165,000 for preliminary plans for the Quadrangle Renovations be appropriated from University General Fund which has an uncommitted balance of $665,000.

He said that these recommendations have been approved by the Chairman of the Finance and Operations Committee.
Provost Stellar reviewed the list of academic appointments and promotions, and the following resolution was adopted:

RESOLVED, That the academic appointments and promotions for the period from October 12, 1974 to December 4, 1974 be approved.

Vice- Presidents Gaddis and Hetherston gave a brief report on energy costs, addressing themselves to the components of space, consumption, and rates. They indicated some of the steps which have been taken to date including an analysis of peak loads, installation of demand limiting orifice plates in steam lines, lowered temperatures of water and heat, reduction of heat, air conditioning and ventilation during periods of low usage, and a capital investment in a central control and monitoring system. At the same time, they said, an energy conservation campaign has been initiated and goals are being established for consumption reduction, initially during the Christmas recess period.

In response to a question raised by Mr. Eckman concerning the present status of the Center for Energy Management and Power, Provost Stellar said that certain problems have been encountered and that hopefully a report can be made to the Trustees in January.

Mr. Gaddis introduced the subject of the University's affirmative action plan by indicating that the formal plan was submitted to H.E.W. in April 1973 and that last month notice was received of its acceptance, with minor qualifications, by H.E.W., thereby making the University the first institution in Region III to have been accorded this action. He identified Dr. Johnstone as being the person largely responsible for following through on the present state of affairs. Dr. Johnstone then presented a synopsis of the major issues involved in formulating an affirmative action plan and cited certain statistics which serve to indicate that the plan is working in terms of actions taken with respect to members of minority groups.

Upon recommendation of the Nominating Committee, as presented by Mr. Regan, the following resolution was adopted:
Resolved, That Charles D. Dickey, Jr., be nominated for election by the Trustees for a five-year term as Term Trustee, effective January 16, 1975.

Upon presentation by Mr. Manley for the Finance and Operations Committee, the following resolutions were adopted:

RESOLVED, That the sum of $110,000 be appropriated from University General Fund to provide the required capacitor installation at four University sub-stations to meet the terms of the contract with Philadelphia Electric Company.

RESOLVED, That Dennis F. Dougherty be promoted from Assistant Comptroller to Associate Comptroller and Edward A. Lodge be appointed Assistant Comptroller, effective November 25, 1974.

Upon presentation by Mr. Stanger for the Investment Committee, the following statement of policy was approved:

The policy of the Investment Committee continues to be conservative. It is our intention to maintain a balanced portfolio approximately divided equally between bonds and high grade stocks. The stock account consists primarily of a diversified list of shares of representative companies. The bond account consists primarily of approximately $10,000,000 U.S. Treasury 9s of 1977 and $10,000,000 U.S. Treasury 9s of 1980 plus $6,000,000 AAA industrial and utility bonds. The balance of $10,000,000 is invested primarily in short term instruments of high quality.

Upon presentation by Mr. Ballam, Chairman of the Health Affairs Committee, the following resolutions were adopted:

RESOLVED, That the Trustees endorse the action taken by the Health Affairs Committee of approving an agreement between the University's two hospitals and Blue Cross of Greater Philadelphia in accordance with the following principles:

Duration: The agreement extends for five years and will be reviewed on an annual basis. The agreement can be re-opened and amended as indicated by major changes in the health care delivery system (e.g. Implementation of National Health insurance).

Joint Provider-Plan Committee: Created to promote better communication and cooperation directly between the contracting hospitals and Blue Cross. The committee's membership comprises six provider and six Plan members. Among the committee's responsibilities are the following:
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Two hospitals and Blue Cross

(1) Joint review and evaluation of changes in the health delivery system.

(2) Verification of the maximum allowable percentage increases in costs.

(3) Development and approval of criteria for use by hospitals in setting up effective outpatient review programs.

Standing Peer Review Board: Comprises 12 hospital and six public members. Primary responsibility is to make informal recommendations and to counsel individual hospitals concerning individual problems and any questions regarding the agreement's interpretation and application.

Hospital Cost Increases: The agreement provides for a continuous, joint monitoring of increases in hospitals' costs utilizing the peer comparison method. Under a specially developed formula, budgeted increases and final cost increases are calculated according to the median increase of all hospitals under the agreement. Not subject to the formula are "flow-through" items such as the hospitals' costs for food, fuel and utilities. The reimbursement rates will also reflect changes in the Hospital Cost Index, a specially designed measure of the effects of inflation on controllable hospital costs.

Experimental Program: Included as an option in the 1973 Interim Agreement, the Experimental Program provision is now an integral part of the new agreement. This program is aimed at encouraging new studies and implementing new procedures that ensure quality health care in a cost effective manner. Here, qualifying providers are eligible for Blue Cross incentives for projects that will have a positive effect on health care delivery in the community.

Comprehensive Utilization Review Program: Based on the Quality Assurance Program sponsored by the American Hospital Association, maintain a superior level of quality care for patients in all hospitals where the program is operative. In the new agreement the program was refined to measurably increase its effectiveness in the contracting hospitals. Additionally, the agreement calls for Blue Cross to provide incentives to hospitals for the development of effective outpatient utilization review programs.

Short Procedure Units: Short Procedure Units hold significant advantages both for the hospital and for patients. Highly effective for therapeutic and diagnostic procedures as well as a wide range of surgical procedures, SPU's serve to reduce the need for inpatient admissions and shorten the recovery period for the patient. The new agreement provides special incentives for the further development and expansion of SPU's in the contracting hospitals.

WHEREAS the Rokytnyj Estate owes the Hospital of the University of Pennsylvania a total of $42,000 for patient care rendered, for which no payment has been received; and

SECRETARY
WHEREAS legal action has resulted in an award by the court to the Hospital of real estate which presently bears a sale price of $7,500; and

WHEREAS the Trustees' Health Affairs Committee has recommended that the appropriate officers of the University be authorized to effectuate the sale and conveyance of said property for the gross amount of $7,500; be it

RESOLVED therefore that the action of the Health Affairs Committee be affirmed; and be it

RESOLVED further that Ralph B. Murphy, Acting Director of the Hospital of the University of Pennsylvania, be appointed to act on behalf of the Trustees with respect to conveyance of the Rokytnyj property by deed dated November 6, 1974 from the Trustees to Harvey Bunch.

In his report for the Development Fund, Mr. Eckman noted that subscriptions and gifts for the fiscal year as of December 6 totalled in excess of $9,786,000. He said that plans are proceeding for solicitation of the nucleus fund and for announcement of the capital fund effort near the time of Commencement.

In response to a question raised by Mr. Gates concerning the use of the Sinkler estate, President Meyerson said that plans for development of an Aspen Institute-East have been temporarily interrupted by the fact that the person who was to have assumed the directorship at an early date has been called to join the new administration in Washington.

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

WHEREAS the International Students House in London has provided extraordinary service and accommodation for University of Pennsylvania Thouron Scholars in Great Britain, and

WHEREAS the International Students Trust is a non-profit educational foundation in need of support for further expansion of the services and facilities of International Students House, and

WHEREAS the University, together with Mr. and Mr. John R. H. Thouron, founders and sponsors of the Thouron-University of Pennsylvania Fund for British-American Student Exchange, wish to give tangible evidence of their gratitude to International Students House for past and future services to University of Pennsylvania Thouron Scholars in Great Britain,
NOW, THEREFORE, BE IT RESOLVED that the appropriate officers of The Trustees of the University of Pennsylvania be authorized to draw from the income from the Thouron-University of Pennsylvania Fund the sum of $13,700 and transfer such to the International Students Trust, London, Great Britain, to be designated for the sponsorship of a double study-bedroom, with all related facilities, at International Students House in London, such room to bear a plaque in recognition of the generosity of the Thouron Fund.

The Secretary gave a brief progress report on the election of two new Young Alumni Trustees, indicating that the Nominating Committee of the General Alumni Society was quite encouraged by the group of nominations presented to them and that slates of six persons each have been submitted for election to the members of the three most recent graduating classes from the undergraduate schools and from the graduate and professional schools. It is anticipated that the newly-elected Trustees will take their seats in January.

Prior to adjournment, President Meyerson introduced Mr. Samuel Harrell, a former Alumni Trustee.

Adjourned.

William G. Owen
Secretary