An open meeting of the Executive Board of the Trustees of the University of Pennsylvania was held in the Council Room of the Furness Building on Monday, April 14, 1975 at 2:15 p.m.

Present were: Mr. Thomas S. Gates (Chairman), Mr. Henry M. Chanoc II, Mr. Robert G. Dunlop, Mr. John W. Eckman, President Martin Meyerson, Mr. Donald T. Regan, Mr. Wesley A. Stanker, Jr., Robert L. Trescher, Esq., Mr. Robert F. Coryell, Dr. James E. Davis, Dr. Alice F. Emerson, Vice President Paul O. Guddis, Mrs. Karen C. Gaines, Mr. Stephen Guff, Mr. Wm. Richard Gordon, Dr. John N. Hobstetter, Mr. J. Jerrold Jackson, Vice President Thomas W. Langfitt, Vice President Harold E. Manley, Mr. Cushing Phillips, Mr. Curtis R. Heitz, Mr. Fred A. Shabel, Mr. Donald T. Sheehan, Dr. Jon S. Strauss, Vice President E. Craig Sweeten, Professor Michael L. Wachter and Mr. William G. Owen (Secretary). John Ames Ballard attended as Counsel.

The minutes of the February 10, 1975 meeting were approved.

The President reported upon the following matters and actions were taken as indicated:

1. The statement of accumulated deficit and reserve funds projected to June 30, 1975 indicates an accumulated deficit as of the end of last year of $6,141,000; it is now anticipated that the deficit in 1975 will approximate $5,363,000 as a result of University operations, net residence operations, and net hospital operations. This will result in accumulated deficits for the entire University as of the end of June of $11,505,000. He observed that this is a very worrisome financial outlook in spite of the value of University assets and the problems which other institutions are facing. He assured the Trustees that the administration will continue to give maximum attention to these matters and that although it will not be possible to grant salary increases to the faculty and staff at the start of the fiscal year, it is hoped that modest increases can be made later on.

2. RESOLVED, That the following schedule of tuition and general fee for the academic year 1975-76 be approved, with the understanding that the tuitions for the graduate-professional schools in the health affairs division are based on no decrease in Federal Capitation:

   (see Appendix A)
3. RESOLVED, That the following persons be appointed to the respective boards of overseers and elected associate trustees:

College of Engineering and Applied Science

Jack Real
Director, Transportation Group
Summa Corporation

Leonard Pool
Chairman of the Board
Air Products and Chemicals Inc.

School of Social Work

Mrs. Howard Kellogg
Philadelphia, Pennsylvania

4. RESOLVED, That upon the recommendation of President Meyerson, the following persons be appointed to the respective positions:

Paul O. Gaddis
Senior Vice President
for Management

Harold E. Manley
Vice President and Treasurer

Fred A. Shabel
Vice President for Operations Services

5. RESOLVED, That upon the recommendation of the president and provost, Stanley E. Johnson be appointed Dean of Admissions, with the understanding that he has been granted until May 8, 1975 to reach a decision as to whether or not he wishes to accept this appointment or to remain as University chaplain.

6. RESOLVED, That upon the recommendation of the Advisory Committee of the National Center for Energy Management and Power, the chairman and members of the associated graduate group, and the Vice-Provost for Graduate Studies and Research, the name of the Center be changed to "University of Pennsylvania Energy Center."

7. WHEREAS, on June 8, 1973 the Executive Board approved in principle the installation of a rathskeller in Houston Hall, and

WHEREAS, the Mask and Wig Club of the University of Pennsylvania wishes to strengthen its ties with the University of Pennsylvania and to further serve the University community; and

WHEREAS, the Mask and Wig Club of the University of Pennsylvania proposes to apply for a Club Retail Liquor License and to operate a rathskeller in the basement of Houston Hall; and

WHEREAS, the rathskeller proposed to be operated by the Mask and Wig Club of the University of Pennsylvania shall be within two hundred feet of certain educational and hospital facilities owned and operated by the University of Pennsylvania.

NOW THEREFORE, BE IT RESOLVED:

1. The Executive Board reaffirms its finding that the operation of a rathskeller in Houston Hall would
further the general education and academic objectives of the University. The Executive Board expressly approves the establishment of such a rathskeller for the use of members of the Mask and Wig Club of the University of Pennsylvania and the sale and consumption of beer and wine therein.

2. The President or his delegate is hereby authorized to let certain facilities in Houston Hall to the Mask and Wig Rathskeller Club of the University of Pennsylvania for the operation of a rathskeller therein and to execute on behalf of the University the necessary lease and other papers in connection therewith.

3. The Director of Houston Hall shall provide such assistance in the establishment and operation of the rathskeller as the Mask and Wig Club of the University of Pennsylvania shall reasonably require and shall exercise all rights of inspection granted the University as lessor to insure that the operation of the rathskeller shall be in accordance with the general education and academic objectives of the University. The Director of Houston Hall shall report as to the operation of the rathskeller on a regular basis to the Student Affairs Committee of the Board of Trustees.

8. There is continued interest on the part of some students in the rehabilitation of Houston Hall; the raising of the necessary funds for this purpose will become a priority item in the fund drive. Concern has been expressed within the campus community about the showing of an X-rated movie; the view was expressed that it is a mistake for any agency in the University to compete directly with commercial enterprises. Mr. Reitz said that a committee has been appointed to consider reorganization of the student radio station as an effective tool of University communications and the appropriate form which it might take in the future.

On presentation by Dr. Hobstetter, the following resolution was adopted:

RESOLVED, That the academic appointments and promotions for the period from January 24, 1975 to March 20, 1975 be approved.

In the absence of Provost Stellar, Dr. Davis gave a brief accounting of recent events associated with the Graduate School of Education. He referred to various forms of reassessment which were taken following the resignation of Dean Gross in the fall of 1973; and the decision which was reported by the president to the faculty of the school in February to the effect that the options of an expanded school and of the status quo had to be ruled out by the realities of the financial situation. The administration has now decided to settle upon Option #3, which calls for continuation of the school with emphasis on the strongest programs and with the consolidation of some programs.
and reduction or elimination of others. The faculty and admin-
istration of the school will have primary responsibility for the
development of a detailed plan for the reorganization, and the
search for a new dean will proceed immediately.

Attention was directed by Vice President Langfitt to the
following resolution:

RESOLVED, that the recommendation of the Health Affairs
Committee be approved calling for the Trustees to establish
Graduate Hospital immediately as an independent corporation
and for all necessary steps to be taken to bring the
corporation to the status of an affiliated hospital of the
University but without University ownership or financial
responsibility. Since there are uncertainties about the
success of this course of action, the Administration is
instructed by the Trustees to continue to identify and
examine other options for the future of the Graduate
Hospital.

Dr. Langfitt noted certain facts associated with the estab-
ishment of Graduate Hospital as a free-standing institution
with neither legal nor financial responsibility by the University
and to a second possibility of merging Graduate and University
Hospitals and terminating in-patient service at Graduate
Hospital. Following brief discussion, the resolution was
adopted.

Upon presentation by Mr. Reitz, a revised agreement between
the trustees of the S.S. Huebner Foundation for Insurance Educa-
tion and the trustees of the University of Pennsylvania was
approved

Upon presentation by Mr. Regan, on behalf of the chairman
of the Nominating Committee, the following resolution was adopted:

RESOLVED, that upon the recommendation of the Nominating
Committee, the Executive Board nominate for election by
the Trustees the following:

Term Trustee
Morton H. Wilner - as of May 1, 1975
William D. Patterson - as of June 30, 1975

On behalf of the Finance and Operations Committee, Mr. Chance
reported that a subcommittee on real estate will be formed to
be advisory to the Finance and Operations Committee on the
University's acquisition, leasing or disposition of all real

Secretary
WHEREAS, the University has previously arranged financing for a PDP/10 computer system (the "Computer"), manufactured by Digital Equipment Corporation ("DEC"), of Maynard, Massachusetts, to be located at and used by The Wharton School on a substantially full-time basis; and

WHEREAS, such financing was arranged through Provident National Leasing Corporation ("PNLC"), which purchased the Computer, and Uni-Coll Corporation ("Uni-Coll") which leases the Computer from PNLC and acts as facilities manager for the Computer, making it available to the University; and

WHEREAS, Uni-Coll and the University have determined that it is necessary and desirable to upgrade the Computer through addition of certain peripheral equipment, and Uni-Coll has negotiated Agreements of Purchase with DEC and with Digital Communications Associates, Inc. ("DCA") of Atlanta, Georgia for the purchase of such Computer peripheral equipment (the "Equipment") for an aggregate purchase price of $181,860.00; and

WHEREAS, Uni-Coll has negotiated a lease of the Equipment from Provco Leasing Corporation ("Provco"), providing for the lease of the Equipment for an 83 month term with variable termination and indemnification provisions at an approximate monthly rental of $3,441.00 (the "Uni-Coll Lease"); and

WHEREAS, the Uni-Coll Lease is subject to and dependent upon the pledging of the University's credit to assure that Provco and its assigns receive the rent payment stipulated and agreed to in the Uni-Coll Lease; and

WHEREAS, this Committee has determined that it is in the best interest of the University to pledge its credit by entering into a separate lease (the "University Lease") with Provco by which the University would become the lessee of the Equipment upon the happening of an event of default under the Uni-Coll Lease for the remainder of the Uni-Coll Lease term, would pay all sums then due and payable under the Uni-Coll Lease and cure all other defaults and would thereafter be lessee upon the same terms and conditions of the Uni-Coll Lease, such University Lease to be substantially in the form presented to this meeting; Therefore be it

RESOLVED, That the University enter into the University Lease, substantially in the form presented to this meeting; and be it further

RESOLVED, That the appropriate officers of the University be and hereby are authorized and directed to execute and deliver the University Lease and to take all such other actions as may be necessary or desirable, and to execute such other agreements or documents as may be required, to effectuate the financing and leasing of the Equipment.

WHEREAS, the Executive Board on October 25, 1973, authorized the granting of student loans under the Federally Insured Student Loan Program in the total amount of $2,000,000; and

WHEREAS, the total loans committed to date amount to $1,800,000 and it is anticipated that the $2,000,000 limit will soon be reached: Therefore be it
RESOLVED, That the appropriate officers be and they hereby are authorized to effect an additional line of credit in the amount of $1,000,000 to make a total amount of $3,000,000 available for the Federally Insured Student Loan Program.

On behalf of the Investment Committee, Mr. Stanger reviewed the present structure of the portfolio, noting that approximately 50% of the current value of $89,900,000 has been maintained in bonds and cash equivalent. Of that amount, approximately $31,700,000 represents government securities.

Mr. Stanger directed attention to the following resolution:

WHEREAS, the Investment Committee has considered various alternatives for the management and supervision of the University's investments; and

WHEREAS, based on such consideration, the Investment Committee has recommended that the Statutes of the University be amended to create an Investment Board as an "other body" under the Pennsylvania Non-Profit Corporation Law that would have complete responsibility for the investments of the University; and

WHEREAS, the Investment Committee has made certain recommendations as to how the Investment Board might provide for the management of the University's investments; therefore be it

RESOLVED, That this Executive Board approves and recommends for adoption by the Board of Trustees at its stated meeting to be held June 6, 1975 that the Statutes of the University be amended, effective July 1, 1975 to add an ARTICLE XIV to read as follows:

ARTICLE XIV

Investment Board

The business and affairs of the University insofar as they relate to real or personal property held by the University at any time as an investment (not including property held for operational purposes) shall be vested in the Investment Board which shall be an "other body" within the meaning of the Pennsylvania Non-Profit Corporation Law and which shall have sole and complete responsibility therefor. The Investment Board shall consist of such number of persons as shall be fixed from time to time by the Trustees. Members of the Investment Board shall be elected by the Trustees at a stated meeting thereof. The Trustees shall not elect any person a member of the Investment Board if, after giving effect to his election, a majority of the members of the Investment Board would not be Trustees.

and be it further

RESOLVED, That it is the intention of this Executive Board to cause the Board of Directors of Franklin Investment Company to consist of those persons who are from time to time the members of the Investment Board and be it further

SECRETARY
RESOLVED, That it is the recommendation of this Executive Board that the Investment Board should consider the possibility of transferring a portion of the Associated Investments Fund portfolio pursuant to Section 7551 of the Pennsylvania Non-Profit Corporation Law to a Pennsylvania bank for management and that it should consider the possibility of retaining one or more advisers unaffiliated with the Investment Board to furnish investment advice with respect to any portfolio investments not so transferred; and be it further

RESOLVED, That the Treasurer or any Vice President of the University be authorized to vote for or consent to, on behalf of the University, a plan of conversion to convert Franklin Investment Company from a business corporation to a non-profit corporation; and be it further

RESOLVED, That this Executive Board approves and recommends for adoption by the Board of Trustees at its stated meeting to be held June 6, 1975 that the Statutes of the University be amended effective July 1, 1975 to restate ARTICLE IV, Section 2 to read in its entirety as follows:

2. Unless otherwise determined by the Trustees, the Executive Board shall have full power to take all action which the Corporation or the Trustees are authorized to take, including but not limited to the purchase and sale of bonds, stocks, mortgages, and real estate, and the supervision of finances, property, buildings, and grounds; provided, however, that the Executive Board shall at no time be empowered to take or authorize any action the responsibility for which by these Statutes is vested in the Investment Board or which by these Statutes specifically requires the affirmative vote or consent of a specified proportion of the Trustees in office, or requires action at a designated meeting of the Trustees.

The resolution was moved by Mr. Dunlop and seconded by Mr. Eckman and approved. The chairman expressed appreciation to Mr. Stanger for all of his efforts in bringing this change in investment policy management to fruition.

Attention was directed by Mr. Ballard to the following resolution, which was adopted:

RESOLVED, That this Executive Board approves and recommends for adoption by the Board of Trustees at its stated meeting to be held June 6, 1975, amendments to the Statutes of the Corporation to change the designation ARTICLE XII (Amendments) to ARTICLE XV (Amendments) and to insert a new Article XIII to read as follows:

ARTICLE XIII
Indemnification

1. Right to Indemnification. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigatory, by reason of the fact that he is or was a Trustee or officer of the Corporation, or is or was a member of the Executive Board or Investment Board or any other board, committee or other body of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, as follows:

(a) if the action, suit or proceeding is not by or in the right of the Corporation

SECRETARY
(1) against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith to the extent that he has been successful on the merits or otherwise in defense of such action, suit or proceeding, or of any claim, issue or matter therein, and

(2) against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection therewith if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) if the action, suit or proceeding is by or in the right of the Corporation

(1) against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith to the extent that he has been successful on the merits or otherwise in defense of such action, suit or proceeding, or of any claim, issue or matter therein, and

(2) against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement thereof if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made in respect of such expenses incurred in connection with any claim, issue or matter as to which such persons shall have been adjudged to be liable to the Corporation for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that a court of common pleas of the county in which the registered office of the Corporation is located or the court in which such action, suit, or proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity.

2. Procedure to be Followed. Any indemnification under paragraph (a) (2) or (b) (2) of Section 1 of this Article XIII (unless ordered by a court or made pursuant to a determination by a court as hereinafter provided) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Trustee, director, officer or member is proper in the circumstances because he has met the applicable standard of conduct set forth in such paragraph (a) (2) or (b) (2). Such determination shall be made (a) by the Trustees by a majority vote of a quorum consisting of Trustees who were not parties to such action, suit or proceeding or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested Trustees so directs, by independent legal counsel in a written opinion. In the absence of a determination that indemnification is proper as aforesaid, the Trustee,
director, officer or member may apply to a court of common pleas of the county in which the registered office of the Corporation is located or the court in which the action, suit or proceeding was brought, which shall determine whether the Trustee, director, officer or member has met the applicable standard of conduct set forth in such paragraph (a) (2) or (b) (2). If the court shall determine that he has, indemnification shall be made under such paragraph (a) (2) or (b) (2).

3. Payment of Expenses in Advance. Expenses incurred in defending an action, suit or proceeding referred to in Section 1 of this Article XIII may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding, if authorized by the Trustees or by a court in the manner provided in Section 2 of this Article XIII, upon receipt of an undertaking by or on behalf of the Trustee, director, officer or member (regardless of his financial responsibility) to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article XIII.

4. Scope of Indemnification. The indemnification provided for in the preceding sections of this Article XIII shall not affect the liability of any Trustee, director, officer or member with respect to the administration of assets held by the Corporation pursuant to 15 Pa.S. Section 7549 (relating to authority to take and hold trust property).

5. Other Rights. The indemnification provided by these Statutes shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any agreement, vote of Trustees or disinterested Trustees or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Trustee, director, officer or member and shall inure to the benefit of the heirs, executors and administrators of such a person.

6. Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a Trustee, officer, employee or agent of the Corporation, or is or was a member of the Executive Board or Investment Board or any other board, committee or other body of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of these Statutes or otherwise.

For the University Development Committee, Mr. Eckman reported total subscriptions and gifts as of April 11 in an amount of $26,682,000; this compares with last year's total of $16,300,000 at the same time. He said that Annual Giving, as of the end of March, totaled $1,670,000 from more than 17,000 donors; this is a gain of about $12,000 and 200 donors over last year on the same date.

It was determined that it would not be necessary for the Executive Board to meet on May 12 as originally scheduled.

Adjourned.

William U. Owen, Secretary

University Development Committee