OPEN MEETING OF THE EXECUTIVE BOARD
OF THE
TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA

September 12, 1975

An open meeting of the Executive Board of the Trustees of the University of Pennsylvania was held at 2:00 p.m. in the Council Room of the Furness Building.

Present were: Mr. Donald T. Regan (Chairman), Mr. Robert G. Dunlop, Mr. Samuel H. Ballam, Jr., Mr. Henry M. Chance, II, Mr. John W. Eckman, Mr. Wesley A. Stanger, Jr., President Martin Meyerson; Provost Eliot Stellar; Vice-Presidents Paul O. Gaddis, Thomas W. Langfitt, Harold E. Manley, Fred A. Shabel and F. Craig Sweeten; Mr. Dennis Dougherty, Mr. Wm. Richard Gordon, Dr. John N. Hobstetter, Dr. D. Bruce Johnstone, Mr. Donald T. Sheehan, Dr. Jon C. Strauss, Mr. Gerald L. Robinson, and Mr. William G. Owen (Secretary). John Ames Ballard, Esq. attended as Counsel.

The minutes of the April 14, 1975 meeting were approved.

President Meyerson reported upon the following matters with actions being taken as indicated:

1. The results for fiscal 1975 show a University operating deficit of $3.297 million and additional deficits of $500,000 each for the high-rise residence halls and University Hospital; in addition, Graduate Hospital incurred a deficit in excess of $2.0 million. The University received approximately $900,000 in additional monies from the Commonwealth last year and credit is due Mr. Sweeten and other officers for their assiduous efforts in making this possible. In its request for fiscal 1976, the University will continue to emphasize the effects of inflation, the declining proportion of Commonwealth funds in the University budget and the value of the University to the Commonwealth as a national institution. Mr. Dunlop's ad hoc committee is giving attention to the University's future status in the Commonwealth system.

2. RESOLVED, That the Executive Board endorse to the trustees for action on October 2, 1975 the recommendation of the president that the following changes in title be effectuated as of October 6, 1975:

E. Craig Sweeten, senior Vice-President, Program for the Eighties

William G. Owen, Vice-President for Development and Public Relations.
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Search for Secretary of the Corporation

3. A consultative committee under the chairmanship of Curtis Reitz has been appointed to advise the president in the search for a successor to Mr. Owen as Secretary of the Corporation. In view of the importance of this position to the trustees, President Meyerson will consult with individual trustees on possible changes in the job description and on candidates as well.

Ivy Group Presidents meeting

4. At the summer meeting of the Ivy Group Presidents, brief attention was given to athletic matters; most of the time was spent on the subjects of Federal relations and approaches to major foundations. The presidents expressed an interest in the various efforts of students, primarily through the Coalition of Private University Students, to be helpful with governmental relationships.

University Press Trustee appointments

5. During the recent history of the University Press as an independent body, a successful direction has been established under the leadership of Messrs. Orville Sullitt and William Woods. Continuation of a non-trustee as chairman of the Press is considered to be an interim arrangement and Mr. Carroll Bowen is especially well qualified to lead the Press at this time:

RESOLVED, that Carroll Bowen be appointed chairman of the Board of Trustees of the University of Pennsylvania Press, Inc. effective June 27, 1975.

RESOLVED, that the following persons be appointed to the Board of Trustees of the University of Pennsylvania Press, Inc. for terms extending to 1978:

James Mines
Harold Manley
Curtis Reitz

The following actions were taken on recommendations submitted by Provost Stellar:

1. RESOLVED, that as of October 1, 1975, Patricia Ann McFate be appointed to the position of Vice-Provost for Undergraduate Studies and University Life, to serve at the pleasure of the President for a term of seven years, with eligibility for further appointment, this appointment to be effective October 1, 1975.

RESOLVED, that effective September 1, 1975, Dell H. Hymes be appointed Dean of the School of Graduate Education with a term to extend for five years.

Professor Louis Pollak has assumed the acting deanship of the Law School.

2. RESOLVED, that the academic appointments and promotions for the period from May 21, 1975 to July 2, 1975 be approved.

WHEREAS, Richard H. Chamberlain, M.D. ("Chamberlain") under the name "Radiology Associates" has been operating the Department of Radiology at the Hospital of the University of Pennsylvania ("H.U.P.") pursuant to an agreement which expires June 30, 1975;

WHEREAS, Chamberlain wishes to cease operating such department upon the expiration of such agreement, and Chamberlain and The Trustees of the University of Pennsylvania ("University") wish to make arrangements...
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WHEREAS, Chamberlain has provided an Employee Retirement Plan for the purpose of providing retirement benefits for such of his employees that are eligible thereunder, which Plan is to be terminated by him as of June 30, 1975;  
WHEREAS, it is contemplated that effective July 1, 1975, certain employees of Chamberlain will become employees of the University; 
WHEREAS, the University maintains a Retirement Allowance Plan, funded through The Equitable Life Assurance Society of the United States Group Annuity contract number AC-2776 ("Plan"), to provide retirement benefits for eligible employees of the University - meaning full-time, non-exempt employees occupying a clerical, service, or technician position with H.U.P. and who have completed three years of service with the University and attained age 25, provided that at least 10 years of service can be completed by the normal retirement date; 
WHEREAS, the University desires to provide that service with Chamberlain shall count as service with the University for the purpose of certain provisions of the Plan; 

NOW THEREFORE, BE IT RESOLVED, that, effective July 1, 1975, with respect to University employees who were Chamberlain employees on June 30, 1975, for purposes of determining Plan service under the Plan, years of service in the employ of Chamberlain shall be deemed years of service in the employ of the University except when determining the amount of retirement benefits under the Plan.

4. RESOLVED, That the agreement dated September 3, 1975 between the Trustees for the Moore School of Electrical Engineering under the will of Alfred Fitler Moore and the Trustees of the University of Pennsylvania be approved. Mr. Chance abstained from voting on this resolution.

5. The following resolution was adopted with the understanding that the proposed changes will be explained to the satisfaction of the chairman by the University Counselor, who was not present:

RESOLVED, That upon the recommendation of the Chairman of the Administrative Board of The S. S. Huebner Foundation for insurance Education, and the concurrence of the University Counselor, the following changes be made in the agreement between the Foundation and the University of Pennsylvania Trustees which was approved by the Trustees on April 14, 1975:

Page 10 -- Section III, 1.d. (5): Changed "approve" to "review"

Page 13 -- Section III, 2.b. (11): Added "and the Board of Trustees;"

Page 14 -- Section III, 3: Second line changed to read, "for the administration of the Foundation. They shall have final approval over the budget

SECRETARY
and shall have the right..."

Line 5, "it" changed to "they"

Page 16--Section IV, 4: Changed to read, "The budget of the Foundation shall be prepared by the Executive Director, reviewed by the Administrative Board, and approved by the Board of Trustees. The Trustees may delegate approval authority to a subcommittee of the Board of Trustees. The preparation and implementation of the budget shall be subject to the normal budgetary procedures of the University of Pennsylvania. Funds of the Foundation shall be disbursed only upon the authorization of the Executive Director and he shall be responsible for keeping expenditures within the approved budget."

Phyllis Rackin
Admissions
Calendar

6. The court action involving Professor Phyllis Rackin and the University has now been fully settled to the general satisfaction of all parties.

7. The number of freshmen in the entering class will likely be on the order of 70 more students than in 1974; it is anticipated that the number of transfer students will be about the same order as for last year.

8. The 1975-76 academic calendar has been modified for the second term as the result of a recommendation received from the Committee on Energy Conservation; in essence, there will be two additional weeks of recess before the start of the second term, which will end with commencement on May 28; the academic content of the term has not been changed. The provost said that various concerns have been expressed to the new calendar by students and faculty and the matter will be reviewed by the University Council next week. He noted that a calendar committee is examining the year-around use of University facilities.

Messrs. Gaddis and Manley reported that the bond issue by the Hospitals Authority of Philadelphia toward financing the construction of the Silverstein Pavilion had been successfully completed; it was noted that the success of the issue was largely due to a favorable projection for revenues at the University Hospital and the general credit of the University. The total bond issue amounted to $34 million and it received an AA rating; the average interest was 8.051%, after the underwriters' discount amounting to 2.6%.

In a brief progress report on energy conservation, Mr. Shabel reviewed the way in which steam and electricity costs have escalated and reported that consumption has been decreased on the order of 5% and is continuing to move downward. He referred to new equipment which will be installed in such facilities as
the law library, which will bring immediate savings of an appreciable amount, and to reduced lighting in many campus buildings. He concluded by stating that the administration believes it has a good grasp on the technical and engineering aspects of conservation, but that members of the University community will of necessity have to change their life styles in order to realize additional economies.

President Meyerson observed that discussions with Franklin Lindsay, on a consulting basis, will result in planning efforts for academic and non-academic programs and that the administration will report to the board on specific courses of action in due course. He said that not only are economies expected from these efforts, but an improvement in the quality of appointments, students, and research activities as well.

Mr. Chance presented the following resolutions for the Finance and Operations Committee, which were adopted:

RESOLVED, That the following unrestricted funds totaling $1,842,976 be applied against the 1974-75 operating deficit:

- McClellan Fund
- Ware Family Fund
- Prior years' indirect cost recovery

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<th>Fund</th>
<th>Amount</th>
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<tr>
<td>McClellan Fund</td>
<td>353,128</td>
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<tr>
<td>Ware Family Fund*</td>
<td>231,470</td>
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<tr>
<td>Prior years' indirect cost recovery</td>
<td>1,258,378</td>
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*Subject to concurrence by the Ware family.

WHEREAS, the market value of the University's Associated Investment Fund, a common trust fund maintained pursuant to Section 7581 of the Non-Profit Corporation Law of 1972, amounted, as of June 30, 1975 (the end of the last fiscal year of the University), to $98,124,587 and

WHEREAS, the income from this common trust fund received during the fiscal year, determined in accordance with rules generally applicable to the determination of income, amounted to $4,756,791, and

WHEREAS, under the provisions of clause (c) of Section 7550 of the Pennsylvania Non-Profit Corporation Law of 1972, the Trustees of the University are authorized, by resolution enacted within 120 days of the close of the said fiscal year, to allocate from net realized capital gains accumulated in the AIF to income an amount which when added to all other income received from the AIF during the year as above set forth will not exceed 9% of the market value of the AIF after deducting the amount so allocated, and

WHEREAS, the net accumulated realized capital gains in the AIF, as of June 30, 1975, amounted to $18,458,118 and even after deduction of unrealized losses such realized gains as of such date would exceed $3,725,000, and
WHEREAS, it is the judgment of the Finance and Operations Committee of the Trustees of the University — after reviewing indicated results of operations for previous years, including particularly the fiscal year 1974-75 and the projected budgeted figures for the current fiscal year — that there should be allocated from net capital gains accumulated in the AIF to income for the fiscal year ended June 30, 1975 the amount of $3,725,000 as authorized and permitted by the provisions of clause (c) of Section 7550 of the Non-Profit Corporation Law as above described: Therefore be it

RESOLVED, That the Executive Board of the Trustees, pursuant to the provisions of clause (c) of Section 7550 of the Pennsylvania Non-Profit Corporation Law, allocates from accumulated net capital gains previously realized in the AIF to income for the fiscal year ended June 30, 1975 the amount of $3,725,000; and be it further

RESOLVED, that the amount of capital gains allocated to unrestricted accounts, in the approximate amount of $1,100,000, be set aside in a fund for purposes to be determined by the Trustees.

RESOLVED, That George Wharton Pepper, III be appointed Administrative Associate Treasurer of the University, effective September 15, 1975.

WHEREAS, the Executive Board approved on April 14, 1975 the granting of student loans under the Federally Insured Student Loan Program (FISL) in the total amount of $3,000,000; and

WHEREAS, the Student Loan Marketing Association (Sallie Mae) has a warehousing program whereby the University may borrow funds at 80 cents on the dollar collateralized by Federally Insured Student Loan notes, such funds to be eventually reinvested in new student loan notes; and

WHEREAS, the cost of the program is less than the cost available from other sources, and

WHEREAS, the warehousing program has been approved by Counsel; Therefore be it

RESOLVED, That the appropriate officers be and they hereby are authorized to enter into such a program with Sallie Mae.

WHEREAS, The General State Authority of the Commonwealth of Pennsylvania has offered to purchase the house known as Lafayette's Headquarters in Valley Forge and the approximately 31 acres on which it stands for $375,000, and

WHEREAS, the Chairman of the Trustees' Finance and Operations Committee and the Chairman of the Subcommittee on Real Estate concur in the advisability of selling the property at this price: Therefore be it
RESOLVED, That the appropriate officers of the University be authorized to sell the Lafayette Headquarters property to the Commonwealth of Pennsylvania for the sum of $375,000.

For the Investment Board, Mr. Stanger stated that the market value of the Associated Investments Fund after payment of such $3,725,000 in realized capital gains is presently below its basic book value: should this be the case at June 30, 1976 no distribution would be possible at that time.

Attention was directed by Mr. Eckman to a summary of gifts, subscriptions and bequests for 1974-75; he noted that the total amount of $35,102,000 is approximately $10.5 million in excess of the total amount received in the preceding year. He said that total gifts in 1975-76 as of September 10 were $1,388,530. Finally, he noted that the major fund program for the eighties will be publicly launched at a leadership assembly on October 3.

For the Health Affairs Committee, Mr. Ballam reported on progress in transforming Graduate Hospital into a separate corporation and he referred to improvements which continue to be made in current operations. It now appears, he said, that it will ultimately be necessary to erect a new facility for Graduate Hospital once the University has disengaged. He emphasized the need for support from the Commonwealth in order to assure the future viability of the hospital.

It was reported by Mr. Dunlop, chairman of the ad hoc Committee on the University’s Status in the Commonwealth System of Higher Education, that three meetings have been held and a fourth meeting will take place next week, toward the end that some tangible indication of the committee’s thinking can be brought before the trustees in October.

The following statement was received for the record:

Gentlemen:

In accordance with the Act of the General Assembly of the Commonwealth of Pennsylvania approved the seventeenth day of July 1935, entitled "An act to amend Section 306 of the Act approved the fifth day of May 1933, (P.L. 289), entitled 'An act relating to non-profit Corporations'," et. al., I hereby report and certify that The Trustees of the University of Pennsylvania, a Pennsylvania Corporation, keeps accurate accounts of all trust funds separate and
apart from the other funds of the Corporation, and, unless the terms of the particular trust instrument provide otherwise, the said Corporation makes an annual report, signed by the Treasurer, to the members of the Corporation concerning the trust funds held under the said Section, and the use made of such funds and of the income therefrom.

Respectfully submitted,

Harold E. Manley
Vice President and Treasurer

Adjourned.

William G. Owen
Secretary