The Open Stated Meeting of the Trustees of the University of Pennsylvania was held on Friday, June 4, 1976 at 2:15 p.m. in the Council Room of the Furness Building.

Present were: Mr. Donald T. Regan (Chairman), Gustave G. Amsterdam, Esq., Mr. Samuel H. Ballam, Jr., Mr. Julian S. Berson, Mr. John M. Bixler, Mr. Orville H. Dullitt, Mr. I.W. Burnham, II, George R. Burrell, Jr., Esq., Mr. Howard Dutcher, III, Mr. McBee Butcher, Mr. Henry M. Chace, II, Dr. Gloria Twine Ghisum, Dr. Edgar Lee Dessen, Mr. Charles D. Dickey, Jr., Mr. Robert G. Dunlop, Mr. John W. Eckman, Mr. H. Samuel Greenawalt, Jr., Dr. F. Otto Haas, The Hon. A. Leon Higginbotham, Jr., Dr. Carl Kaysen, Ms. Laureine Knight, Mr. Myron M. Mainthow, Mrs. Margaret R. Mainwaring, Mr. John A. Mayer, Mr. Paul F. Miller, Jr., Anthony S. Minisi, Esq., Mr. William D. Patterson, Bernard G. Segal, Esq., Mr. Wesley A. Stanger, Jr., Mr. Sarkes Tarzian, Mrs. Marietta Tree, Robert L. Trescher, Esq., The Hon. John H. Ware, 3rd, Mrs. Jacqueline G. Wexler, Mr. Ernest L. Whitney, Morton H. Wilner, Esq., Mr. Harold L. Zellerbach, Mr. William J. Zellerbach, Stephen B. Burbank Esq., Mr. Stuart H. Carroll, Mr. Theodore Driesch, Ms. Karen Gaines, Dr. Vartan Gregorian, Mr. Wm. Richard Gordon, Mr. William Hickey, Dr. John N. Hobstetter, Mr. Michel T. Huber, Mr. J. Jerrold Jackson, Chaplain Stanley E. Johnson, Dr. D. Bruce Johnstone, Mr. Mark S. Levitan, Dr. Patricia McFate, Mr. Harold E. Manley, Mr. Martin Meyerson, Mr. William G. Owen, Mr. Curtis R. Reitz, Mr. Fred A. Shabel, Dr. Eliot Stellar, Dr. Jon C. Strauss, Mr. E. Craig Sweeten, Mr. Donald T. Sheehan (Secretary), Mr. Robert G. Lorndale (Associate Secretary).
Mr. Regan called the meeting to order.

The minutes of the January 17, 1976 meeting were approved.

In his report, President Meyerson expressed thanks to the faculty, students and staff of the University for a rewarding year.

He then discussed the proposed statutory relationship of the School of Veterinary Medicine with the Commonwealth of Pennsylvania; pointing out that the proposal provides that one-third of the members of the Board of Overseers of the School be Commonwealth appointed persons.

Construction of the School's new small animal hospital will proceed when either $5,000,000 additional funds materialize or $1,000,000 in additional FY 1977 Commonwealth appropriations for operational purposes is assured. If neither of these requirements are met by the time the General Assembly adjourns, he recommended that the University execute the reimbursement agreement so that architectural work may proceed.

The FY 1977 budget, he said, was in balance but precariously so.

In this connection the following resolution was approved:

WHEREAS, the Select Committee on the Budget has discussed the FY 1977 budget and the Finance and Operations Committee has reviewed the specific proposed budget, including intended additional saving to be made of half a million dollars,

Therefore, be it

RESOLVED, that the budget be approved.

Dr. D. Bruce Johnstone, Executive Assistant to the President, distributed and discussed the attached analysis of Federal Assistance to Students at the University for FY 1976 and estimated for FY 1977.

President Meyerson recalled that a "Five-Year Report of the President" had been distributed earlier to the Trustees and said that he would welcome questions or comments at any time. At the October 1976 Trustees' meeting, a discussion based on this half-decade and the next five years will be scheduled, he noted.

A major part of the "glimpse" into the next five years will be based on the five-year staffing plans of the respective schools, he added. The procedures for the construction of these plans, which
will be based on projections of real durable resources, was outlined by Dr. Hobstetter.

Recommendations for academic appointments and promotions were approved as presented by Provost Stellar.

The search for a new Dean for the School of Nursing looks promising, Provost Stellar said. The search for a new Director of the University Museum continues, he added. Plans for the future of the School of Allied Medical Professions are now being evaluated by the Steering Committee of the University Council. Within a month recommendations will be reviewed by the administration and a decision made, he stated.

Mr. McBee Butcher, President of the General Alumni Society, stated that he had found the President and the Provost receptive to the major concerns contained in a resolution of the Alumni Affairs Committee discussed at the January Trustees' meeting and that there had been a "meeting of minds" as he put it, on the subject.

Mr. Butcher also reported that a committee headed by Mrs. Margaret R. Mainwaring had recommended that the former Delta Tau Delta fraternity house be converted into an Alumni Center. Her committee felt, he added, that the location of the facility gave it a particular advantage as a visitors' and information center as well as a focus for alumni affairs.

On behalf of the Nominating Committee, Mr. Segal presented the name of David J. Mahoney, Wharton 1945, chairman of the board, president and chief executive officer of Norton-Simon, Inc., for election to a five-year term as a Trustee. He was elected effective immediately.

The following resolutions were approved following their recommendation by Mr. Chance on behalf of the Finance and Operations Committee:

RESOLVED, That the "Policies and Procedures for Managing the Proceeds of the Program for the Eighties Fund Drive" in the form attached hereto be approved; and be it further

RESOLVED, That these "Policies and Procedures" be effective as of July 1, 1976

SECRETARY
RESOLVED, That the sale of by Corporation of certain prop-
erty located at 3500 St. Gaudens Road, Miami, Florida, for
$850,000 to Albert H. Sakolsky, or his nominee, be, and it
hereby is, authorized and approved; and be it further
RESOLVED, That the execution of the Agreement of Sale dated
January 20, 1976, in the form attached hereto as Exhibit "A"
be approved, ratified, and confirmed; and be it further
RESOLVED, That the President or any Vice President and the
Secretary or any Assistant Secretary of this Corporation be,
and they hereby are, authorized and directed to execute and
deliver the deed and such additional documents, and to do all
such acts and things which they deem necessary or appropriate
to effect the actions contemplated by the foregoing resolutions.

WHEREAS, the University's general and supplemental mortgages
held by the Equitable Life Assurance Society of the United
States became due and payable on December 1, 1975; and
WHEREAS, the Equitable, at the request of the University, has
extended the repayment date to September 1, 1976; and
WHEREAS, the University has been negotiating with an in-
surance company and a savings bank for a new mortgage com-
mitment; Therefore be it
RESOLVED, That the President or any Vice President and the
Secretary or any Associate or Assistant Secretary of this
Corporation be, and they hereby are, authorized and directed

to execute a bond and mortgage and such additional documents,
and to do all such acts and things which they deem necessary
or appropriate to obtain a new general mortgage commitment
for the University; and be it further
RESOLVED, That the terms and conditions of the new general
mortgage be approved by the Chairman of the Trustees' Finance and
Operations Committee, or in his absence by the Chairman of
the Subcommittee on Real Estate, before binding documents are
signed.

WHEREAS, the University, during fiscal years 1974 through
1978 will receive substantial recoveries of indirect costs
expended in prior fiscal years and
WHEREAS, the University has provided Special Direct
University Support for certain research programs where
increased indirect cost recovery reduced the support
available to the principal investigator and
WHEREAS, the Trustees approved $550,000 on September
10, 1975, for this program for the four year period
ending June 30, 1977, and
WHEREAS, this University support will amount to an
additional $231,619 through fiscal year 1977, the
final year of this subsidy, therefore be it
RESOLVED, That additional roll forward recoveries from
past indirect cost periods not to exceed $231,619 be
allocated for this purpose.

WHEREAS, the University's property and casualty insurance
program for 1976-77 contains a provision for a stop loss
retention in one year of $1,000,000 in property losses
and $5,000,000 in casualty losses; and
WHEREAS, the Insurance Company of North America, as a pre-
requisite of providing the insurance program, requires a financial guarantee to cover up to $5,000,000 in aggregate stop loss retention:

Therefore be it

RESOLVED, That the principal of unrestricted funds functioning as endowment in an amount not to exceed $5,000,000 be pledged to cover possible insurance claims under the stop loss retention clauses of the University's property and casualty insurance program with the Insurance Company of North America.

(Note: Messrs. Dickey and Segal abstained from voting on this resolution)

WHEREAS, The First Pennsylvania Bank has terminated the agreement with the University to make mortgage loans to University personnel for acquiring homes in West Philadelphia; and

WHEREAS, a similar agreement with the Philadelphia Savings Fund Society is now being prepared; Therefore be it

RESOLVED, That the appropriate officers of the University are hereby authorized to execute an agreement with the Philadelphia Savings Fund Society, with the approval of the University attorney, subject to the same conditions as were established by the Executive Board on September 17, 1965; and be it further

RESOLVED, That the principal amount of these PSFS mortgages, together with the First Pennsylvania outstanding mortgages ($2,057,785 as of May 1, 1976) shall not exceed $3,382,000 authorized by the Executive Board on May 5, 1972.

WHEREAS, the Employee Retirement Income Security Act of 1974 ("ERISA") is applicable to certain employee benefit plans maintained by The Trustees of the University of Pennsylvania (the "University"); and

WHEREAS, the employee benefit plans maintained by the University, to which ERISA is applicable, are as follows:

1. Retirement Allowance Plan of the University of Pennsylvania
2. Teachers Insurance and Annuity Association of America-College Retirement Equities Fund (TIAA-CREF) Retirement Plan
3. Teachers Insurance and Annuity Association of America-College Retirement Equities Fund (TIAA-CREF) Tax Deferred Annuity Plan (Supplemental Retirement Annuities)
4. Pennsylvania Annuity Plan
5. Retirement Income Plan (AC-725)
6. Life Insurance Program of the University of Pennsylvania
7. Health Benefit Program (Blue Cross-Blue Shield)
8. Faculty Voluntary Early Retirement Plan
9. Long-Term Total Disability Income Plan
WHEREAS, all employee benefit plans subject to ERISA must be set forth in a written plan document which meets certain requirements, such as designating a Plan Administrator and one or more "named fiduciaries" for the Plan; establishing a procedure for amending the Plan; establishing a claims procedure; where required, establishing the basis for payments into and out of the Plan; and, where required, establishing a procedure for carrying out a funding policy; and

WHEREAS, this Board desires to approve such documents and to authorize the appropriate officers of the University to take such action as is required to maintain said Plans in compliance with ERISA:

NOW, THEREFORE, BE IT RESOLVED, that this Board hereby adopts an amendment to the Retirement Allowance Plan of the University of Pennsylvania for eligible clerical, craft, service or technician employees in substantially the form attached hereto as Exhibit A, said amendment to be effective July 1, 1976; and

FURTHER RESOLVED, that the Executive Director of Personnel Relations of the University shall be the Plan Administrator and the "named fiduciary" for administration of each of the Plans identified above; and

FURTHER RESOLVED, that the "named fiduciary" for purposes of determining the investment of the assets of the Retirement Allowance Plan of the University of Pennsylvania, and such other Plans as may have assets to be invested, shall be the Vice-President-Treasurer of the University of Pennsylvania; and

FURTHER RESOLVED, that the Executive Director of Personnel Relations is hereby authorized to approve amendments to the Employee Benefit Plans identified in paragraphs 2, 3, 4, 5, 6, 7, 8 and 9 of the second WHEREAS clause above, said amendments to carry out the requirements of ERISA as noted in the third WHEREAS clause above; and

FURTHER RESOLVED, that the Executive Director of Personnel Relations of the University is hereby authorized to approve such additional amendments to the employee benefit plans of the University as may be required to comply with the provisions of ERISA, and such other amendments as the Executive Director of Personnel Relations may determine appropriate; provided, however, that any amendment, the effect of which would result in an increase in contributions by the University, shall first be presented to this Board for approval.

Mr. Chance commended the administration for its "heroic efforts" on behalf of sound fiscal operations the past year.

Mr. Regan endorsed this commendation with an expression of appreciation to the President, Provost, and Senior Vice-President for Management.

Mr. Stanger, Chairman of the Investment Board, reported that on May 28, 1976 the market value of the Associated Investments Fund stood at $98,873,460 or $177.19 per share. Cash equivalents
and bonds represent 44% of total investments, common stocks 52% and residual assets the remaining 4%. Gross annual cash income from investments is projected at $5,966,653 for the next 12 months representing a current yield of 6.03%.

The following resolution concerning the reelection of members of the Investment Board was approved:

RESOLVED, That the following persons be reelected as members of the Investment Board of The Trustees of the University of Pennsylvania and simultaneously therewith reappointed as the Board of Directors of Franklin Investment Company, a Pennsylvania non-profit corporation, for a term of one year and until their successors are elected or appointed and qualified:

Wesley A. Stanger, Jr., Chairman
Gustave G. Amsterdam, Esq.
Julian S. Behr
Henry M. Chance, II
Adolph B. Kurz
Paul F. Miller, Jr.
William S. Woods, Jr.
Wm. Richard Gordon, Secretary

FURTHER RESOLVED, That the foregoing action shall constitute the 1976 annual meeting of the members of Franklin Investment Company.

In a discussion on the handling of capital gains, Mr. Regan stated that he believed a budget should be balanced without invading endowment funds unless it was imperative for achievement of a balanced budget. The FY 77 budget, he added, should be arranged on that basis. The Trustees concurred with this view.

Addressing himself to University policy on increases in undergraduate tuition and fees, Mr. Trescher, chairman of the Student Affairs Committee, recalled that it has been our general, but unwritten, policy to limit increases in undergraduate tuition and fees to the predicted increase in national disposable family income. Minor exceptions, he pointed out, were made in 1974-75 and 1975-76 but only because inflation during the prior year had so increased University costs as to make it virtually impossible to live within the policy restriction.

He then referred to the Undergraduate Assembly's proposal to limit future tuition and fee increases to a combination of one or more cost-of-education indicators (such as the Higher Education Price Index) and one or more ability to pay indicators (such as the Disposable Family Income Index).
While the University is sympathetic to such a proposal, he said that it was not felt that any of the established cost of education indicators captures very well the cost problem of a high quality, research oriented university. He also expressed concern that any reasonable combination of cost of education and ability to pay indicators do not deal adequately with the special problems of maintaining and improving the academic excellence and quality academic experience that is Pennsylvania. He said the committee did feel, however, that in years that are not abnormal the University should be able to maintain its excellence without requiring tuition and fee increases in excess of disposable family income increases.

On behalf of the committee he proposed adoption of a policy statement embodying this viewpoint which was then referred to the administration for review. The committee also recommended including such a statement in catalogs and other promotional material to afford parents and students some idea of how to plan for future tuition increases.

Mr. Wilner, chairman of the Subcommittee on Electronic Communications Media commented on the enclosed recommendations of that group regarding radio station WXPN-FM.

The following resolution concerning Veterinary School tuition presented by Mr. Ballam for the Health Affairs Committee was approved:

WHEREAS, the Trustees directed that the proposed FY 1977 Veterinary In-state and Contract Tuition plus Fee total of $4,500 be reviewed in light of the various financial problems and uncertainties besetting the school, and

WHEREAS, this review has taken place and it has been decided to set the Veterinary tuition and fees to the same level as for the School of Medicine; Therefore be it:

RESOLVED, that the FY 1977 School of Veterinary Medicine tuitions and general fees be approved as follows:

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<tr>
<th>Tuition</th>
<th>Fee</th>
<th>Total</th>
<th>% Increase</th>
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<tr>
<td>In-State and Contract</td>
<td>4,200</td>
<td>190</td>
<td>4,390</td>
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<td></td>
<td>4,785</td>
<td>215</td>
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Secretary
Mr. Kaysen, chairman of the Educational Policy Committee, moved the following resolution concerning a Faculty Classification System which was approved:

WHEREAS, there is in the University a need for the services of persons to whom faculty rank is accorded but whose duties do not encompass the full range of faculty activities, and whom the University has limited financial obligation, and

WHEREAS, the University also has the need to appoint to non-tenure probationary positions on the academic staff individuals whose professional training is not complete, and

WHEREAS, the Faculty Senate has adopted a number of resolutions recommending clarifications of the differences in duties and sources of support, and of the University's salary and tenure obligations among the various categories of academic appointment,

BE IT THEREFORE RESOLVED, that a faculty classification system be established immediately as follows:

1. The Standing Faculty

All tenured faculty for whom the University has assumed an indefinite salary obligation and all tenure probationary faculty. Ranks in the Standing Faculty are (with unmodified titles):

Professor, Associate Professor, Assistant Professor, Associate (limited to the health professional schools).

II. The Associated Faculty

Faculty of ranks equivalent to those in the standing faculty, whose salary support is limited to funds available from research, clinical or administrative budgets, and whose titles are appropriately modified; visiting faculty and senior fellows. Ranks in the Associated Faculty are:

Professor, Associate Professor, Assistant Professor, Associate (with adjectival qualifiers "visiting", "research", "adjunct", or "clinical")

in the health professional schools, ranks of the form "(rank) of (specialty) at (hospital)"

and Senior Fellow:

III. Academic Support Staff

Persons whose professional training is not yet complete; or who possess valuable academic or professional skills but who have not received appointment to professorial ranks in the Standing or Associated Faculties. Ranks in the Academic Support Staff are:

Lecturer, Instructor, Research Investigator, Post-doctoral Fellow, Teaching Fellow/Research Fellow, Assistant Instructor, Teaching Assistant
RESOLVED FURTHER, that tenure and tenure-probationary status are limited to members of the Standing Faculty whose appointments have been duly approved by the Trustees of the University of Pennsylvania, and

RESOLVED FURTHER, that the Trustees of the University of Pennsylvania approve the Provost’s action of April 23, 1975, accepting the Faculty Senate’s recommendation that persons appointed or reappointed after June 30, 1975 to any rank with an antecedent modifier of “research”, “adjunct”, “clinical” or “visiting” shall not have such service counted in tenure-probationary status, nor shall tenure be awarded in such ranks, and

RESOLVED FURTHER, that service in the rank of Instructor shall be excluded from tenure or tenure-probationary status, beginning July 1, 1977, and that after that date the rank may not be used for full-time appointment of persons holding appropriate terminal professional degrees, since it is intended for persons whose professional training is not complete, and

RESOLVED FURTHER, that for tenure-probationary appointments beginning on or after July 1, but before January 1, the probationary period shall begin retroactively on July 1, that for tenure-probationary appointments beginning on or after January 1, but before June 30, the probationary period shall begin on the following July 1, and that with respect to all tenure-probationary appointments the date of mandatory review shall be June 30 of the penultimate year of the applicable probationary period, and

RESOLVED FURTHER, that the President and Provost are authorized and directed to establish administrative procedures and regulations for the implementation of these resolutions, including necessary revisions of the “Procedures Concerning Tenure.”

It was pointed out that this resolution did not constitute any substantive change in tenure policy.

In response to a question as to whether the faculty classification system required a change in the statutes, Mr. Burbank, the University Attorney, and Dr. Davis, Executive Assistant to the Provost, stated that it did not require a change. However, they suggested that a minor amendment might be indicated and that one would be proposed at a future meeting.

Reporting for the Development Committee and on Program for the Eighties progress, Mr. Eckman announced that gifts to date during the fiscal year 1975-76 amount to $54,473,072. He recalled that our fiscal total for the previous year was $35,000,000, an amount more than $10,000,000 larger than any year before that. Annual Giving, now ahead of last year at the same time, would go over the $3,000,000 mark, he said.

The Program for the Eighties has reached more than $71,000,000, Secretary
almost 28% of the campaign goal, he reported.

The following new Overseers for the College of Engineering and Applied Science were appointed:

RESOLVED, that the following persons be appointed to the Board of Overseers of the College of Engineering and Applied Science and elected associate trustees:

- Edward Donley
  President and Chief Executive Officer
  Air Products and Chemicals, Inc.
  Allentown, Pennsylvania

- Dr. Charles H. Weaver, B.S.E.E. 1936
  Executive Vice-President
  Corporate World Relations
  Westinghouse Electric Corporation
  Pittsburgh, Pennsylvania

Mr. Regan recalled that two years ago a restructuring of the leadership of the Trustees was undertaken upon recommendation of a committee headed by Mr. Dickey. He said that he felt that with two years experience for evaluation the time was opportune for another look at the organization of the board with particular reference to the Office of the Chairman. Accordingly, he said that Mr. Dickey had agreed to head another small committee for such a study and that other Trustees would be asked to serve on this ad hoc group.

Mr. Regan commented on the quality of the 1976 Commencement recipients of honorary degrees and proposed Mr. Segal as Chairman of the Honorary Degrees Committee to succeed Mr. Gates. Mr. Segal was elected by acclamation.

Mr. Regan noted with pride the presence at the meeting of Dr. Jonathan E. Rhoads, professor of surgery and former Provost, who had recently been elected president of the American Philosophical Society.

Adjourned.

Donald T. Sheehan
Secretary of the Corporation