An open session of the Executive Board of the Trustees of the University of Pennsylvania was held at the Faculty Club on July 1, 1976 from 2:30 to 4:00 p.m.

Present were: Mr. Donald T. Regan, Chairman, presiding; Mr. Samuel H. Ballam, Jr., Mr. Robert G. Dunlop, Mr. John W. Eckman, Dr. Carl Kaysen, Bernard U. Segal, Esq., Mr. Wesley A. Stanger, Jr., Robert L. Trescher, Esq., President Martin Meyerson, Stephen Burbank, Esq., Mr. Stuart H. Carroll, Ms. Karen Gaines, Mr. Paul O. Gaddis, Mr. Wm. Richard Gordon, Dr. John N. Hobstetter, Mr. J. Jerrold Jackson, Dr. D. Bruce Johnstone, Dr. Thomas W. Langfitt, Mr. Mark S. Levitan, Mr. Harold E. Manley, Mr. William G. Owen, Mr. Curtis R. Reitz, Dr. Eliot Stellar, Dr. Jon C. Strauss, Mr. E. Craig Sweeten, and Mr. Donald T. Sheehan (Secretary).

The minutes of the May 10, 1976 meeting were approved.

President Meyerson reported that the University had "closed its books in the black" on June 30.

He distributed a comparison of 1975-1976 academic year (9 months) compensation for full-time faculty at major private universities. Pennsylvania, he noted, lost some ground in the full professor category but gained in the associate professor and assistant professor categories.

The following resolution calling for the establishment of a professorship in the name of Charles and William L. Day, was enthusiastically approved.

BE IT RESOLVED that the Trustees of the University of Pennsylvania establish the Charles and William L. Day Professorship to support and encourage excellence in teaching and research in any area of the University, but with particular attention to the areas of economics, finance, management, engineering, urban affairs and medicine, this professorship to be awarded either until retirement of the incumbent or on a term basis.
The recommendations for academic appointments and promotions for the period from May 27, 1976 to June 17, 1976 were approved.

The following resolution regarding the Master of Architecture degree was approved:

WHEREAS students who successfully completed the curriculum in architecture in the Graduate School of Architecture; and

WHEREAS graduates of the curriculum in architecture are presently awarded the degree of Master of Architecture; therefore be it

RESOLVED, That graduates of the three-year curriculum in architecture in the Graduate School of Fine Arts who entered the school with a bachelor's degree and were awarded the Bachelor of Architecture degree be made eligible to receive the Master of Architecture degree upon payment of a fee to be determined by the Dean of the Graduate School of Fine Arts to cover the cost of changing records and issuing new documents.

Mr. Gaddis reported on "closing of the 1976 books" and noted that the salient variances, as previously reported, had not changed materially.

The Graduate Hospital deficit will not exceed $450,000 and could be less, he said. It is anticipated that it will be covered by the University surplus.

The deficit of the Hospital of the University of Pennsylvania is expected to be covered by its own reserve funds.

It is expected that the University audit will be completed by September and presented to the Trustees' Audit Subcommittee in October.

In response to a question regarding the University's reserves, Mr. Jackson replied that they consisted of both normal operating bad debt and contingency reserves.

Mr. Jackson also stated that the financial results of the operations of the University residences is expected to be within the budget target for the year.

The possibility of some retirement of the accumulated deficit was mentioned by President Meyerson.

In a report on the efforts to establish a free-standing Graduate Hospital, Mr. Gaddis indicated that the latest expansion plans of the Initial Board would cost about $80,000,000 including financing. Land acquisition, for which an expenditure of $500,000 had been previously
approved, is underway, he said.

Mr. Gaddis also reported that the Initial Board of Graduate Hospital is tentatively planning a bond issue in November to finance the new project.

Application for approval of the new Graduate Hospital project has been submitted to the Regional Comprehensive Health Planning Council and an application is about to be presented to the Hospital Survey Committee by the Initial Board.

There is continuing discussion about repayment of the debt owed the University by Graduate Hospital.

Mr. Gaddis also stated that there are good prospects that the University's computer service subsidiary, UNICOLL, (which had run substantial deficits in prior years) will finish FY 76 in the "black".

Dr. Strauss distributed copies of the FY 1977 budget. He reported only modest changes since June. Any changes, he said, were more a matter of form rather than substance. Among these is making the library a direct cost center. Another change is the setting of the University tuition at 20 per cent of all tuition revenue. The hospitals were shown in balance, he pointed out.

Among the positive factors which may influence the operational performance are: utility and salary savings, and increased investment income.

Potential negative factors are: possible fall-off in federal capitation, enrollment uncertainties, and PGH contract difficulties. Against these potential problems we have a reserve of $1.2 million in Federal roll-forward funds from Fiscal Year 1976.

He said that there would be operational actions taken during the year regarding the filling of vacant positions, controlling budgets, etc., to achieve savings perhaps around $500,000.

Mr. Stanger, Chairman of the Investment Board, submitted the following comparative summary of the Associated Investments Fund:
<table>
<thead>
<tr>
<th></th>
<th>6/30/76</th>
<th>5/28/76</th>
<th>6/30/75</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market Value</td>
<td>$101,900,000</td>
<td>$98,800,000</td>
<td>$94,400,000</td>
</tr>
<tr>
<td>% Fixed income securities</td>
<td>47</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>% Equities</td>
<td>53</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Market Value Common Stock</td>
<td>$53,700,000</td>
<td>$51,500,000</td>
<td>$48,500,000</td>
</tr>
<tr>
<td>Dow Jones Industrial Average</td>
<td>1003</td>
<td>975</td>
<td>879</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>104</td>
<td>100</td>
<td>95</td>
</tr>
<tr>
<td>AIR unit value</td>
<td>182.59</td>
<td>177.19</td>
<td>175.91</td>
</tr>
<tr>
<td>Investment Income, Annual</td>
<td>$5,960,000 Est.</td>
<td>$5,967,000 Est.</td>
<td>$5,939,000</td>
</tr>
</tbody>
</table>
Mr. Stanger pointed out that in June the D.J. Industrial Average increased 2.8%, the S&P 500 4.1% and the AIF common stock list 5.2%. He cautioned that investment income for fiscal 1976-77 will reflect trends in interest rates and dividend levels as well as possible shifts in the composition of the portfolio.

Mr. Eckman reported as follows for the Development Committee and in progress of the "Program for the Eighties".

The year's total in subscriptions and gifts is $59.3 million. This splendid figure compares with last year's record total of $30 million.

Included in this figure is a new record Annual Giving total of $3,395,000 which is $300,000 more than last year's record as well as the second largest yearly increase in Annual Giving in University history. The fact that this increase was accomplished during the first year of the "Program for the Eighties" is particularly significant.

The "Program for the Eighties" shows a total of $76 million as of June 29th. He said we are at about 30% of our goal and within a few million dollars of being exactly on target at the end of the first fiscal year.

Mr. Eckman noted that "This is obviously the greatest year ever of private support for the University and we are greatly encouraged as we move into the second year of our 'Program for the Eighties.'"

Messrs. Meyerson and Sheehan suggested and the Executive Board approved the following set of dates:

Executive Board September 30, 1976 10:00 a.m.-2:00 p.m.
Full Board October 28-29
Executive Board December 7 10:00 a.m.-2:00 p.m.
Full Board January 13-14, 1977
Executive Board March 30 10:00 a.m.-2:00 p.m.
Select Committee on the Budget May 12 10:00 a.m.-4:00 p.m.
Full Board June 9-10

It will be noted that this schedule is limited to just three Executive Board meetings to be held between full Board meetings.
Special meetings could be called if necessary. The Select Committee on the Budget would have just a single, long meeting. It was further suggested that our standing committees meet normally no more than three times a year apart from meetings held in conjunction with the three full Board meetings.

Adjourned.

Donald T. Sheehan
Secretary of the Corporation