An open session of the meeting of the Executive Board of the Trustees of the University of Pennsylvania was held at the Faculty Club on December 7, 1976, from 11:00 a.m. to 12:30 p.m.

Present were: Mr. Robert G. Dunlop, Vice Chairman, presiding; Mr. Samuel H. Ballam, Jr.; Mr. Howard Butcher, III; Mr. McBeé Butcher; Mr. Henry M. Chanue, II; Mr. John W. Bokman; Bernard C. Segal, Esq.; Mr. Wesley A. Stanger, Jr.; Robert L. Trescher, Esq.; President Martin Meyerson; Stephen B. Burbank, Esq.; Dr. James E. Davis; Mr. Theodore J. Driesch, Mr. Paul O. Gaddis; Mrs. Karen C. Gaines; Mr. Harold W. Helfrich, Jr.; Dr. John N. Hobstetter; Mr. J. Jerrold Jackson; Dr. D. Bruce Johnstone; Dr. Thomas W. Langfitt; Mr. Mark S. Levitan; Mr. Robert G. Lorndale; Mr. Theodore Maciag; Mr. Harold Manley; Dr. Eugene Michels; Mr. William G. Owen; Curtis R. Reitz, Esq.; Mr. Seth Rosen; Mr. Donald T. Sheenan; Dr. Richard M. Sherman; Dr. Eliot Stellar; Dr. Jon C. Strauss; Mr. Kenneth Taber; and representatives of the SAMP faculty and student body.

Future of SAMP

The minutes of the September 30, 1976, meeting were approved.

Mr. Dunlop stated that the question of SAMP was an information item on the agenda, and called on President Meyerson to introduce the subject.

President Meyerson noted with regret that the Almanac Report on SAMP had referred to the President's and Provost's recommendation as a decision, and pointed out that this recommendation would go before the Health Affairs Committee on December 20, 1976, and then to the Stated Meeting of the Trustees on January 13-14, 1977 when the Trustees would make their decision.

Dr. Stellar then recalled the history of the SAMP review process, including the initial recommendation of the Vice President for Health Affairs, the work of the 1975-76 Steering Committee acting
as an interim reallocation review board, and the advice of a large number of organizations and individuals. After due consideration of all points of view, and in particular the recommendations of the Steering Committee, the President and Provost decided that because of the financial implications of all options involving the development over time of the necessary research and graduate component for the school, their own recommendation would be based on the so-called "Jefferson option", whereby: the freshman class entering SAMP in the fall of 1977 would be the last class to enter SAMP as a separate four-year undergraduate school of the University of Pennsylvania; and vigorous efforts would be made to develop cooperative programs with Thomas Jefferson University for professional training in allied health fields so that educational options in these fields could be preserved for University of Pennsylvania undergraduates; and the professional education components of the present programs of SAMP would be discontinued at the University of Pennsylvania upon the graduation of the class entering in the fall of 1977, or as appropriate arrangements were made for the transfer of responsibility for such components to Thomas Jefferson; and all reasonable steps would be taken to assure that students entering SAMP through the fall of 1977 would have the opportunity to complete their planned undergraduate work; and all current tenure and contractual obligations to SAMP faculty would be honored.

Mr. Ballam pointed out that the Health Affairs Committee would consider in the December 20 open meeting all materials presented to it.

Dr. Langfitt stated that after reviewing his original recommendation, he had concluded that the "Jefferson option" represented the best course of action.

Mr. Eugene Michels, Acting Dean of SAMP, then responded to the recommendation of President Meyerson and Provost Stellar. Among the points he made about SAMP were the following:

a) It is the first school of its kind in the nation;

b) It serves as a model for the appropriate kind of school incorporating these professions and established in a
University setting;

c) It has, in accordance with its original mission, provided students with both basic education and professional training;

d) Its graduates have become leaders in their professions;

e) Its senior faculty is composed of eminent national leaders in their fields, even though the School's research component is less than what would be desired;

Dean Michels pointed out that 423 students are currently enrolled, that applicants have continued at a high level and that transfer applicants have been increasing. He also stated that the school has maintained a balanced budget and that present planning calls for starting graduate programs and increasing linkages with other schools. He then summed up by calling SAMP a strong, financially sound, and growing school with a clear preference for the University of Pennsylvania as a setting for its educational work. He indicated that this preference was also felt and expressed by the University community.

In closing, Dean Michels said that the SAMP faculty had not had time to study the recommendation of the President and Provost, and that therefore his remarks represented a personal view. He ended his presentation by declaring that SAMP may be destroyed by the process now underway, and that no good can come of it for the University.

Messrs. Maciag and Taber then presented on behalf of the Undergraduate Assembly a Resolution on the School of Allied Medical Professions which expressed the Assembly's strong disapproval of the proposed merger of SAMP with Thomas Jefferson University, advocated giving SAMP a five-year probationary period, and lent its full support to the save SAMP campus rally.

Mr. Dunlop thanked those who had spoken on the issue of SAMP, and then asked Dr. Stellar to report on appointments, promotions, and personnel searches.

Dr. Stellar noted that he had no tenure proposals at this time, and the recommendations for academic appointments and promotions for the period of October 14, 1976, to November 17,
With regard to searches underway, Dr. Stellar reported that a Search Committee is at work, seeking a new Dean of Admissions; that a committee has been formed to seek a new Dean of the Graduate School of Fine Arts; and that an evaluation of the School of Public and Urban Policy is being carried out by the Educational planning Committee, following which a search committee will be formed to seek a replacement for Dr. Almarin Phillips.

Dr. Stellar then announced that Dr. Arthur E. Humphrey had agreed to serve as the dean of the College of Engineering and Applied Sciences for a second term of five years, through June of 1982.

The appointment of Dr. Humphrey was approved by the Board.

Mr. Segal pointed out that this appointment should not set a precedent for renewal of appointments, and asked that this be clarified in the Statutes.

The following resolution authorizing the appointment of Mr. Martin Biddle as Director of the University Museum effective from 1 October, 1977, to September 30, 1984, was approved.

Resolved, That upon recommendation of the Consultative Committee and Board of Managers of the University Museum, Mr. Martin Biddle, Director of the Winchester Research Unit, Winchester, England, be appointed to a seven-year term as Director of the University Museum, effective 1 October, 1977.

President Meyerson then reviewed the overall financial situation for FY 78 as far as this could now be ascertained. He pointed out that by present calculations, the negative gap between income and expenditures will be in the area of four to five million dollars. Part of the difficulty is that the Commonwealth subvention is not keeping up with inflation. A second difficulty is the fact that the market is not doing well, thus limiting return on endowment funds. The current capital campaign offers no real hope of relief until fiscal 79.

In his general review of the financial situation, President Meyerson further pointed out that each tenure appointment represents approximately one million dollars of future University money, and that while the present rate of tenure appointments is low, even maintaining this rate will force the University to a
lower overall number of faculty.

Among other money-saving steps, the President suggested that the range of University activities and services must be reduced, and that some activities which are valued less than others will not be maintained.

With regard to FY '77, Messrs. Gaddis and Jackson reviewed a set of key indicators for monitoring actual receipts and expenditures against budget, and concluded that there could be a deficit at the end of the year.

President Meyerson called attention to the slow rate of acquisition of research grants, and expressed his concern over this situation in spite of the fact that it can be explained in part by the government's change of fiscal year. He indicated that there would be a further report on this matter at the January 13-14, 1977 Stated Meeting of the Trustees.

The President then called on Dr. Hobstetter for a presentation of the procedures involved in the five-year forecasts for the Schools.

Dr. Hobstetter reviewed the process by which durable resources as opposed to soft resources can be forecast, with the implications of those figures for the making of appointments, and particularly tenure appointments, in the Schools. He pointed out that such data was now being made available to the Deans with the request that they make the necessary adjustments in their plans for both revenues and expenditures. In closing, Dr. Hobstetter stated that the five-year outlook is quite consistent with the forecast for FY '78 presented by the President.

Mr. Manley then reviewed the background and conditions of the acquisition of the Episcopal Divinity School Property, and presented the authorizing resolution required for necessary action with regard to the construction of College House B.

The following resolutions were approved upon recommendation of the Finance and Operations Committee:

Resolution 1

WHEREAS, the Episcopal Divinity School has closed its Philadelphia campus and offered the property for sale; and
WHEREAS, the University is anxious to gain long-term land control of the property because of its location at the western end of the University's campus; and

WHEREAS, the Pennsylvania College of the Judiciary has expressed its interest in leasing a portion of the Divinity School property for its program of educating and training the Pennsylvania judiciary for a period of 20 years at a rental of $25,000 per year plus maintenance expenses of the leased space; and

WHEREAS, the Pennsylvania College of the Judiciary has submitted an application to the Federal government for approximately $2,000,000 to renovate the property for its use: therefore be it

RESOLVED, That the President or any Vice President be and he hereby is authorized to sign agreements, mortgages or any other documentation for the purchase of the Episcopal Divinity School, located at 42nd and Spruce Streets in Philadelphia, for the sum of $550,000, and to enter into a purchase money mortgage agreement with the Trustees of the Episcopal Divinity School providing for payments of $55,000 per year for 20 years, which is equivalent to a 20-year, 8% mortgage for $550,000; and be it further

RESOLVED, That the purchase of the property by the Trustees of the University of Pennsylvania is contingent upon the awarding of the Federal renovation grant to the Pennsylvania College of the Judiciary and the successful negotiation of a lease between the University and the Pennsylvania College of the Judiciary for a term of not less than 20 years.

Resolution 2

RESOLVED, That the proper officers of the University be and they hereby are authorized and directed to execute and deliver on behalf of the University, the following agreements and instruments, each in the form presented to this meeting:

1. Pennsylvania Higher Educational Facilities Authority Standard Lease (PHEFA Form No. 39) with recited appendices attached thereto;

2. Agreement to Secure Contributions or Grants, between Pennsylvania Higher Educational Facilities Authority and the University of Pennsylvania; and

3. Security and Custodian Agreement among Pennsylvania Higher Educational Facilities Authority, the University of Pennsylvania, and as Custodian.

FURTHER RESOLVED, That the aforesaid Lease, Agreement to Secure Contributions or Grants, and Security and Custodian Agreements, in the form presented to and approved at this meeting, shall be incorporated into the minutes of this meeting.

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

Total gifts as of November 30, 1976, were $90,465,760, which
represents some 35% of the Five Year Goal. Individuals, foundations, and corporations are contributing in about the proportion anticipated. On the other hand, the purposes specified for the gifts have turned out to be somewhat different from what had been anticipated. Mr. Eckman expressed confidence in the possibility of attaining the $100 million goal by the January 13-14, 1977 Stated Meeting of the Trustees.

Mr. Stanger reported on behalf of the Investment Board that the total market value of the A.I.P. on November 30, 1976 was $105.5 million or $186.20 per share. The portfolio remains about equally divided between fixed income securities and equities. Gross investment income for the next 12 months is estimated to be approximately $6.25 million or 5.9% of current market value. However, the actual income received will naturally reflect trends in interest rates and dividend levels as well as possible changes in the composition of the portfolio.

On a per share basis the AIF has increased in value 2.0% since June 30, 1976 and 15.6% since September 30, 1975. The common stock portion of the Fund, adjusted for transactions, has appreciated 0.7% since June 30, 1976 while the S&P 500 lost 2.1% and the Dow Jones Industrial Average lost 5.5%. Comparing November 30, 1976 to September 30, 1975, AIF common stocks increased 25.6%, the S&P 500 average 19.3% and the Dow Jones Industrial Average 21.7%

The following resolution was approved upon presentation by the Secretary.

RESOLVED, That Harold F. Linder be appointed a member of the Board of Overseers of the Faculty of Arts and Sciences and elected as an Associate Trustee.

A motion by the President to restore Mr. Thomas S. Gates to the Board of Overseers of the Faculty of Arts and Sciences and to elect Mr. John W. Eckman to the same Board of Overseers was approved.

There being no further business, the meeting was adjourned.

John Hunt
Secretary of the Corporation