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 March 10, 1977, from 10:45 a.m. to 12:00 noon.

Present were: Mr. Donald T. Regan, Chairman, presiding; Mr. Samuel H. Ballam, Jr.; Mr. Henry M. Chanute, II; Mr. Charles D. Dickey, Jr.; Mr. Robert G. Dunlop; Mr. John W. Eckman; Mr. Wesley A. Stanger, Jr.; Robert L. Trescher, Esq.; President Martin Meyerson; Stephen B. Burbank, Esq.; Mr. Marc Falkowitz; Mr. Paul O. Gaddis; Mrs. Karen C. Gaines; Mr. Richard Gordon; Mr. Jack Hamilton; Mr. Harold W. Helfrich, Jr.; Dr. John N. Hobstetter; Ms. Carol Hutchinson; Mr. J. Jerrold Jackson; Dr. Thomas W. Langfitt; Mr. Edwin M. Ledwell, Jr.; Mr. Mark S. Levitan; Mr. Harold Manley; Dr. Patricia McFate; Curtis M. Heitz; Esq.; Mr. Fred A. Shabel; Dr. John Strauss; Dr. Eliot Stellar; Mr. E. Craig Sweeten; Mr. Kenneth Taber; representatives of different graduate student groups; and Mr. John C. Hunt (Secretary).

The minutes of the Executive Board meeting of December 7, 1976, were approved.

The President opened the meeting with a brief discussion of the situation regarding state support for the University in FY'78. He pointed out that such support in constant dollars had steadily declined since the early 1970's, and that the University was presently attempting to persuade the Governor and the Legislature to grant increases. However, the likelihood of such increases remains problematic because the present state budget which does not allow for increases cannot be funded without additional taxes.

The Chairman then called on Dr. Strauss to report on the FY'78 budget.

Dr. Strauss stated that there was a realistic hope that the FY'78 budget could be balanced, although uncertainty about the level of state...
support would keep the matter in doubt until the legislature had acted on the state budget. At present, there is a shortfall of some $1.5 million to $2.0 million for the FY'78 budget.

The Chairman then called on Mr. Reitz to report on the WXPN-FCC situation.

Mr. Reitz reported that Judge Miller was in the process of preparing an opinion in the case, and that if the Judge followed the recommendation of the Broadcast Bureau, the decision would be negative and the University would have to decide whether or not to appeal. Mr. Burbank, referring to the possibility of an appeal, stated that a considerable sum of money had already been spent on the process so far.

The President then presented the following resolution, which was approved.

RESOLVED, That, upon nomination by the Trustees of the University of Pennsylvania Press, Whitfield J. Bell, Jr. be appointed a member of the Board of Trustees of the University of Pennsylvania Press for a three-year term beginning May 1, 1977.

The Chairman then called on the Provost for a presentation of tuition and fee levels for 1977-78.

The Provost presented a proposed schedule for tuition and fees for the coming academic year, and said that further discussion was needed on the dissertation fee.

Representatives of student government and of various graduate student groups then presented statements protesting both the tuition increases and the rise in dissertation fees.

The Chairman indicated his sympathy for the student position, and pointed out that rising costs made increases necessary.

The Provost stated that further discussion between student, faculty, and administration would be carried out and that the administration would report back to the Trustees on the matter prior to finalization.

The following resolution was then approved.

WHEREAS, it is necessary to increase tuition rates for FY 1978 to cover increasing costs of education, and
WHEREAS, it has been possible to contain the costs of Student Services paid for by the General Fee, and
WHEREAS, the tuition plus general fee total charged to Ph.D.
students should be the minimal charge for all academic terminal degree programs.

Therefore be it

RESOLVED, That the tuition and general fees listed on the attached sheet be approved.

The Provost then presented his recommendation for tenure appointment and for academic appointments promotions for the period from December 15, 1976 to February 28, 1977. These were approved.

He further indicated that in regard to the two searches now under way, leading candidates for Dean of Admissions were now being interviewed, and leading candidates had been selected for interviews for the position of Dean of the Graduate School of Fine Arts.

The Provost then reported on the status of the Jefferson Cooperative program, and stated that there had been two meetings with the Jefferson administration since the January 14 decision of the Trustees. He indicated that Dean Michels had announced his resignation effective in July, and that Dean Michels had presented a staffing plan for the next four years which is now under consideration. Next steps are to respond to the staffing plan, to meet with the SAMP student body; to take steps to replace Dean Michels, and to establish a joint faculty committee between the University of Pennsylvania and Thomas Jefferson University.

The Provost then said that there was concern on the campus over reports that students have been used to attend open meetings and report back to the Office of Security. The basic facts are now being sought by the Committee on Open Expression, which expects to hold its first meeting on March 21.

The Chairman then asked for a status report on FY'77 operations.

Mr. Jackson reported that at the end of 8 months of operation in FY'77, he was now projecting a budget deficit of $800 thousand. He stated that he was continuing to work toward a balanced position at the end of the fiscal year, and felt reasonably confident that such a position can be achieved without using capital gains.

Mr. Gaddis then reported on the La Napoule Art Foundation. He pointed out that the present endowment produces adequate funds to cover current upkeep expenses of the property.

--- After hearing Mr. Gaddis' report on the experience of the past day ---

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two years, the Chairman asked for the views of the administration about the future of La Napoule.

The President indicated that additional funds could be raised and that the overall arrangement is a good one provided that no major upkeep problems arise.

Mr. Boxman said that the University would need a written agreement with whatever authorities are involved in the National Landmark classification of the property, enabling the University to dispose of the property if necessary.

He also asked for a full report from the administration on the Wharton Sinkler estate and other such University properties.

The Chairman then called on the various Trustee Committee Chairmen to report.

Mr. Chance reported that the Finance and Operations Committee had met on March 7th and passed a series of resolutions. The following resolutions were then explained and approved.

(1) Increase of line of credit for University City Associates, Inc.

WHEREAS, the Board of Trustees at its meeting of May 3, 1968 guaranteed a line of credit for University City Associates, Inc. in the amount of $50,000 at the Girard Bank; and

WHEREAS, University City Associates, Inc. has transferred their bank account to the Continental Bank; and

WHEREAS, University City Associates, Inc. has requested that their line of credit be increased from $50,000 to $100,000; Therefore be it

RESOLVED, That the University guarantee a line of credit in an amount not to exceed $100,000 for University City Associates Inc. at the Continental Bank.

(2) Execution and Delivery of a Supplemental Indenture between the Hospital Authority of Philadelphia and Girard Trust Bank.

WHEREAS, the Hospitals Authority of Philadelphia and Girard Trust Bank, as Trustee under the bond indenture from the Authority, under which the bonds were issued to finance construction of the Silverstein Pavilion at the University Hospital, have agreed that the indenture should be amended to delete the requirement for cancellation of coupon bonds surrendered in exchange for registered bonds, and substitute new provisions which would permit the Trustee to retain the surrendered coupon bonds for later issuance in exchange for registered bonds; and

WHEREAS, the proposed changes have been approved by bond counsel and by counsel for the University; and

WHEREAS, the Trustees will take full responsibility for, and
indemnify the University against, and loss which the University might sustain under the proposed provisions; Therefore be it

RESOLVED, That the execution and delivery by the parties thoroto a Supplemental Indenture, amending the Trust Indenture dated as of September 1, 1975, between The Hospital Authority of Philadelphia and Girard Trust Bank, as Trustee, in substantially the form presented to this meeting, be and the same is hereby approved on behalf of the University of Pennsylvania.

(3) Various actions in relation to the Quadrangle Renovation Project.

RESOLVED, That this Committee approve and adopt as its resolutions, and it does so approve and adopt, each of the resolutions hereinafter set forth, and that it recommend that the Executive Committee of the Board of Trustees approve and adopt each of such resolutions as the resolutions of the Executive Committee;

RESOLVED, That the actions of officers and employees of the University in executing and delivering on its behalf (a) the Agreement, dated February 15, 1977, among the University, The Pennsylvania Higher Educational Facilities Authority and Bachman Construction Company; (b) the Agreement dated February 2, 1977, between the University and Davis, Brody and Associates, for architectural services; and (c) the Construction Contract Agreement dated February 17, 1977, between the University and Bachman Construction Company, be, and such actions of such officers and employees are, hereby approved, ratified and confirmed;

RESOLVED, That the site of the Quadrangle renovation project to be financed through The Pennsylvania Higher Educational Facilities Authority be conveyed to the said Authority;

RESOLVED, That appropriate officers of the University be and they hereby are authorized and directed to execute and deliver to The Pennsylvania Higher Educational Facilities Authority on the University's behalf a deed of conveyance covering the Quadrangle renovation project, in substantially the form presented to this meeting, with such changes therein as shall be approved by the officers executing and delivering the same, such approval to be conclusively evidenced by their execution and delivery of such deed;

RESOLVED, That the appropriate officers of the University be and they hereby are authorized and directed to execute and deliver to the City of Philadelphia, on the University's behalf, an Indenture or other instrument for the purpose of releasing certain deed restrictions affecting the site of the Quadrangle renovation project, in substantially the form presented to this meeting, with such changes therein as shall be approved by the officers executing and delivering the same, such approval to be conclusively evidenced by their execution and delivery of such Indenture or such other instrument;

RESOLVED, That the appropriate officers of the University (or employees authorized by such officers) be and they hereby are authorized and directed, on the University's behalf to take such action and to execute and deliver such agreements and other instruments (including, without limitation, agreements amending the University's application to The Pennsylvania Higher Educational Facilities Authority for financing of the Quadrangle renovation project), as shall in the opinion of such officers, be necessary or desirable to carry out the intent and purpose of the foregoing resolutions.

(4) Actions in connection with the re-location of SAMP.
WHEREAS, on July 1, 1950 the University merged with the Philadelphia School of Occupational Therapy; and

WHEREAS, the University received cash from the School’s general fund in the amount of $144,484.66 as a result of the merger; and

WHEREAS, the Trustees directed that a fund functioning as endowment, the Philadelphia School of Occupational Therapy General Fund, be established, invested in the A.I.F. and the income applied to the general expenses of the University’s school, now the School of Allied Medical Professions; and

WHEREAS, the building in which SAMP is presently located is scheduled for demolition in the near future; and

WHEREAS, it is necessary to renovate several areas to house SAMP during its transition phase; Therefore be it

RESOLVED, That $50,000 be withdrawn from the Philadelphia School of Occupational Therapy General Fund to be used to prepare various locations in order to move SAMP when its building is demolished.

Mr. Ballam then explained the following resolution on the Graduate Hospital Division, which was approved.

WHEREAS, at the Stated Meeting held January 14, 1977, the Trustees proposed a Plan of Division which, when filed with the Pennsylvania Department of State, would split off from the existing corporate entity comprising the University a new independent corporate body vested with and succeeding to the assets, liabilities and obligations associated with the Graduate Hospital, and

WHEREAS, the Trustees, in proposing such a Plan of Division, delegated to the Executive Board the authority to make final the detailed provisions relating to the proposed plan subject to the prior favorable recommendation with respect thereto of the Health Affairs Committee and of the Finance and Operations Committee, and

WHEREAS, the Health Affairs Committee at its meeting February 14, 1977, and the Finance and Operations Committee at its meeting March 7, 1977, favorably recommended a Plan of Division (herein called the "Proposed Plan") containing the specific provisions (i) incorporated in the Plan of Division and exhibits and schedules thereto presented to this meeting and (ii) summarized in a document entitled "Proposed Transfer of Graduate Hospital to Separate Corporate Ownership" presented to this meeting.

RESOLVED, That the Executive Board hereby exercises the authority delegated to it by the Trustees to make final the detailed provisions of a Plan of Division to split off the Graduate Hospital by approving the provisions incorporated and reflected in the Proposed Plan as presented to this meeting, and

BE IT FURTHER RESOLVED, That the appropriate officers of the University with the advice of General Counsel, be and they hereby are, authorized to agree to modifications, changes or corrections in the Proposed Plan, not, in their judgment, involving matters of substance, which may be necessary or appropriate to implement and carry into effect the separation of the Graduate Hospital from the University under separate Corporate ownership, and

BE IT FURTHER RESOLVED, That in accordance with the direction
of the Trustees at the Stated Meeting held January 14, 1977, a special meeting of the Trustees, acting in their capacity as members of the University, be called for 10:00 a.m. EST on March 25, 1977, to be held at the office of the Secretary of the University to consider and vote upon the adoption of the Proposed Plan.

BE IT FURTHER RESOLVED, That a Petition to the Orphans Court Division of the Court of Common Pleas of Philadelphia County, in the form presented to this meeting, be and the same hereby is approved and the officers and General Counsel of the University be and they hereby are authorized to file the same and to take such action as may be necessary or desirable to secure a favorable adjudication thereon by the Court, and

BE IT FURTHER RESOLVED, That subject to (i) the adoption of the Plan of Division at the special meeting of Trustees called and held in accordance with foregoing resolutions and (ii) a favorable adjudication from the Orphans Court Division of the Court of Common Pleas of Philadelphia County as aforesaid, and (iii) the fulfillment of such other conditions as may be, in their judgment, necessary or desirable, in the interest of the University, with respect to the proposed separation of the Graduate Hospital, the officers of the University, with the advice of General Counsel, be and they hereby are authorized to execute a plan of Division approved in accordance with and as contemplated by the foregoing resolutions and Articles of Division necessary to implement the Plan of Division, and to file the same with the Pennsylvania Department of State, and

BE IT FURTHER RESOLVED, That the officers of the University be and the same hereby are authorized to take such further action and to execute such further instruments as may, in their judgment, be necessary to carry out the intent of the foregoing resolutions.

Mr. Dickey, reporting on behalf of the Trustee Committee on the Structure and Organization of the Trustees, stated that the revised Statutes would be mailed out prior to the next meeting of the Executive Board, and that comments, suggestions, or changes should be sent to the Secretary's office.

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

Total gifts as of February 25, 1977, were $104,010,017, which represents some 41% of the Five Year Goal. The Campaign is moving steadily ahead toward achieving the $125 million goal by the June meeting of the Trustees.

Mr. Stanger reported on behalf of the Investment Board that the total market value of the AIF on February 28, 1977, was $106.7 million or $184.10 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 $1.5 million or 6.1% of current market value.
On a per share basis the AIF has increased 9.4% since December 31, 1975. The common stock portion of the Fund, adjusted for transactions, has appreciated 16.5% in that time which compares favorably to a 9.9% rise by the Dow Jones Industrial Average and a 10.7% increase by the S&P 500 stock average.

Since the beginning of calendar 1977, the Dow Industrial Average and the S&P 500 have lost 6.8% and 7.1% respectively, while the AIF common stocks lost 6.1%. The entire Fund is down 4.1% from year end 1976.

The Chairman then presented a proposed schedule of meetings for the Full Board, Executive Board, and Select Committee on the Budget. The Secretary was asked to distribute the schedule to the Trustees, and to establish a meeting schedule for the coming year.

The Chairman then declared the meeting adjourned.

John Hunt
Secretary