THE EXECUTIVE BOARD
OF THE
TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA
September 15, 1977

OPEN SESSION

An open session of the Executive Board of the Trustees of the University of Pennsylvania was held on Thursday, September 15, 1977 at 2:45 p.m. in the Club Room of the Faculty Club.

Present were: Mr. Donald T. Regan, Chairman, presiding; Mr. Samuel H. Ballam, Jr., Mr. Henry M. Chance, II, Mr. Charles D. Dickey, Jr., Mr. John W. Eckman, Mr. Martin Meyerson, John Ballard, Esq., Stephen Burbank, Esq., Mr. Stuart H. Carroll, Dr. James Davis, Mr. Theodore Driesch, Mr. Paul O. Gaddis, Mr. Jack H. Hamilton, Mr. Michael Hanlon, Mr. Frederick Harper, Ms. Carol Hutchinson, Mr. J. Jerrold Jackson, Dr. D. Bruce Johnstone, Dr. Thomas W. Langfitt, Mr. Edwin M. Ledwell, Jr., Mr. Mark S. Levitan, Mr. Harold E. Manley, Mr. William G. Owen, Mr. Charles Cherry, Mr. Gerald L. Robinson, Dr. Linda Bradley Salamon, Mr. Fred A. Shabel, Dr. Eliot Stellar, Dr. Jon C. Strauss, Mr. E. Craig Sweeten, and Ms. Janis I. Somerville, Secretary.

I. Minutes of the meeting July 21, 1977

Action: The minutes were approved as distributed by the Secretary.

II. Chairman's Report

A. Nominating Committee

Action: Mr. Regan announced that the following individuals will be requested to serve on the Nominating Committee:

Mr. Robert G. Dunlop, Chairman
Mr. Henry M. Chance, II
Mr. John W. Eckman
The Hon. A. Leon Higginbotham, Jr.
Mr. David J. Mahoney
Robert L. Trescher, Esq.
Mrs. Jacqueline G. Wexler

B. Communication with Trustees

Mr. Regan indicated that from this point forward meeting agendas and the proposals for appointment of faculty to tenure will be mailed to the Trustees ten (10) days prior to the meeting.

III. President's Report

A. President

1. Comment

Mr. Meyerson reported that the Burson-Marsteller consultant report on public relations for the University has been distributed to the Trustees present. Copies will be sent to all members of the Trustees. Mr. Meyerson requested review by the Executive Board and Mr. Regan indicated that discussion of the report would be planned for a future meeting.

Mr. Meyerson noted that a second and final report has been transmitted by Mr. Trescher on behalf of the Special Committee of the Trustees (Subcommittee of the Committee on Corporate Responsibility) appointed to consider questions arising out of the Federal investigation regarding admissions practices. Copies of the report are being distributed to members of the Board. Review and discussion of the report will be held following Mr. Trescher's return from travel outside the country.

2. Commonwealth Budget and University Appropriations

Mr. Meyerson introduced the subject emphasizing the seriousness of the situation wherein the State Legislative Assembly has adopted a budget which does not provide for appropriations totalling some $300 million for higher education. He stressed the importance of state related and state aided institutions in higher education working co-operatively, not competitively, toward a bipartisan solution to the
current fiscal issues. Mr. Meyerson summarized recent efforts toward that end and distributed a copy of the letter to the State General Assembly drafted jointly by the five presidents (Lincoln University, Pennsylvania State University, University of Pittsburgh, Temple University and the University of Pennsylvania). He then called upon Mr. Sweeten who has been requested by the five presidents to co-ordinate the state-wide efforts to describe the plans underway.

3. Meeting of the Ivy Presidents

Mr. Meyerson, in his capacity as participant and chairman this year and next of the Ivy Group presidents, gave a brief account of the recent meeting and noted that representatives, primarily deans, are being convened to deal with the matter of freshman eligibility for participation in varsity sports.

4. CIA Sponsored Research

Mr. Burbank confirmed that the University has requested and is awaiting receipt from the Federal authorities information regarding the nature of possible involvement of University personnel in CIA sponsored research. A report will be made when the information has been received.

B. Provost

1. Appointments and Promotions

Provost Stellar indicated that he did not have appointments or promotions to tenure to propose at this meeting. He announced that he will report at the October meeting on faculty size and related descriptive data.

2. Resolutions on Appointment of Dean of School of Public and Urban Policy.

Action: The Executive Board approved the resolution:

RESOLVED, That Britton Harris be appointed Dean of the School of Public and Urban Policy for the period July 1, 1977 to June 30, 1980.
EXECUTIVE BOARD
OPEN SESSION
September 15, 1977

3. Report on the Annenberg Project

Dr. Stellar noted that although work is continuing on the development of a plan, it is still premature to speak of a specific proposal. He is hopeful that a recommendation, including a financial impact analysis requested by the Board, will be ready for discussion in October.

C. Senior Vice President for Management and Finance

1. Labor Situation

Mr. Gaddis reviewed the recent history of generally excellent relations of the University with the Unions in efforts to introduce cost savings, with the notable exception of the recent dispute with the Teamsters. He called upon Mr. Robinson to summarize for the Board recent developments in the current dispute and initiatives by the University to assist the former employees.

2. FY'77 Audit and Financial Performance FY'78

Mr. Gaddis reported that the FY'77 audit recently has been completed. The report will reflect a closing essentially as projected for the Board at earlier meetings. Although it is early in the fiscal '78 year, Mr. Gaddis reported that performance in most respects has been in accord with budget; but is subject to impact of an extended labor dispute.

3. Resolution Related to Separation of the Graduate Hospital from the University of Pennsylvania

Action: The Board adopted the final confirming resolution as follows:

WHEREAS, as authorized and directed by the Trustees of the University and this Executive Board, there have been duly filed and put into effect Articles of Division incorporating a Plan of Division under which the assets, liabilities and obligations pertaining to the Graduate Hospital have become vested in a separate Pennsylvania non-profit Corporation (the "New Corporation") and the officers and representatives of the University have negotiated and agreed upon a large number of contractual agreements.
and other documents affecting (i) the relationship between the University and the New Corporation and (ii) the issuance by the Hospitals Authority of Philadelphia (the "Authority") of $37,740,000 principal amount of Hospital Revenue Bonds (the "Bonds") for the benefit of the New Corporation, and

WHEREAS, a Loan and Mortgage Agreement dated August 30, 1977 under which the University is committed after July 1, 1980 until and including June 30, 1990 to make loans to the New Corporation not exceeding in the aggregate the sum of $1,000,000 and a Purchase Contract dated September 1, 1977 between Goldman Sachs & Co. and certain other investment houses as representatives on behalf of a group of underwriters, and the Authority, the New Corporation and the University, have each been agreed upon and executed since the last meeting of the Executive Board, and

WHEREAS, under the Purchase Contract, the University makes certain warranties and representations with respect to specific portions of the Official Statement dated September 1, 1977 used by authorization of the Authority in the sale of the Bonds, and

WHEREAS, copies of the Loan and Mortgage Agreement, the Purchase Contract and the Official Statement have been presented and made available to this meeting of the Executive Board;

NOW, THEREFORE, BE IT RESOLVED, That the action of the officers and representatives of the University in executing, on its behalf, the Loan and Mortgage Agreement and Purchase Contract in the forms presented to the meeting be and the same hereby is ratified, confirmed and approved, and be it

FURTHER RESOLVED, That all such other action taken or to be taken by the officers or representatives of the University on its behalf and necessary, appropriate or desirable to implement and carry into effect the intent of the foregoing resolution or the resolutions previously adopted by the Trustees of the University and this Executive Board with respect to (i) the adoption of Articles of Division and the Plan of Division relating to the Graduate Hospital, (ii) the defining of rights, obligations and liabilities as between the University and the New Corporation and (iii) the sale by the Authority of the Bonds for the benefit of the New Corporation be and the same hereby is ratified, confirmed and approved and authorized, and be it

FURTHER RESOLVED, That a copy of the Loan and Mortgage Agreement and the Purchase Contract and the Official Statement in the forms presented to the meeting be filed with the minutes thereof.
IV. Report of Trustee Committees

A. Health Affairs Committee

1. Separation of the Graduate Hospital from the University of Pennsylvania.

Mr. Ballam confirmed the final actions implementing the separation of the Graduate Hospital from the University of Pennsylvania and on behalf of the Committee, commended the University officers for their fine work on this effort.

2. HUP Renovations Funding

Mr. Ballam introduced the resolution to affect the refunding of the Silverstein Bonds and to provide additional funds for the 1977 improvements.

Action: The Board adopted the resolution as follows:

WHEREAS, the Indenture securing the $34,000,000 principal amount of bonds (the "Silverstein Bonds") of the Hospitals Authority of Philadelphia (the "Authority") issued to finance the construction of the Silverstein Pavilion of the Hospital of the University of Pennsylvania contains provisions permitting the defeasance of the Indenture and the advance refunding of those bonds; and

WHEREAS, it seems likely by reason of changes in interest rates and market conditions with respect to tax exempt bonds that a new issue of bonds (the "New Bonds") in an amount at least sufficient to effect the advance refunding of the Silverstein Bonds with interest rates substantially below those applicable with respect to the Silverstein Bonds might be successfully marketed; and

WHEREAS, substantial immediate savings to the University and Hospital could result from such an advance refunding; and

WHEREAS, the Administration of the Hospital and the Vice President for Health Affairs and Deputy Provost with the approval and concurrence of the Health Affairs Committee have requested that the immediate cash savings resulting from the advance refunding referred to in the foregoing recitals be applied toward the cost of certain proposed capital improvements (herein referred to as "The 1977 Improvements") for the Hospital relating to the Radiology Department (and the Department of Nuclear Medicine and the Department of Obstetrics and Gynecology, as more particularly described in a memorandum presented to the meeting; and

WHEREAS, the Administration of the Hospital and the Vice President for Health Affairs and Deputy Provost have requested that the principal amount of the New Bonds being issued to refund the Silverstein Bonds be increased by an amount sufficient to provide for the financing from this source of $950,000 of the cost of the 1977 Improvements;
NOW, THEREFORE, BE IT RESOLVED, that the appropriate officers of the University be and they hereby are authorized to take such action and negotiate, agree to and file such agreements, documents and applications as may be necessary or appropriate to arrange for the issuance and proposed sale of additional bonds of The Hospitals Authority of Philadelphia in an aggregate amount (not exceeding $41,000,000) sufficient (after payment of all related fees and expenses) for the following purposes: (a) to effect the advance refunding of the Silverstein Bonds and (b) to provide additional funds not in excess of $950,000 to be applied to the cost of the 1977 Improvements; and

BE IT FURTHER RESOLVED, That the application of the savings resulting from the advance refunding of the Silverstein Bonds to the cost of the 1977 Improvements be and the same hereby is authorized and approved; and

BE IT FURTHER RESOLVED, That the appropriate officers of the University are authorized to commit (by letter of credit or otherwise) at the time of the offering of the New Bonds the contribution by the University of an amount equal to such savings to the construction fund to be established under the Indenture relating to the New Bonds; and

BE IT FURTHER RESOLVED, That the said officers be and they hereby are authorized to incur and pay such reasonable fees and other expenses including application fee to The Hospitals Authority of Philadelphia as may be necessary or appropriate to carry into effect the intent of the foregoing resolution; and

BE IT FURTHER RESOLVED, That the Secretary be directed to file with the minutes of the meeting the memorandum as presented to it describing the 1977 Improvements.

B. Finance and Operations Committee

Mr. Chance called upon Mr. Gaddis to present two resolutions.

1. Resolution on the appointment of Assistant Treasurer

Action: The Board adopted the resolution as follows:

RESOLVED, That Edward A. Lodge be appointed Assistant Treasurer, effective September 15, 1977.

2. Resolution on authorization for Contract Signature.

Action: The Board adopted the resolution as follows:

RESOLVED, That Mark S. Levitan, Executive Director, Hospital of the University of Pennsylvania, and Arthur H. Piper, Jr., Director of Financial Management, Hospital of the University of Pennsylvania, be, and they hereby are, authorized to sign contracts for emergency and outpatient care and other services between the City of Philadelphia and The Trustees of the University of Pennsylvania (Hospital of the University of Pennsylvania).
C. Development Operating Committee

Mr. Eckman reported that the target for the Program for the Eighties is $171 million by June 30, 1978. Today the receipts to date are at $123 million. For the year just completed Pennsylvania ranked third of the ten Ivy schools reporting; behind only Harvard and Stanford, in campaign receipts.

Mr. Eckman noted an additional objective of increasing the level of annual giving. This year the Annual Giving program will be able to announce a $1 million challenge fund which comes almost entirely from contributions by Trustees.

Adjourned.

Janis I. Somerville
Secretary of the Corporation