TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA
MINUTES OF THE STATED MEETING
January 18, 1980

A Stated Meeting of the Trustees was held on Friday, January 18, 1980. Those attending included: Paul F. Miller, Jr. (chairman); Martin Meyerson (president); Barbara B. Wiesel (acting secretary); Mary Ann Meyers (secretary-elect); Gustave Amsterdam; Walter G. Arader; David C. Auten; Samuel H. Ballam, Jr.; Julian S. Bers; John M. Bixler; Gordon S. Bodek; Earl P. Brown; Richard P. Brown; I.W. Burnham II; McBee Butcher; Henry M. Chance II; Gloria Twine Chiaum; Charles D. Dickey, Jr.; G. Morris Dorrance, Jr.; John W. Eckman; Seymour Finkelstein; Joseph B. Gloseberg; Donald G. Goldstrom; F. Otto Haas; A. Leon Higginbotham, Jr.; John V. James; Reginald H. Jones; Carl Kaysen; Ann Elizabeth Kelley; Ralph Landau; Leonard A. Lauder; J. Paul Lyet; Margaret Mainwaring; Anthony S. Minisi; F. Stanton Moyer; John B. Neff; William D. Patterson; Donald T. Regan; Ralph S. Saul; Irving S. Shapiro; Frank Tarbox; Marietta Tee; Robert L. Trescher; Jacqueline Wexler; Morton H. Wilner; Charles Wolf; Morris Arnold; Stephen Burbank; Stuart Carroll; Jean Crockett; Dennis Dougherty; Laura Foggan; Louis Girifalco; William Richard Gordon; Shelley Z. Green; Vartan Gregorian; Matthew Hall; Stanley Johnson; Donald Langenberg; Mark Lerner; Edward Lodge; Robert Lorndale; Harold Manley; Randall Marks; Edward McFall; Cable Neuhaus; William Owen; Mitchell Portnoy; Joyce Randolph; Fred Shabel; Benjamin Shen; Linda Smith; Janis Somerville; and Jon Strauss.

I. Call to Order
Paul F. Miller, Jr. called the meeting to order and the invocation was offered by the Reverend Stanley Johnson.

Action: The minutes of the Stated Meeting of October 26, 1979, were approved as distributed.

II. Report of the Chairman
Mr. Miller opened the meeting by commenting that, because many of those present were particularly interested in the subject matter of its report, he wished to change the agenda and call first on the chairman of the Trustee Committee on University Responsibility.

Mr. Miller also announced that Richard P. Brown would be assuming the chairmanship of this committee and he expressed the Trustees' gratitude to Leon Higginbotham for his services as chairman.

A. Committee on University Responsibility
Judge Higginbotham indicated that, after a year of extensive consultation and intensive study of the very complex issues involved, his committee had concluded that the University had three alternative courses of action from which to choose with regard to the question of its investments in South Africa. The three alternatives were: complete and immediate divestment, regardless of consequence; retention of all securities, regardless of the operating policies of the
companies involved; and retention of stock belonging only to those companies which have adopted the Sullivan Principles or their equivalent. Judge Higginbotham said that, in choosing to recommend the third, moderate course of action, his committee in no way was defending or seeking to justify the racist conditions of apartheid in South Africa. He noted that the committee felt the University would have more impact if it did not withdraw from South Africa but stayed in the marketplace and carefully monitored the performance of the companies in which it holds equity investments to see that their employment practices conform to the Sullivan Principles or their equivalent. He also noted that the resolution called for a review of this policy in the fall of 1981.

Judge Higginbotham asked the Trustees again to review the committee's report and the proposed resolutions which had been circulated to them before the meeting and had been distributed with the materials for today's meeting.

After a motion to vote on the proposed resolution, Mr. Miller asked for any discussion. Mr. Bixler indicated that he would vote against the resolution because monitoring employment practices in a foreign country is not the function of a University; Mr. James indicated that he too would vote negatively because he believed that any attempts to monitor adherence to the Sullivan Principles would be in conflict with South African law. Speaking in support of the resolution, Dr. Chisum indicated she believed the committee's position was compassionate and rational.

Action: The resolution of the Trustee Committee on University Responsibility was approved, with two members voting against and two members abstaining, as follows:

RESOLVED: (1) All companies in which the University holds equity investments which operate in South Africa should adopt sound principles of corporate practices, comparable in all important regards to the Sullivan Principles, the principles in the Evans Amendment to the Export-Import Bank Reauthorization Bill, and other similar international statements of principles of corporate practices; and (2) All financial institutions in which the University holds equity investments should develop policies consistent in general terms with the guidelines that they not make new loans, renew old loans, or extend the terms of loans to the government of South Africa or to state-owned corporations unless such loans support projects which substantially benefit non-whites and would not likely be undertaken without foreign support; and (3) The University, in cooperation with others, should pursue the following information-gathering and technical-support activities to help ensure that principles of employment practices once adopted are implemented as effectively and on as broad a front as possible: (a) The Committee on University Responsibility shall, to the extent of the resources available to it, support efforts to clarify the definition of companies operating in South Africa with the
objective of creating a more fair and complete list of companies, (b) The Committee shall, to the extent of resources available to it, support efforts to compile studies of companies with other substantial economic relationships with South Africa, such as lending, underwriting, or trading, (c) The Committee shall, to the extent of resources available to it, support efforts to synthesize all employment guidelines (e.g., the Sullivan Principles, the EEC and Canadian codes, and the Urban Foundation-SACCOLA code within South Africa) applicable to the Republic of South Africa and particularly to consolidate procedures for monitoring performance under these guidelines in such a way as to provide maximum incentive to companies to improve their practices, (d) The Committee shall, to the extent of resources available to it, encourage the maintaining and retrieval of information about small operations in South Africa which are not adequately covered by the Sullivan Principles or by the monitoring procedures developed by Rev. Sullivan; and (4) The Committee, after making persistent efforts to change the attitudes of companies over a substantial period of time, shall make recommendations which may include sale of stock if there are companies in the University's portfolio which have not adopted sound principles of corporate practices as described above or, in the case of financial institutions, have not developed policies on lending to South Africa as described above; and (5) The Trustees shall encourage and protect forums for the free expression of views on appropriate courses of action with regard to South Africa; and (6) The Trustees recommend that the president and provost continue their past efforts to pursue other avenues of assistance, through education or other forms of development, to blacks and other non-whites in South Africa and recommend that such efforts be continued to the extent such initiatives are consistent with the educational objectives of the University, and (7) This series of resolutions will be reviewed in all respects in the fall of 1981.

B. Campaign Progress Report

Mr. Miller reported that as of January 11, 1980, the University's receipts in the Campaign for the Eighties had reached $218,000,000—86 percent of the campaign goal. Noting that this figure represented an increase of $5 million since the last campaign progress report, Mr. Miller also reported that Annual Giving Gifts now totaled $2,300,000 from 17,000 donors. He said this figure represented an increase of $560,000 (32 percent) and 1,600 donors over last year at the same time. The phone-mail campaign has collected $1.8 million, as compared with the December figure of $1.3 million.

In closing Mr. Miller commented that although there was good reason to take pride in these accomplishments, a great deal of hard work on the part of the Trustees and others present would be required to bring the campaign to a successful and timely completion.

C. Election of a Term Trustee

Mr. Miller introduced John B. Neff who had been nominated by the Executive Board for election as a Term Trustee.
The Resolution on Election of a Term Trustee was adopted as follows:

RESOLVED, that John B. Neff be elected a Term Trustee, for a five-year period effective February 1, 1980.

D. Introduction of New Trustees

Mr. Miller congratulated Mr. Neff and also welcomed Seymour Finkelstein who had just been elected as the Alumni Trustee from the New York area.

E. Nomination to Board of Managers of Wistar Institute

The Resolution on Approval of Nominees to the Board of Managers of the Wistar Institute was approved as follows:

RESOLVED, that Mr. George B. Barnard, Mrs. Samuel Bellet, Mr. Frank G. Binswanger, Sr., Mr. Herbert W. Blades, Mrs. T. Wistar Brown, IV, Mr. John T. Dorrance, Jr., Joseph N. DuBarry, IV, Esq., Dr. Harry Eagle, Mr. John Eckman, Mr. Robert A. Fox, Dr. David R. Goddard, Dr. Elwood V. Jensen, Dr. George B. Koelle, Dr. Thomas W. Langfitt, Mr. W. Thacher Longstreth, Mr. Richard S. Ravenscroft, Mr. Gerald B. Rorer, Mr. Isadore M. Scott, Mr. E. Robert Thomas, Jr., Mr. Owen Jones Toland, Jr., be approved as the University of Pennsylvania nominees to the Board of Managers of the Wistar Institute to serve during 1980, and that those individuals elected to serve who are not University Trustees or staff serve concurrently as Associate Trustees of the University. In addition the following individuals serve as ex officio members of the Wistar Board of Managers: Dr. Ruth Patrick, Dr. Thomas Peter Bennett, Mrs. Richard J. Sliwinski; as ex relative member, Dr. Donald Vail Rhode.

F. Resolution on Young Alumni Trustees

Mr. Miller noted that before action could be taken on the recommendation to increase the number of Young Alumni Trustees from two to three, unanimous consent to suspend Article XV of the Statutes was required. Mr. Miller also indicated that this recommendation had initially come from the Task Force on University Governance and had been discussed and endorsed by both the Trustee Committee on Student Life and the Executive Board.

The Resolution on Young Alumni Trustees was adopted as follows:

RESOLVED, that the Statutes be and the same hereby are amended by the addition of the following paragraph to replace Paragraph 6 of Article I of the Statutes, to read in its entirety as follows:

That a Young Alumni Trustee from the undergraduate schools be elected every second year and that a Young Alumni Trustee from the graduate and professional schools be elected in alternate years. Each Young Alumni Trustee is to be elected for a term of three years. Nominations are to be made by the Nominating Committee of the General Alumni Society from members of the current year's graduating class or of the previous year's graduating class. Election will be by members of those classes. Special efforts will be made to provide orientation so that the newly-elected Young Alumni Trustee can quickly understand the operations of the Trustees.

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G. Resolution on Commencement and Authorization for Conferring Honorary Degrees

Action: The resolution was adopted as follows:

RESOLVED, that a mandamus be issued by the Corporation to the president, provost, and professors for the conferring of degrees on May 19, 1980, and at any special convocations called during the year 1980.

RESOLVED, that the Executive Board be authorized to select candidates for receipt of honorary degrees at the May Public Commencement and other convocations which may be scheduled during the year 1980.

IV. Report of the President

A. State of the University

Mr. Meyerson began with a brief review of the past ten years in the University's history. He noted that although the decade had been characterized by tremendous financial pressures, the quality of our students had remained high and the number of degrees awarded had remained relatively stable. The president expressed great pleasure that Pennsylvania was now viewed nationally as a source for educational leaders at every level. Mr. Meyerson also reported that since 1970 the University's accumulated deficit had been almost completely eliminated and he indicated that government grants and contracts had risen from $40 million in 1970-71 to a total of $80 million in 1979-80. He said that although inflation threatened to undermine its value, the University had received more funds from the Commonwealth during the 1970's than during its entire previous history and he reported that the University was expected to be ranked sixth or seventh in the nation in terms of funds raised from private sources.

Mr. Meyerson also indicated that although our energy usage had been decreased by 21 percent, our utility costs have risen dramatically, and are expected to increase by an estimated 75 percent in future years. Mr. Meyerson reviewed recent efforts to make the University more international through the development of special boards, and he noted that the 1970's had both begun and ended with reports from Task Forces on University Governance. He said that most of the recommendations from these groups, as, for example, the recent proposal to increase the number of Young Alumni Trustees, have been implemented.

Looking ahead to the 1980's, Mr. Meyerson noted that statisticians project a decline of 30 to 40 percent in the number of college-age individuals in those states where the University draws the majority of its students. He said that the
University faces grave challenges, particularly in the areas of affirmative action and faculty-staff salaries, but he also expressed confidence that Pennsylvania would defy the national demographic trends, and would continue to offer the best undergraduate, graduate, and specialized education.

In closing, Mr. Meyerson noted that the University of Pennsylvania Press had recently established the Haney prizes to be awarded to authors of the best manuscripts in the humanities and the social sciences.

B. Administrative Appointments
Mr. Meyerson presented three resolutions on administrative appointments which were approved as follows:

Action: The Resolution on Appointment was adopted as follows:

RESOLVED, that Morris S. Arnold's title be amended to Vice President and Director of the Office of the President effective today.

Action: The Resolution on Appointment was adopted as follows:

RESOLVED, that Mary Ann Meyers be appointed Secretary of the University, effective March 1, 1980.

Action: The Resolution on Appointment of Comptroller was adopted as follows:

RESOLVED, that Dennis F. Dougherty be appointed Comptroller, effective January 18, 1980.

C. Budget Update
Dr. Strauss reported that despite rising energy costs he expected balanced budget performance for the remainder of FY'80. He also noted that the budget for FY'81 was currently being developed, and he indicated that he would make a more detailed presentation of this budget to the Trustees in the months ahead.

IV. Report of the Provost
Dr. Gregorian asked for Trustee approval of the appointments and promotions on pages 1-10 in the gray book.

Action: The Recommendations for Academic Appointments and Promotions for the period from November 8, 1979, to November 29, 1979, were approved as printed in the gray book.

The Provost also reported that the 1980-81 academic year would be the hundredth anniversary of the awarding of a degree to Pennsylvania's first black graduate. He said that a planning committee of faculty, students, and administrators had been established to assist in the planning of cultural activities and other activities in commemoration of this event. On behalf of the Committee on Academic Policy, Dr. Kaysen presented the following resolution:
Action: The Resolution Authorizing the Centenary was adopted as follows:

RESOLVED, that the Trustees of the University of Pennsylvania welcome the 100th anniversary of the awarding of a degree to Pennsylvania's first black graduate, authorize that the centenary be celebrated during the 1980-81 academic year, and encourage the president and the provost to take appropriate measures to mark this occasion with appropriate scholarly and cultural events, including the holding of a University convocation.

The Provost also reported that the Alumni Committee on Athletics had held its first meeting and hoped to submit its report by mid-spring. In closing Dr. Gregorian said he wanted to dispel any rumors that plans were being developed to discontinue certain athletic programs. He said that no such decisions had been made.

V. Reports of Trustee Committees

A. Committee on Audit

Mr. Chance reported that at its meeting the day before, the Committee on Audit had reviewed the most recent report from Coopers and Lybrand and that efforts were being made to resolve the last few remaining questions in HEW's audit of the direct cost of sponsored research at the University during the period FY'73 through FY'75.

Mr. Chance also reviewed the financial programs which the University had developed during the past ten years. These included the formal establishment of a budgetary function in 1972, computerization of the general accounting system and the establishment of responsibility center budgeting in 1974, and the appointment of the Committee on Audit in 1975. He also noted that in 1976 a central gifts program was developed, followed by the establishment of an internal audit function in 1978. Most recently, in 1979, the University opened a bursar's office to centralize all student billing and collections, and a system of encumbrance accounting was installed.

B. Committee on Budget and Finance

Mr. Eckman, Chairman of the Trustee Committee on Budget and Finance, presented the following resolution which the committee had approved the previous day:

Action: The Resolution on Acquisition of Property in Honeybrook, Pennsylvania was adopted as follows:

RESOLVED, that the Trustees approve the purchase of the property located at 16 Pine Street, in Honeybrook Borough, Chester County, Pennsylvania 19344, for $54,900; and be it further

RESOLVED, that the Vice President for Budget and Finance or the Vice President and Treasurer be, and they hereby are, authorized to sign such documents and take such actions as

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are necessary to complete the acquisition of the above property; and be it further

RESOLVED, that the purchase price and the settlement costs be charged against the University General Fund.

C. Committee on Academic Policy
Dr. Kaysen reported that at its meeting earlier in the day, his committee had received reports from the deans of the schools of Law, Medicine, Dental Medicine, Veterinary Medicine, and Nursing on their admissions policies, recruitment efforts, class size, and enrollment trends. He noted that similar presentations for the Faculty of Arts and Sciences, the School of Engineering, and the Wharton School were expected for the committee's next meeting in June.

D. Committee on External Affairs
Mrs. Wexler, Chairman of the Trustee Committee on External Affairs, indicated that at its meeting that morning her committee had discussed the issue of public relations and press coverage during the search for a new president and the freedom and responsibility of the president and chairman of the Trustees to communicate to their constituencies through University publications.

E. Committee on Facilities and Campus Planning
Mr. Arader reported that his committee had devoted most of its meeting the day before to the issues of the Philadelphia General Hospital property and sites for the construction of faculty housing. He noted that the committee had also heard informational reports about landscaping projects for various campus areas that were being financed by the twenty-five and fifty-year reunion classes.

F. Investment Board
Mr. Bers, the outgoing chairman of the Investment Board, reported that as of January 16, 1980, the market value of the Associated Investments Fund was $136,100,000 (or $190.86 per share). On a per-share basis the AIF was 7.3 percent above its value on December 29, 1978. Investment income for the next twelve months is estimated to be approximately $9.35 million.

Mr. Miller thanked Mr. Bers for his dedication and service as chairman of the Investment Board and on behalf of the Trustees presented him with a resolution of appreciation.

Mr. Miller indicated that with the election of John B. Neff as Term Trustee, the chairmanship of the Investment Board would be changing also, and he said he felt it appropriate to

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review the Board's recent history.

Mr. Miller noted that when Mr. Stanger assumed chairmanship of the Investment Board in 1974, the University faced both the worst bear market since 1937 and, because of inflation and dramatic increases in its energy costs, the worst operating deficit in recent history. Since then the income per unit on the University's investments has risen from $7.49 to $13.11, an increase of 75 percent. Mr. Miller commented that although other endowment funds may have done better, he felt that the total return of 9 percent per year was very respectable, particularly in light of the situation which the University faced in 1974. In closing he noted that the University owed a great debt to Mr. Bers and Mr. Stanger for their hard work on its investment portfolio.

Mr. Miller also expressed tremendous pleasure that Mr. Neff, who has compiled one of the most outstanding records in the country, had agreed to chair the Investment Board.

Upon motion by Mr. Miller, the Trustees gave their unanimous consent to the suspension of Article 15 of the Statutes of the Corporation, and they approved the following action concerning the Investment Board and the Franklin Investment Company:

Action: The Resolution on Investment Board Membership was adopted as follows:

RESOLVED, that the number of members of the Investment Board of the University be increased from 10 to 11 and that Mr. John B. Neff be elected as an additional member of the Investment Board and be designated as chairman of the Investment Board, succeeding Mr. Julian S. Bers (who is to remain a member of the Board) in that capacity.

FURTHER RESOLVED, that the foregoing election and designation of Mr. Neff as a member and chairman of the Investment Board was made with the understanding on the part of the Trustees that Mr. Neff, as president or other officer and director of the management companies which act as investment advisers to the Windsor Fund and various other investment companies regulated by the Securities and Exchange Commission, believes he owes a primary duty of loyalty to such investment companies and that if, by reason of competing or conflicting interests as between such investment companies and the University's investments, a situation develops in which such a conflict cannot be avoided and it becomes necessary for Mr. Neff to give advice or execute transactions on a preferential basis to such investment companies or to the University, Mr. Neff will give such advice or execute such transactions on a preferential basis to such investment companies.

FURTHER RESOLVED, that the number of members of the Board of Directors of Franklin Investment Company be increased from 10 to 11 and that Mr. Neff be and he hereby is elected as a member of the said Board of Directors to serve

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until the next annual meeting thereof and until his successor is elected and qualified.

FURTHER RESOLVED, that (in view of the fact that the University of Pennsylvania is the sole member of Franklin Investment Company), the foregoing resolution will be deemed and considered as having been adopted at a meeting of the members of Franklin Investment Company.

C. Committee on Resources

Reporting for the Committee on Resources, Mr. Jones indicated that his group expected to submit its recommendations on post-campaign planning to the Trustees later in the year. He also emphasized the need for all Trustees to continue their efforts to work to bring the Campaign for the Eighties to a successful conclusion.

H. Committee on Student Life

Mrs. Mainwaring reported that her committee had devoted its meeting to a presentation by graduate and professional students concerning their interests and concerns. She noted that her committee had scheduled an interim meeting on Wednesday, February 27 to discuss residential life, and she invited any Trustees who were interested to join this session. Mrs. Mainwaring also reported that a subcommittee on Recreation and Intercollegiate Athletics, chaired by Robert Levy and including Trustees Anthony Minisi, William Patterson, and Jacqueline Grennen Wexler had been appointed. She asked that any more extensive report on her committee's activities be scheduled during a trustee meeting when students are on campus.

I. Trustee Board of the Hospital of the University of Pennsylvania

Mr. Ballam indicated that because the Trustees had just reviewed the renovation and replacement plan for the Hospital, his report would be very brief. He noted that the Hospital was currently running slightly ahead of its projected operating budget and he expressed hope that when action was required on the Hospital's Phase III plan there would be Trustee support.

V. Other

In closing Mr. Meyerson expressed thanks to all of the Trustees for their work and support during the past year. He announced that Mr. Saul had agreed to chair the Board of Overseers of the Faculty of Arts and Sciences and he expressed tremendous gratitude to Dr. Kaysen who had served as the previous chairman of this group.

Adjourned.

Respectfully submitted,

Barbara B. Wiesel,
Acting Secretary