Minutes
of the
Stated Meeting
of the
Executive Board of the Trustees of the University of Pennsylvania

18 December 1980

A stated meeting of the Executive Board was held on Thursday, 18 December 1980. Those attending included: Samuel H. Ballam, Jr., Richard P. Brown, Jr., John W. Eckman, Carl Kaysen, Margaret R. Mainwaring, Martin Meyerson, Paul F. Miller, Jr., John B. Neff, Sara S. Senior, Jacqueline Wexler, Allison Accurso, Morris Arnold, Richard Buford, Stuart Carroll, Karen Gaines, Matthew Hall, Andrew Hirsch, Michel Huber, Thomas Langfitt, Max Lebow, Gail Levin, Robert Lorndale, Anthony Lyle, Harold Manley, Stephen Marmon, Edward McFall, Mary Ann Meyers, Mary Nichols, William Owen, Joyce Randolph, Benjamin Shen, James Spady, Jon Strauss, and Dilys Winegrad.

I. Call to Order and Approval of the Minutes

The minutes of the meetings of 16 October and 25 November were approved as written by the Secretary.

II. Report of the Chairman

A. Mr. Miller noted that subscriptions since July 1980 totaled more than $25.4 million, a figure which puts the University about $5 million ahead of schedule in its drive towards a goal of $46 million for FY'81. Among notable recent gifts, he cited $500,000 from the Independence Foundation for scholarships in the School of Nursing and $1.75 million from the Pew Memorial Trust for renovation of the Leidy Laboratory. To date we have received $1 million from Annual Giving, the chairman continued, and it is the first time in history that we have reached the million-dollar mark by mid-December. He said that cash receipts flowing from commitments to the Program for the Eighties totaled $188 million, which was $22 million more than the University expected to have in hand by this time. Finally, he noted that Penn had reported to the Council for Financial Aid to Education gifts and bequests of cash and securities totaling $49.1 million in FY'80, an all-time record for the University. "We expect to rank sixth or seventh nationally," Mr. Miller said.

Mrs. Mainwaring commented that the School of Nursing had met its goal for the Program for the Eighties with the gift from the Independence Foundation. "Furthermore, it is the only school in the University that had one hundred percent participation from its faculty and staff," Mr. Eckman noted.

B. Action: The chairman then presented and received approval of the Resolution on the Nomination of Trustees:
RESOLVED, that Jacqueline Grennan Wexler be nominated for election as a Life Trustee, effective January 1, 1981.

RESOLVED, that H. Samuel Greenawalt, Jr. be nominated for election as a Term Trustee for five years, effective January 1, 1981.

RESOLVED, that William D. Patterson be nominated for election as a Term Trustee for five years, effective January 1, 1981.

III. Report of the President

A. Mr. Meyerson commented that press reports of the selection of a football coach were premature. He said that the space situation in relation to students and alumni had been discussed by board members at lunch, and that the administration expected to satisfy as well as possible a number of competing claims for various quarters on campus.

B. The president then asked and received approval for several administrative appointments.

1. **Action:** The Resolution on the Appointment of Arthur F. Hirsch as Acting Vice President for Operational Services was approved as follows:

   RESOLVED, that Arthur F. Hirsch be appointed acting vice president for Operational Services, retroactive to 1 December 1980.

2. **Action:** The Resolution on the Appointment of Robert Marshak was approved as follows:

   RESOLVED, that Dean Robert R. Marshak of the School of Veterinary Medicine be reappointed dean for a term ending June 30, 1985.

3. **Action:** The Resolution on the Appointment of Gail C. Levin was approved as follows:

   RESOLVED, that Gail C. Levin be appointed Assistant Secretary of the University, effective January 1, 1981.

4. **Action:** The Resolution on Appointments in the Office of the General Counsel was approved as follows:

   RESOLVED, that Daniel Goldberg, Esquire, director of legal services for the Hospital of the University of Pennsylvania, be designated Associate General Counsel.

   RESOLVED, that Valorie Jennings, Esquire, be appointed Assistant General Counsel.

Finally, as a point of personal privilege, Mr. Meyerson asked that under his report, rather than the report of the provost, the board approve the appointment of Sheldon Hackney as a professor of history in the Standing Faculty. Dr. Shen noted that all the proper review procedures had been followed by the history department in terms of the solicitation of recommendations from outside authorities. He said that the appointment had then received the unanimous approval of the Personnel Committee of the Faculty of Arts and Sciences and of the Provost's Staff Conference. "And I would like to add my own very enthusiastic support to the president's recommendation," Dr. Shen concluded.

**Action:** The Resolution on the Appointment of F. Sheldon Hackney was approved as follows:
RESOLVED, that Francis Sheldon Hackney be appointed Professor of History in the Standing Faculty, effective January 1, 1981, (salary from administrative position as president of the University, with tenure).

C. Turning to the Resolution on the Reorganization of the Board of Managers of the University Museum as a board of overseers, Mr. Meyerson noted that the request for change was not based on an "unwarranted wish for symmetry" but on a desire to draw board members from a national and even international base. He asked Mr. Brown, in the absence of Mr. Trescher, to comment further on the proposal.

Mr. Brown said that when Mr. Trescher had accepted the chairmanship of the Museum Board of Managers, he had taken a long, close look at the organization and function of the Museum. "He found it a hybrid," Mr. Brown commented, "that is, partly a University department and partly a Philadelphia cultural institution. The title, Board of Managers, was really illusory because the Museum's property is owned by the University and its finances are handled by the University even though the Board of Managers was in existence long before there were boards of overseers of other schools. For these reasons," Mr. Brown concluded, "I personally feel that the proposed conversion is a valuable step toward bringing about the renaissance of the Museum in terms of its importance not only to the University but to the world."

Action: The Resolution on the Reorganization of the Board of Managers of the University Museum as a Board of Overseers and the Appointment of Members was approved as follows:

Intention:

As distinct from other boards and councils, board of overseers at the University of Pennsylvania are restricted to an advisory capacity and report to the president, the provost, the Trustees, and the dean. Normally they are constituted only for schools.

The boards of overseers were first established in 1972, but are an outgrowth of advisory boards dating back to 1928. Preceding these advisory boards by more than 30 years is the Board of Managers of the University Museum. But because the buildings and collections of the University Museum are owned by the Trustees of the University of Pennsylvania, all appointments made and salaries paid through and by the University of Pennsylvania, all financial transactions controlled and budgets set by the University, and all academic policies established subject to approval of the University, the apparent autonomy of the Board of Managers is illusory.

It is appropriate, therefore, that the Board of Managers of the University Museum, in accordance with the desire it made known in a resolution unanimously adopted on December 16, 1980, be converted into a Board of Overseers with its members appointed in the same manner as those of other boards of overseers, except that the chairperson of the Women's Committee shall be a member of the Board of Overseers during her term of office. Other terms shall normally be for three years, but initially they shall be established by the president in consultation with the chairman of the Board of Overseers and the director of the Museum.

The rules governing the function of the Museum's Board of Overseers shall be the same as those specified for other boards of overseers in the Guidelines. The secretary of the University or her representative shall provide staff support to the Board of Overseers, scheduling meetings, recording minutes, and sending notification of initiation or termination of appointments to the Board.

Because of the public functions of the Museum, it may be appropriate
for the Board of Overseers to have certain advisory and policy committees (the Women's Committee in all respects shall remain as is and will not be affected by this document), including at the outset the following:

- Research and Publications Committee
- Collections and Display Committee
- Public Relations Committee
- Buildings and Grounds Committee

Members of the committees are to be appointed by the chairperson of the Board of Overseers. The Board should also have a small "executive committee" to serve as a policy committee in the intervals between plenary sessions of the Board of Overseers. Such a committee could also serve the function of an audit committee. It might consist of the chairperson of the Board of Overseers, two vice chairpersons, and a fourth member appointed by the chairperson, and should, like all other committees and the plenary sessions, be attended by the director. This committee would meet quarterly to review the operations, existing policy, and future directions of the Museum.

In the event the Museum initiates a major development program, all members of the Board of Overseers will participate by assisting and advising the development officer responsible to the Museum.

The Board of Overseers should hold three full-day plenary sessions each year. The agenda for these meetings is to be prepared by the chairperson of the Board of Overseers after consultation with the director, the provost, and any other appropriate person. Each committee of the Board should meet at least once between plenary sessions, usually at least three to four weeks before each plenary session, to allow time for the circulation of their minutes in advance of the plenary sessions.

The director should be directly responsible to the provost (and therefore ultimately to the president and the Trustees) for all aspects of the life and work of the University Museum.

In the administration of all scholarly activities of the Museum, the director will act with the approval of the provost and the dean of the Faculty of Arts and Sciences. The director is responsible for the initiation of proposals for appointment, salary adjustment, promotion, and tenure of curators, subject to normal academic and administrative review. Further, the director is responsible for the conduct of Museum-supported research programs and for their publication, and the coordination and maintenance of excellence in all scholarly activity conducted through the Museum.

In all non-scholarly matters the director is further responsible within the framework of University procedures for personnel, budget and finance, and affirmative action for all of the public aspects of the Museum, for example the appointment, salary, promotion, and termination of non-faculty staff, for displays, collections, public education, public information, membership, buildings and grounds, financial administration, and reporting.

RESOLVED, that the Trustees of the University of Pennsylvania accept the recommendation of the Board of Managers of the University Museum that the Board cease to function as a Board of Managers and that the members of the Board of Managers continue to serve the University Museum as a Board of Overseers; and be it further

RESOLVED, that the present chairman of the Board of Managers, the present vice chairman and other members of the executive committee, and the director of the Museum be empowered to negotiate with the appropriate representatives of the Trustees and the administration of the University of Pennsylvania, especially the chairman of the Trustees, the president, provost, secretary of the University, and general counsel, to formulate an appropriate charge and committee structure for the Museum Board of Overseers, with the understanding that it will be in
substantial harmony with the charge of the Board of Overseers applicable to schools at the University and with the documents entitled "Guidelines for the Board of Overseers of the University Museum" (dated December 11, 1980 and revised) and "University Museum, Reorganization of the Board of Managers as a Board of Overseers," and be it further

RESOLVED, that upon the formal establishment of the proposed Board of Overseers of the Museum all previous constitutions and bylaws of the University Museum are revoked and all unfulfilled missions of the Board of Managers shall be deemed terminated, and be it further

RESOLVED, that the following members serving on the Board of Managers of the University Museum at its dissolution be appointed to the Board of Overseers of the University Museum for terms to be established in the charge of the Museum Board of Overseers, but not longer than three years: Gustave G. Amsterdam, Esq.; Richard P. Brown, Jr., Esq.; Mrs. Cummins Catherwood, Jr.; Mr. Henry M. Chance II; Mr. John G. Christy; Mr. William J. Clothier II; Mrs. Graham F. Cummins; Mr. Antelo Devereux; Mrs. John Hyland Dilks; Dr. F. Otto Haas (vice chairman); Mr. John B. Kelly, Jr.; William R. Klaus, Esq.; Thomas N. O'Neill, Jr., Esq.; Mr. A. J. Drexel Paul, Jr.; Mr. A. Addison Roberts; Mr. Harlan Scott; Mr. Hugh R. Sharp, Jr.; Robert L. Trescher, Esq. (chairman); Mr. Matthew Weinstein; and Thomas Raeburn White, Jr., Esq.

D. Mr. Meyerson then asked Dr. Strauss for a budget update. The vice president for budget and finance said that it was becoming quite clear that the University would face major problems in trying to meet its commitment to satisfy the demonstrated need of academically qualified students in the face of the falloff of federal and state funds for these purposes. "It appears we are going to overrun the unrestricted budgets for undergraduate scholarship aid somewhat in excess of half a million dollars," he noted, "and compounding the problem is a change in the regulations for federal funding of the National Student Loan Program which has resulted in the University spending $1 million more than it had counted on to meet its commitments. Offsetting these difficulties," Dr. Strauss continued, "is the fact that we appear to be significantly over budget in the area of indirect cost returns on federal grants and contracts." In addition, he said, current high interest rates in combination with Penn's favorable cash position, indicate that income from temporary investments will be a million dollars more than the administration anticipated in drawing up the budget for FY'81.

"Do you mean there is a good side to higher interest rates?" Mr. Neff asked.

Dr. Strauss replied that there was indeed "when you have money." He went on to say that for technical accounting reasons, the University had a significant "carry forward of tuition revenue" from last year which did not appear on the FY'80 books. The net effect of these positive elements is that not only are the negative elements offset, but the University faces the end of FY'81 with the prospect of either a balanced budget or a slight surplus, without committing federal rollforward funds--some of which, Dr. Strauss reminded the board, the Budget and Finance Committee had agreed to use as seed money for the new research foundation.

Mr. Miller asked what the ratio was between increase in tuition and increases in financial aid.
The vice president for budget and finance answered that in the current year the unrestricted portion of undergraduate financial aid amounted to some $10 million, total unrestricted financial aid to $13 million, and total financial aid—undergraduate, restricted and unrestricted—amounted to $25 million while tuition and fees totaled about $105 million. "You can," he said, "pick your ratio to serve your point."

Mr. Meyerson added that a substantial number of students received financial aid which did not go through the University’s books. But he then noted that it was very worrisome that even with scholarships an increasing number of students were choosing to attend local public institutions for a couple of years and then transferring to private schools. "If this trend continues," the president concluded, "Penn and other universities may have to think of themselves, to some degree, as institutions with the bulk of their activities beginning at the junior year."

Dr. Strauss went on to note that due to changing federal programs the University might well have to make a larger proportional contribution to unrestricted aid funds to meet its historic obligation.

He then observed that budget projections for FY'82 had been sent to deans and directors, and rather restrictive ones were about to be sent to vice presidents. "Many people might consider these projections as indicative of large problems," Dr. Strauss said, "but their purpose is to get the people best equipped to solve them involved in their solution. I would like to think that in June the board will be reviewing a balanced budget once again."

E. Turning to University Counsel Matt Hall, Mr. Meyerson asked for comments on proposed changes in the TIAA-CREF Retirement plan. Mr. Hall said that the changes were essentially technical in nature and would not involve great increases in cost, although, because there was the possibility of some increase, they were being brought before the board. He explained that the proposals were triggered by a review of the tax aspects of the plan and their intention was to bring University practices in line with what was allowed under the tax shelter provisions of the internal revenue code.

1. Action: The Resolution on Change in TIAA-CREF Retirement Plan was approved as follows:

   Intention:
   The purpose of this amendment to the University's TIAA-CREF Retirement Plan is to provide for the continuation of plan contributions, under the terms and conditions set forth, for participants who are on leave of absence with benefits.

   RESOLVED: that the Trustees approve the amendment of Article VIII of the TIAA-CREF Retirement Plan, effective as of July 1, 1980, to read as follows:

   Article VIII—Leave of Absence.
   If a participant is on a leave of absence with benefits and with at least half pay, the University will, during such leave, continue its plan contributions to the participant's annuities, at the rate specified in Article VI, on the basis of the retirement base rate of compensation then in effect for the participant, provided the
participant also continues plan contributions at the rate specified for participants in Article VI, on the basis of such retirement base rate of compensation.

If a participant is on a leave of absence with benefits and without pay, or with less than half pay, the University will, during such leave, in each calendar year in which any portion of such leave occurs, make payment of its plan contributions to the participant's annuities by salary deduction from the participant's lump sum payment for such year (which payment is described in the Memorandum of the Provost of ______), provided the participant also makes a payment of his plan contributions. Such plan contributions by the University and by the participant in each such year shall be at the rates specified in Article VI, on the basis of the retirement base rate of compensation then in effect for the participant, for the portion of the year during which the participant is on such leave of absence.

Intention:
The purpose of this amendment to the University's TIAA-CREF Retirement Plan is to change the eligibility requirements for participation for faculty members appointed to the rank of instructor, lecturer, or associate and for salaried employees occupying an executive, professional or administrative position below the level of Senior Administrative Officer, effective for persons appointed to such positions on or after January 1, 1981.

RESOLVED that the Trustees approve the amendment of Article III Section 1(b) of the TIAA-CREF Retirement Plan, effective as of January 1, 1981, to read as follows:

ARTICLE III—Participation

1. University Employees.
   b) Other Faculty and Salaried Employees. With respect to appointments which are effective on or after January 1, 1981, a faculty member appointed to the rank of instructor, lecturer, or associate and a salaried employee occupying an executive, professional or administrative position below the level of Senior Administrative Officer, may begin participation in this Plan on a voluntary basis on the first day of the month following appointment to such position, or on the first day of any month thereafter, but without a University contribution as provided in Article VI; provided, however, that on the first day of the month (or any month thereafter) following completion of eighteen months of employment with the University, whether or not continuous and without regard to the number of hours worked in each month, any such employee may begin (or continue) participation in this Plan on a voluntary basis with a University contribution as provided in Article VI.

An employee in a category of employment which requires eighteen months of employment before eligibility for a University contribution under Article VI, and who owns fully vested, fully funded, noncashable individual retirement annuity contracts issued under the terms of an institutional retirement plan of a previous employer, shall receive credit for months of participation at the previous employer toward the eighteen-month eligibility period of this Plan.

2. Action: The Resolution on Commencement and Authorization for Conferring Honorary Degrees was approved as follows:

RESOLVED, that a mandamus be issued by the Corporation to the president, provost, and professors for the conferring of degrees on May 18, 1981, and at any special convocations called during the year 1981.
RESOLVED, that the Executive Board be authorized to select candidates to receive honorary degrees at the May Public Commencement and other convocations which may be scheduled during the year 1981.

F. Mr. Meyerson next mentioned that the Steering Committee was going to be reviewing the character of WXPN and that the big question was whether its growing involvement in the larger community was an appropriate function.

Mr. Eckman observed that the student radio station did a very poor job of separating fact from opinion. The responsibility of the Trustees as a corporate body for WXPN's performance was mentioned by Mrs. Wexler. Mr. Ballam inquired about the function of the station's governing board. Professor Arnold responded that it was to act as a delegate of the Trustees to oversee WXPN's general operation. Steering Committee, he said, was concerned as much with the board's composition as its function.

G. The president then thanked the University staff. He noted that in his opinion Penn ran "about as spare an administrative operation" as one could find anywhere. And in turning to the acting provost, he noted that each day he could see "the metamorphosis of Ben Shen" in his new position.

IV. Report of the Provost
A. Dr. Shen said that he shared Dr. Strauss's confidence that the 1982 budget would be balanced as it had been for the past six years. But the fact remains, he cautioned, balancing the budget will be more difficult than ever before because the financial problems which have plagued universities during the past several years have worsened considerably and new problems are cropping up every day as the decade moves on. "The total net result," the acting provost said, "is that at this stage the projected budget deficit is about $6 million, which is almost twice the amount we faced last year in December."
In the next few months, he continued, the administration would be making various attempts to close the gap. In fact, he said, the 14 schools are now being asked to close their budgets, make economies, and see if they can generate new, unexpected income. And in a departure from past practice, academic resource centers are being asked to do the same thing. The administrative service center budgets were being delayed, Dr. Shen added, so that he, the president, and the president-elect could consider what, if any, savings could be made in them. "With these efforts," he said, "we hope that within a few months we'll see that the budget can be balanced." But he cautioned that, in making projections, the administration was counting on an increase in the Commonwealth's appropriation, that was far from certain.

He then went on to mention that for the past five years the University had been able to meet a self-imposed goal that the percentage increase in total undergraduate cost, averaged over a four-year period, would not exceed the percentage increase in "the national disposable personal income." In order to do so in FY '82, however, Penn could not raise tuition more than 12 percent, and the acting provost said that all calculations suggested that this year a hike of 12 percent is impossible if the University hopes to remain solvent. He
announced that in the inertial budget a preliminary tuition increase of 15 percent was contemplated, but that the administration did not know whether in the end that figure would remain, be reduced to 14 percent, or be increased to an even higher percentage. He did note that the interests of students, faculty, and staff in tuition increases were all being taken into account simultaneously "so that no one party is left as a residual item in the budget." Furthermore, Dr. Shen said he had asked the deans, particularly the deans of large schools, to make sure that there would be no increase in their total standing faculty.

B. Turning to appointments and promotions, he mentioned that the granting of tenure to Jerry Paul Golub as a professor of physics represented a replacement.

Action: The acting provost then requested and received approval of the Resolution on Appointments and Promotions as found on pages 1 through 15 in the Gray Book.

V. Reports of Trustee Committees

A. As chairman of the Committee on Budget and Finance, Mr. Eckman introduced a number of resolutions approved by the committee at its meeting on 10 December 1980. The Resolution on the Settlement of the Sansom Committee Litigation and Redevelopment of Walnut Street Sites also had received the approval of the Committee on Facilities and Campus Planning and the Resolution on HUP Phase III was approved by the Trustee Board of the Hospital of the University of Pennsylvania.

1. Action: The Resolution for Phase Ia Capital Improvement Program for the Morris Arboretum was approved as follows:

Intentions:

The Morris Arboretum of the University of Pennsylvania was founded in 1932, under the terms of the will of Lydia Thompson Morris. The will established the First Pennsylvania Bank as Trustee of the Morris Foundation which holds the realty, comprised of 175 acres in Philadelphia and Montgomery Counties, as well as an endowment of some $2.3 million from which annual income of some $200,000 is applied to the preservation, upkeep, and maintenance of the Arboretum. The will further stipulated that the principal of the endowment may be expended for the purpose of erecting buildings as may be essential.

In addition, the will established the Advisory Board of Managers, which originally consisted of three appointees of the bank and two of the University. The Board has grown to twenty-five positions of which ten are presently filled.

The original and continuing purpose of the Arboretum is to maintain the grounds, to maintain a botanical laboratory and to conduct research, to provide scholarships for the study of horticulture, to publish books and pamphlets on research work, and to employ lecturers.

Present facilities hamper existing operations and do not allow the development of the full potential of the Arboretum's resources. The quality of the site (topography, water features, soil, etc.), architecture, and collections would qualify the Morris Arboretum as a world-class facility. Over the years, however, maintenance of the living collections has been deferred; architectural features have been allowed to deteriorate; and the promise which the Arboretum held to develop strong academic programs and to complement offerings in other departments of the University has not been realized.
The Morris Arboretum has developed a long-range plan for capital improvement that it hopes to implement in three phases over a ten-year period. The plan is designed to strengthen the contributions the Arboretum makes to the University in biology, urban planning, landscape architecture, etc. ; produce a new State florileg; develop quality programs in the management of urban open spaces; and provide the University of Pennsylvania with a significant area for interaction with the public.

The management of the Morris Arboretum believes that in order for the Arboretum to become a preeminent center for the study of urban vegetation, it is essential to implement the $4 million in projects which are identified as Phase I in Attachment A. A total of $1.14 million in gifts and pledges has been raised for these capital improvements to date, of which $800,000 has been brought in since January 1 of this year.

Principal thrusts of Phase Ia include:

Renewal: Priority is placed on the renewal of historic landscapes, the upgrading of the level of grounds maintenance, and the interpretation of existing resources to the public. Some $120,000 is needed for restoration of Mercury Loggia, Seven Arches, Step Fountain, Love Temple, and Orange Balustrade. Matching grants in the amount of $60,000 have been allocated by the Office of Historic Preservation for these various projects.

Grounds and Nursery Center: This facility will provide quarters for training and staff development activities.

A 22,380 square foot facility has been designed, the specifications drawn up, and cost estimates prepared. Foundations have already been poured for this building. Phase Ia includes the first wing of this building (118,846 square feet) which will provide offices, toilets, lockers, showers, and shop and equipment storage facilities. A total of $1,417,000 has been allocated for this portion of the building and $500,000 was recently awarded from the Pew Memorial Trust for this purpose.

Widener Education Center: The Arboretum presently offers an average of 46 classes in spring and fall to about 680 students. Classes are held in a damp, basement room in Gates Hall.

A preliminary program has been drawn up to convert the Compton Carriage House, a 9,500 square foot building, into the new educational center. Estimates for this work are placed at $617,000 and $279,000 has been pledged from the George D. Widener Estate.

Staff Residences: There are five staff residences on the grounds of the Arboretum, and the Director's residence (Price House), which is about 0.6 miles away. These buildings are not only key elements in the landscape, they give the Arboretum substantial leverage in attracting and keeping qualified staff.

With the exception of the Gates Carriage House, which was recently remodeled as a staff residence, all of these buildings are in need of repair or remodeling: the Millers Cottage and the Price House are in need of major remodeling; the Gardeners Cottage and Farm House require insulation and storm windows.

Some $137,000 has been spent to date on these buildings, and another $131,000 will be necessary to bring them up to standard. Funds for this work were made available through a pledge of $300,000 from the Phoebe A. Haas Trust.

Finances: Anticipated cash needs for Phase Ia amount to $2,462,000. Of this amount $400,000 is in hand and $799,000 has been pledged to the projects described above. The Arboretum would like approval to proceed with Phase Ia of the capital program which it will implement in stages as funds become available. Cash flow projections for the projects planned with the cash in hand and the pledges now identified
are presented in Attachment B. All funds and costs for these projects will be consolidated. The cash position will be assessed monthly; positive cash balances will be invested and earn interest at the University TIF rate; negative cash balances will be charged interest at the extant prime rate.

Sources for these funds include individual donors, corporate gifts, foundations, and federal agencies (challenge-grant applications have been made to NEA and NEH).

RESOLVED, that the Morris Arboretum be authorized to make capital expenditures in the amount of $1,199,000 through September 1981 against revenues of $1,199,000 in hand and secured by pledges with the understanding that the Arboretum will pay interest on negative cash flow and will guarantee any deficiency in payment of outstanding pledges.

2. Action: The Resolution on the Renovation of the Civil and Urban Engineering Laboratories was approved as follows:

Intention:

The renovation of the CUE Laboratories will provide an attractive and efficient area for the teaching and research programs of the Civil and Urban Engineering Department of the School of Engineering and Applied Science. It will totally update a facility, originally constructed in 1903, with a series of well lit, acoustically treated and easily maintained laboratories and teaching spaces.

The project involves a total renovated space of 14,000 square feet in six laboratories and teaching areas.

Major features of the project include:

A. Renovations The majority of space is located in the southeast corner of Towne Building on the ground floor, first floor, and second floor.

B. Energy Conservation: To reduce energy waste, all of the existing windows will be replaced. An efficient central air conditioning system will provide cooling to the major testing laboratories.

The renovation of CUE Laboratories is planned to begin in December, 1980 and to be completed by August 1981 at a total cost of $750,000.

This project is funded by pledges of $655,000, prior gifts (and income) of $115,500, and a "hope pledge" of $179,500. Current cash in hand is $260,948 and the remainder will flow as follows: $309,952 over three years, and $179,500 over five years. The School of Engineering and Applied Science is committed to pay interest at market rates on the negative cash flow from operating funds as well as to guarantee any shortfall of payment of pledges.

RESOLVED, the renovation of the CUE Laboratories is authorized to proceed with a total project cost of $750,000, and be it further

RESOLVED, that up to $489,452 be advanced to the project from current funds cash with interest to be paid by the School of Engineering until outstanding pledges are received.

3. Action: The Resolution on Boathouse Renovations, Phase I was approved as follows:

Intention:

This project encompasses the first phase of renovations to the existing University Boathouse and the construction of a 22-foot wide addition west of the present building. When completed, this phase will provide 3,514 square feet of boat storage, lockers, showers, and weight training facilities as well as renovate areas of the first floor. This project will

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provide badly needed facilities for the women's rowing program.

The estimated cost of the project is $400,000, of which $352,994 is on hand in cash and $47,006 in pledges payable over the next two years.

RESOLVED, that Phase I of the Boathouse Renovations, at an estimated cost of $400,000, be authorized to proceed to construction; and be it further

RESOLVED, that $47,006 be advanced to the project from current funds cash until payments on outstanding pledges in this amount are received.

4. Action: The Resolution on Renovation of the Old Small Animal Veterinary Hospital was approved as follows:

Intention:

This project involves the renovation of 17,777 square feet of space in the Old Small Animal Hospital, which will become available when clinical programs presently housed there move into the new facility in the summer of 1981. This area will provide space for three research programs presently located off campus in the Lippincott Building at 25th and Locust Streets.

When vacated, the Lippincott Building will be available for sale and the extremely high maintenance costs will be saved, more than offsetting the additional maintenance and operations cost of the energy-efficient newly-renovated space.

The estimated cost of the project is $1,878,000 and is covered by a grant already in hand.

RESOLVED, that the renovation of the Old Small Animal Hospital, at an estimated project cost of $1,878,000, be authorized to proceed.

5. Action: Resolution on Personnel Guaranteed Mortgages was approved as follows:

Intention:

The Philadelphia Savings Fund Society has an agreement with the University to furnish 100 percent mortgages guaranteed by the University to University personnel in University City and western Center City. Applications for mortgages by faculty and staff have increased substantially to the maximum of $5,000,000 authorized by the Executive Board on April 20, 1978. In view of the fact that the University has never lost any money on defaulted guaranteed mortgages, and because of the increased interest in the program, the authorization should be increased.

RESOLVED, that the authorized amount of outstanding mortgages for the Personnel Guaranteed Mortgage Program be increased from $5,000,000 to $7,500,000.

6. Action: The Resolution on Settlement of Sansom Committee Litigation and Redevelopment of Walnut Street Sites was approved as follows after a brief discussion in which Mrs. Mainwaring elicited Mr. Buford's opinion that the price was fair and received his assurance that the Sansom Street Committee did not have veto power, although the agreement specified the types of buildings to be constructed on the site:

Intention:

Settlement of the suit filed by the Sansom Committee in 1973 against the Redevelopment Authority and the Department of Housing and Urban Development is essential before development of the vacant parcel at the northwest corner of 34th and Walnut Streets can proceed. Housing for faculty and staff members of the University is planned on this site, and the existing buildings in the 3400 block of Sansom Street will be rehabilitated by designees of the Sansom Committee.
The University, though not a formal party to the suit, has complied with the request of the Federal District Court to negotiate a settlement agreement which will end the litigation. The major features of the settlement agreement are described in Attachment A.

A significant effect of the settlement agreement is to revive the expired redevelopment agreement between the University of Pennsylvania and the Redevelopment Authority. Under the terms of the redevelopment agreement, the University agrees to pay $695,600 within two years for the vacant parcel at 34th and Walnut Streets and to pay the appraised value within three years of the two Redevelopment Authority sites now used as parking lots at 36th and Walnut and at 38th and Walnut Streets. It will be necessary for the University to place in escrow a $100,000 performance bond to guarantee the purchase and development of these three sites.

Under the terms of a separate agreement between the University and the Sansom Committee, the University agrees to sell two of the three houses it owns in the 3400 block of Sansom Street to designees of the Sansom Committee and to rehabilitate the third house, at 3414 Sansom Street, which the University will retain. The University agrees to furnish parking at its regular, subsidized rates on nearby lots to all residents of the Sansom Street block in order to avoid on-site parking. The Sansom Committee agrees that two of the houses in the block will be offered for sale to full-time staff or faculty members of the University as nominees of the Sansom Committee, and that the University or full-time members of its faculty and staff will have a right of first refusal in the event of future sales of any house in the block.

Attachment A
Major Features of the Settlement Agreement and Consent Decree

1. The Settlement Agreement among the Sansom Committee, the Redevelopment Authority, and the Trustees of the University of Pennsylvania is in the form of a consent decree to be signed by Judge Newcomer. Upon his approval of the settlement agreement, the Sansom Committee's suit filed in 1973 will be dismissed, and the Committee will not be permitted to raise the same issues in a future action.

2. The Redevelopment Authority will convey the vacant parcel at the northwest corner of 34th and Walnut Streets (Parcel 1A) and the Sansom Street rowhouses (Parcel 1B) to the University or its nominee. Parcel 1A will cost $695,600, and the 15 Sansom Street rowhouses range in price from $18,500 to $41,000.

3. The University and the Sansom Committee, as the University's designee for Parcel 1B, agree to purchase Parcels 1A and 1B, respectively, within two years from the date of the settlement agreement and to complete development of the parcels within 48 months from the date of the agreement.

4. The parties agree that the Sansom Street properties will be rehabilitated by nominees of the Sansom Committee and Parcel 1A will be developed by the University or its nominee in accordance with the modified Urban Renewal Plan for University City Urban Renewal Area Unit No. 4.

5. The University and the Redevelopment Authority agree that the redevelopment agreement dated December 1, 1966, which covers Parcels 1A and 1B, as well as 36th and Walnut Streets and 38th and Walnut Streets, shall be reinstated. The 1966 agreement has lapsed (in 1976) and it is necessary to resurrect it in order to dispose of Parcels 1A and 1B without a hearing before City Council, which would cause additional delay.

6. If either the Sansom Committee or the University fails to acquire Parcels 1A or 1B within two years, the Redevelopment Authority has the right to auction the unsold parcels.
RESOLVED, that the settlement agreement among the Redevelopment Authority, the Sansom Committee and the Trustees of the University of Pennsylvania; the redevelopment agreement between the Philadelphia Redevelopment Authority and the Trustees of the University of Pennsylvania; and the Sansom Agreement between the Sansom Committee and the Trustees of the University of Pennsylvania be approved in the form described.

7. Action: The Resolution on HUP Phase III was approved as follows:

Intentions

Phase III of the Hospital's Long-Range Plan will renovate and modernize parts of the Gates, White, Ravdin, Dulles, and Maloney Buildings to meet the needs of those ambulatory practices located outside of the Silverstein Pavilion; will relocate, renovate, and upgrade certain diagnostic areas; relocate and renovate certain administrative areas; replace the obsolescent utility systems in the Gates and White Buildings; and upgrade the utility systems in the Dulles and Ravdin Buildings.

This project will permit the relocation of ambulatory practices to improve access for patients, to establish better functional relationships among departments, and to provide efficient work flows within departments. It will accomplish needed modernization of diagnostic services and it will continue progress toward the concentration of patient care at the 34th Street end of the hospital complex. This project will meet one of the most critical needs of the hospital, the renovation, modernization, and expansion of the Department of Pathology. Finally, this project will make it possible for the hospital to move ahead with Phase IV and the ultimate retirement of non-fire-resistant buildings.

This project will take 27 months to complete. Construction is expected to begin January 5, 1981 and be completed by March 31, 1983. It is expected to cost $19,985,000. Of this amount, $15,195,000 is budgeted for construction.

The hospital plans to borrow up to $5,500,000 to partially finance this project through commercial borrowing which would be in the form of a two-year revolving loan and a three-year term loan. Amortization of the loan is expected to begin in fiscal year 1983, with the final payment in fiscal year 1986. The detailed feasibility study confirms that hospital operations will generate sufficient cash to fund the remaining $14,485,000 of project costs during the period of construction.

The Trustee Board of the Hospital has recommended approval of the Hospital's Phase III Construction Program in the amount of $19,985,000 and the associated external borrowing of $5,500,000.

RESOLVED, that the Trustees of the University of Pennsylvania approve Phase III Construction Program in the amount of $19,985,000, the associated external borrowing by the hospital of up to $5,500,000, and authorize Mark S. Levitan, executive director of the Hospital of the University of Pennsylvania, to take such actions and execute such documents as may be required to effectuate this resolution.

B. Mr. Neff reported (see Appendix I) that the Associated Investment Fund had done fairly well in December, recovering several percentage points it had lost in November. As of 11 December common stocks were up 11.2 percent compared to an increase in the Standard & Poor 500 stock average of 18 percent and an 8.3 percent-hike in the Dow Jones Industrial Average for the same period. The high-interest rate environment had not been good for long-term bonds, he observed, and the AIF unit value since the end of 1980 is up only 2.3 percent. But the unit value of income has increased 23.3 percent so
far in 1981, which, Mr. Neff pointed out, "is even better than inflation." He also mentioned that the Investment Board had put a portion of the money it was holding in reserve (some $6 million or 3.7 percent of the total portfolio) into interest-sensitive common stocks which he felt were by far the best values in the market. "We hope to skim 15 to 18 percent off the top when interest rates do drop," he said, "and that will be put back into the equity area."

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University