A Stated Meeting of the Trustees was held on Friday, 30 January 1981. Those attending included: Paul F. Miller Jr. (chairman); Martin Meyerson (president); Sheldon Hackney (president-elect); Mary Ann Meyers (secretary); Benjamin S.P. Shen (acting provost); Gustave G. Amsterdam; Walter G. Arader; Samuel H. Ballam Jr.; Gordon S. Bodek; Howard Butcher II; McBea Butcher; Henry M. Chance II; Gloria Twine Chisum; Charles D. Dickey Jr.; G. Morris Dorrance Jr.; John W. Eckman; Seymour Finkelstein; Thomas S. Gates; Michael E. Gilson; Joseph B. Glossberg; Donald G. Goldstrom; H. Samuel Greenawalt; A. Leon Higginbotham Jr.; John V. James; Regnald H. Jones; Cari Kayser; Ann Elizabeth Kelley; Ralph Landau; Leonard A. Laufer; Robert F. Levy; J. Paul Lyet; Margaret R. Mainwaring; Anthony S. Minisi; John D. Neff; Nina Robinson; Ralph S. Saul; Robert Montgomery Scott; Bernard G. Segal; Sara Spedden Senior; Irving S. Shapiro; Frank K. Turino; Marietta Tree; Robert L. Trescher; John H. Ware; Charles S. Wolf; Allison Aesorso; Myles Rekerowitz; Jean Brownlee; Michael Carroll; Peter Conn; James Davis; Robert Dyson; Charles Fancher; Karen Gaines; Peggy Gelber; Leonard Ginsberg; Sue Goldstrom; William Richard Gordon; Matthew Hall; Arthur Hirsch; Rev. Stanley Johnson; Valerie Jennings; Andrew Kitzman; George Koval; Evelyn Laufer; Max Lebow; Harold Manley; Stephen Marmon; Edward McFall; Ann Mengle; Mary Nichols; Gillian Norris-Szanto; William Owen; Joyce Randolph; Davida Ramey; Curtis Reitz; E. Craig Sweeten; Jon Strauss; James Spady; Lee Stetson; Don Sheehan; Michael Siegmund; Dick Stevenson; Dilys Winegrad; and several other students.

I. Call to Order

Paul F. Miller, Jr. called the meeting to order and an invocation was offered by the Rev. Stanley E. Johnson, the University chaplain.

II. Report of the Chairman

A. Mr. Miller noted that subscriptions as of 23 January 1981 amounted to $34,142,375. He said the total put the University well ahead of schedule in its drive toward a $46-million goal, which he characterized as an "ambitious objective" in the first year following the completion of a capital campaign.

B. The chairman then read resolutions of appreciation to Donald T. Regan, a life trustee who resigned from all private boards upon being named Secretary of the Treasury, and to Robert P. Levy and Marietta Tree, term trustees who had completed two consecutive five-year terms.

1. Action: A Resolution of Appreciation to Donald T. Regan was approved as follows:

   Donald T. Regan was a Term Trustee from 1970 until 1974, at which time he was elected a Life Trustee. He began his service as chairman of the Trustees in the same year and led the Trustees for the next four years. As the first chairman of the Program for the Eighties, he presided over the planning for the campaign and guided it through its initial three years, setting this ambitious undertaking on course toward its notably successful conclusion.
He was a member of the Corporate Responsibility Committee, University Development Committee, Investment Committee, Nominating Committee, and Committee on Resources. He served as chairman of the Executive Board and Development Policy Committee and was the first chairman of the Board of Overseers of the Wharton School, one of the earliest overseer boards to be established. He became a Pennsylvania alumnus when he was awarded the honorary degree, Doctor of Laws, in 1972, and his son confirmed the tradition by becoming an alumnus of the Wharton School. We applaud his leaving us to become Secretary of the Treasury at a time of financial difficulty in our country, but regret that during his service in Washington we will lose our close association with him.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the students, the faculty, the alumni, and the administration of the University, express to Donald T. Regan their thanks for his service.

2. Action: A Resolution of Appreciation to Robert P. Levy was approved as follows:

Robert P. Levy, a graduate of the College in 1952, has served as a Term Trustee for ten years. He has been a member of the Student Life Committee, University Development Committee, Government and Urban Relations Committee, and the Facilities and Campus Planning Committee. He has chaired the Board of Overseers of the School of Dental Medicine since its inception. An avid and noted sports enthusiast, he chaired the Recreation and Athletics Subcommittee of the Student Life Committee and was a trustee representative on the University's Committee on Recreation and Intercollegiate Athletics.

The son and nephew of alumni, he has continued a family tradition of important service to Pennsylvania. A varsity tennis player as an undergraduate, he was largely responsible for the building of the Tennis Pavilion which bears his name and for the installation of a synthetic playing surface in Franklin Field, converting a football field into a facility for many athletic and recreational uses. The tradition continues, since his daughter shows the same athletic talents and interests as a member of the University's varsity tennis team.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the students, the faculty, the alumni, and the administration of the University, express to Robert P. Levy their thanks for his service.

3. Action: A Resolution of Appreciation to Marietta P. Tree was approved as follows:

A Pennsylvania alumna, Marietta Tree has served the University as a Term Trustee for ten years. During this period she lent her counsel to the Educational Policy Committee and the University Responsibility Committee. She accepted the chair of the Board of Overseers of the Graduate School of Fine Arts when it was established five years ago, and under her leadership that board has become an effective and valued advisor to the president, the provost, and the dean.

Deeply concerned with human welfare, she worked to affirm the dignity and advance the cause of liberty for men and women everywhere as the United States representative to the Human Rights Commission of the United Nations. She also served as her country's representative, with the rank of ambassador, to the United Nation's Trusteeship Council, and in recognition of her internationally significant roles the Trustees awarded her the honorary degree, Doctor of Laws, in 1964. We recognize with pride, furthermore, her service on the boards of La Napoule Art Foundation, CBS, Pan Am Airways, and the United States Trust Company.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the students, the faculty, the alumni, and the administration of the University, express to Marietta Tree their thanks for her service.

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C. Turning to the election of trustees, Mr. Miller observed that Jacqueline Wexler had rendered especially valuable service to the University in the course of the recently-completed presidential search. He said that H. Samuel Greenawalt had agreed to take on the chairmanship of a newly-formed Advisory Committee on Intercollegiate Athletics, and he noted that he had a number of jobs in mind for William D. Patterson.

Action: A Resolution on the Election of Trustees was approved as follows:

RESOLVED, that Jacqueline Grennan Wexler be elected a Life Trustee, effective January 1, 1981.

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

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

D. Mr. Miller then noted that the Trustees would not honor President Meyerson at the Stated Meeting as they had done so at a dinner given for him and Mrs. Meyerson the previous evening. "But I would like to announce," the chairman said, "that Martin has agreed to serve as chairman of the University of Pennsylvania Foundation." In that capacity, he explained, Mr. Meyerson would help procure gifts of real estate, art, and other person property for the University, and, through the application and transfer of knowledge, augment the institution's resources. Noting Penn's "continued need" of the personal gifts which Mr. Meyerson brought to the University during the past decade, the chairman introduced a Resolution Designating Martin Meyerson as President Emeritus.

Action: The resolution was approved as follows:

RESOLVED, that Martin Meyerson be designated president emeritus of the University of Pennsylvania.

III. Report of the President

A. President

1. Mr. Meyerson observed that in leaving office he intended to follow the "noble American tradition of making midnight appointments."

a. Friends of Thomas S. Gates, he said, had endowed a chair in the ambassador's honor which resided appropriately in the arts and sciences. To be held by the dean of that faculty, it symbolizes, the president observed, how vital FAS is to Pennsylvania.

Action: A Resolution on the Thomas S. Gates Professorship was approved as follows:

RESOLVED, that Robert H. Dyson, Jr., dean of the Faculty of Arts and Sciences and professor of anthropology in the standing faculty of the Faculty of Arts and Sciences, be designated as the Thomas S. Gates Professor, effective January 30, 1981.

Acknowledging the applause of the trustees and others present in the Council Room, Ambassador Gates said he considered it a compliment that a chair in his name was being established during his lifetime. He spoke further of his pleasure that it would be held by the dean of what he considered "the center of the University." Dr. Dyson said "the record of the Gates family in the
world of business and politics and in the world of the intellect" made acceptance of the chair a "great honor. Ambassador Gates will serve as a model for what FAS would like to produce," he continued, "and I will do my best as dean to encourage students to live up to such high standards."

b. President Meyerson then awarded a Pennsylvania master of arts degree to Sheldon Hackney as the newest tenured member of the faculty. He noted that some years ago the Trustees had given him "blanket permission" to grant such degrees to "those who were not so fortunate as to have attended the University." It is a tradition, the president said, which is followed by some of the ancient universities of the world and was observed by Pennsylvania in the eighteenth century. "I felt that by reestablishing it in our own time a special communion would be established between the faculty, students, and alumni."

2. The president then turned to the state of the University. Promising that a complete report would be published and distributed to the trustees, he briefly summarized some of his administration's accomplishments. "The challenge," Mr. Meyerson said, "has been how to develop the institution at a time when the resource base, if not shrinking, was certainly not growing." Historically, he explained, change in American universities has been brought about by addition. But at the end of the '60s and the beginning of the '70s the only path open to the University was to make some kind of substitution. "We closed a school," he said, "so our resources could be used for narrower and more effective ends. This was the stewardship required of my colleagues and me, and we performed it well. If I were more boastful, I would say that considering the limits of our resources, none have done better due to the efforts expended by those in this room and by so many more."

Mr. Meyerson then cited certain other specific accomplishments of his administration, including not only the balancing of the budget, but also the elimination of the accumulated deficit, the cutting of energy use by 22 percent while actually adding new space, and the adoption of a budget system which moved to the deans and the heads of divisions the responsibility for both income and expenses. "There is not a dean on campus," the president said, "who does not regard himself as a fund raiser. At the same time, everyone of these deans is regarded by others as a great educational leader in his or her field." He spoke of the Council of Deans as part of a "very important central decision-making system," describing it as a group in which each member is concerned with the affairs of the others and all are concerned with the welfare of "one" University.

Turning to the quality of the student body, Mr. Meyerson said that in 1970 little more than half of the freshmen were in the top 10 percent of their high school classes, whereas today some three-quarters are. He pointed out that the Law School's first-year class was the best it had ever had. "I could give many similar examples," he noted. "We have clearly accomplished the goal of building up the quality of an already very-good student body, faculty, and administration."
He went on to say that it was vital for students to recognize that Pennsylvania was a research university, that is, one devoted to scholarship as well as teaching. And if they "cannot achieve instant gratification," the students have greater access to the faculty than at most leading universities," Mr. Meyerson observed. He then cited ways in which the University has been made more personal, such as the establishment of the college house system, the freshman seminar program, the thematic studies effort, and the University Scholars program.

Pennsylvania's quality, the president continued, has been widely recognized by funding agencies with the result that in the past decade there has been a very considerable increase in the total worth of subventions secured from federal and private sources. "Indeed," Mr. Meyerson said, "we are running against the tide. In 1969-70 we had $20 million in sponsored research; in 1980 it amounted to $86.5 million. Additionally, we have attracted more money in the Program for the Eighties than ever before in the history of the University, and special thanks are due to the trustees, to Craig Sweeten, to Bill Owen, and to all our friends and supporters." The president pointed out that during three years of the campaign, Pennsylvania moved from its usual position of 10th or 12th among 37 major universities to third in terms of fund raising. He noted, furthermore, that a hospital, which had been "in the most terrible financial straits, is now in the opposite situation."

Mr. Meyerson spoke next of the creation of the Faculty of Arts and Sciences. "There is no university of distinction," he said, "that does not have its greatest strength in the arts and sciences, contributing thereby to the professional schools as well as to graduate and undergraduate education in the arts and sciences themselves." Promising to address the significance of Pennsylvania's graduate programs in his formal report, he expressed the hope that in FAS, despite national trends, the relative position of the University's graduate programs could be "built upon" in the years ahead.

Turning to the subject of governance, the president said that Pennsylvania was characterized by "far more openness than elsewhere. To those who think there has been an unwillingness to get advice and to heed advice, I would like to suggest that often the problem has been that so little advice was forthcoming." He referred to low attendance at meetings of the Faculty Senate, and observed that "what we need in the future is more involvement."

In closing his remarks, Mr. Meyerson read from a statement Edmund Burke made to the Duke of Bedford: "It may be new to his grace but I beg leave to tell him that mere parsimony is not economy. It is separable in theory from it and in fact it may or it may not be a part of the economy, according to circumstances. Expense and great expense may be an essential part in true economy. If parsimony were to be considered as one of the kinds of that virtue, there is, however, another and a higher economy. Economy is a distributive virtue and consists not in saving, but in selection. Parsimony requires no providence, no sagacity, no powers of combination, no comparison, no judgment. Mere instinct, and that not an instinct of the noblest kind, may produce this false economy in perfection. The other economy has larger views. It
demands a discriminating judgment, and a firm, sagacious mind. It shuts one door to imprudent importunity, only to open another, and a wider, to unpromising merit.

"My interpretation of what Burke had to say in this," the president concluded: "The bottom line in a great university such as ours is excellence."

B. Provost

Action: Dr. Shen introduced the Recommendations for Academic Appointments and Promotions, 4 December 1980 to 19 December 1980, which were approved as found on pages 1 through 7 of the Gray Book.

IV. Report of Trustee Committees

A. Academic Policy

Dr. Kaysen reported that the Committee on Academic Policy had been presented with key statistics on student/faculty ratios. "An increase in those ratios can be looked upon as an increase in productivity," he said, "and they can also be looked at as a deterioration of quality. The central academic problem of resource use is how do we balance those two considerations." He went on to observe that for the last few years the average student/faculty ratio for all schools has remained almost constant. "What is striking," Dr. Kaysen pointed out, "is that even if we omit the health schools [with their very low ratio] the range of ratios among the other schools is substantial. Wharton and Law are quite high, while FAS is near the average. The significance of these figures certainly is a question for further consideration." He closed by observing that the acting provost viewed the gathering of comparative data as an essential step in long-range planning.

B. Audit

Mr. Chance reported on the last two meetings of the Committee on Audit. On 23 October 1980, he said, members had learned that after four years of negotiation the issues between the University and the Department of Health and Human Services had been resolved in relation to direct-cost audits of sponsored research for the fiscal years 1973-80. "One hundred-million dollars worth of work was settled for less than $300,000," he noted, "and that is a fantastic achievement." He went on to say that the Coopers and Lybrand Report for FY'80 was an "unqualified certificate except for the adoption of depreciation. At today's meeting," the chairman continued, "the committee was principally concerned with the Coopers & Lybrand Report to the Comptrollers on Accounting Procedures and Controls and the University's response to it." Members met separately with representatives of the accounting firm, he said, and they found no problems that are not receiving attention.

C. Budget and Finance

Reporting on meetings of the Committee on Budget and Finance held on the 10th of December and the 29th of January, Mr. Eckman said that while some expenses had been higher than expected, higher interest rates on short-term investments had made it possible to eliminate the operating deficit and to look forward to a balanced budget in FY'81. He noted, however, that Penn was faced with a $6-million difference between income and expenses in FY'82. "It is a gap," he said, "which the administration is making progress in narrowing."
1. Action: A Resolution on Leidy Laboratory Renovation Phase II was approved as follows:

Intention:

Biological sciences at the University are central to the overall plan for teaching and research in the Life Sciences and to the intellectual and scientific links among the basic science departments of the Faculty of Arts and Sciences and the Health Affairs schools.

As part of the overall development of the Biology Department, the University commenced rehabilitation of the Leidy Laboratory Building which was built in 1910. Phase I of the Leidy Laboratory renovation has been completed at an overall cost of $2.86 million funded as an advance from proceeds of the general mortgage. The scope of work of Phase II of Leidy Laboratory renovation consists of installation of a new mechanical system in the west wing of the building and renovation of research laboratories and a multipurpose teaching room. In addition, Phase II will complete work on energy saving features, adapt the building to requirements for the handicapped, replace the existing elevator, and install a new emergency fire staircase in the west wing of the building to bring the building into compliance with the Philadelphia Building Code. The total cost estimated for Phase II is $2.8 million. The Pew Memorial Trust has awarded a grant of $1.75 million for this purpose. The remaining $1.05 million will be funded from undesignated proceeds of the Program for the Eighties.

RESOLVED, that Phase II of the renovation of Leidy Laboratory is approved at a cost not to exceed $2.8 million.

2. Action: A Resolution on Radiology/Surgery Floor Construction in the Medical Education Building was approved as follows:

Intention:

The Departments of Surgery and Radiology are moving their medical research laboratories and research administrative offices from hospital buildings to the third floor of the recently completed shelled space of the Medical Education Building. This is being done in accordance with the long-range plans of both the hospital and the School of Medicine. The Department of Surgery will occupy 9,400 net square feet, and the Department of Radiology will occupy 4,100 net square feet of the 21,000 net square feet on the third floor. This project will be the first phase of relocation of surgical research. A second phase will consist of relocating surgical research laboratories from several non-hospital buildings to the third floor of the Medical Education Building. The Department of Surgery will then have its medical research activities located in one central facility. Preliminary estimates indicate that this first phase of the project will cost approximately $3.7 million. This project is funded from capital funds of the Departments and the School of Medicine.

RESOLVED, that the completion of 13,500 net square feet of space on the third floor of the Medical Education Building for research laboratories for the Departments of Radiology and Surgery is approved at a cost not to exceed $3.7 million.

3. Action: A Resolution on the Renovation of the Department of Pathology Laboratory was approved as follows:

Intention:

With the selection of Dr. Leonard Jarett as the new chairman, the Department of Pathology has completed planning for the upgrading and expansion of the department's research activities as part of the long-range physical improvement plan of the School of Medicine. The project involves the renovation of 14,850 net square feet of existing space assigned to the

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Department of Pathology in the east and south wings of the first floor of the old Medical Laboratory Building. The estimated cost is $1.7 million. The project will be funded from capital funds of the School of Medicine.

RESOLVED, that the renovation of the Department of Pathology Laboratory in the old Medical Laboratory Building is approved at a cost not to exceed $1.7 million.

4. Action: A Resolution on Phase II of the Renovations for the Department of Human Genetics was approved as follows:

Intention:

As part of the School of Medicine's long-range physical improvement plan, the Department of Human Genetics is relocating its cancer research activities to 7,100-net-square feet in the first floor of the old Medical Laboratory Building. This new area will enable Human Genetics to conduct its research activities in a centralized, modern facility with up-to-date utility systems. The estimated cost for Phase II is $1.4 million. The project will be funded from capital funds of the School of Medicine.

RESOLVED, that Phase II of the renovations for the Department of Human Genetics is approved at a cost not to exceed $1.4 million.

5. Action: A Resolution Approving A Loan for Fraternity Improvements was approved as follows:

Intention:

The Pi Kappa Alpha Fraternity, a national fraternity, wishes to make a loan of $40,000 to the University for use in installing a sprinkler system and making certain other repairs to the house owned by the University and leased to the Beta Pi chapter of the fraternity.

RESOLVED, that the Trustees of the University of Pennsylvania authorize the execution and issuance to Pi Kappa Alpha Fraternity of its note in the amount of $40,000, for repayment over 20 years at an interest rate of 11 percent, and of a mortgage to secure its note. The note and the mortgage having been presented to the meeting, the following officers are authorized to execute the note and the mortgage and to do all things necessary to effectuate the closing of the loan: the vice president for budget and finance, Jon C. Strauss; the treasurer, Harold E. Manley; and the associate treasurer, Edward A. Lodge.

D. External Affairs

Reporting for Mrs. Wexler, Mr. Lauder noted that the External Affairs Committee had met in plenary session to receive the Alumni Task Force Report, an undertaking of the General Alumni Society, which was presented by GAS president Sara Senior. He called attention to the memorandum from Digby Baltzell prefacing the report, then went on to highlight the report's recommendations.

One of them, Mr. Lauder said, was that Alumni Relations and Annual Giving should remain under a single head whose portfolio was Development, but that each graduate and professional school should continue to have its own development officers. Another recommendation was for additional regional offices with Los Angeles as the next site. There were suggestions related to the Pennsylvania Gazette, including recommendations to increase the size of its staff, merge its advisory board and the present Publications Board, and generally strengthen the magazine as the University's principal means of contact with alumni.
Mr. Lauder mentioned a discussion of student recruiting stemming from the report's claim that alumni relations start in the admissions office. "We must encourage our alumni to help in recruiting," he said, "and the report calls for the expansion of our recruiting efforts beyond the northeast quadrant of the country." Dr. Chisum talked about the importance of encouraging our minority alumni to participate in alumni activities. The report ended with a discussion of the need to increase the budget of the Alumni Office. Mr. Lauder referred to the latter as a "Catch-22 situation. Do we, he asked, "increase the funds in the Alumni Office so that our income will be increased or do we wait for an increase in income before increasing the funding of the Alumni Office? I think we will leave that problem to our new president."

E. Facilities and Campus Planning

Mr. Arader reported that the Committee on Facilities and Campus Planning had discussed three sites in which the University has a development interest: PGH, 36th and Walnut, and 34th and Walnut. Members also talked about the renovation of Centenary Hall on the site of the old nurses' residence and the "very possible" purchase of the facility when the University's one-year lease is up in June. Another agenda item, the chairman continued, was a recently completed study of asbestos in ceiling materials of various campus buildings. "It indicates that there is no serious danger of contamination," he said, "but the situation will be monitored very carefully, and the committee urged the administration to promptly communicate the results of the study to students." A final matter of discussion was the PCB insulation in electrical transformers around campus and the steps being taken to prevent harmful leakage. "The situation seems to be under good control by the Office of Operational Services," Mr. Arader concluded.

F. Resources

Mr. Jones reported that the University has $34 million in hand against a $46-million fund-raising goal for the current fiscal year. The total received to date includes $2.5 million from Annual Giving, which the chairman characterized as a "fine start" toward achieving an Annual Giving goal of $7 million. "These gifts," he said, "allow us to move ahead with key building renovations and to add more than $4 million to our scholarship and financial aid program." He went on to note that cash receipts for the Program for the Eighties now total $190 million, which is well ahead of projections made at the beginning of the campaign. "I just cannot say enough in praise of the development staff," Mr. Jones concluded.

G. Student Life

Mrs. Mainwaring reported that the first item on the agenda of the Student Life Committee was a discussion of the staff, the goals, the services, and the activities of the Office of Vice Provost for University Life. She said that committee members had reviewed organization charts from 1965 to 1980, noting that the responsibilities of the office had increased dramatically with each change in the department head. "I think we are well on our way toward some strategic planning in this area," she continued, with a view toward "developing mechanisms that will allow the committee to look at student life from the standpoint of policy review and priority setting. If the time should come when
we must consider shrinking some of our offerings, we'll have some idea of their
relative worth."

Mrs. Mainwaring further noted that the committee had been presented with
guidelines for annual reporting for each of the many student life divisions. An
illustration of their value, she said, was the report given by Dr. Samuel Fager for
student health. "What came through clearly," she said, "was that the two-year
wait for a director was well worth it." Noting that Dr. Fager had involved
students in the planning and organization of the student health program, she said
that two students who had worked with him attended the meeting of the Student
Life Committee and "displayed tremendous support." The chairman
characterized student health as "another example of one university working so
well." She pointed out that not only did Dr. Fager serve the health needs of the
general student population, but that he was also working in a teaching capacity
with students in the School of Medicine. In conclusion, she said that the
committee would hold a late afternoon meeting followed by dinner and an
evening session sometime in the spring. When an agenda is set, all trustees will
be notified and any who can join in the meeting, which will involve students, will
be welcome.

H. University Responsibility

Reporting for Mr. Brown, Judge Higginbotham said he would like to call four
basic issues to the attention of the trustees. The first, he said, involved the
continuing question of when the University should speak or act on external issues.
"Rarely" was the answer of the Committee on University Responsibility.
Members prepared a draft statement on "Institutional Response to External
Issues," similar to the statements of many other colleges and universities, which
emphasized Penn's primary mission was educational and that it should speak and
act on external issues "only with the greatest reluctance and only in unusual
circumstances." In response both President Meyerson and the University Council
filed statements, the latter stressing that it was "difficult to provide clear
guidance in advance and that each case should be considered on its individual
merits." As there seems to be no urgent reason why the Trustees should issue a
policy statement, Judge Higginbotham continued, the committee is simply filing
its report for use of the "high court of history."

The second issue which the judge called to the trustees' attention was a draft
policy on conflict of interest, which he said had been approved by the committee
and would be circulated in the near future. The committee will solicit the
comments of all members of the University community in hopes of presenting a
policy to the board for action at its next meeting.

The third question considered by the University Responsibility Committee dealt
with South Africa. The present problem, Judge Higginbotham observed, arose
from the fact that in its report of January 1980, the committee deliberately said
that only loans by banks in which the University owned stock would be subject to
review. Penn owns no stock in Citibank, only bonds; nevertheless, a $250-million
loan to the government of South Africa by a syndicate of banks to which Citibank
belongs has been the subject of discussion by a number of campus groups. The loan will be used for constructing hospitals, housing, and schools for black Africans. And without reconsidering its earlier position on the distinction between equity interests and other types of relationships with corporations, the committee decided that in this case no action was warranted against Citibank. "We unanimously agreed," Judge Higginbotham said, "that the loan in question serves the best interest of everyone."

He noted that the final item to which the committee addressed itself was affirmative action. Traditionally, he said, the University had criticized the relevance of government procedures to affirmative action, but for the moment the committee lacks sufficient data to evaluate the magnitude of the problem. "It will be the number one item on our agenda in June," he promised.

I. Investment Board

1. Investment Update

Mr. Neff reported that total return performance figures for the common stock portion of the Associated Investment Fund showed more than a 28-percent increase in value during the 1980 calendar year, whereas the Dow Jones Industrial Average was up some 22 percent and the Standard and Poor 500 stock average rose a little more than 32 percent for the same period. "Being four points behind the S & P is not a happy result by our standards," he said, "but you will notice that the 10 percentage points difference between the Dow and the S & P. It reflects the fierce selectivity of the marketplace in 1980, and I would suggest a look behind the figures." Mr. Neff pointed out that he had warned the trustees that the AIF would not do well in a year characterized by a unitary market and that 1980 was a year in which energy and technology, particularly to the exclusion of interest-sensitive common stocks, "walked off with pretty much of the cake."

He went on to note that Penn's estimated gross-investment income for the next 12 months is now 23.9 percent higher on a per-share basis than the amount projected on 31 December 1979 for 1980. "I would not overlook that figure as an indication of accomplishment," he said, "and I would anticipate that we would do 10 percent or better in 1982 than this year." He said that since the end of 1980, the four percentage points that the AIF was behind the S & P had been more than made up, putting the AIF ahead of the S & P for the last 13 months. As another indication of the value of the portfolio, he reported a price-earnings ratio six times the 1981 estimated earnings, and he said the yield on the portfolio is a little more than 6 percent versus 4.5 percent for the S & P or 33 percent better. "Our projections of the future annual growth in earnings of portfolio companies is 10.5 percent," he said.

"The return on equity in 1980 is estimated at 18.5 percent versus the average industrial company earning—approximately 15 percent on equity. In summary, we have a portfolio selling at about a 33 percent discount to the market, yielding 33 percent more and earning on equity 20 percent more than the average company. The equity percentage has risen to 83 percent from 58 percent last year." He went on to say that the bonds in Penn's portfolio had
not served the University very well. The average maturity for fixed-income securities is some 16 years, and Mr. Neff noted that he hoped to "bring that down a little," to ensure greater flexibility and a lesser risk.

2. Action: A Resolution on Amendment of the Note and Mortgage was approved as follows:

Intention:

The University is the payee under a note of Eighth and Market Corporation dated 15 September 1965, in the original principal amount of $3,525,000 ("Original Note") bearing interest at the rate of 5 percent per annum and payable in semi-annual installments of principal in the amount of $35,250 each, together with interest, and with the remaining balance of principal due on 14 September 1990. The original note is secured by a recorded mortgage of even date covering the premises bounded by Market Street, Eighth Street, Filbert Street, and Seventh Street ("Original Mortgage").

Eighth & Market Corp. desires to sell the mortgaged premises to SADIL N.V. or another entity to be named as the new owner. Upon such conveyance it is proposed that a payment of $500,000 be made on the Original Note, reducing the outstanding principal indebtedness to $1,967,000 and that the terms of payment be amended to provide for interest payable quarterly at the rate of 8 percent per annum for the first loan year, such rate of interest to increase 1 percent per annum for each loan year thereafter, with the entire indebtedness and unpaid interest to be due at the end of the fifth loan year.

It is proposed that the University release Eighth & Market Corporation from all liabilities under the Original Note, and that the new owner assume all liability for repayment of the remaining debt, without recourse. In order to alter the terms of the Original Note as described above, it is proposed that the Original Note be amended and restated in its entirety by an amendment to note, a copy of which has been presented to the meeting and will be attached by the Secretary to the minutes.

It is also proposed that the original mortgage be amended to reflect the amendments to the Original Note, and to permit the new owner to demolish the existing structure on the mortgaged premises, and to construct new structures thereon. It is proposed that such amendments to the original mortgage be made by an amendment to mortgage, a copy of which has been presented to the meeting and will be attached by the Secretary to the minutes.

It is proposed that the University execute a commitment letter to City Stores Company and SADIL N.V. agreeing to execute the amendment to note and amendment to mortgage subject to certain conditions, a copy of which commitment letter has been presented to the meeting and will be attached by the Secretary to the minutes.

Finally, the Trustees desire to approve the execution and delivery of the commitment letter, the amendment to note and the amendment to mortgage by the proper officers of this Corporation.

RESOLVED, that any officer of this Corporation or any one or more of them be, and they are hereby empowered and directed to execute on behalf of this Corporation and deliver to City Stores Company and SADIL N.V. this Corporation's commitment to execute the amendment to note and the amendment to mortgage, which commitment shall be in the form set forth in the proposed commitment letter submitted to this Board, with such changes as the appropriate officer or officers of this Corporation shall approve.

FURTHER RESOLVED, that the president or any vice president and the secretary of the University or any assistant secretary be, and they are hereby authorized, empowered, and directed to enter into and execute on behalf of this Corporation and to deliver to SADIL N.V., or such other entity as may be named as the new owner of the mortgaged premises, an amendment to note and an amendment to mortgage, which amendments shall be in the forms set forth in the proposed amendment to note and amendment to mortgage, respectively, submitted to this Board, with such changes as the appropriate officer or officers of this Corporation shall approve.

Secretary
3. Mr. Miller informed the trustees that in the statistical universe measured by studies of the National Association of College and University Business Officers, the University's relative standing had improved in every one of the five-year periods between 30 June 1970 and 30 June 1980, and that the organization's rating of the performance of Penn's endowment indicated that its performance had been well above average for the period.

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

Reporting on discussions which had taken place at three meetings held since October, Mr. Ballam noted that the hospital was operating at capacity, a situation which he said put a "terrible strain" on the staff in light of the shortage of nurses. He told the trustees that CBS was doing a documentary on the nursing profession, which had been filmed at HUP and would be televised later in the year. He mentioned that the hospital had been visited by a committee on accreditation and hoped to have its report in March. Turning to the subject of energy conservation, he said that an energy conservation engineer had been hired and that HUP had been able to consistently bring down its consumption of energy. He further noted that a water conservation program was underway. Mr. Ballam then mentioned the annual Hospital Antique Show would be held on the 7th through the 11th of April, noting that "since its inception, this activity has raised $1,800,000 for HUP." He reported that HUP's building program continues, with a $20-million renovation underway as part of Phase III and plans for Phase IV filed with the Health Systems Agency. Total revenues for the first six months of FY'81 were slightly more than $60 million, Mr. Ballam said, and the excess of revenues over expenses during this period amounted to $3.3 million—a total budgeted for the full year.

L. General Alumni Society

Thanking Mr. Lauder for his comments on the Alumni Task Force Report, Mrs. Senior said a printed version was being prepared for distribution to the University community, as well as to people at other institutions. She noted that the General Alumni Society also hoped the report could be printed in Almanac. She said the society intended to move forward in implementing recommendations made in the report, and that she would present an account of its progress at the June Trustees' meeting. Noting the GAS's delight at the prospect of Dr. and Mrs. Hackney living in Eisenlohr, Mrs. Senior went on to say that designation of the hall as the president's house meant that the alumni had to start over again in their search for an alumni center. "But I believe that in our new location on Locust Walk we will be in a better position to pursue some of the goals of the Task Force Report" she said. "We will be closer to Annual Giving and, best of all, closer to the central life of the students." She noted finally that three alumni who were associated professionally with the University—Digby Baltzell, professor of sociology, E. Craig Sweeten, senior vice president for development, and Charles Scott, former soccer coach and retired associate director of athletics, as well as David C. Auten, former president of the General Alumni Society, had been given Alumni Awards of Merit at the Founder's Day luncheon in January.

V. Overseers and Other Boards
V. Overseers and Other Boards

A. Action: Appointments to the Advisory Board of the Institute of Contemporary Art were approved as follows:

RESOLVED, that Stephen B. Burbank and Susan Kaiserman be appointed to the Advisory Board of the Institute of Contemporary Art for a period of three years beginning 1 February 1981.

B. Action: Appointments to the Wistar Board of Managers were approved as follows:

RESOLVED, that Mr. George B. Barnard, 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 W. Eckman, Mr. Robert A. Fox, Dr. David R. Goddard, Mrs. Morven Green, 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, Mrs. Richard J. Sliwinski, Mr. E. Robert Thomas Jr., Mr. Owen Jonas Toland Jr., Mr. Howard S. Turner, 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 be approved to serve as ex officio members of the Wistar Board of Managers: Dr. Thomas Peter Bennett and Dr. Ruth Patrick; and that Dr. Donald Vail Rhoads be approved as an ex relative member.

C. Action: Appointments to the Boards of Overseers were approved as follows:

RESOLVED, that Wilbur E. Hobbs be appointed to the Board of Overseers of the School of Social Work for a period of three years beginning 1 February 1981.

D. Action: A Resolution Designating Members of the Board of Trustees of the University of Pennsylvania Press, Inc. as Associate Trustees was approved as follows:

Intention:

The members of all of the boards of overseers and of several other University boards and councils who are not trustees or University faculty members are elected associate trustees for the duration of their service with those boards. Associate-trustee status is not currently given to the members of the Board of Trustees of the University of Pennsylvania Press, Inc., a situation which is inconsistent with University practice in the case of other key boards and councils.

RESOLVED, that the members of the Board of Trustees of the University of Pennsylvania Press, Inc. who are not trustees or University faculty members be elected associate trustees concurrently with their service as members of that board.

VI. Other

Dr. Shen reported that staff members of the Wistar Institute, which is an institution independent of the University, were very uncomfortable with the prefix "adjunct" used in their faculty titles whenever they are appointed to the Associated Faculty of the University. Full-time Wistar staff members appointed to the University are, by definition, necessarily in the Associated Faculty (not in the Standing Faculty), and Associated-Faculty titles require a prefix. Because of the special relationship that has always existed between the University and the Wistar Institute, an agreement was reached, after two years of negotiations with Wistar and approval by the Faculty Senate Committee on the Faculty, to replace the customary prefix "adjunct" by the prefix "Wistar Institute."

SECRETARY
Action: A Resolution on the Title of Associated Faculty Members from the Wistar Institute was approved as follows:

RESOLVED that full-time staff members of the Wistar Institute currently holding University of Pennsylvania faculty titles prefixed by the word "adjunct" shall in the future hold titles prefixed by the words "Wistar Institute."

FURTHER RESOLVED, that future appointments, reappointments, and promotions of full-time Wistar staff to any University of Pennsylvania associate faculty rank shall carry title prefixed by the words "Wistar Institute." Secondary appointments (i.e. appointments in a second or third University department) shall follow the nomenclature of the primary appointment.

As the stated meeting concluded, Mr. Miller extended to Mr. Meyerson the thanks of the Trustees and he extended to Dr. Hackney their welcome.

Adjourned.

Respectfully submitted,

[Signature]

Mary Ann Meyers
Secretary of the University