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

16 September 1981

A stated meeting of the Executive Board was held on Wednesday, 16 September 1981. Trustees attending included: Walter G. Arader; Henry M. Chance, Jr.; John W. Eckman; Sheldon Hackney; Margaret Mainwaring; Paul F. Miller, Jr.; John B. Neff; Sara Senior; Robert L. Trescher. Others present were: Albert Beers; Richard Clelland; Elizabeth Cooper; Thomas Ehrlich; Karen Gaines; Matthew Langfitt; Marshall Ledger; Robert Lorndale; Steven Ludwig; Lynn Manko; Edward McFalls; Denise McGregor; Mary Ann Meyers; William Owen; Joyce Randolph; James Spady; Humphrey Tunkin; and Robert Wojtowicz.

I. Call to Order and Approval of the Minutes

Mr. Miller called the meeting to order. The minutes of the 14 May 1981 meeting were approved as written by the secretary.

II. Report of the Chairman

A. Mr. Miller then reported that the fiscal year was off to a good start. He said that as of 11 September the University had received $6.7 million in gifts and subscriptions, including $3.4 million in cash receipts. "The real success story," he continued, "is in foundation giving where we have secured more than $4.1 million in new commitments which will benefit programs in Nursing, Public and Urban Policy, Medicine, and Arts and Sciences. This kind of record illustrates the value of building on a campaign base to establish a continuing relationship." The chairman then noted that the 1982 Annual Giving campaign would get formally underway in October, and it was his hope and expectation that last year's total of $6,744,000 from 48,000 donors would be surpassed.

B. Reporting for the Nominating Committee in the absence of Mr. Dorrance, Mr. Miller said that the committee recommended Bruce Graham (FA '49), architect and managing partner of Skidmore, Owings, and Merrill, David J. Mahoney (W '43/ EV '46), chairman and chief executive officer of Norton Simon, Inc., and D. Robert Yarnall, chairman of the Yarway Corporation, for five-year terms as term trustees.

Action: Their recommendation was approved as follows:

RESOLVED, that the report of the Nominating Committee be adopted and that Bruce Graham, David J. Mahoney, and D. Robert Yarnall, Jr. be nominated for election as term trustees at the next stated meeting of the Trustees.

III. Report of the President

A. Dr. Hackney welcomed Mr. Ehrlich upon his first appearance as provost before the Executive Committee. The president then announced that his
search for "the senior officer of the University on the business side" had come to a happy conclusion, and he would nominate Edward Jordan to be executive vice president. Noting that Mr. Jordan had been "a chief executive officer in the world of profit-making and quasi-public business for 18 years, the last five as head of Conrail," Dr. Hackney said his willingness to join the administration represented "an unusual opportunity for the University." He expressed satisfaction that Mr. Jordan was particularly interested in helping Pennsylvania develop new resources, and he said the executive vice president would work very closely with Mr. Ehrlich and him on university-wide policy matters. Emphasizing that the provost was the senior academic officer responsible for the University in the president's absence, Dr. Hackney said that the new executive vice president would sit on the Planning and Budget Committee, which Mr. Ehrlich chairs.

Turning to other searches, the president said he was still looking for a vice president for development, but hoped to have candidates visit the campus in the next month or so. He announced that inasmuch as James Freedman had been "lured away from Pennsylvania" to accept the presidency of the University of Iowa, the provost was putting together a search committee to seek his successor as dean of the Law School. "I also hope to launch the search for a director of the Museum within a few days," he said, observing: "It's heavy hunting season."

Mr. Miller commented upon the importance of confidentiality—not only during the search process but afterward. "It seems to me," he said, "that breach of confidentiality harms both the University and people involved in the search, and I would hope we could somehow address the problem."

The president responded that he shared Mr. Miller's concern. "Breaching confidentiality threatens to limit the sort of people we will be able to interest in participating in searches," he said. "We will look in every instance for concrete ways to remind committee members of their obligation."

B. Action: A Resolution on the Designation of FAS Graduates as College Graduates was approved as follows:

Intention:

When the Faculty of Arts and Sciences was established in 1974, the term "College" was dropped: students were enrolled in and graduated from the Faculty of Arts and Sciences. Undergraduates in FAS receiving their baccalaureate degree were designated graduates of the Faculty of Arts and Sciences.

This past June the School of Arts and Sciences was established as the organizational unit of the Faculty of Arts and Sciences, with the undergraduate division being known as the College of Arts and Sciences. Henceforth, all undergraduates will enroll in the College and those earning their baccalaureate degree will be designated graduates of the College. In light of this development, it seems appropriate that those students previously designated as graduates of the Faculty of Arts and Sciences should be designated graduates of the College.

RESOLVED, that those undergraduate students designated graduates of the Faculty of Arts and Sciences between 1976 and 1981 shall henceforth be designated graduates of the College instead.

SECRETARY
C. Dr. Langfitt commented briefly on the financial performance of the University for FY'81. Current operations produced a surplus of $108,000 while the new residences operations' surplus of $508,000 reduced the remaining deficit to $1,000,000. Proceeds of $97,000 on the amortization of the debt of Graduate Hospital brought the total University performance for the year to a positive $713,000. HUP produced a surplus of $4,248,000, which will be applied to Phase III, its $21 million capital project.

D. The president then introduced five resolutions related to overseers and other boards. A question arose as to whether members of the newly created Athletic Advisory Board would be given the courtesy title of associate trustee, and it was subsequently established that they would, if they are not trustees or University staff members.

1. **Action**: A Resolution on Appointments to the Board of Overseers of the School of Engineering and Applied Science was approved as follows:

   RESOLVED, that Oliver C. Boileau, Jr., and Ruth M. Davis be appointed to the Board of Overseers of the School of Engineering and Applied Science for three-year terms, beginning 1 October 1981.

2. **Action**: A Resolution on Appointment to the Board of Overseers of the School of Veterinary Medicine was approved as follows:

   RESOLVED, that Samuel H. Smith be appointed to the Board of Overseers of the School of Veterinary Medicine for a three-year term, effective 16 September 1981.

3. **Action**: A Resolution on the Establishment of and Appointments to an Athletic Advisory Board was approved as follows:

   **Intention**

   Advisory boards to schools at the University of Pennsylvania date from 1928 when the Statutes were amended to allow for such boards to provide counsel for each of the University's faculties. As early as 1891 the Board of Managers (now the Board of Overseers) of the University Museum provided a link between the University and the larger community beyond the campus, and from time to time a variety of other boards have been established for this purpose.

   RESOLVED, that an Athletic Advisory Board be established to advise the Director of Athletics on all aspects of the programs managed by the Department of Recreation and Intercollegiate Athletics, to interpret those programs to other alumni and friends of the University, and to assist in increasing the level of external support for the Department.

   BE IT FURTHER RESOLVED that the following individuals be appointed to the Athletic Advisory Board for a period of three years, beginning 16 September 1981: Francis J. Bagnell; Richard Censits; H. Harrison Clement, Jr.; Louis A. Cochet; Edward M. Einhorn; Charles Grantham, III; H. Samuel Greenawalt, Jr.; John B. Hannum, Jr.; Bruce Henry Hooper; Edwin R. Igle; Robert P. Levy; H. Hunter Lott, Jr.; Robert Lucid; Anthony S. Minisi; James S. Riepe; Marjorie Osterlund Rendell; and Barbara G. Werther.

**Secretary**
4. **Action:** A Resolution on Appointments to the Advisory Board of the Institute of Contemporary Art was approved as follows:

**RESOLVED,** that Kathleen H. McKenna and Susan Stafford Oberfest be appointed to the Advisory Board of the Institute of Contemporary Art for three year terms beginning 16 September 1981.

5. **Action:** A Resolution on Appointment to the Advisory Board of the Morris Arboretum was approved as follows:

**RESOLVED,** that Harry R. Stainbrook be appointed to the Advisory Board of Managers of the Morris Arboretum for a period of three years, effective 1 October 1981.

E. Mr. Ehrlich expressed appreciation for the warm welcome he had received since coming to Pennsylvania.

I. **Action:** He introduced a Resolution Amending the 10/16/59 Resolution on Academic Tenure, which was approved as follows:

**Intention:**

On December 14, 1973, the Executive Board of the Trustees approved an amendment to the resolution entitled, "Academic Tenure and Procedures Relating to Academic Tenure at the University of Pennsylvania." This amendment permitted an extension of the tenure probationary period to ten years for faculty having very substantial clinical duties in the Schools of Medicine, Veterinary Medicine and Dental Medicine, who were initially appointed as instructors, associates, and assistant professors. It is now proposed that a comparable ten-year option for tenure probation be made available in the School of Nursing to qualified faculty initially appointed as assistant professors. The purpose of the ten-year probationary period is to lengthen the period of time available to those tenure-probationary faculty having substantial clinical duties so that they may establish the professional qualifications and achievements which would make them eligible for tenure consideration.

The definition of "very substantial clinical duties" is critical to the implementation of the extended tenure probationary period. The following definition will apply in the School of Nursing:

At least fifteen hours of the total working time (per week) that a faculty member devotes to professional activities is directly and indirectly related to the care of clients. Client care is assumed to include the whole spectrum of activities that result from the assumption of some type of professional clinical responsibility for the assessment, management, and evaluation of the nursing care of patients including the prevention of health care problems. Examples of such activities include regular contact with patients at the bedside, office, or clinic; participation at clinical rounds or conferences; conferences with nursing or other colleagues or with families concerning clients; personal involvement in the performance or supervision of the delivery of nursing care; and any administrative duties (such as membership on hospital committees) that are an expected or necessary consequence of the assumption of clinical responsibilities in a hospital or an analogous care setting.

The provost and the dean of the School of Nursing will establish administrative procedures for implementation of the extended probationary period, including provisions for application of this provision to faculty members presently in probationary status.

It should be noted that the ranks of instructor and associate are no longer tenure probationary (effective 7/1/77 and 7/1/81, respectively).

Finally, concerning the structure of the academic staff and the University’s tenure system, see the revised Statutes approved by the Trustees 6/19/81 (Article 9) and the 1979 Handbook for Faculty and Administration (pages 23-32), which summarizes the following Trustee resolutions:

10/16/59: Academic Tenure and Procedures Relating to Academic Tenure
at the University of Pennsylvania (A.27-185, 200 to 211);

5/05/64: Initial Appointments of Associate Professors for a Period of Three Years or Five Years (A.28-498f);

12/14/73: Statement on Academic Tenure Amended Regarding Probationary Period (A.33-117);

6/04/76: New Faculty Classification System (A.37-9 and 10);

6/09/78: Promotion of Associate Professor Without Tenure (A.38-167 and 168).

The next revision of the Handbook will reflect these recent Trustee resolutions:

7/30/80: Appointment of Tenure-Probationary Faculty Member to New, Dissimilar Position (A.40-66 and 67);

10/16/80: 6/04/76 Resolution on Structure of Academic Staff Repealed and New Structure Adopted, Including Clinician-Educators (A.40-84 to 88);

6/19/81: Clinician-Educator Track in School of Dental Medicine (A.40-372 and 373).

RESOLVED, that the statement entitled "Academic Tenure and Procedures Relating to Academic Tenure at the University of Pennsylvania," approved October 17, 1959, and amended December 14, 1973, be amended further as follows:

5 (e) The provisions in 5 (a) and 5 (d) apply to instructors only in the period prior to July 1, 1977 and to associates only in the period prior to July 1, 1981.

5 (f) The probationary period is ten years in the case of a faculty member in the School of Nursing initially appointed as an assistant professor having very substantial clinical duties.

2. In turning to his recommendations on appointments and promotions, Mr. Ehrlich called particular attention to four faculty members—three who were receiving tenure and one a chair. Constantine Azariadis, the provost said, is a "brilliant young economist specializing in labor economics and unemployment." He described Daniel Rose as not just an anthropologist, but also a poet, philosopher, and ecologist. John Yuhas, Mr. Ehrlich noted, was the co-author of a major book in radiation biology, as well as some 80 scientific papers. Finally, he said that William Donawick was a most distinguished surgeon, who specializes in large animals and has written extensively in his field.

Action: A Resolution on Academic Appointments and Promotions, 27 May 1981 to 16 July 1981, was approved as found on pages 1 through 32 of the Gray Book.

IV. Report of Trustee Committees

A. Noting that their committees had not formally considered the resolution before the Executive Committee, Mr. Eckman, the chairman of the Budget and Finance Committee, and Mr. Arader, the chairman of the Facilities and Campus Planning Committee, introduced a Resolution on the Sale of Chester County Property. They recommended its adoption.

Action: It was approved as follows:

Intention:

By deed from W.B. Dixon Stroud and Joan M. Stroud, dated 6 August 1981, and recorded in the Office for the Recording of Deeds in and for Chester County.
County, the University of Pennsylvania became the owner in fee of a
certain parcel of land and the buildings and improvements located
thereon, situate at 122 West Street, East Marlborough Township, Chester
County, Pennsylvania. The University desires to convey the said premises
to JOHN H. MOULDER and LORRAINE O. MOULDER for a consideration
of $27,000.

RESOLVED, that the University of Pennsylvania sell the above-described
premises to JOHN H. MOULDER and LORRAINE O. MOULDER, husband
and wife, for a total consideration of $27,000 and on such other terms and
conditions as are approved by the president, any vice president, treasurer,
associate treasurer, or assistant treasurer; and

FURTHER RESOLVED, that Faye E. Windram, business administrator, be
authorized to execute the agreement of sale for the premises on behalf of
the University; and

FURTHER RESOLVED, that (a) the president, any vice president,
treasurer, associate treasurer, or assistant treasurer, be, and each of them
severally is, authorized to execute, acknowledge, and deliver on behalf of
the University of Pennsylvania, any and all deeds, agreements, affidavits,
and other documents, and to take such other actions necessary or
convenient in connection with the sale and conveyance of the premises to
JOHN H. MOULDER and LORRAINE O. MOULDER, as aforesaid, and (b)
that the said officers be, and each of them severally is, authorized to seal
and attest the said documents and to execute any form or forms of
certification which may be required in connection therewith.

B. Mr. Neff, reporting for the Investment Board, noted that since
31 December 1980, Associated Investments Fund common stocks are up 8.5
percent on a total return basis, compared with an 8.4 plunge for the Standard
and Poor 500 Stock Average, giving the University an edge of almost 17
percentage points. Bond investments have been off 5 percent during this
period, he said, whereas Solomon Brothers Bond Index is down "a searing 10
percent." The unit value of the AIF has increased 4.4 percent.

Taking a longer view, the chairman provided evidence of a trend by noting
that since year end 1979, common stocks are up 39 percent versus a 21.3 rise
for the S & P and bonds are down 4.3 percent, compared with a 12-percent
drop for the Bond Index. The unit value of the AIF during this period has
risen 21.5 percent.

Turning to projected income, Mr. Neff reported that gross investment income
for the next 12 months should be 45.1 higher than the amount projected on
31 December 1979 for 1980 and 12.9 percent higher than the amount projected
on 30 June 1981 for the University's current fiscal year. "Current yield for the
common stock portion of the AIF at year end '79 was 5.1 percent," he said;
"presently it is 7 percent, indicating a pronounced change in the fabric of the
portfolio." Summarizing this change, he noted that "quite obviously there is
more up front as a component of total value and, accordingly, a decrease in
the downside riskiness of the portfolio as a high yield buttresses downside
exposure."

In answer to a question from Mr. Miller, the chairman said that the current
yield of the whole portfolio is 9.3 percent. Shortly after 30 June, he noted,
the portion invested in equities dropped to 55 percent as the result both of
the receipt of $11.5 million in new money and of tender for Conoco holdings.
"The market in July was 100 points higher than it is today," Mr. Neff said; "the drop gave us the opportunity to increase our equity ratio. Two months ago cash-in-hand represented 13 percent of the total value of the AIF; today cash-in-hand has fallen to virtually zero. The 55 percent equity ratio has been increased to 65 percent, and, given further opportunity, I would hope that it might go up eventually to 75 percent. To explain what has happened in another way, I would point out that since 9 July we have put about $16.6 million into equities and a little over $5 million into fixed income securities, giving us a portfolio that really is fully invested. We have no liquidity. We do have more than $18 million in intermediate term government bonds, which would give us the license to go further on the equity side, but in my fragile judgment we have a marketplace in both the fixed income and equity side that is quite value laden. I think we can continue not only to beat the S & P, but accomplish more in an absolute sense."

Mr. Miller commented that the AIF had fared a lot better in the current market drop than most endowments. He said the University's standing among all endowments on a rolling five-year basis has increased for five consecutive years.

Mr. Neff concluded by offering "one small caveat on future growth income: If the University took 10 percent of its intermediate term government bonds and put them into equities that would decrease income from endowment. But," he said, "we would certainly get it back in spades on the appreciation side."

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University