Minutes of the Stated Meeting
of the
Executive Board of the Trustees of the University of Pennsylvania
18 November 1981

A stated meeting of the Executive Board was held on Wednesday, 18 November 1981. Trustees attending included: Walter G. Arader; Richard P. Brown, Jr.; G. Morris Dorrance; John W. Eckman; Sheldon Hackney; Paul P. Miller, Jr.; John B. Neff; Sara Senior; and Jacqueline Wexler. Others present were: Richard Clelland; Thomas Ehrlich; Karen Gaines; Shelley Green; Alan Heeger; Arthur Hirsch; Stanley Johnson; Edward Jordan; Andrew Kirtzman; Thomas Langfitt; Phoebe Leboy; Robert Lorndale; Anthony Marx; Edward McFall; Denise McGregor; Mary Ann Meyers; William Owen; and Frances Rozinski.

I. Call to Order
   Mr. Miller called the meeting to order. The minutes of the 18 September 1981 meeting were approved as written by the secretary.

II. Report of the Chairman
   Mr. Miller reported that subscriptions for the period 1 July to 13 November totaled nearly $14.7 million. More than $1.4 million of these funds were the gifts of alumni, he said, another $1.4 million was contributed by friends, $2.4 million came from corporations, nearly $8.2 million from foundations, and $1.2 million from voluntary and trade associations. The chairman then asked Mr. Owen where the total receipts put the University in relation to last year. Mr. Owen said one big gift for Dietrich Hall came in during the early fall of 1980, and the $14.7 million is just a little behind the FY'81 pace. "As we told the Resources Committee in October," the vice president for development said, "we are really trying to regroup in terms of what we are getting from individuals." Asked about the new $10,000 and up category in Annual Giving, Mr. Owen noted that there are eight or 10 people who have qualified as Benjamin Franklin Founders so far this year.

III. Report of the President
   A. In the absence of President Hackney, who was on his way back to the University from Nigeria, Provost Ehrlich commented that the planning process he discussed with the Trustees in October was going forward in six major areas: undergraduate education, graduate education, outreach education, research, minority presence at Pennsylvania, and ties with the city of Philadelphia. He said that working papers on these topics are expected by the end of the calendar year and will then be subject to campus-wide discussion. At its conclusion, Mr. Ehrlich continued, "we hope to have a set of options in all areas."

The provost went on to note that searches for a Law School dean, Museum director, associate provost, vice provost, and vice president for development are well under way. He said a search had begun for a new dean of the Dental School.
Mr. Ehrlich then referred to incidents of racial harassment that had taken place on campus, noting that the University was making every effort to apprehend the person or persons responsible as quickly as possible. He said that both city and Federal law enforcement officers were cooperating with campus security in its investigation. As part of its determination to strengthen the minority presence at Pennsylvania, the provost reported that the present administration was working hard to make good on a commitment of a previous administration to create an intercultural center which could be a focal point of interaction among minority group members and between them and white students.

B. In response to Mr. Ehrlich's comments about city relations, Mr. Miller observed that due to Mr. Arader's effort, his own, and those of a number of others, the Mayor has a very good feeling about the University. He pointed out that Mr. Green called him personally to say that he hoped Pennsylvania and Philadelphia could work more closely in a number of ways. President Hackney and the Mayor, he said, have arranged a meeting to explore opportunities for further cooperation.

C. Mr. Ehrlich then called attention to appointments for tenure being proposed to the Trustees. Joachim Cuntz, he said, is a world-class mathematician in the field of algebra and James A. O'Neill is a distinguished pediatric surgeon.

**Action:** A Resolution on Appointments, Leaves, and Promotions, for the period from 25 September to 9 October 1981 was approved as found on pages 1 through 9 of the Meeting Book.

IV. Reports of Trustee Committees

A. Budget and Finance

Mr. Eckman expressed concern over the cash-flow problems created by the renovation of Dietrich Hall, adding that the matter was under study. Mr. Miller asked if his concern was related primarily to cost escalation. Dr. Langfitt responded that the real issue was whether or not Wharton was capable of meeting its obligation to service the debt incurred by the University in relation to the project. The original target cost for Dietrich was $14.7 million and the original target cost for the PGH Nurses Residence was $3.43 million for a total of $18.13 million. Some $11.6 million of these monies was to come from Wharton's operating budgets, between now and 1986. Mr. Eckman asked if this was still feasible, and Dr. Langfitt responded that questions related to financing the Dietrich renovation would be discussed at a meeting to be held shortly with Dean Carroll. Mr. Neff suggested that the Budget & Finance Committee should have been even more skeptical than it was of the administration's account of the proposed financing. Mr. Eckman recalled that there had been "great pressure on the campus...to get the job done. The question now," he continued, "is whether the sources of the funds that were identified were sources of hard money or sources of very soft money." Mr. Miller expressed the belief that "a special development effort" might be necessary. Mrs. Wexler observed that in mounting "a rescue operation it is important to communicate that the floodgates have not been opened." She said the principle of not undertaking capital outlays without...
identifying sources of funds should be guarded.

B. Facilities and Campus Planning

Mr. Arader reported that plans were going forward for the use of the former PGH site and negotiations were under way for the possible acquisition of Chestnut Hall. He then turned to Mr. Hirsch who noted that the University had accepted the lowest of three bids received for the renovation of Eisenlohr Hall as a house for the president. "It's going to be a nice house," he said, "but not extravagant. I expected it to be completed by mid-August." Mr. Miller observed that the Executive Committee was eager for work to get underway and pleased that bids on the project matched available funds. The "total bid price is also covered for the Sweeten Alumni Center," Mr. Eckman said. "Both of these structures are historically important," Mr. Arader added. "Restored to use they will be great assets for the University."

Action: A Resolution on the President's House was approved as follows:

Intention:

On 25 November 1980 Eisenlohr Hall was designated by the Trustees to be the residence for the president of the University. The construction drawings and specifications for converting the house back to residential use have been completed, and bids for construction have been received. The scope of work involves rehabilitation of the entire structure, including installation of a kitchen, bathrooms, and air conditioning. Gifts from trustees and friends have been identified to fully pay for the cost of renovation.

RESOLVED, that the Treasurer or Associate Treasurer or Assistant Treasurer be authorized to award the construction contract to the lowest bidder, to execute, acknowledge, and deliver on behalf of the University any and all agreements and other documents, and to take such other actions as are necessary or convenient in connection with the project, with a total construction cost not to exceed $440,000.

Action: A Resolution on the E. Craig Sweeten Alumni Center was approved as follows:

Intention:

On 19 June 1981 the Trustees resolved that the former Delta Tau Delta fraternity house (3533 Locust Walk) be designated as the permanent location of the E. Craig Sweeten Alumni Center. The construction drawings and specifications have been completed, and construction bids have been received to renovate the premises for its new use.

The project involves renovation and alteration of about 12,000 square feet and will consolidate alumni activities, including Alumni Relations, the periodicals, Health Affairs, and The Pennsylvania Gazette, and the Alumni Council on Admissions. On 14 May 1981 the Trustees resolved that the sum of $1.2 million from the University General Fund be used for the relocation of specified University programs. Included in this sum was $189,193 for relocation of The Alumni Center from Eisenlohr Hall. In addition, gifts to The Alumni Center Development Fund now total over $500,000 (cash receipts of $59,236) and an auction sponsored by The Alumni Center has netted $45,000.

RESOLVED, that the Treasurer or Associate or Assistant Treasurer be authorized to award the construction contract and to execute, acknowledge, and deliver on behalf of the University any and all agreements and other documents, and to take such other actions as are necessary or convenient in connection with the project, with a total project cost not to exceed $589,000, and that all receipts in excess of construction costs be invested, to the extent permitted by gift restrictions, if any, in a fund functioning as endowment, the income from
which will be used to maintain the premises.

C. Action: A Resolution on Conflict of Interest Policy for the Hospital of the University of Pennsylvania was tabled until it could be established if the level of financial interest specified was required by the Joint Commission on Accreditation.

D. Investment Board

Mr. Neff reported that with the recent improvement in the bond market, the Associated Investments Fund had made a meaningful recovery. In addition, he said, about half the equities portion of the portfolio is in high yield, interest-sensitive stocks, which have shown a relative immunity to the business cycle, and these—banks, finance companies, insurance, telephone, electric utilities, apparel, and two oils, Royal Dutch and Exxon—are doing well, although the rest of the market has done poorly. On a total return basis the unit value of the fund has increased 11.6 percentage points above its value on 31 December 1980. Since then the common stock portion has risen 11.9 percent compared to 6.2 percent drop by the Standard & Poor Stock Average. A.I.F. bonds appreciated 8.9 percent versus a 1.9 percent advance in the Salomon Brothers Composite Index. Gross investment income for the next 12 months is estimated at $18.55 per share which is 14.8 percent more than the amount projected at year end.

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University