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

10 December 1982

A stated meeting of the Executive Committee was held on Friday, 10 December 1982. Trustees attending included: Walter G. Arader; Samuel H. Ballam, Jr.; Richard P. Brown, Jr.; G. Morris Dorrance; John W. Eckman (vice chairman); Sheldon Hackney; Carl Kaysen; Margaret R. Mainwaring; Paul F. Miller, Jr. (chairman); John B. Neff; and Sara S. Senior. Others present were Alfred Beers; Stuart Carroll; Richard Clelland; Thomas Ehrlich; Karen Gaines; Paul Gazzarro, Jr.; Albert Glowasky; Shelley Green; William Hickey; Arthur Hirsch; Beth Hunter; Marshall Ledger; Robert Lorndale; Steven Ludwig; Lynne Manko; Anthony Marx; Edward McFall; Denise McGregor; Mary Ann Meyers; Mary Nichols; Gary Posner; Frances Rozinski; Randy Schilling; Edward Szczepkowski; Ross Webber; Anne Wenzel; and Victor Wolski.

I. Call to Order

The Chairman called the meeting to order and the minutes of 15 April 1982, 13 May 1982, and 10 September 1982 were approved as written by the secretary.

II. Report of the Chairman

Mr. Miller reported that receipts are up dramatically over one year ago, but subscriptions are down slightly. He said that through the first five months of fiscal 1983, the University has received $15.5 million in cash and securities, up 74 percent from last year at the same time, together with $15.2 million in new subscriptions and gifts, off 10 percent from fiscal 1982. New subscriptions and gifts from individuals are up 15 percent from a year ago, he added, with increasing friends' support more than compensating for a 28 percent decline in alumni non-annual giving support. Foundation giving is off sharply from last year's near-record pace; association support is up modestly.

"Despite all the gloomy corporate earnings reports this year," the chairman continued, "corporate gifts and subscriptions to Pennsylvania are up an amazing 194 percent. Just this past week, the Wharton School received a check for $500,000 from the Anheuser-Busch Charitable Trust, a payment toward an April, 1980 Program for the Eighties commitment made by the company to fund a professorship in management." In addition to the
good corporate news, Mr. Miller noted that receipts from all of the other donor constituencies are up over last year, except for alumni, where receipts are down 9 percent. "The cash flow news is good in other respects, too," he said. For example, 38 percent of receipts this year is for faculty support and student aid, our highest priorities, up sharply from 22 percent last year at this time. Similarly, 35 percent of this year's receipts is in the form of endowment and funds functioning as endowment, up from 24 percent last year."

The chairman observed that Annual Giving's first public report will be made next month, but in a preliminary way, we can say that Annual Giving is running about $100,000 ahead but about 1,000 donors behind. "So far," he concluded, "the stock market climb has not aided new subscriptions and gifts from individuals or foundations, but we have hopes that some beneficial impact will occur before year's end."

III. Report of the President

A. Dr. Hackney noted that he was continuing to talk with campus groups about his strategic planning document. "I am collecting suggestions for improvement," he said, "and intend to revise the document between now and the January Trustees' meeting so it can be fully discussed at that time. In general, the plan is receiving thoughtful consideration and firm support."

The president went on to note that he and the provost also were spending a good deal of time meeting with students on the likely tuition hike which will be built into the FY'84 budget. "There is deep and genuine concern," he said, "about the effects of a large increase on the diversity of the student population. We're trying to explain why the preliminary figures look the way they do, and I think we've made some progress in explaining the pressures on the budget. But we've been very impressed by the depth of student and parental feeling, and we're taking it very seriously. It's still too early to say if we'll be able to respond by bringing the projected increase in tuition down somewhat."

B. Turning to resolutions of appointment, Dr. Hackney noted that the University's choice for dean of the School of Dental Medicine, Jan Lindhe, dean of the School of Dental Medicine at the University of Gothenburg in Sweden, is known all over the world as a leading clinician educator. "It took a great collective effort to persuade a person of his caliber to leave his native land to accept the challenge here," the president said. "I think he's agreed to relocate because of the possibilities that he sees of continuing his leadership in dental education and dental medicine itself."
Action: A Resolution on the Election of a Dean of the School of Dental Medicine was approved as follows:

RESOLVED, that Jan T. Lindhe be elected Dean of the School of Dental Medicine for seven years, effective 1 September 1983.

C. The president observed that the nomination of English professor Joel Conarroe, currently on leave to serve as executive director of the Modern Language Association, as dean of the School of Arts and Sciences "represented a happy outcome to a long and excellent search. Tom Hughes and his colleagues on the search committee did a very creative, effective, and sensitive job of seeking candidates," Dr. Hackney said. "Professor Conarroe's scholarship, his involvement in University life, and his sensitivity are the particular strengths he will bring to the deanship. We need strong leadership in SAS and he is going to be a very effective spokesman for the liberal arts."

Action: A Resolution on the Election of a Dean of the School of Arts and Sciences and Designation of the Dean as Thomas S. Gates Professor was approved as follows:

RESOLVED, that Joel Conarroe be elected Dean of the School of Arts and Sciences for seven years, effective 1 July 1983, and designated the Thomas S. Gates Professor.

D. The president said he was very pleased that for the position of general counsel he had been able to stay within the University. "Shelley Green did a superb job as assistant then associate general counsel," he observed, "and she carried on admirably as acting general counsel during an interim period when her office was very much understaffed."

Action: A Resolution on the Election of a General Counsel was approved as follows:

RESOLVED, that Shelley Z. Green be elected General Counsel, effective 10 December 1982.

E. Dr. Hackney further noted that Al Beers had performed yeoman service as comptroller in an acting capacity for a long time.

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

RESOLVED, that Alfred F. Beers be elected Comptroller, effective 10 December 1982.

F. Action: Finally, a 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 23 May 1983, and at any special convocations called during the year 1983.
RESOLVED, that the Executive Committee be authorized to select candidates for receipt of honorary degrees at the May Public Commencement and other convocations which may be scheduled during the year 1983.

G. Academic Report
Mr. Ehrlich reported that searches for a dean of the Wharton School and a vice provost for University Life are continuing, and he said he did not expect that decisions on either position would be made until next term. The provost then noted that the five-year planning process called for in the president's strategic planning document is underway in most schools and resource centers. "We expect that in the main, it will be completed by next fall," he added.

1. Mr. Ehrlich went on to note that the name of the Department of Civil and Urban Engineering is being changed to the Department of Civil Engineering because the adjective "urban" is inadequate given the regional, state, national, and international concerns of the department."

2. Turning to appointments and promotions, he observed that the resolution before the Trustees included promotion to tenured rank for Stephen B. Burbank. "Steve has produced extraordinarily high quality scholarship," the provost said. "Students give him high marks for teaching, and he has contributed enormously to Pennsylvania in a wide range of ways."

Action: A Resolution on Appointments, Promotions, and Leaves was approved as found on pages 1 - 14 of the meeting book.

H. Financial Report
Mr. Gazzerro reported that the University continues to project a $347,000 surplus from operations for FY'83. "Of that amount," he said, "$250,000 will be utilized to amortize the accumulated high-rise deficit and $97,000 represents amortization of the Graduate Hospital deficit under terms of the agreement with Graduate Hospital."

The vice president for finance went on to say that the potential existed for "negative budgetary deviations in the schools and centers of some $2 million. But when salary savings of $1 million are taken into account," he explained, "the potential problem is reduced to only $1 million. In concert with the offices of the provost, the comptroller, and the budget, we're working to find a solution."

For the first months of FY'83, Mr. Gazzerro continued, the Hospital of the University of Pennsylvania is doing exceedingly well. It has
a surplus of revenue over expenses of $2.4 million, which is some
$767,000 more than planned and is associated with a substantial
increase in patient service income. He added that the Clinical
Practice Plan of the School of Medicine had an excess of revenues
over expenses of $1.2 million so far this year.

"We continue to expect a break-even operation on the unrestricted
side of the University budget," the vice president for finance
concluded. "Part of our success will be attributable to temporary
investment fund income; another part to energy savings. These will
offset some shortfalls, including those in indirect cost
recoveries. Overall we still have a balanced budget."

IV. Reports of Trustee Committees

A. Budget and Finance

Mr. Eckman reported that at a meeting of the Budget and Finance
Committee on 9 December, members had gone over the tracking of the
current year's $621 million budget and had concluded that, with
offsetting ups and downs, it should remain in balance. "Glen Stine
gave us a status report on the development of the FY'84 budget," the
chairman continued, "and it seems to be moving along on schedule,
though it's too early to talk about figures." Mr. Eckman then noted
that the committee had reviewed the successful negotiations of two
major union contracts. "Finally," he said, "we talked at some length
about student loan financing. Our feeling was that the committee
should exert every effort to provide student loans as tuition
increases and government loan programs fail to meet the need. We're
exploring ways of supplementing existing programs, and I think the
situation looks quite hopeful." In response to a question, the
chairman added that repayments are now being thought of in terms of
ten to twenty years. "The default rate has been alarming," he
concluded, "and the problem is that it's very hard to raise capital
unless you provide credible predictions as to its conservation."

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

Mr. Ballam reported that since the last meeting of the Executive
Committee, Mark Levitan had resigned as executive director of the
hospital, effective 11 February 1983, to accept the presidency of
Shared Medical Systems. "It will be quite an opportunity for him," the
chairman said, "and quite a loss for us." He added that a
search committee had been formed to seek a replacement for the
executive director.

1. Action: A Resolution on Reappointments to the Trustee Board
   of the Hospital of the University of Pennsylvania was approved
   as follows:
RESOLVED, that Samuel H. Ballam, Jr. be reappointed as chairman of the Trustee Board of the Hospital of the University of Pennsylvania and that the following persons be reappointed as members for one-year terms effective 1 December 1982: Charles D. Dickey, Jr., G. Morris Dorrance, Jr., Margaret R. Mainwaring, Anthony S. Minisi, F. Stanton Moyer.

C. Investment Board

"Our markets continue to boil," Mr. Neff reported, "but it's been a pretty good straight line from the August bottom to the highs of the last few weeks." He added that "for a right of center investor, it's a little disquieting to see companies go up and down five or six percent in their market value in a single day. We don't do too well in these kinds of markets."

Since 30 June 1982, Mr. Neff said the Associated Investment Fund (AIF) common stocks has done only as well as the Standard and Poor Five Hundred Stock Index, up 33 percent as compared with a 33.3 percent increase. "The two value sectors for us still seem to be the oils and banks," he added.

The chairman noted that AIF bonds had appreciated 30.1 percent in the same period as compared with a 34.2 percent gain by the Salomon Brothers Composite Index. "But remember," he said, "AIF bonds have an average maturity of 11 or 12 years whereas the average maturity of Salomon Brothers bonds is about 28 years." As for liquidity, Mr. Neff observed that the AIF was keeping 8 percent in cash or cash equivalents to take advantage of any retrenchment.

Mr. Miller noted that the value of the AIF topped the $200 million mark about a month and a half ago for the first time in history. "In the aggregate," he said, "counting non-pooled funds, the endowment is something more than $300 million."

V. Overseers and Other Boards

A. Action: A Resolution on Appointments to the Board of Overseers of the Graduate School of Fine Arts was approved as follows:

RESOLVED, that Anne d'Harnoncourt and Robert J. Fleming be appointed to the Board of Overseers of the Graduate School of Fine Arts for three-year terms effective 11 December 1982.

B. Action: A Resolution on Appointment to the Board of Overseers of the University Museum was approved as follows:

RESOLVED, that Martin Wright be appointed to the Board of Overseers of the University Museum for a three-year term, effective 11 December 1982.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University