Minutes of the Stated Meeting
of the
Executive Committee of the Trustees of the University of Pennsylvania
13 June 1986

A meeting of the Executive Committee was held on Friday, 13 June 1986. Trustees attending included: Walter G. Arader; Samuel H. Ballam, Jr.; Richard P. Brown, Jr.; Susan W. Catherwood; Charles D. Dickey, Jr.; John E. Eckman; Sheldon Hackney; John P. Hellwege; Carl Kaysen; Margaret R. Mainwaring; Paul F. Miller, Jr.; and Alvin V. Shoemaker. Others attending included: James J. Bishop; Richard C. Clelland; Wayne Glasker; Robert G. Lorndale; Mary Ann Meyers; Helen B. O'Bannon; Steven Poskanzer; Barbara Stevens; and Marna Whittington.

I. Call to Order

The Chairman called the meeting to order and the minutes of the 11 April 1986 meeting were approved as written by the secretary.

II. Report of the Chairman

Mr. Miller reported that upon the advice of counsel the Executive Committee was being asked to consider the modification of the Resolution on Conflict of Interest Policy, adopted on 19 June 1981, to ensure its conformity with the provisions of Pennsylvania's Corporation Not-For-Profit Code. He said this modification was intended to eliminate any possible confusion or inconsistency, which might arise as a result of the simultaneous existence of two different policies governing this matter, and to ensure that all actions of the University's officers and trustees are carried out in strict compliance with the Pennsylvania Corporation Not-For-Profit Code. President Hackney noted that the suggested change did not affect the part of the policy covering the University's faculty.

Action. A Resolution on the Conflict of Interest Policy was approved as follows:

Intention:

On June 19, 1981 the Trustees adopted a Resolution on Conflict of Interest Policy establishing comprehensive guidelines for dealing with conflicts of interest on the part of faculty, trustees, associate trustees, officers, and other employees of the University. As a not-for-profit corporation organized and existing under the laws of the Commonwealth of Pennsylvania, the University and its Trustees and officers are subject to the provisions of Pennsylvania's Corporation Not-for-profit Code. Accordingly, the Trustees wish to clarify that the June 19, 1981 policy is in conformity with Pennsylvania law. The attainment of such conformity will not necessitate any substantive change in the June 19, 1981 policy as it relates to faculty and non-officer employees of the University.

RESOLVED, that the June 19, 1981 Resolution on Conflict of Interest Policy be amended in part and restated in part to read, in its entirety, as follows:

SECRETARY
This policy on conflict of interest is divided into three parts, the first dealing with faculty, the second dealing with trustees, associate trustees, and officers of the university, and the third dealing with other employees of the University.

I. Faculty

Certain categories of potential conflict of interest as to faculty are addressed in existing University policies, including the Conflict of Interest Policy for Faculty Members adopted by the Faculty Senate on November 17, 1982, approved by the Provost on March 1, 1983 and printed in the 1983 Handbook for Faculty and Academic Administrators. University Council also recommended a Policy on Outside Financial Interests on 24 September 1969 which is as follows:

A member of the faculty may have a significant investment or interest, or hold an official position, in an outside firm or organization but has not undertaken to perform continuing work or services for it. Such an economic or official relationship is of concern if 1) the firm or organization is engaged in activities which parallel activities in which the University is currently or prospectively engaged and in which the faculty member plays (or might appropriately play) a role in his academic capacity; or 2) the firm or organization has a present or prospective relationship with the University, e.g., as a supplier of goods or services or as a party to a research contract, and the conduct of that relationship may involve the faculty member in his academic capacity. In either of these situations, the faculty member shall be required to report the facts and circumstances to the department chairman and the academic dean or director so that appropriate steps may be taken to avoid a conflict of interest.

These policies are recognized to govern those areas of potential conflict of particular concern to faculty.

A number of other existing University policies pertaining to conflicts of interest apply to faculty members unless they are intended by their terms to apply only to other groups of employees. These policies include, but are not limited to, policies on patent and copyright, purchasing, nepotism, and sexual harassment.

II. Trustees and Officers

(a) Trustees and officers of the University shall at all times comply with the provisions of Pennsylvania law governing the actions and activities of interested directors or officers of Pennsylvania not-for-profit corporations.

(b) A number of other University policies pertaining to conflict of interest remain in effect and may, depending on their terms, apply to trustees and officers of the University. These policies include, but are not limited to, policies on extramural consulting by administrative staff, purchasing, sponsored research, patent and copyright, nepotism, and sexual harassment.

III. University Employees other than Faculty and Officers ("Employees")

Employees of the University shall avoid any conflict between their personal interests and the interests of the University; furthermore, they shall avoid any situation where it would be reasonable for an objective observer to believe that the person's judgment or loyalty might be adversely affected. For purposes of Paragraphs III(a) and (b) below, reference to the University is intended to include all entities controlled or owned in substantial part by the University.

(a) If an employee has any power or influence to approve or disapprove a transaction proposed to be entered into between the University and that person or between the University and any entity or individual having a significant relationship to that person, he or she has a potential conflict of interest and may not participate in the process leading to the approval or disapproval of the transaction unless the underlying facts giving rise to the potential conflict of interest are disclosed and ...
approval for participation is obtained pursuant to the procedures described below in paragraph (e).

(b) An employee also has a potential conflict of interest if that person, or any entity or individual having a significant relationship to that person may benefit from information considered by the University to be confidential and learned in his or her capacity as an employee of the University.

(c) A significant relationship exists as to an entity if a person is a director, trustee, officer, or employee of, a partner or member in, or has a material financial interest in, the entity in question.

(i) An entity is a corporation, partnership, unincorporated association, or any similar group.

(ii) Determination of a material financial interest is a matter of personal judgment but, at a minimum, would be required for an aggregate interest for the person and for all entities or individuals having material relationships with the person of more than

- 1 percent of any class of the outstanding securities of a firm or corporation, or
- 10 percent interest in a partnership or association, or
- 5 percent of the total direct and beneficial assets or income of the person.

(d) A significant relationship exists as to an individual if that individual is in the immediate family of a person subject to this policy. The immediate family includes parents, siblings, spouse, and offspring.

(e) An employee who has a potential conflict of interest covered by this policy shall immediately disclose the potential conflict in writing to a superior who in turn should inform the Secretary. The employee may continue participation in the transaction only on terms approved by the Secretary.

(f) A number of other University policies pertaining to conflict of interest remain in effect and may, depending on their terms, apply to employees of the University. These policies include, but are not limited to, policies on extramural consulting by administrative staff, purchasing, sponsored research, patent and copyright, nepotism, and sexual harassment.

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University