

COUNCIL OF DEANS
ADMINISTRATIVE BOARD
January 24, 1980
9:00 a.m. - 12:30 p.m.
Grant Room
Washington Hilton Hotel

AGENDA

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II. Report of Chairman	
III. Approval of Minutes	1
IV. Action Items	
A. Report of the Task Force on Graduate Medical Education (Executive Council Agenda)	(23)
B. Medicare Reimbursement for Pathology Services (Executive Council Agenda)	(24)
C. Financing the Accreditation of Graduate Medical Education (Executive Council Agenda)	(28)
D. Recommendations of the AAMC Concerning Medical School Acceptance Procedures (Executive Council Agenda)	(29)
E. Report of the Ad Hoc Committee on Clinical Research Training (Executive Council Agenda)	(31)
F. Proposed Modifications of the Immigration and Nationality Act (Executive Council Agenda)	(45)
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B. Responding to State Legislative Initiatives Affecting Important AAMC Interests (Executive Council Agenda)	(67)

C.	Invitational Meeting on Graduate Medical Education Task Force Report (Executive Council Agenda).	(72)
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F.	VA Research Budget --Marguerite Hays, M.D., Assistant Chief Medical Director for Research and Development, VA	
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VII.	New Business	
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ASSOCIATION OF AMERICAN MEDICAL COLLEGES
ADMINISTRATIVE BOARD OF THE COUNCIL OF DEANS

Minutes

Thursday, September 13, 1979
7:30 a.m. - 1:00 p.m.
Edison Room
Washington Hilton Hotel

PRESENT

(Board members)

Steven C. Beering, M.D.
Stuart Bondurant, M.D.
John E. Chapman, M.D.
Richard Janeway, M.D.
Julius R. Krevans, M.D.
William H. Luginbuhl, M.D.
Allen W. Mathies, Jr., M.D.
Richard H. Moy, M.D.

Martha Anderson, Ph.D.
Janet Bickel
Robert Boerner
John A. D. Cooper, M.D.
John H. Deufel
Kathleen Dolan
Betty Greenhalgh
Paul Jolly, Ph.D.
Thomas J. Kennedy, Jr., M.D.
Joseph A. Keyes
Thomas E. Morgan, M.D.
James R. Schofield, M.D.
August G. Swanson, M.D.
Marjorie P. Wilson, M.D.

(Guests)

John A. Gronvall, M.D.
Spencer Foreman, M.D.
Dan Miller
Samuel O. Thier, M.D.

I. Call to Order

The meeting was called to order at 7:40 a.m.

II. Report of the Chairman

Dr. Bondurant opened the meeting with a brief progress report of the Planning Committee for the 1980 COD Spring Meeting. The committee, consisting of Drs. Clawson, Bondurant, Moy, Wilson, and Mr. Keyes, had met once and considered the general topic "Medical Education--What and How" as a possibility for the basis of the program. The format would include an address by an appropriate keynote speaker proposing a conception of the physician, what he should be expected to be able to do and how he should be educated. This would be followed by other speakers and lead to a general discussion of the academic preparation of candidates for the study of medicine and implications for the curriculum. While Board members were in general agreement with this

approach, the point was made that there should not be an attempt to regulate the undergraduate curriculum ("premedical") nor should the undergraduate school be permitted to determine the medical school curriculum. Thus caution should be followed in developing a program on the suggested topic.

As a second item of interest, Dr. Bondurant noted that the Task Force on Medical Education is continuing its work. A meeting of the planning group is scheduled and a meeting of the Task Force will be held when legislative proposals of Senators Kennedy and Schweiker and the Administration's Bill, now under development, are available for comment.

Dr. Bondurant had received the report of the COD Nominating Committee chaired by Dr. Kellow. The committee proposed the following slate: Dr. Steven Beering, COD Chairman-Elect; Dr. Richard Moy, COD Administrative Board Member-at-Large; Dr. Julius Krevans, Chairman-Elect of the Assembly; and Drs. Theodore Cooper and Leonard Napolitano, members of the Executive Council.

Dr. Bondurant reported on an IRS challenge to the tax status of industry sponsored research grants and contracts, proposing that the income be taxed as unrelated business income. This IRS activity made it apparent that an acceptable definition of "research" which is, by statute, tax exempt when conducted by universities and hospitals is needed. Thus, a meeting was convened with Attorney Jack Myers and other counsel to develop such a definition. The result of that effort is now being written up.

As a final item, Dr. Bondurant itemized the schedule for the morning. Because there were several large and lengthy reports to consider, several visitors were invited to present these reports in more detail. This, in turn, caused some rearrangement of the schedule of the agenda.

III. Approval of Minutes

The minutes of the June 14, 1979, meeting of the Administrative Board were approved as submitted.

IV. Action Items

A. Final Report - Working Group on Financing

Dr. Swanson presented this report to the Board. He set out the basic philosophy of the working group which was that patient care income is an appropriate source of funds for financing graduate medical education. After some questions from Board members, Dr. Cooper explained that the procedure for approving this report included Executive Council approval in principle while delegating to the Executive Committee the authority for final ratification of the report prior to dissemination to the Assembly. There were several comments and criticisms of the report, but there was also general agreement that the Board concurred with the report in principle. There was no objection to following the approval process outlined by Dr. Cooper.

B. Final Report - Working Group on Quality

Martha Anderson summarized this report. The Board agreed that it was a sound, straightforward report and that it could be forwarded through the process as outlined.

C. Election of Distinguished Service Members

Dr. Beering presented the report of his committee which recommended that the following nominations be considered as Distinguished Service Members: Dr. Edward Brandt, Dr. Christopher Fordham, Dr. William Grove, Dr. Marion Mann, and Dr. Clayton Rich.

ACTION

By motion, seconded and carried, the Board approved the nominations.

D. CCME "Policy on Policy"

The Coordinating Council on Medical Education recently voted to determine any matter considered by a Liaison committee a matter of "policy" if it is declared to be so by action of a majority of the Liaison Committee members. This would require it to be referred to the CCME and on a majority vote of that body referred to the parent organizations for unanimous approval before becoming an official CCME position. Kat Dolan, after offering a brief background statement, recommended that this policy be supported.

ACTION

By motion, seconded and carried, the Board approved this policy.

E. Bylaws Change for LCGME

The LCGME, at its June meeting, approved changes to its bylaws which would streamline the LCGME appeals process by establishing a standing committee on appeals.

ACTION

By motion, seconded and carried, the Board approved the bylaw change.

F. Final Report - Specialty Distribution Working Group

Dr. Spencer Foreman, Director of Sinai Hospital in Baltimore, discussed this report with the Board. The chief question of concern was how much control effort there should be to specialty distribution through control of residency positions. Dr. Cooper explained that the information shows that physicians are most likely to practice in their area of graduate training and the discussion which followed centered on allocating residencies by specialties. The report recommended that there be no centralized system of allocation but rather more sensitivity to the problem in local decision making. By motion, seconded and passed, the Board

recommended modifying the report by specifically including a statement to the effect that the influence of schools, while important among those forces which shape the numbers, is not the sole factor in the results (reimbursement policies being another important factor, outside the ability of our institution to control).

A motion was also passed to delete a part of the Recommendation sentence on page 26 of the report. Thus the sentence ends with . . ."to overutilize procedures."

The Board recommended that the language of Goal 2 (on page 9 of the report) be changed to be consistent with the discussion.

G. Final Report - Ad Hoc Committee on Continuing Medical Education

Dr. Bill Mayer summarized the background leading up to this report and urged that the Board approve it. The Board then approved its adoption.

H. Liaison Committee on Continuing Medical Education

Dr. Bill Mayer elaborated on the background material included in the Executive Council agenda. After some discussion, the Board approved the recommendation that the Executive Council adopt the policies set out regarding the continuation of the LCCME.

I. Medical Sciences Knowledge Profile Program (MSKP)

Dr. Erdmann explained to the Board that the stimuli behind the development of the MSKP was the decision by the NBME to restrict Part I to students enrolled in accredited U.S. medical schools. The MSKP program is designed to be a substitution for COTRANS, with its implementation occurring in 1980. The responses to the deans memo describing the proposed program were discussed. While they were for the most part favorable, some expressed reservations. These dealt primarily with logistical problems which for the most part appeared to be resolvable.

The Board approved the recommendation to implement MSKP as a substitution for COTRANS.

J. General Requirements Section of the Essentials of Accredited Residencies

The revised version of the General Requirements, in the works since shortly after the establishment of the LCGME, places significant emphasis on the responsibility of institutions providing GME programs to develop internal policies and procedures to ensure the quality of their educational programs. This version has been reviewed extensively by all organizations sponsoring the LCGME; the LCGME itself, however, has not formally reviewed it since some changes had been made by a joint conference committee. Consequently, one LCGME member raised an objection to the procedure of parent organizations approving a

document not yet accepted by that body. Thus, the Board endorsed an action which would signal AAMC approval of the document but which indicates appropriate deference to the proper procedure and an intention not to preempt the LCGME in any way.

K. Nonrefundable Deposits

Bob Boerner of the AAMC discussed this issue with the Board. As background, the Executive Council had asked the Group on Student Affairs to review the issue of nonrefundable deposits and make recommendations for publication in the next issue of the Medical School Admission Requirements to be published in January 1980. Mr. Boerner explained that the GSA admission officers had discussed the matter and continued to question the desirability of changing the policy. They preferred to change the behavior of the 78 schools with a nonrefundable deposit policy. Several members of the Board felt strongly that there were good reasons for having a nonrefundable deposit.

ACTION

It was moved, seconded, and passed to refer this issue back to the GSA for further discussion and to seek a resolution of the issue through a compromise focusing on deadline dates, and limitations on the magnitude of the deposits.

L. A Position Paper: The Expansion and Improvement of Health Insurance in the U.S.

Dr. Gronvall presented the background leading up to this paper and emphasized that it was the purpose of the Ad Hoc Committee to develop some policy in the event the Association is called on to testify. He reiterated the three points which served as a basis for the paper: that Medicaid be expanded and improved; that a better catastrophic health insurance program be devised; and that inadequate and/or over-priced health insurance policies be reformed through the mechanism of a Commission which would set standards and give insurance policies its "seal of approval." The recommendation before the Board was that the previous policy be rescinded and that this paper be approved as the basis for AAMC policy on national health insurance. The Board decided to recommend rescinding the previous policy but deferred acting on the recommended position. It wished to discuss the new policy with the COTH Board members at the Executive Council meeting before taking any position.

M. Meeting Date for 1981 COD Spring Meeting

The Board approved the dates of March 25-28 (Wednesday-Saturday), 1981, for its COD Spring Meeting.

V. Discussion Items

A. Report of the Ad Hoc Committee on Clinical Research Training

Dr. Samuel Thier appeared before the Board to briefly introduce this report and elaborate on the background of the committee. As a result of an OSR resolution from the 1978 Annual Meeting urging that more research opportunities be made available to medical students, the committee was formed to look at available data before proceeding with recommendations. This report was a draft of the committee's analysis and recommendations which would be considered by the COD and the CAS at the Annual Meeting. The committee requested that comments and concerns by Board members be referred to either Dr. Thier or Dr. Morgan.

B. Health Science Promotion Act of 1979

Dr. Tom Kennedy served as leader for this brief discussion among Board members which resulted in the consensus that this should be referred to the Executive Committee for further discussion.

C. Case Mix Measures and Their Reimbursement Applications

Due to lack of time, it was decided that this agenda topic be brought up at a later meeting as an information item.

VI. Information Item

A. OSR Report

Dan Miller, OSR chairman, related that the chief concerns at the previous day's OSR meeting consisted of preparations for the Annual Meeting and a discussion of the Executive Council agenda items.

VII. Adjournment

The meeting adjourned at 1:00 p.m.

PROPOSED MEMBERSHIP CRITERIA FOR SECTION OF
NEW AND DEVELOPING-COMMUNITY BASED MEDICAL SCHOOLS

Members of the informally organized Section of Deans of New and Developing Medical Schools as well as deans of some medical schools with satellite or remote campuses whose administrators have been active in the group have felt the need for the establishment of membership criteria for the section. After several discussions between Dr. Bondurant as Chairman of the Council and Dr. Beljan, Chairman of the Section, the following was proposed at the November 6 meeting of the section. Those present were in agreement that this appeared to be a reasonable and responsible approach.

Each Institutional and Provisional Institutional Member of the AAMC which declares itself or one of its components to have substantial interests in the activities of the Section on New and Developing-Community Based Medical Schools will upon such self-designation become a member of the Section. In addition, other institutions may be elected to membership by action of the Administrative Board of the Council of Deans.

RECOMMENDATION

That the COD Administrative Board approve this statement as the criteria for membership in the section.

WILLIAMS, MYERS AND QUIGGLE

ATTORNEYS AND COUNSELORS AT LAW

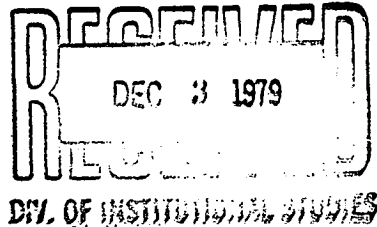
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S. CHURCHILL ELMORE
JOE L. OPPENHEIMER
ROBERT O. TYLER
ROBERT H. MYERS, JR.

THOMAS ARDEN ROHA
DONALD LEWIS WRIGHT



November 29, 1979

Mr. Joseph A. Keyes
Staff Counsel
Association of American
Medical Colleges
One Dupont Circle, N. W.
Washington, D. C. 20036

Re: Developments in the tax treatment
of "research" by colleges and
universities under the unrelated
trade or business provisions

Dear Joe:

(1) There are three basic "modifications" to the taxation of unrelated trade or business income under the Internal Revenue Code dealing with research. Sections 512(b)(7), (8) and (9) provide that there shall be excluded from unrelated trade or business income (1) all income derived from "research" for the United States or any of its agencies or instrumentalities or any state or political subdivision thereof (Section 512(b)(7)), (2) in the case of a college or university or hospital all income derived from research performed for any person (Section 512(b)(8)) and (3) in the case of an organization operated primarily for the purpose of carrying on fundamental research the results of which are freely available to the public all income derived from research for any person (Section 512(b)(9)).

(2) In a private letter ruling, the Service has finally accepted the definition of research as included in the House Report with respect to the enactment of the unrelated trade or business provisions in 1950, namely, that "research" was meant to include "not only fundamental research but also applied research such as testing [sic] and experimental construction and production." (House Report 2319, 81st Cong., 2d Sess., 1950, 1950-2 C.B. 380, 409; see Private letter ruling 7924009).

(3) However, the regulations provide that "research" does not include activities of the type ordinarily carried on as an incident to commercial or industrial operations, for example, the ordinary testing or inspection of material or products or the designing and construction of equipment, buildings and the like. Regulations 1.512(b)-1(f)(4).

(4) In a series of private letter rulings, two of which have been published, the Internal Revenue Service has clarified its position with respect to the definition of research as contrasted to activities of a type ordinarily carried on as an incident to commercial and industrial operations. The latter type of activities has been illustrated in Revenue Rulings 68-373 and 78-426.

Where studies undertaken by the college were concerned with new application of products or drugs in order to treat various diseases or conditions, the Service has held that "the studies are not, * * * mere quality control programs or ordinary testing for certification purposes, as a final procedural step before marketing, but rather are research within the meaning of section 512(b)(8)" and, thus, not subject to the unrelated trade or business tax. (Private letter ruling 7936006) In the case at issue a college, pursuant to written agreements with five pharmaceutical manufacturers undertook to explore the effect of various pharmaceutical products as they related to the diagnosis or the development of new methods of treatment of human diseases and conditions. The medical college researchers involved had responsibility for the design and management of the research, including data collection and analysis. The studies were conducted using the facilities and personnel of the college, including professors, technicians and students. The college was reimbursed for its expenses, including personnel costs incurred in carrying out the test. The data generated by the studies and the conclusions reached by the researchers had been published and utilized in the instruction of graduate students.

In this and in a similar ruling involving what appears to be a free standing research organization (Private letter ruling 7937061, June 14, 1979) which conducted a large amount of research into the problems of higher education institutions and systems, the Service, in addition, found that the "sponsored" research contributed importantly to carrying out the organization's exempt purpose and, thus, was related.

(5) The question of relatedness is important in a number of particulars. Several colleges and universities, private and public, have sought to use tax exempt bonds issued by state facilities authorities to construct a "sponsored research" facility. Under Section 103(b)(2), the bonds are not exempt if a major portion of the proceeds are to be used by an exempt entity in an unrelated trade or business. As interpreted by the Internal Revenue Service, regardless of whether

November 29, 1979

the activity is "research" (and, therefore, a "modification" which is not subject to the unrelated trade or business tax), for the bonds to be exempt, the university must show that the research is substantially related to the exempt purposes of the college. In a private letter ruling on this issue, the Service dealt directly with the question of whether "sponsored" research of this sort is related. "Sponsored" research was defined as a contractual arrangement between the university and the corporation or a governmental body pursuant to which the university undertook to study topics designated by the sponsor and report on its findings to the sponsor. In this case, the research was in the field of chemical toxicology similar to that discussed in private letter ruling 7936006. In both cases, where the university is permitted to publish in a treatise, thesis, trade publication or other form that makes it available to the interested public, the Internal Revenue Service held that the activity was research and related even though (1) the university was prohibited from disclosure of proprietary information belonging to the sponsor and (2) the sponsor retained the right to obtain ownership or control of resulting patents, copyrights, processes or formulae. However, the publication must not be delayed beyond a period of time reasonably required for making the patent application. The only other limitation on publication recognized in private letter ruling 7937061 was that the results would not be published in such a fashion that the institution which was studied or an employee thereof could be identified. "Otherwise, all methodology, processes, results, proposals and the like will be published."

(6) The above holdings should be contrasted with several earlier private letter rulings in which the activity was considered "of a type ordinarily carried on as an incident to commercial or industrial operations and constitute the ordinary testing or inspection of material or products or the designing and construction of buildings, equipment, etc." For example, the following activities were considered as taxable:

- (a) A market survey of projected developments in the real estate industry done for commercial sponsors, the results of which were not made available to the public but only to the sponsoring agencies (private letter ruling 7852007),
- (b) Specimen analyses by the oral pathology laboratory of a school of dentistry for private practitioners even though utilized in the classroom (private letter ruling 7852007),
- (c) The testing of hydraulic and mechanical devices designed for the protection of the public water supply from contamination and pollution which resulted in a certification that the device is safe for a three-year period (private letter ruling 7852007) and

(d) The testing of an automatic blood smear testing device in a clinical setting because the principal purpose of the contract was to test the device as a prelude to sale of same by the sponsor even though the results of the research were to be published and the experiments "most certainly furthered the university's general research in the area of hematology and blood smears" (private letter ruling 7902019).

(7) The recent private letter rulings would seem to suggest that the Service is developing a definition of research which is excluded from the unrelated trade or business tax under the sections noted. I should add a word of caution concerning the nature of private letter rulings. Technically, they cannot be relied upon by parties other than the "taxpayer" to whom they are issued. Also, they represent a case-by-case reaction which often depends upon the facts submitted by the taxpayer not all of which are fully developed in the ruling letter.

With this caveat, I would suggest that the Internal Revenue Service's present position may be:

(a) The fact that the research is sponsored by a commercial organization will not in and of itself disqualify the activity from being considered research. However, where the issue is whether or not the activity is related, the Service may look to such facts as (1) the college or hospital researchers have responsibility for the design and management of the research, including data collection and analysis, (2) the research is conducted by use of facilities and personnel of the college, including professors, technicians and students, (3) the results of the research are utilized in the curriculum of the college, university or hospital.

(b) The college or hospital must be free to publish the results of the research. Note that the private letter rulings issued so far have dealt with situations where the research was to be promptly published in a treatise, thesis, trade publication or other form that makes it available to the interested public. Obviously, in some cases, the results are not worthy of publication since not all projects succeed in developing any useful "methodology, processes, results, proposals and the like."

(c) The sponsor or the university, whether or not there is a sponsor, may retain the right to obtain ownership or control of patents, copyrights, processes or formulae deriving from the research and may have a reasonable time within which to make applications for patents or copyrights. Otherwise, there may be no limitations on publication other than protection of privacy and the like.

(d) An activity will be considered as commercial testing and, therefore, not research if (1) it is specimen analysis for private practitioners as distinguished from exploration of various pharmaceutical products as they relate to the diagnosis and new methods of treatment of human diseases and conditions, (2) the activity leads to a certification by the institution of the safety or other characteristics of a device or product, (3) the principal purpose of the activity is to test a device as a prelude to sale by a commercial sponsor. This may be true even if the activity also carries out some exempt purposes of the institution.

(8) I remain concerned as to the tax status of separately incorporated research foundations associated with colleges and universities. All should clearly be regarded as Section 501(c)(3) exempt organizations but possibly subject to the limitations of the definition of "scientific" in the regulations under that section. (Regulations 1.501(c)(3)-1(d)(5)) If they have been determined to be public charities by reason of Section 170(b)(1)(A)(iv) (a state university related foundation) or Section 509(a)(3) (a "support" organization that is organized and operated exclusively for the benefit of, to perform the functions of or to carry out the purposes of one or more specified colleges or universities), I think it would be easier to argue that they should be treated as colleges and universities for the purposes of Section 512(b)(8) and not subject to unrelated trade or business tax on "research" performed for any purpose. - person.

Otherwise, to be exempt from research performed for "any person" they would probably have to establish that they are operated "primarily for the purpose of carrying on fundamental research, the results of which are freely available to the general public." (Section 512(b)(9)) Under the Internal Revenue Service interpretation, this may not be easy to do since fundamental research, although difficult to define, is a much more limited concept than research and does not include applied research. In fact, one major "fundamental" research organization, under Internal Revenue Service pressure, has been forced to divide into two organizations, one of which is recognized as fundamental and the other of which is either taxable or is subject to significant tax on unrelated trade or business.

If they are public charities by reason of significant support from public sources under either Section 170(b)(1)(A)(vi) or Section 509(a)(2), the only research exclusion would be for research performed for the United States, its agencies or instrumentalities or a state or political subdivision thereof under Section 512(b)(7). With respect to other research activities, they would have to establish that each contributes importantly to the carrying out of the organizations' specific exempt purpose.

(9) We should proceed with our attempt to develop our own definition of research. Perhaps we could start with the definition from Webster's which reads as follows:

"¹research - 1: careful or diligent search: a close searching
2a: studious inquiry or examination; esp: critical and
exhaustive investigation or experimentation having for its
aim the discovery of new facts and their correct interpreta-
tion, the revision of accepted conclusions, theories, or laws
in the light of newly discovered facts, or the practical
applications of such new or revised conclusions, theories,
or laws b(1): a particular investigation of such a character:
a piece of research (2): a presentation (as an article or
book) incorporating the findings of a particular research
3: capacity for or inclination to research

"²research - to search or investigate exhaustively: make
researches into"

It is my recollection that Dean Bondurant was going to expand upon his
definition which I wrote down as:

"Systemic research for the knowledge of natural phenomena
of which testing is a method that is characterized by
and may include the following: concept, hypothesis,
experimental design and gathering of experimental data,
experimental execution, data analysis, interpretation
of results and dissemination of results. Research need
not encompass all of these. Any one standing alone can
be research, each being a research project.

"Research is the search for new knowledge, a studious
examination of a detailed or exhaustive study."

(9) Taking account of the most recent interpretations of the
Internal Revenue Service, we also might want to carefully review the
AAMC "Memorandum on Industry Sponsored Research and Consultation:
Responsibilities of the Institution and the Individual."

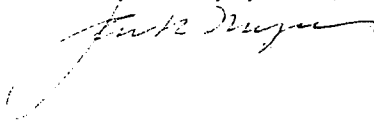
(10) It should be noted that there is a proposed bill amending the
Internal Revenue Code being circulated on Capitol Hill which would
eliminate the automatic exclusion from unrelated trade or business of
research performed by or for the Federal or state government (Section
512(b)(7)), research performed by a college or university for any person
(Section 512(b)(8)) and research performed by a fundamental research
organization for any person (Section 512(b)(9)). (See Congressman Evans
letter of August 3, 1979, to the President of the University of Delaware.)
Although this has not been introduced, it certainly indicates interest
on the part of some persons to curtail the research activities of exempt
organizations. Its affect would be to require the university to prove
that each research activity carried on contributes importantly to the
carrying out by the institution of its exempt purposes. The private
letter rulings cited above do lead me to be more hopeful of a reasonably
favorable attitude on the part of the Internal Revenue Service towards
"relatedness." Nonetheless, the problems this change would generate
would be very extensive, particularly in audits.

November 29, 1979

(11) On August 27 and 28, a Task Group sponsored by the Small Business Administration held one of a series of meetings on "government competition with small business." The American Council on Education was asked to testify. At Shelley Steinbach's request, I substituted for him. The Task Group had already heard some very critical testimony, particularly from an association of proprietary laboratories with respect to the research, testing and other activities of colleges and universities. Some of this does not reflect very favorably on those institutions. Certainly one of the problems which the Task Group (which is ably served as counsel by Milton Stewart, the Chief Counsel for Advocacy of the Small Business Administration) is the extensive competition between private industry and colleges and universities. We hope to maintain a dialogue with the Task Group and Mr. Stewart. The general thrust of the Task Group was that any activity which competes with private industry should not be subject to exclusion from taxation. I did get an opportunity to explain to them that, although the present Code provisions derived from a concern about unfair competition, they tax only commercial activities of a college or university which do not contribute importantly to carrying out its own exempt purposes other than providing income. Further, I noted the Code exempts colleges and hospitals from taxation on research performed for any person and, therefore, the first tax question in this regard is whether or not an activity constitutes "research." That issue, of course, is the prime focus of our study.

With best regards,

Very truly yours,



cc: William J. Smith, Esquire
William J. Lehrfeld, Esquire
Mr. Joseph S. Warner
Mr. Sheldon E. Steinbach
Dr. Thomas E. Morgan
Mr. Reagan Scurlock
Joseph Silva, Jr., M.D.
Jerold Roschwalb, Esquire
Dr. Thomas J. Kennedy, Jr.
James R. Hopkins, Esquire
Mr. Newton Cattell
John L. Burke, Jr., Esquire
Dr. Stuart Bondurant
Dr. David Blake
Norman A. Sugarman, Esquire
Ms. Penny Roberts

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1981 COD SPRING MEETING SITE

Based on the Board's approval of March 25-28 as satisfactory dates for the 1981 COD Spring Meeting, we have been in contact with 30 sites. A summary of the features of the more desirable resorts is attached. It would be helpful at this point if the Board would either select one of the options or provide additional guidance in choosing a different locale.

<u>NAME</u>	<u>FEATURES</u>	<u>COMMENTS</u>
<u>ARIZONA</u>		
Ramada Valley Ho Resort Scottsdale	Located in downtown Scottsdale, 3 pools, putting green, lawn games, 3 tennis courts, golf available at Ramada's Scottsdale Country Club; General Session Room would have to be break-out rooms 1981 RATES -- \$58 Single \$65 Double + 6% tax	HOLDING ROOMS ON A TENTATIVE BASIS
LaPosada Resort Hotel Scottsdale	6 tennis courts, racquetball, sauna, putting green, pool, jogging path, Orange Tree for golf which is 10 minutes away 1980 RATES -- \$85 Single or Double + 4% tax	HOLDING ROOMS ON A TENTATIVE BASIS
Ramada Inn Phoenix East Resort	35 acre property located 5 minutes from downtown Phoenix, 4 tennis courts, putting green, heated swimming pool, golf at Scottsdale Country Club, courtesy transportation to and from Sky Harbor International Airport 1980 RATES -- \$38 Single \$46 Double +5% tax	HOLDING ROOMS ON A TENTATIVE BASIS
Doubletree Inn Scottsdale	located in downtown Scottsdale, 1 tennis court, swimming pool, golf at nearby golf resorts; meeting room rental charges are based on size of room and time period used (approximately \$325/day) with additional charges for break-out rooms (approximately \$70each/day) 1981 RATES -- \$80 Single \$85 Double +4% tax	HOLDING ROOMS ON A TENTATIVE BASIS
Del Webb's Mountain Shadows Scottsdale	18 hole executive golf course, 8 lighted tennis courts, 3 pools 1981 RATES -- \$115 Single or Double + 3% tax + maid gratuity of \$1.50/room/day Since we have no large group meal functions, we would have to be on a Modified American Plan for which the current charge is \$27/person/day (this includes tax and gratuity)	HOLDING ROOMS ON A TENTATIVE BASIS

ARIZONA CONTINUED

Scottsdale Granada Royale
Scottsdale

All accommodations are one and two bedroom suites and offer a separate living room featuring a kitchenette and wet bar; heated pool, 15 lighted tennis courts, golf available nearby

HOLDING ROOMS ON A TENTATIVE BASIS

1980 RATES -- \$69.90 Single
\$79.90 Double

Rio Rico Resort Hotel
Nogales, Arizona

60 minutes from Tucson International Airport, 12 miles from the Mexican border, heated pool, 4 tennis courts, 18 hole championship golf course; Can only give us a maximum of 135 rooms plus 5 one bedroom suites; group luncheons suggested

HOLDING ROOMS ON A TENTATIVE BASIS

1981 RATES -- \$35 Single
\$40 Double + 3 % tax

CALIFORNIA

Sheraton Inn-Airport
San Diego

4 tennis courts, 2 pools, located 1/4 mile from Airport

TENTATIVELY HOLDING DATES OF MARCH 26-29

1980 RATES -- \$40-\$50-\$60 Single
\$50-\$60-\$70 Double + 8% tax

COLORADO

Broadmoor
Colorado Springs

20 minute limo service for \$3-5 from Colorado Springs Airport; "shoulder" season; 18 tennis courts, 3 golf courses, 3 pools (2 heated), ski slope may be in operation, International Ice Skate Arena

TENTATIVELY HOLDING DATES OF MARCH 28 - APRIL 2

1981 RATES -- \$35-\$47 Single
\$38-\$60 Double

FLORIDA

Doral-on-the-Ocean
Miami Beach

Doral Country Club privileges with free shuttle service

DATES ARE AVAILABLE

1981 RATES -- \$84 Single or Double

FLORIDA CONTINUED

Innisbrook Resort
Tarpon Springs

30 minutes west of Tampa International Airport; limo service available for \$7 each way; 17 tennis courts, 3 golf courses, fishing equipment, 5 pools

MARCH 25-28 IS NOT AVAILABLE,
BUT MARCH 11-14 IS AVAILABLE

1980 RATES -- \$84 Single or Double Basic Room (43)
+ \$17/person/day MAP
+ \$22/person/day FAP
\$94 Club Suite (40)
\$104 One Bedroom Suite (51)
\$114 One Bedroom Deluxe Suite (16)
\$188 Two Bedroom Suite
\$198 Two Bedroom Deluxe Suite

Formula for 150 rooms requires that our group take a certain number of the available accommodations--that number is given in ().

Because of MAP or FAP requirement, it is essential that group schedule a sit down banquet for one of the dinners to eliminate overcrowding in the clubhouses.

SOUTH CAROLINA

Kiawah Island Inn
Charleston, S.C.

45-60 minutes from Charleston Municipal Airport; airport limo service with reservations made by hotel for \$10/person each way; 18 hole golf course, 9 tennis courts, located on ocean, sailboat rental, pool, horseback riding

TENTATIVELY HOLDING DATES OF
MARCH 26-29 (no Saturday check
out)

1980 RATES -- \$70-\$75-\$95-\$105

SCHEDULE OF 1981 MEETINGS

Am. College of Surgeons	March 30-April 2
Am. College of Physicians	April 6-9
Am. Ass. of Neurological Surgeons	April 6-10
FASEB	April 12-17
Easter	April 19
Passover	April 19-26
National Academy of Sciences	April 20-22
AFCR, ASCI, AAP	April 25-27
Pediatric Research	April 28-30
Am. Soc. of Internal Medicine	April 30-May 3
LCME	mid-April
AMA	April
COTH	beginning of May

PROPOSED DATES FOR 1981 COD SPRING MEETING --
 March 25-28

	S	M	T	W	T	F	S		S	M	T	W	T	F	S	
				1	2	3							1	2	3	4
	4	5	6	7	8	9	10		5	6	7	8	9	10	11	
	11	12	13	14	15	16	17		12	13	14	15	16	17	18	
JAN	18	19	20	21	22	23	24		19	20	21	22	23	24	25	
	25	26	27	28	29	30	31		26	27	28	29	30	31		
				1	2	3	4									
	5	6	7	8	9	10			2	3	4	5	6	7	8	
	8	9	10	11	12	13	14		9	10	11	12	13	14	15	
FEB	15	16	17	18	19	20	21		16	17	18	19	20	21	22	
	22	23	24	25	26	27	28		23	24	25	26	27	28	29	
				1	2	3	4		30	31						
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	8	9	10	11	12	13	14			1	2	3	4	5		
	15	16	17	18	19	20	21		6	7	8	9	10	11	12	
MAR	15	16	17	18	19	20	21		13	14	15	16	17	18	19	
	22	23	24	25	26	27	28		20	21	22	23	24	25	26	
	29	30	31						27	28	29	30				
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	12	13	14	15	16	17	18		11	12	13	14	15	16	17	
APR	19	20	21	22	23	24	25		18	19	20	21	22	23	24	
	26	27	28	29	30				25	26	27	28	29	30	31	
				1	2											
	3	4	5	6	7	8	9		1	2	3	4	5	6	7	
	10	11	12	13	14	15	16		8	9	10	11	12	13	14	
	17	18	19	20	21	22	23		15	16	17	18	19	20	21	
MAY	17	18	19	20	21	22	23		22	23	24	25	26	27	28	
	24	25	26	27	28	29	30		29	30						
				1	2	3	4									
	5	6	7	8	9	10	11		1	2	3	4	5	6	7	
	12	13	14	15	16	17	18		8	9	10	11	12	13	14	
	14	15	16	17	18	19	20		13	14	15	16	17	18	19	
JUN	14	15	16	17	18	19	20		20	21	22	23	24	25	26	
	21	22	23	24	25	26	27		27	28	29	30	31			
	28	29	30													

LEGAL NATIONAL HOLIDAYS	OTHER IMPORTANT DATES
New Year's Day	JAN. 1 Ash Wednesday
Washington's Birthday	FEB. 16 Good Friday
Memorial Day	MAY 25 Easter Sunday
Independence Day	JULY 4 Passover
Labor Day	SEPT. 7 Mother's Day
Columbus Day	OCT. 12 Father's Day
Veterans Day	OCT. 26 Rosh Hashana
Thanksgiving Day	NOV. 26 Yom Kippur
Christmas Day	DEC. 25 Election Day
	NOV. 3