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

4 April 1985

I. Call to Order
Chairman Miller called the meeting to order. The minutes of the 8 March 1985 meeting were approved as written by the secretary.

II. Report of the Chairman
Mr. Miller reported that since the last meeting of the Executive Committee, when gifts and subscriptions for FY '85 stood at $50.2 million or 14 percent ahead of the record-breaking FY '84 pace, an additional $2.5 million had been received by the University. "April, May, and June are especially fertile fundraising months," he noted, "and we are optimistic that we will reach another historic plateau by the end of June."

The chairman then commented that the Executive Committee had invited the leadership of the Black Student League to meet with members for an informal discussion session after the meeting. The Trustees look upon harmonious and equitable relationships between members of the campus community as a most important objective," he added, "and on this anniversary of the assassination of Martin Luther King, let us observe a moment of silence in which I invite you to hope or to pray for such accord."

III. Report of the President
Dr. Hackney announced that the Wharton School's consideration of classroom comments made by Professor Dolfman had been concluded and that documents related to the case were published in the current issues of The Daily Pennsylvania and the Penn Paper. "A resolution of the case was arrived at by the dean of the Wharton School after consultation with three School faculty groups," he said, "and it has my support and that of the provost. The process was impeccable," the president added. "The outcome protects, on the one hand, the rights of the faculty and, on the other, the interests of the University in general and the students in particular in the preservation of the dignity of students in the classroom." Dr. Hackney further observed that he and the provost had given to the BSL a document that details a number of actions taken this spring in response to student grievances. "Taken together, they represent a significant step forward in the enhancement of the black presence at the University of Pennsylvania," he said.
B. Academic Report

Mr. Ehrlich called attention to the proposed appointment of Stephen G. Nichols as a professor of romance languages. Dr. Nichols comes to Penn from Dartmouth where he chairs the French department.

Action: A Resolution on Appointments and Promotions was approved as found in pages 1-12 in the meeting book.

IV. Reports of Trustee Committees
A. Budget and Finance

Mr. Eckman introduced three resolutions, noting that they had been reviewed and endorsed by the Budget and Finance Committee.

He observed that neither Robert P. Levy nor Anthony S. Minisi had participated in the discussion of the second resolution. Mr. Levy has an investment in Kravco and Mr. Minisi's law firm represents the company.

1. Action: A Resolution Authorization to Construct a University-Wide Communications Network was approved as follows:

Intention:

The administration requests authorization to commit up to $11 million over a five year period to construct one of four parts of a planned University-wide data communications network. The first part—the "backbone" data communications network—would be designed and constructed by AT&T Information Systems for not more than $8 million. An additional $3 million would be needed for renovation and labor costs incurred within the University. The expenses expected to be incurred during the first two years are estimated at $6.83 million.

The "backbone" data communications network, including its relationship to the overall University data network design, is described in the attached precis (Appendix I). The network would be constructed in phases, beginning with a pilot project in 1985, followed by full network construction in 1986-89. Upon approval of this resolution, the University will enter into a master contract with AT&T Information Systems and begin the first contract phase of overall network design.

RESOLVED, that the construction over a five-year period of a "backbone" data communications network, at a cost of no more than $11 million, be and the same hereby is approved and that the Vice President for Finance and the Vice Provost for Computing or other appropriate officers of the University be and they hereby are authorized to proceed with such construction and execute such contracts and incur such expenses and obligations—not, however, substantially in excess of the estimated cost of construction as presented to the Budget and Finance Committee—as may in their judgment be necessary or desirable to accomplish such construction.

FURTHER RESOLVED, that up to $11 million of the capital costs of the "backbone" network be funded out of the proceeds of the sale of a contemplated issuance of notes, which it is proposed will be effected through a governmental agency to finance capital projects. To the extent the project is thus financed through issuance of tax-exempt notes, the retirement of the debt principal and associated interest expense shall be the responsibility of the University, to be distributed among the schools and resource centers in a manner that is equitable and appropriate, to be discharged within the established amortization period for the financing.

2. Action: A Resolution on Phase I of the Development of 34th and Walnut Streets was approved as follows:
Intention:

An agreement has been reached with the Sansom Committee under the terms of which the University plans to develop land at 34th and Walnut Streets by building within the building envelope described in the 1982 Consent Decree and limiting the upper floor to semi-public institutional uses.

The Redevelopment Authority of the City of Philadelphia, which originally gave the University title to the land in 1983, has granted an extension to the redevelopment agreement. It requires construction to begin no later than 1 July 1986. At this time, therefore, the administration requests the approval of expenditure totaling $1,419,000 for Phase I of the development of 34th and Walnut Streets.

RESOLVED, that the administration be authorized to enter into a contract with Kravco Company for development consultation on the 34th and Walnut project, for an amount not to exceed $464,000, and that the Vice President for Finance or other authorized officers of the University be and they hereby are authorized to proceed with such contract and incur such expenses and obligations--not, however, in excess of the estimated amount of the contract as presented to the Budget and Finance Committee--as may in their judgment be necessary or desirable to effect such contract.

FURTHER RESOLVED, that the administration be authorized to enter into a contract with Keating Construction Company for construction, engineering, estimating, and project management, for an amount not to exceed $430,000, and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such contract and incur such expenses and obligations--not, however, in excess of the estimated amount of the contract as presented to the Budget and Finance Committee--as may in their judgment be necessary or desirable to effect such contract.

FURTHER RESOLVED, that the administration be authorized to enter into a contract with the architectural firm of Geddes Brecher Qualls Cunningham for the design and drawings of the shell building for the project, for an amount not to exceed $525,000, and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such contract and incur such expenses and obligations--not, however, in excess of the estimated amount of the contract as presented to the Budget and Finance Committee--as may in their judgment be necessary or desirable to effect such contract.

FURTHER RESOLVED, that the project known as "34th and Walnut Streets", which is preliminarily estimated to cost no more than $15 million, will be reviewed and re-authorized by the Trustees once the schematic drawings are completed. Funds for Phase I of this project will come from an advance from Physical Plant, to be paid back when the project moves to actual construction and a financing plan acceptable to the Trustees is approved.

3. Action: A Resolution Amending the Resolution of 14 December 1984 on Reroofing the University Museum was approved as follows:

Intention:

On 14 December 1984, the administration proposed, and the Trustees approved, as part of the reroofing of the University Museum, the pre-purchase of roofing tiles at a cost of $250,000. The total cost of the reroofing project is $2,940,850. At this time, the administration requests approval to undertake the entire project, so construction may commence immediately. Funds for this project have been raised by the Museum from gifts and pledges that appear sufficient to fully cover the cost.
RESOLVED, that the reroofing of the University Museum, estimated to cost $2,940,850, including the $250,000 previously approved, be and the same hereby is approved and that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such reroofing and execute such contracts and incur such expenses and obligations—not, however, substantially in excess of the estimated cost of such reroofing as presented to the Budget and Finance Committee—as may in their judgment be necessary or desirable to accomplish such reroofing.

FURTHER RESOLVED, that all costs and expenses incurred in carrying out the reroofing of the University Museum, authorized by the foregoing resolution, which are not funded from the sources specifically cited to the Budget and Finance Committee or by gifts expressly designated for such purpose, be paid, or if previously paid or discharged out of such operating funds be reimbursed out of the proceeds of the sale of a contemplated issuance of tax-exempt notes, which it is proposed will be effected through a governmental agency to finance capital projects. To the extent the project is thus financed through issuance of tax-exempt notes, the retirement of the debt principal and associated interest expense shall be the responsibility of the University Museum, to be discharged within the established amortization period for the financing.

B. Investment Board

Mr. Neff reported that the common stock portion of the Associated Investment Funds (AIF) had increased 9.2 percent, on a total return basis, since 31 December 1984, pulling even with the Standard and Poor 500 Stock Average (S&P). "It's a serviceable appreciation, relative to our having done rather well in previous periods," he said. "Equity performance for the past five years continues to be excellent." The chairman then observed that the "market has been a crazy quilt since year end, with alternating enthusiasm and despair. The technology stocks had a good burst in January," he said, "then day by day they have been picked off as they announce their disastrous first-quarter earnings. In recent weeks, some of the tried and true stocks, such as electric utilities, have come a little more to the fore. We're somewhat bereft of rampant new enthusiasms, but we're not uncomfortable with the current portfolio. We look forward to sampling new price opportunity without prejudice."

The chairman went on to observe that the bond market still provides a good assured return, which makes the "vast bulk of common stocks relative to bonds burden of proof" investments.

Mr. Miller added that as chairman of the Investment Committee of the Ford Foundation he had access to data, which showed that among major institutional investors, Penn's endowment returns ranked first by a comfortable margin for the past five years, first by a very comfortable margin for the past three years, and on a one-year basis, the "margin was out of sight."

In comparison to other Ivy League schools, the chairman observed, the University also ranked first on the basis of return on the endowment for a one-year period and a three-year period and was tied with another institution on the basis of ten-year endowment returns.

SECRETARY
V. Overseers and Other Boards

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

RESOLVED, that Elysabeth Higgins and John Vogel be appointed to the Board of Overseers of the School of Veterinary Medicine for three year terms, effective 4 April 1985.

In conclusion, Mr. Miller mentioned that at the June meeting the Executive Committee would nominate Judge Arlin Adams as a term trustee. Judge Adams has agreed to chair the Board of Overseers of the Law School.

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University