Minutes of the Stated Meeting
of the
Executive Committee of the Trustees of the University of Pennsylvania
3 May 1985

A Stated Meeting of the Trustees was held on Friday, 3 May 1985. Trustees attending included: Walter G. Arader; Samuel H. Ballam, Jr.; Richard P. Brown, Jr.; Susan W. Catherwood; Charles D. Dickey, Jr.; G. Morris Dorrance, Jr.; John W. Eckman; Sheldon Hackney; John P. Hellwege; Carl Kayser; Margaret R. Mainwaring; John B. Neff; Jacqueline G. Wexler; and D. Robert Yarnall, Jr. Others present included: James Bishop; Stuart Carroll; Richard Clelland; Thomas Ehrlich; Karen Gaines; Jeff Goldberg; Michael Gordon; Shelley Green; Thomas Langfitt; Marshall Ledger; Robert Lorndale; Mary Ann Meyers; Anthony Tomazinis; Marna Whittington; and Ross Webber.

I. Call to Order
In the absence of Chairman Paul F. Miller, Jr., Vice Chairman Margaret R. Mainwaring called the meeting to order. The minutes of the 4 April 1985 meeting were approved as written by the secretary.

II. Report of the Chairman
Mrs. Mainwaring reported that as of the 28th of April, gifts and subscriptions stood at $60.5 million, which is nearly 90 percent of the total raised last year. She pointed out that during March and April alone, $10 million, including another $2.6 million from the alumni, had been subscribed, and that total support to date from alumni was $5 million ahead of FY'84.

"Alumni giving constitutes nearly 25 percent of the monies received so far in FY'85," the vice chairman noted, "whereas when the decade began, only 18 to 20 percent of Penn's total gift support came from alumni."

Mrs. Mainwaring went on to observe that "total support from the corporate sector sets a new one-year record with every gift the University receives," the previous high being just under $16 million. "Much of the impetus comes from leading computer manufacturers who have embraced the Comprehensive Computing Plan," she said. "IBM support of this initiative alone totals $6 million." The vice chairman also reported that foundation giving has begun to draw even with last year.

She said that Annual Giving results this year are "perhaps as impressive as they have ever been. Total receipts, as well as the average size of each gift, are a full 24 percent ahead of last year," she noted, and the number of donors has also appreciated by 9 percent, which is the same rate of growth we
enjoyed last year at this time. "Clearly," Mrs. Mainwaring said, "our Annual Giving goal of $10.9 million is well within reach."

In conclusion, she mentioned several significant individual gifts that have been added since the last Executive Committee meeting, including $1.2 million from the Estate of Leonore and Edwin Williams to establish a Professorship in Applied Romance Linguistics; $1 million from Ernst & Whinney in honor of the late Joseph H. Keller, Jr. (W-49), co-chairman and chief operating partner of the accounting firm, which will be used to establish a chair in accounting; and $938,000 from the John D. and Catherine T. MacArthur Foundation to support research in the School of Medicine on the effects of weight loss on metabolism.

III. Report of the President

A. Dr. Hackney welcomed Professor Tomazinis, the new chairman of the Faculty Senate, and Roger Soloway, the chairman-elect to the Executive Committee meeting. He thanked the outgoing chairman, Jacob Abel, for his commendable service during the 1984-85 academic year. The president also extended a welcome to Mr. Gordon, the newly-elected chairman of the Undergraduate Assembly, and James Whelan, the new chairman of the Graduate and Professional Student Assembly. He expressed his appreciation to their predecessors, Brooks Harris and Amy Lyman, for jobs well done. Dr. Hackney then noted that at the June meeting of the Trustees, he would nominate Michael Austin, professor of Social Work at the University of Washington (Seattle) to be the next dean of the School of Social Work.

B. Academic Report

1. Mr. Ehrlich mentioned that he hoped an announcement about a new dean for the School of Arts and Sciences could be made soon. He noted that "The Penn Profile," the seventh in a series of planning documents, would be published in the 14 May issue of Almanac. Turning to faculty personnel matters, he called attention to the proposed promotions of Haim H. Bau, a winner of the National Science Foundation's Presidential Young Investigator Award, to associate professor of mechanical engineering and applied mechanics and of Gershon Buchsbaum, another winner of the prestigious NSF award, to associate professor of bioengineering, both in the School of Engineering and Applied Science. The provost also mentioned the proposed conversion to tenure of the appointment of Bulent Gultekin, an associate professor of finance in the Wharton School, who comes to Penn from Dartmouth's Tuck School of Business Administration. Finally, he noted that an offer to Richard P. Paul of a tenured professorship in computer and information science in SEAS, which was previously approved by the Trustees, had been accepted by the Purdue robotics scholar.

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

In the absence of Mrs. O'Bannon, Dr. Whittington reported that the University had a general surplus of $828,000 as of the end of March in addition to the $346,000 mandated surplus required to fund the annual amortization costs for the High-Rise and Graduate Hospital. She went on to say that for the period ending on 28 February, the Hospital of the University of Pennsylvania was reporting an excess of revenues over expenses of $9,086,000. For the first six months of FY'85, the Clinical Practices had a $4,825,000 surplus, according to the vice president for finance.

IV. Reports of the Trustee Committee

A. Budget and Finance

Mr. Eckman introduced five resolutions, noting that they had been reviewed and endorsed by the Budget and Finance Committee. As an alumni member of Sigma Chi Fraternity, he abstained from voting for the first resolution, which involved renovation of the fraternity house.

1. Action. A Resolution on the Renovation of 3809 Locust Walk was approved as follows:

Intention:

The University owns property at 3809 Locust Walk, which is currently used as a dormitory by Sigma Chi fraternity. The Sigma Chi Club of Philadelphia wishes to renovate the inside of the premises, at a cost of approximately $250,000, including architectural fees. The funding for these renovations will come from a fund drive undertaken by the fraternity and a University advance in an amount not to exceed $125,000. To date, Sigma Chi has over $250,000 in pledges, with receipts in excess of $135,000. It is expected that remaining pledges are sufficient to repay the university advance.

RESOLVED, that the renovation of 3809 Locust Walk 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 renovation and execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost presented to the the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish such renovation.

FURTHER RESOLVED, that the University advance up to $125,000 towards the renovation to be repaid by gifts and subscriptions from alumni or, in the event of default, from charges to the residents. Such advance will be repaid, over a period not to exceed five years following completion of the renovation, at a market interest rate negotiated with Sigma Chi Club.

2. Action: A Resolution on the Sale of 3933 Walnut Street was approved as follows:

Intention:

The University purchased property at 3933 Walnut Street on 20 November 1967. It has been used as an office for a variety of University-related organizations. The administration now proposes that the property be sold to University City Associates at the book value of $46,080.

RESOLVED, that the Trustees of the University of Pennsylvania hereby approve the sale and conveyance of the said property to University
City Associates at the book value on the University accounts, that they approve, confirm, and ratify all actions taken in connection with such sale and the acceptance of the purchase price, and that they direct and authorize the Vice President for Finance or other appropriate officers of the University to proceed with the execution and delivery of the deed, all necessary affidavits, and other documents required in connection with such sale and conveyance, as well as all other actions taken by such officers or their designees necessary or convenient to the accomplishment of said sale and conveyance of the property.

3. Action: A Resolution on Hill House Heating and Ventilation was approved as follows:

Intention:

In the summer of 1984, in response to complaints by residents of Hill House, an extensive study was made of the ventilation system, operating equipment, window conditions, and the air flow within the building. The report outlined problems resulting from the age of the system, inoperative equipment, original construction, and the use of design concepts acceptable only in an era of inexpensive energy.

Upon reviewing results of the study, the Office of Residential Living decided to rehabilitate the building equipment in two phases. The administration proposes to implement the first part of the renovation in the summer of 1985. This phase will include the cleaning of air shafts, replacement of exhaust fans, replacement of range hoods, and retrofitting of windows. Funding for the work has been identified by the Treasurer's Office in the account for major maintenance work in residential buildings. The second phase will be implemented during the summer of 1986.

RESOLVED, that the first phase of Hill House building equipment rehabilitation, estimated at $433,700, 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 renovation and execute such contracts and incur such expenses and obligations - not however, substantially in excess of the estimated cost of renovation as presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish such renovation.

FURTHER RESOLVED, that all costs and expenses incurred in carrying out the project authorized by the present 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 operating funds, 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 government 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 Residential Living to be discharged within the established amortization period for the financing.

4. Action: A Resolution on Waterproofing the Stouffer Upper Plaza was approved as follows:

Intention:

Since the construction of Stouffer Triangle in 1972, the upper plaza has leaked, causing damage to building piping and furnishings and inconveniencing students, Dining Service, and the proprietors of stores. Previous attempts to correct the situation have been unsuccessful. A preliminary evaluation in the summer of 1984 indicated that problems would continue until the planter areas were removed and the upper plaza properly waterproofed. It is proposed by
the administration that the work be accomplished in two phases. Phase One is estimated to cost about $489,600. Funds have been identified by the Treasurer's Office in the account for major maintenance work in residential buildings.

RESOLVED, that the renovation of the upper Stouffer Plaza, estimated to cost $489,600, 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 renovation and execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of renovation as presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish such renovation.

FURTHER RESOLVED, that all costs and expenses incurred in carrying out the project authorized by the present 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 operating funds, 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 government 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 Residential Living to be discharged within the established amortization period for the financing.

5. Action: A Resolution Amending the Resolution of 21 January 1983 on the Renovation of the Johnson Pavilion to House a Cyclotron was approved as follows:

Intention:

The administration proposes to amend the resolution passed by the Trustees on 21 January 1983 on the renovation of the Johnson Pavilion to house a cyclotron because it now proposes to install the cyclotron beneath the parking lot of Blockley Hall. The cost of the renovation was estimated at $1,255,000. The cost of the present project is estimated to be $2,530,000. This cost, however, does not include the system for transporting isotopes from the cyclotron location to the Hospital of the University of Pennsylvania and laboratories in the School of Medicine. The project will be paid for from various medical funds.

RESOLVED, that the cyclotron installation beneath the parking lot of Blockley Hall, in accordance with the proposal presented to the meeting, 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 installation and execute such contracts and incur such expense and obligations - not, however, substantially in excess of the estimated cost of such installation as presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to effect installation.

FURTHER RESOLVED, that the resolution on the renovation of the Johnson Pavilion to house a cyclotron passed by the Trustees on 21 January 1983 is hereby amended.

FURTHER RESOLVED, that all costs and expenses incurred in carrying out the project authorized by the present 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 operating funds, 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 government 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 School of Medicine to be discharged within the established amortization period for the financing.

R. Student Life

Mrs. Mainwaring reported that at an interim meeting of the Student Life Committee on 23 April, the Trustees had heard reports on the role of student activities in the lives of undergraduates and graduate students. The presenters, she noted, were Mark Stern, an assistant professor in the School of Social Work who serves as a faculty member in the Quad's Community House, and four students. "At dinner, we had a lively discussion," Mrs. Mainwaring said, "and it is clear that the various extracurricular activities contribute significantly to the quality of student life. It is not especially difficult to organize a new group," she continued, "and the established ones find they can turn to alumni for support. Otherwise funding is sometimes a problem." The chairman mentioned that the students had spoken enthusiastically of the many rewards that involvement in extracurricular activities brought them, including opportunities for leadership and opportunities for working together toward a common goal within a complex institution. She said the trustee members of her committee were convinced that a strong and attractive student life program exists at Penn, but noted a need for enhancing meeting space, encouraging faculty involvement in extracurricular activities, and facilitating communication among graduate student groups.

C. Investment Board

Mr. Neff reported that the total market value of the Associated Investment Funds (AIF) was $339 million on 30 April 1985. "At the end of fiscal year 1984," he said, "the AIF was the 16th or 17th largest university endowment fund in the nation." He characterized the Fund's performance during the present calendar year as "adequate if not decent. The common stock portion of the AIF has appreciated 11.8 percent per share on a total-return basis since 31 December," he said, "as compared to total-return increases of 5.5 percent for the Dow Jones Industrial Average and a 9.1 percent for the Standard and Poor 500 Stock Average. Since the beginning of FY'85," he went on to note," the equity portion has appreciated 36.8 percent (total return). That record should give us a pretty good year as measured by the National Association of College and University Business Officers," Mr. Neff said.

The chairman further observed that the "market has recently been skittish, as," he said, "it should be" given reports on first quarter earnings, particularly in the technology industries. "Productivity was down during the first quarter," he noted, "and unless there is some movement to reduce the budgetary deficit, it is hard to see how the economy and the stock market can make much progress."

Turning to Penn's projected gross investment income for the next 12
months, he pointed out that it had jumped from $9.3 million at the end of December 1979 to $23.2 million at the end of June 1984. "Since then," he said, "we've added another 18 percent to the projected gross investment income, and the 12-month estimate at the end of April was $27.3 million."

The corpus of the portfolio is performing "well enough," the chairman continued. "Banks and utility stocks have held up as the market has returned to the tried and true. Recent purchase activity has focused on the automotive stocks, principally Ford. The AIF has benefited from some corporate restructuring, notably at Atlantic Richfield. I expect the market as a whole will continue to be lackluster unless Congress takes some action to reduce the deficit. But I also expect that we will do reasonably well in that kind of environment."

V. Overseers and Other Boards

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


B. A Resolution on Appointments to the Board of Overseers of the School of Social Work was approved as follows:

RESOLVED, that Armando Chardiet and Andrea Guy be appointed to the Board of Overseers of the School of Social Work for three-year terms, effective 3 May 1985.

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University