Minutes of the Stated Meeting
of the
Trustees of the University of Pennsylvania
25 October 1985

A stated meeting of the Trustees was held on Friday, 25 October 1985. Trustees attending included: Leonore Annenberg; Walter J. Arader; David C. Auten; Samuel H. Ballam, Jr.; Julian S. Bers; Gordon S. Bodek; Richard P. Brown, Jr.; Howard Butcher; Susan W. Catherwood; Henry M. Chance; Constance Clayton; D. Michael Crow; Charles D. Dickey, Jr.; F. Eugene Dixon, Jr.; G. Morris Dorrance, Jr.; John W. Fakas; Robert A. Fox; Bruce J. Graham; Sheldon Hackney; Linda White Hall; John F. Hellwege; A. Leon Higginbotham, Jr.; Reginald H. Jones; Carl Kayson; Leonard A. Laufer; David J. Mahoney; Margaret R. Mainwaring; Paul F. Miller, Jr.; Paul S. Miller; Anthony S. Minisi; William D. Patterson; John H. Porter; Alvin V. Shoemaker; Saul P. Steinberg; Michael L. Tarnopol; Robert L. Trescher; Frederick J. Warren; Jacqueline G. Weksler; Charles S. Wolf; and D. Robert Yarnall, Jr. Among others present were: Felipe Albuquerque; John Anderson; Ann Bailey; James J. Bishop; R. Jean Brownlee; Glenn Bugos; Valarie Swain Cade; Michael Carroll; Stuart Carroll; Richard Carter; Charles Clarke; Richard C. Clelland; Ann Duffield; Thomas Ehrlich; Odessa Gaillard; Karen Gaines; Shelley Z. Green; Gwenyth L. Jackaway; Charlotte Jacobson; Stanley Johnson; George Koval; Marshall Ledger; John Logan; Robert G. Lorndale; Keith Lotson; Lynn Manko; Mary Ann Meyers (secretary); David Morse; Helen B. O'Bannon; William Owen; Sherman Ragland; Barbara Stevens; Anthony Tomazinis; Koss Webber; Marna Whittington; Dilys Winegrad; and Paul Zingg.

I. Chairman Miller called the meeting to order and an invocation was offered by Chaplain Johnson. The minutes of the 21 June 1985 meeting were approved as written by the secretary.

II. Report of the Chairman

Mr. Miller offered resolutions of appreciation to two alumni trustees who were completing terms of service.

A. Action. A Resolution of Appreciation to Seymour Finkelstein was approved as follows:

The brother of two Penn alumni, the father of two Penn alumni, and himself a 1946 alumnus of The Wharton School, Seymour Finkelstein has ably represented the alumni of the Metropolitan New York Region as an alumni trustee for the past five years. He has lent his counsel as a member of the Resources Committee, Student Life Committee, and External Affairs Committee, and continues his valuable association with the President's Council.
As a student, he was on the lightweight crew, was assistant manager of the varsity tennis team, and was treasurer of Alpha Epsilon Pi. As an alumnus he has worked tirelessly on behalf of the University in an array of roles. He has been a member of the New York Task Force for the Program for the Eighties, a class representative for Alumni Annual Giving, and a director of the Wharton Alumni Society. He is an active member of the Penn Club of Westchester County and the Wharton Club of New York.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, and the administration, faculty, students, and alumni of the University, express their thanks to their colleague, Seymour Finkelstein, for his service.

B. Action. A. Resolution of Appreciation to John V. James was approved as follows:

A member of the Wharton Class of 1948, John V. James has served the alumni of the Southern Region and the University as an alumni trustee since 1978. During that period and despite the considerable travel involved between Dallas and Philadelphia, he has regularly participated in the deliberations of the Facilities and Campus Planning Committee and Resources Committee. The Board of Overseers of The Wharton School had the benefit of his counsel for the past eight years.

A member of Beta Gamma Sigma as an undergraduate, he has been a willing and effective leader in the University's fund-raising campaign as an alumnus. He chaired the Matching Gifts Program, was a member of the Alumni Annual Giving Steering Committee, and served with the Business and Industry Committee of the Program for the Eighties. He continues as chairman of the Development Advisory Committee of the Middle East Research Institute.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves and the administration, faculty, students, and alumni of the University, express to John V. James their appreciation for this service.

III. Report of the President

Dr. Hackney observed that while he could not remember an academic year that had begun with more controversial moral issues facing the campus community, the University seemed to be a very happy place. He called attention to the President's Report, which had been distributed in advance of the meeting.

Turning to the subject of South Africa, he said it was not his intention to analyze the situation for the Trustees but to account to them for some of his own activities. He mentioned that he had:

- joined with other university presidents in signing a letter to President Reagan that urged him to pay attention to South Africa;

- joined with other university presidents in sending letters to the majority and minority leaders of the Senate that called on them to enact some form of economic sanctions against South Africa; and

- testified in favor of sanctions at a hearing of the Senate Banking Committee.

The president went on to say that the University has been cooperating for some time with the South African Educational Foundation (SAEF) by pledging financial support to black South African students applying through SAEF to study in the United States. "We have had only one or two students from that
source," he said, "but we are willing to take more, and we also provide aid for two other non-white South Africans who have come to us through other avenues." He added that the University subscribed to the Investor Responsibility Resource Center and recently had joined the University Consortium for Research on South Africa.

Dr. Hackney said he had been meeting with other university presidents and corporate executives to identify ways of helping black South Africans through educational and research programs, and, in particular, he mentioned a recent conference sponsored by the Brookings Institution, which he and Mr. Brown attended in Washington. Under the aegis of the Carnegie Corporation, Judge Higginbotham had met with the rectors of two South African universities to explore educational opportunities for black South Africans, the president noted, and he said Penn plans to cooperate with Carnegie in continuing the exploration. Dr. Hackney said that the University has located a "South Africa free pension fund" and, after the first of the year, plans to offer that option to faculty and staff. He announced that on the 15th of January, Bishop Desmond Tutu would deliver the Martin Luther King, Jr. Memorial Address on campus as part of the 1986 President's Forum, which will focus on racism and racial issues.

The president then observed that he wished to bring to Trustee attention his recent activities relating to academic freedom and the free flow of ideas. "I have taken advantage of two public occasions recently to speak out against Accuracy in Academia," he said. "It is a pernicious pressure group that purports to cleanse academia of professors who are brainwashing their students, and I have debated Malcolm Laurence, the head of the organization. Its activities could greatly chill the atmosphere on college campuses."

Dr. Hackney went on to mention what he characterized as a "more serious" threat to academic freedom that has to do with "the free exchange of information" as it is affected by the Federal government's concern about the outflow of technology to political and economic rivals. He noted that the government had succeeded in limiting the attendance of foreign nationals at academic conventions where information on emerging technologies is on the discussion agenda. As an example of a dimension of the government's concern directly affecting the University, he observed that Penn was part of a consortium of universities that would have access to a National Science Foundation (NSF)-funded super computer to be located at Princeton. "Initially," the president said, "NSF wanted to exclude foreign nationals from Warsaw Pact countries from the facility. Vigorous efforts on the part of consortium members in particular and the higher education establishment in general were required to turn the idea back." Noting that the head of NSF was sympathetic to academic values, he observed that a direct threat to academic freedom was avoided by establishing the principle that it was the government's responsibility to limit access to federally-funded computers if it wished to do so, and he remarked that the likely method was visa control.

"Another area of concern is Star Wars research," Dr. Hackney said. "A
great deal of Federal money is going to be available to fund basic research that may have some eventual application to the defense initiative. Last spring we were led to believe that there might be a possibility of retroactive classification or control of information if the government should decide that information emerging from Star Wars research is highly sensitive. The president went on to say that "such control is antithetical to the ways universities operate, and he expressed satisfaction with the presidential order, issued in September, which offers assurance that the only way the government will try to control information flowing from Federally-funded research is through a formal prior classification of the research. "We don't do classified research at Penn," Dr. Hackney said, adding that the tension, which the issue illustrated, is likely to continue for some time. "There is legitimate concern in the government about the loss of high technology research information," he observed in conclusion.

A. Academic Report

Mr. Ehrlich noted that among the many efforts underway to strengthen and enhance the University's academic programs were freshman-year, black-presence, and computer-linking initiatives. Turning to personnel matters, he cited for special attention seven persons being recommended to appointment or promotion to tenure: Alexander Nehamas, professor of philosophy; Jorgen Slots, professor of periodontics; Michael Austin, professor of social work; David F. Babbel, associate professor of insurance; Patricia Munch Danzon, associate professor of health care systems; David Larker, Ernst and Whinney Professor of Accounting; and Jehosua Eliashberg, associate professor of marketing.

Action. A Resolution on Appointments, Leaves, and Promotions was approved as found in pages 1 through 9 in the meeting book.

C. Financial Report

Mrs. O'Bannon reported that for the year ending 30 June 1985, the University's total assets increased $245 million to $1.4 billion, its liabilities increased $121 million, and its fund balance, which measures the institution's net worth, increased by some 15 percent, or $125 million, and now stands at $958 million. "Our current fund balance," she noted, "is $122.8 million, an increase over last year of $21 million, which comes largely from the Hospital and the Clinical Practices, but includes a small University surplus that was reported to you at the June meeting." The senior vice president went on to say that at the end of the first three months in FY'86, it was difficult to make projections for the entire period, but she noted that there had been shortfalls in summer tuitions and in graduate tuitions for the fall term, along with a small gain in undergraduate tuitions. "With what appear to be savings in salaries, utilities, and operating expenses," she said, "we are projecting a University surplus of $200,000 of which $97,000 is mandated to amortize the cost of Graduate Hospital." Mrs. O'Bannon went on to report that for
the two months ending 31 August 1985, HUP showed an excess of revenues over expenses of $3.89 million, which was more than $1 million greater than budget.

IV. Committee Reports

A. Academic Policy

Dr. Kaysen observed that the Academic Policy Committee had heard reports from the deans of the School of Engineering and Applied Science (SEAS) and the Graduate School of Fine Arts (GSFA), which outlined their five-year plans and "exemplified the diversity of Penn's excellence. Dean Bordogna focused on the planning process," the chairman reported, noting that the dean had said that SEAS now has "a data base with which to compare its performance, in terms of research and instruction, with peer engineering schools." All indicators show an improvement over the previous five years," Dr. Kaysen noted, "and the targets for the next five years are for further improvement." He observed that SEAS had some 200 students combining a technical with a liberal education in pursuit of a bachelor of applied science degree.

The chairman went on to say that Dean Copeland had emphasized the great changes in the Graduate School of Fine Art's capacities and faculty in the past five years. "Its style of education in combining the theoretical and didactical with practical work in every field was a special focus of the dean's report," Dr. Kaysen noted. He observed that the school is looking ahead to two significant anniversaries: the 100th anniversary of its founding in 1990 and the 100th anniversary of the construction of the Furness Building in 1991. The renovation of the historic building is a major element in the GSFA's plans, according to the chairman who concluded his report with the announcement that the dean of the School of Arts and Sciences would present the first draft of his five-year plan at the January meeting of the Academic Policy Committee.

B. Budget and Finance

Mr. Eckman reported the Budget and Finance Committee had reviewed and endorsed six resolutions, which he then presented to the board for approval.

1. Action. A Resolution on the Ratification of the Purchase of Two Digital Equipment Corporation VAX 8600 Computers was approved as follows:

During the summer of 1985, the Vice Provost for Computing reviewed and approved two requests, one from the Wharton School and one from the School of Medicine, to purchase Digital Equipment Corporation VAX 8600 computers. These computers, which will replace eight-year-old Digital Equipment Corporation DEC 10 computers, will enhance the central research and teaching facilities in both schools. The new computers have approximately 1.5 times the computing capacity of the older machines and minimize the software conversion requirement.

Orders for both of the VAX 8600s were inadvertently placed without prior Trustee approval; therefore, the administration, which supports the acquisitions, is requesting that the Trustees ratify their
purchase. Each computer costs approximately $447,000, and neither requires significant facility modifications. The University will advance the funds for these purchases and will enter into amortization agreements with each school for a period of not more than four years at an interest rate of 9.5 percent. Both schools propose to repay the loans from their operating funds.

RESOLVED, that the acquisition of two VAX 8600 computers, one for the Wharton School and one for the School of Medicine, costing $447,000 each, be and the same hereby is ratified and the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to proceed with such purchase and execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of such purchase, as presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish such purchases.

2. Action. A Resolution on the Refinancing of the General Mortgage was approved as follows:

In reviewing the long-term debt of the University, the administration determined that refinancing its general mortgage of $12 million, obtained from the Prudential Insurance Company in 1977, was in the University's best interest. The contemplated refinancing will permit the University to secure tax-exempt long-term financing.

RESOLVED, that the Vice President for Finance or other appropriate officers of the University be and they hereby are authorized to refinance the general mortgage of the University. Said refinancing of the outstanding balance of approximately $10.5 million shall be for a period not to exceed 30 years at a floating interest rate based on the U.S. Treasury bill rate.

3. Action. A Resolution on the Purchase of Redevelopment Unit 5, Parcel 14, University City Urban Renewal Area was approved as follows:

In accordance with a resolution passed by the Executive Board (since renamed the Executive Committee) of the Trustees on 10 November 1967, the University is proceeding to purchase Redevelopment Authority University City Urban Renewal Unit #5, Parcel #14. For many years, this parcel, which is located on the northeast corner of 34th Street and Chestnut Street and consists of 49,855 square feet, has been earmarked in University plans for a parking facility. The administration has begun feasibility analyses of the site. It currently is leased from the City and, together with the contiguous Sargeant Hall site, is operated by the University for surface parking.

The University hopes to acquire the Redevelopment parcel on or before 31 December 1985, at a cost yet to be determined but not to exceed $750,000 plus settlement costs. Funds for the land acquisition would come from University general funds and parking reserves.

RESOLVED, that the purchase of the land at the northeast corner of 34th Street and Chestnut Street, estimated to cost no more than $750,000, 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 contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to complete such purchase.

4. Action. A Resolution on the Purchase of a Parcel of Land From the Philadelphia Authority for Industrial Development for the Clinical Sciences Research Building was approved as follows:

The administration proposes to acquire a parcel of land from the Philadelphia Authority for Industrial Development for the location of
the Clinical Sciences Research Building. The parcel, consisting of 39,000 square feet, is located on the northeast section of the Philadelphia General Hospital tract. To meet site control requirements of the National Cancer Institute, the agency funding construction of a portion of the building, the administration seeks to control the site by 1 December 1985.

In 1986, the University and Children's Hospital intend to apply, through the City of Philadelphia, to the Federal Department of Housing and Urban Development for an Urban Development Action Grant (UDAG), which is crucial to the development of the entire parcel. The grant, if awarded, would come to the Health Center Consortium as a long-term, low-interest loan to be used for the construction of infrastructure, such as sewers, roads, lighting, and parking, on the site.

At the present time, because of the negotiations over the UDAG application, the exact manner by which control of the site would pass over to the University is unclear. The administration requests Trustee approval of its proposal either to acquire the site at a cost not to exceed $650,000, plus settlement costs, or to enter into an alternative arrangement for control at an equivalent price over an extended period of time. The monies would come from University general funds.

RESOLVED, that the purchase of the land located at the northeast section of the Philadelphia General Hospital tract, estimated to cost no more than $650,000, 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 contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to complete such purchase.

5. Action. A Resolution on the Construction of Additional Animal Quarters at the School of Veterinary Medicine was approved as follows:

The School of Veterinary Medicine requires additional animal care space for research and teaching. The Office of Facilities Planning, in conjunction with the School and outside architects, explored a number of alternatives to constructing an additional facility. Given the pressing need for the space and the problems that have been incurred in accommodating modern research facilities in the Old Small Animal Hospital, however, the construction of additional quarters is the most inexpensive and expeditious way to meet this need, and the administration supports the project.

The facility, which would be approximately 2,300 square feet and contain cage-washing facilities and equipment and sophisticated air handling equipment, would be constructed adjacent to the Old Small Animal Hospital at a cost of $683,000. Funds totaling $570,000 would come from the School of Veterinary Medicine's operating budget and fund raising. The remaining $113,000 would be advanced from University general funds and repaid by the School over two years, beginning in fiscal year 1987, at 9.5 percent interest.

RESOLVED, that the construction of additional animal quarters at the School of Veterinary Medicine, estimated to cost $683,000, be and the same hereby are 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 contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to complete such construction.

6. Action. A Resolution on the Acquisition of a Digital Equipment Corporation VAX 8600 Computer for the School of Arts and Sciences was approved as follows:
The School of Arts and Sciences (SAS) seeks to acquire a Digital Equipment Corporation VAX 8600 computer for use in teaching and research, primarily in the chemistry department. The machine is estimated to cost no more than $330,000 and requires no major modifications to facilities.

The Vice Provost for Computing has reviewed and approved the request and the administration supports the acquisition. SAS will pay $75,000 of the cost and the remainder will be financed from University general funds. The School will repay the loan, with interest, over a five-year period from additional research income.

RESOLVED, that the acquisition of a Digital Equipment Corporation VAX 8600 computer by the School of Arts and Sciences for use primarily by the chemistry department, estimated to cost $330,000, 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 contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to complete the acquisition.

C. Development

Mr. Jones reported that as of 17 October, gifts and subscriptions to the University stood at $22.8 million, which is 19 percent ahead of last year's total of more than $22 million. "Our goal for FY'86 is $85 million," he said. "If we achieve it, that would represent a 37-percent increase in gifts and subscriptions over the past three years." The chairman went on to note that while it is too early to draw conclusions about the pattern of gift distribution among the key constituency groups, at the moment gifts from individuals stand at $6.2 million or 48 percent ahead of last year as the result of several handsome bequests. Combined corporate and foundation support is off by an insignificant 7 percent and now stands at $13 million. "Our corporate goal is $22 million," Mr. Jones reported, noting that this objective "attests to Penn's growing reputation and competence in areas of teaching and basic research that are especially valued by the business and industrial community."

He went on to say that actual gift receipts are also well ahead of last year and total nearly $11 million. Then, observing that in FY'85, alumni giving surpassed the previous year's total by almost 100 percent, he thanked the Trustees for their contributions in specific response to the Building Penn's Future appeal. "The board's commitment to Penn's current development effort has been truly inspiring," Mr. Jones said. "The Trustees, both active and emeritus, have contributed more than $17 million to the Building Penn's Future program."

He went on to mention several outstanding gifts that were received this year from non-board members. Among these were:

a bequest of $1.8 million from the estate of Marie J. Newberry (Mrs. Newberry was the wife of Edgar A. Newberry who received a degree in architecture from Penn in 1910. Although Mr. Newberry practiced architecture in Wilkes-Barre for a period of time, he eventually became totally involved in managing the family's business, the J.J. Newberry Company.)
Newberry Company chain of variety and department stores.) to endow the
Edgar A. Newberry Fellowship Fund in the Graduate School of Fine Arts;
a gift of $1.5 million from Edward Snider, non-alumni parent and
owner/founder of the Philadelphia Flyers and Spectator, who honored
his late father by endowing the Wharton School's Sol C. Snider
Entrepreneurial Center; a gift of $1,250,000 from the RCA Corporation
to fully endow a professorship in artificial intelligence in the
School of Engineering; a grant of $2 million from the Pew Memorial
Trust to support the renovation of four undergraduate laboratories in
the department of chemistry; and a grant of $750,000 from the Kresge
Foundation to assist with the continued renovation of the Quad
residences.

In conclusion, Mr. Jones reminded the Trustees that last June they had
directed the Development Committee to initiate the analysis and creation
of a fundraising program to help increase minority presence at Penn,
specifically through gifts directed toward minority graduate fellowships,
faculty support, research in Afro-American studies, and programs to
improve the quality of campus life for minority students. "Since then," he
said, "the Development Office in collaboration with the provost (and with
appropriate input from a Black Faculty Steering Committee) has produced a
case for minority presence, prescribed a goal, and set forth the basic
assumptions upon which the program's success must be predicated. It is
not," he stressed, "a fundraising plan, but rather a description of how
funds would be used to address minority presence concerns, the rationale
for seeking those funds, the potential donor pool, and the broad strategic
and tactical considerations that should factor in the program." He noted
that during the morning meeting, the committee members had reviewed and
approved the case document. "Pursuing the objectives it incorporates will
cost the University about $100,000 in extra expenses," the chairman said.

Action. A Resolution on a Development Program to Increase and Support
Minority Presence at Penn was approved as follows:

Intention:

The University of Pennsylvania, recognizing that blacks and other
minorities are not sufficiently represented among its faculty and its
graduate and undergraduate student bodies, proposes to undertake a program
to increase their numbers and support their presence on campus. This
effort will involve recruitment of senior and junior faculty in certain
targeted departments; additional fellowship support for minority graduate
and postdoctoral students; increased scholarship funds for minority
undergraduate students; and support for special programs such as
Afro-American Studies.

Having conducted a survey of donor prospects, the University believes
that over the next five years it can raise $5 million for these purposes,
and that a "stretch" goal of $6 million is reasonable. This belief rests
on certain assumptions: (1) that the University's top leadership,
including the administration and Trustees, will be actively involved; (2)
that individual schools and deans will participate; (3) that some
unrestricted gifts will be allocated to meet specific goals, and (4) that
provision will be made for appropriate personnel and budgetary resources
within the Development Office. Therefore, be it

SECRETARY
RESOLVED, that the University of Pennsylvania commits itself to seeking $6 million over the next five years specifically for the purpose of attracting a greater number of underrepresented minority students and faculty and supporting activities that will make their lives at Penn more fulfilling so that the University as a whole will be enriched and the University will provide a model for the nation in the integration of minorities into our higher educational system.

D. External Affairs

Mrs. Wexler reported that the External Affairs Committee had focused on the mission and editorial policy of The Pennsylvania Gazette. She noted that Michel Huber, the publisher, had given an overall view, which was followed by a presentation by the magazine's editor, Anthony A. Lyle. "The Gazette has received countless awards," she said, "and there was certainly no suggestion on the part of the committee that there be any retreat from its high quality of professionalism. Rather there was a beginning discussion, which must be continued, on the procedures and protocols for determining breadth and depth of coverage." She observed that the magazine's annual budget was just under $500,000 of which some $300,000 is provided by the University. "It is a major investment, equal to what is spent on the whole News Bureau," Mrs. Wexler said. She went on to call attention to the tension existing between the editor and the administration and trustees. "It has to do with the scope of coverage and priority given to certain kinds of articles," she observed. "The alumni trustees have called for a more continuing focus on undergraduate students," she said, "as well as a more positive and total view of the University. A lot of attention was focused on a recent op-ed article on admissions. No one advocated a 'white wash' or steering away from controversy. Rather there was a countervailing pressure for a fair and full picture of the University. Our discussion was rich and needs to go on."

E. Facilities and Campus Planning

Mr. Arader reported that the Committee on Facilities and Campus Planning had heard an excellent report on various projects under construction. As the result of subsequent discussion, he continued, members concluded "that the problems of deferred maintenance were reaching a point of serious concern." Several methods of financing the cost of repairs and upkeep were suggested, according to the chairman, and the Facilities and Campus Planning Committee intends to review them with the Committee on Budget and Finance. Mr. Arader also mentioned that his committee had reviewed various real estate projects, learning, among other things, that plans for turning Irvine Auditorium into a music hall were "at rest."

F. Nominating Committee

Mr. Dorrance offered two resolutions.

1. Action. A Resolution on Election of Gordon S. Bodek as a Term Trustee was approved as follows:
RESOLVED, that Gordon S. Bodek be elected a term trustee for five years, effective 25 October 1985.

2. Action. A Resolution on the Election of Gloria Twine Chisum was approved as follows:

RESOLVED, that Gloria Twine Chisum be elected a term trustee for a five-year term, effective 16 January 1986.

G. University Responsibility

Mr. Brown reported that the University Responsibility Committee had heard an update on black presence at the University. He said the administration had provided information on racial awareness seminars that have taken place on campus, undergraduate admissions, Fontaine Fellows, graduate recruitment, and quality of life concerns for undergraduate minority students.

In addition, the chairman noted, the committee had discussed what it can and should be doing between October and January to produce a report and recommendations as to the position, in terms both of investment and educational policy, that "the Trustees should take with regard to the South African situation. Members focused primarily on procedures," Mr. Brown said, "and it was unanimously agreed that the committee will welcome input from faculty, staff, students, and alumni on a series of complex questions on which members believe they need guidance." He noted that the questions would be widely distributed and that the committee sought well-reasoned, thoughtful written expressions of views." He also pointed out that several forums would be held on campus for discussion of the South African situation. "Members of the committee plan to attend them," he said, "as well as sponsor their own." The chairman further observed that the University Responsibility Committee would be considering new reports from the Sullivan group and the Rockefeller Commission. It plans to meet in early December and early January to produce its own report and recommendations, which will be presented at the next stated meeting of the board.

H. HUP Board

Mr. Ballam reported that as a result of having an excess of revenues over expenses in FY'85, the Hospital of the University of Pennsylvania had been able to put aside $3 million in a malpractice reserve fund. He said he expected HUP would be able to add to it at the end of FY'86. "The Hospital is off to a good start under the new DRG (diagnostically related groups) procedures," the chairman continued. "Admissions have held up well. The number of patient days, however, has gone down, as people are staying in the hospital for shorter periods." He noted that there was a renewed dedication throughout HUP to improving the quality of care. "Phase IV reconstruction is a few weeks behind schedule," Mr. Ballam said, "but the Turner Construction Company thinks it will be back on schedule by early next year." He added that the recently purchased lithotrypter was proving very successful, although the Hospital could expect competition as
other institutions acquired similar devices for dissolving kidney stones. The chairman concluded his report by noting that a three-member team from the Joint Conference on Accreditation had visited HUP and examined all its activities. "At a closing conference, the team members made rather favorable comments," he said, "and we expect to receive a full three-year accreditation."

I. Investment Board

In the absence of Mr. Neff, Mr. Miller reported that as of 21 October, the total market value of the Associated Investments Fund (AIF) was $375 million. He noted that common stock investments constituted 57 percent of the AIF and fixed income securities 34 percent. More than half of the latter are in high value-to-loan ratio mortgage-backed securities. "The total endowment stands at about $437 million," Mr. Miller said, "which is an increase of some $300 million in the past seven years."

He went on to note that since 31 December 1984, the AIF has earned a 17.4 percent total return compared to an 16.1-percent total return for the Standard and Poor 500 Stock Average. "It's been a difficult year for investors who follow a strategic approach to the market," he added, "because of disruptive takeover activity."

Mr. Miller went on to point out that the fixed income component of the AIF has earned a total return of 15.4 percent since year end, compared to a total return of 14.3 percent for the Shearson Lehman Government/Corporate Bond Index.

IV. Overseers and Other Boards

A. Action. A Resolution on an Appointment to the Board of Overseers of the School of Arts and Sciences was approved as follows:

RESOLVED, that Edward F. Mannino be appointed to the Board of Overseers of the School of Arts and Sciences for a three-year term, effective 25 October 1985.

B. Action. A Resolution on an Appointment to the Board of Overseers of the School of Engineering and Applied Science was approved as follows:

RESOLVED, that Robert R. Frederick be appointed to the Board of Overseers of the School of Engineering and Applied Sciences for a three-year term, effective 25 October 1985.

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

RESOLVED, that Christopher S. Clews be appointed to the Board of Overseers of the Graduate School of Fine Arts for a three-year term, effective 25 October 1985.

D. Action. A Resolution on an Appointment to the Board of Overseers of the Wharton School was approved as follows:

RESOLVED, that George B. Harvey be appointed to the Board of Overseers of the Wharton School for a three-year term, effective 25 October 1985.

E. Action. A Resolution on Appointments to the Board of Managers of the Wistar Institute was approved as follows:
RESOLVED, that the following individuals be appointed for interim terms to the Board of Managers of The Wistar Institute, effective 25 October 1985 until the annual election of the full board on 17 January 1986: Mr. Roy T. Peraino, Mr. David V. Wachs, and Dr. George F. Vande Woude.

Adjourned.

Mary Ann Meyers
Secretary of the University