A Stated Meeting of the Trustees was held on Friday, 17 June 1988, in Hoover Lounge of Vance Hall. Trustees attending included: Arlin M. Adams; Leonore Annenberg; Walter B. Arader; Marlene S. Arnold; David C. Auten; Samuel H. Ballam, Jr.; Gordon S. Bodek; Alan C. Bowser; Michael S. Brown; Richard P. Brown, Jr.; Howard Butcher, III; Susan W. Catherwood; Henry M. Chance, II; Gloria Twine Chisum; Constance Clayton; D. Michael Crow; Charles D. Dickey, Jr.; G. Morris Dorrance, Jr.; Melvin J. Estrin; Robert A. Fox; C.F. Fretz; Bruce J. Graham; John G. Harkins; Sheldon Hackney; Stephen J. Heyman; A. Leon Higginbotham, Jr.; Jon M. Huntsman; Carl Kaysen; Gena Kutin; Robert P. Levy; Margaret R. Mainwaring; Paul F. Miller, Jr.; John D. Neff; Alvin V. Shoemaker; Saul P. Steinberg; Michael L. Tarnopol; Robert L. Trescher; Frederick J. Warren; Jacqueline G. Waxler; Charles S. Wolfe, and D. Robert Yarnall. Others present included: Michael Aiken; R. Jean Brownlee; Valarie Swain Cade; Richard C. Clelland; William Epstein; Karen Gaines; George Gerbner; Grant Harshbarger; Shelley Z. Green; Robert Lorndale; Sue Maloney; Mary Ann Meyers; Kim Morrison; David Morse; Rick Nahaj; Helen O’Bannon; Steve Poskanzer; Brodie Remington; Virgil Renzulli; John Scott; Hugo Sonnenschein; Lee Stetson; and Glen A. Stine.

I. Call to Order

Chairman Shoemaker called the meeting to order and an invocation was offered by the Rev. Dr. Scott. The minutes of the 15 January meeting were approved as written by the secretary.

II. Report of the Chairman

A. Action. A Resolution of Appreciation to Leonore Annenberg and the Designation of Mrs. Annenberg as a Trustee Emeritus was approved as follows:

A Distinguished Daughter of Pennsylvania, the commonwealth, and of Pennsylvania, our university, Lee Annenberg (Hon’85) has brought to her role as trustee the same style and sensitivity that so benefited her country when she was Chief of Protocol of the United States. A graduate of Penn’s West Coast rival, Stanford, she has been associated with the University for a quarter of a century as a founding member of the Joint Committee of the Trustees of the University of Pennsylvania and the Annenberg School of Communications.

Her service as a term trustee of the University began in 1982, and in recognition of her able and conscientious participation in their affairs, her colleagues elected her a life trustee five years later. Through her knowledge of the media and of government, she has contributed significantly to the work of the External Affairs Committee. She has been always willing, moreover, to lend her counsel as the Trustees undertook the consideration of a range of other matters from facilities and campus planning to development initiatives.

Her appreciation and support of excellence in education, as in the
arts, inspires her alma mater by adoption to strive toward ever greater
distinction. Penn looks to her for continued inspiration as she helps
shape its 1990 birthday celebration through her membership on the 250th
Anniversary Commission.

RESOLVED, that the Trustees of the University of Pennsylvania, on
behalf of themselves and the administration, faculty, students, and alumni
of the University, record their warmest thanks to Leonore Annenberg for
her service, and be it

FURTHER RESOLVED, that they designate their colleague and friend
trustee emeritus.

B. Action. A Resolution of Appreciation to George Gerbner was
approved as follows:

The Annenberg School of Communications had been opened for just
five years when George Gerbner, a Hungarian immigrant who reached the
United States via Italy, France, Mexico, and Cuba, succeeded its first
dean. A graduate of the University of California at Berkeley who took his
Ph.D at the University of Southern California, he taught at the University
of Illinois before coming to Penn in 1964. During his 24-year tenure as
dean, he has had the opportunity to mold the Annenberg School into the
nation’s premier institution for communications research and the
preparation of teachers and policy makers in communications.

His pioneering scholarship has helped define his field as "a busy
crossroads of many disciplines" concerned with the production, nature, and
role of messages delivered by the mass media. One of the nation’s
foremost authorities on the social impact of television, he serves as
editor of Penn’s quarterly Journal of Communications and as a fellow of
the International Communications Association. He leaves the deanship to
return to full-time teaching, research, and writing as the University of
Pennsylvania, with Oxford University Press, prepares to publish the first
International Encyclopedia of Communications, a project he initiated and
has overseen to its completion.

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 George Gerbner their thanks for his service.

C. Action. A Resolution of Appreciation to Edward J. Stemmler was
approved as follows:

A 1960 graduate of the School of Medicine, who had taken his
undergraduate degree at LaSalle College, Edward J. Stemmler became dean of
his alma mater, the nation’s first medical school, eleven years after
joining its faculty as an instructor in 1964. He was named Robert G.
Dunlop Professor of Medicine in 1981. Elected Executive Vice President of
the University of Pennsylvania Medical Center in 1986, he is now
relinquishing the deanship because, in his view, the School of Medicine
"requires the full and personal attention of the individual who serves in
the role of dean."

An energetic and imaginative leader, he is recognized for his
contributions to institutional planning, modes of faculty practices,
academic planning and review, and the creation of the clinician-educator
faculty career track. During his tenure as dean, more endowed chairs were
established than the total created during the prior 210 years of the
School’s history, and there was an impressive renewal of the physical
plant. He has served as chairman of the Association of American Medical
Colleges and as master of the American College of Physicians and was
honored by election to the Institute of Medicine of the National Academy
of Sciences.

RESOLVED, the the Trustees of the University of Pennsylvania, on
behalf of themselves and the administration, faculty, students, and alumni
of the University, express their appreciation to Edward J. Stemmler for
his service.
D. Mr. Dorrance offered three resolutions for the Nominating Committee. He noted that the Executive Committee endorsed the Nominating Committee's recommendations.

1. **Action.** A Resolution on the Election of James A. Pappas as a Term Trustee was approved as follows:

   RESOLVED, that James A. Pappas be elected a term trustee for five years, effective 17 June 1988.

2. **Action.** A Resolution on the Reelection of Alvin V. Shoemaker as Chairman of the Trustees was approved as follows:

   RESOLVED, that Alvin V. Shoemaker be reelected chairman of the Trustees of the University of Pennsylvania for a one-year term, effective 1 July 1988.

3. **Action.** A Resolution on the Election of Gloria Twine Chisum and Robert A. Fox as Vice Chairmen of the Trustees was approved as follows:

   RESOLVED, that Gloria Twine Chisum and Robert A. Fox be elected vice chairmen of the Trustees for one-year terms, effective 17 June 1988.

E. Mr. Shoemaker asked the Trustees to endorse his nominations for membership on the Executive Committee.

**Action.** The Resolution on the Election of the Executive Committee was approved as follows:

RESOLVED, that the following Trustees be elected members of the Executive Committee for one-year terms, effective 1 July 1988: Richard P. Brown, Jr., Susan W. Catherwood, Gloria Twine Chisum, G. Morris Dorrance, Jr., Robert A. Fox, C.F. Fretz, Carl Kaysen, Paul F. Miller, Jr., John B. Neff, James A. Pappas, Saul P. Steinberg, and D. Robert Yarnall, Jr.

II. Report of the President

A. Comments

Dr. Hackney observed that during the past year, the administration had moved forward in several areas to strengthen the University. "I am equally convinced that the months ahead hold no small number of challenges and difficulties," he said, "but I am confident that all of us here are well-positioned to build on the momentum that we now have and to address those challenges."

The president noted that five years ago the administration had initiated a planning process to identify priorities, which resulted in a determination to improve the quality of undergraduate education and undergraduate life; build on the University's excellence in faculty and research; and develop new funds and creative ways to provide student aid and financial assistance to graduate and undergraduate students. "In all of those areas we can point to measurable progress," Dr. Hackney said. "We have taken many steps, for instance, to enrich the undergraduate experience at Penn. We have worked hard to shrink the psychological size of the University while at the same time retaining its enormous variety. Today, more than even before, Penn's undergraduates can enjoy their college experience and take advantage of a leading research center and a great city."

The president went on to observe that among the steps taken to make
that experience rigorous and cohesive were the institution of new
distributional requirements in the College to ensure both breadth and
depth in learning; the creation of more opportunities for the interaction
of senior faculty with undergraduates, especially through freshman
seminars and programs in the college houses; the seeding, through an
undergraduate education fund, of new courses and programs that link the
professional schools with the liberal arts; and the renovation of the Quad
and the expansion of the informal curriculum in the residential areas. He
said that the University had been able to institute a freshman house
system that seeks to ensure that every freshman lives in a community that
has "a faculty family at its head, a rich mixture of resident advisors,
and the common life that leads to a common identity."

Dr. Hackney suggested that the improvements he had outlined had
strengthened the University's position as a school of first choice. He
pointed out that, for a second year in a row, some 51 percent of the
students offered admission to the freshman class had chosen to matriculate
as compared to a historical average of about 46 or 47 percent. "We also
received a record 13,104 applications," he said, "and from that pool we
were able to select a class that we believe will not only be strong
academically but diverse and interesting."

The president noted that 24 percent of the members of the Class of
1992 are from minority groups versus 22 percent last year and some 15
percent in 1980. "A total of 8.1 percent of the class will be black as
compared with 6.9 in 1987," he observed, "and international students will
make up 6.1 percent of the class whereas 10 years ago, they constituted
only 1 percent of the total." Dr. Hackney further noted that 15.1 percent
of the freshmen would be from alumni families, a total that is the highest
in the last decade.

Turning to faculty and research developments, he said the University
could point to considerable progress measured against the goals the
administration established in its planning process five years ago. He
cited success in recruiting, the establishment of the faculty research
fund, the creation of the trustee professorships, and the national and
international honors bestowed on students and faculty as demonstrating the
depth of Penn's continuing commitment to the quality of its faculty and
excellence in research.

"In the same vein," Dr. Hackney continued, "the Penn Plan and the
recognition that it has won around the country as a model of innovative
student financial aid is just one result of the deliberate planning
process to which we committed ourselves five years ago in the document
"Choosing Penn's Future." We can point to a concurrent success in our
development efforts," he said, noting that in FY'88, for the first time,
the University raised more than $100 million. "The total," Dr. Hackney
declared," represented a growth of about 100 percent in annual
development efforts since 1983."

The president also reported that Penn plays an ever-expanding role in
the life and economy of West Philadelphia, the city of Philadelphia, and
the entire region. "In just this decade," he said, "the University has
grown from 10,000 employees to nearly 18,000 employees. We contribute
nearly $20 million in city wage taxes to Philadelphia," he continued, "and
we bring some $177 million a year in research funds to the economy of the
region not to mention the other goods and services that the University
purchases in Philadelphia. At the same time, our relations with our
neighbors and the quality of life in West Philadelphia continues to be a
high priority for us." Dr. Hackney called attention to "active, creative
programs across a broad range of activities, touching on everything from
children in the public schools to greening efforts on the West
Philadelphia streets."

In conclusion, he observed that he had placed his summary of recent
progress within a time and planning context because he wanted to emphasize
that as much as he was convinced that Penn is prepared to meet the
challenges that face it and all of higher education, he believes that the
"University will build on its comparative advantages only to the extent
that the administration plans further, laying the groundwork to proceed
purposefully and carefully. Toward that end," the president said, "the
Council of Deans has embarked on the task of establishing a University
five-year plan by the end of the 1989-90 academic year."

Dr. Hackney thanked the trustees for their support and confidence and
the provost and senior vice president for their hard work. "They
contribute much to the University," he said of the administrators, "and we
depend on them."

B. Action. A Resolution on the Appointment of Hugo Sonnenschein as
Dean of the School of Arts and Sciences was approved as follows:

RESOLVED, that Hugo Sonnenschein be appointed dean of the School of
Arts and Sciences for seven years, effective 1 July 1988.

C. Academic Report

1. Dr. Aiken reported on the status of the searches for deans of
the Annenberg School, the Dental School, and the School of Medicine as
well as the search for a vice provost for University Life. Noting that 7

Paul Mosher, who was named director of Libraries and vice provost earlier
in the spring, would take office on 1 August, he commented on Joan
Gotwals's "outstanding contribution" as acting director and observed that
Dr. Gotwals was leaving Penn to accept the position of director of
Libraries and vice provost at Emory University.

The provost went on to say that as the result of an outside
consultant's recommendations, four officers concerned with student
financial services, the Bursar's Office, the Office of Student Financial
Aid, the Penn Plan Agency, and the Collections Department, would be
consolidated under the direction of Frank Claus, associate vice president
for finance. Mr. Claus will report to both the deputy provost and the
vice president for finance, who will head a Task Force on Student
Financial Aid Services that, according to Dr. Aiken, will focus on the
development of "new and creative policies to insure need-blind admissions
and on the integration of policies and services provided by the four
student financial services offices."

Turning to academic planning, the provost noted that during the next
year, faculty committees will be formed to work on seven areas as part of
the new five-year planning effort referred to by President Hackney. They
are: undergraduate education; a realm that includes student financial
aid, admissions, and retention of minority students; graduate education;
professional education; research; faculty development; academic
information; and international programs. Dr. Aiken said the work on these
seven committees would be synthesized in the 1989-90 academic year. He
described the undertaking as one that "represents continuity with the
past" and marks an effort to reassess where we've been during the past six
years and where we want to go during the next five."

The provost then announced that a total of $1.84 million from the
University's Research Facilities Development Fund had been awarded to 10
projects in six schools and one interdisciplinary center for the
improvement, renovation, and construction of research facilities and the
acquisition of equipment. He called particular attention to allocations
to upgrade the computing facilities in the David Rittenhouse Laboratory
and to conduct renovations in anatomy department facilities, the Nursing
Education Building, and laboratory animal facilities at New Bolton Center.

Dr. Aiken further observed that $1.24 million had been awarded to the
four undergraduate schools from the Undergraduate Education Fund. He said
that the allocations will be used as follows:

- in the Schools of Arts and Sciences to develop new courses to
  satisfy the newly-adopted general education requirement and the new
  writing requirement for freshmen;

- in the School of Engineering and Applied Science to increase the
  involvement of SAS faculty in a new liberal arts advising program for
  engineering students, to continue the Engineering School's participation
  in the Writing Across the University Program; to purchase computing aids
  for teaching and undergraduate research; and to expand a seminar for
  faculty to improve advising and teaching;

- in the Nursing School to develop model programs for international
  studies, to continue the School's very strong writing program, and to
  integrate computing into the nursing curriculum; and

- in the Wharton School to create a honors sequence, the Joseph
  Wharton Fellows Program, that will integrate the study of traditional
  business disciplines with rigorous study in the liberal arts and sciences,
  to establish computerized integrated teaching stations and a teacher
  education program for doctoral students, and to revise the School's core
  course in decision sciences.

The provost went on to report that two proposals by Penn professors
were among the 43 chosen by the National Science Foundation as finalists
in a competition for funds to support science and technology centers. A
proposal by Hugh Williams, a professor of physics, seeks $6 million for a
program that would focus on the detection of sub-atomic particles and
involve researchers from industry as well as the University. Professor of psychology Rochel Gelman and Aravid Joshi, the Henry Salvatore Professor of Computer and Cognitive Sciences, seek $25 million to establish a center in cognitive science that will integrate computer science, linguistics, philosophy, and psychology in the study of the mind's operations.

Dr. Aiken then called attention to the following faculty and alumni honors:

- Douglas Lauffenburger, professor and chair of chemical engineering, received the 1988 Allan P. Colburn Award, the top award for researchers in chemical engineering under the age of 36;
- Alfred B. Knudson, adjunct professor of human genetics and pediatrics and a senior scientist at the Fox Chase Cancer Center, won the 1988 Charles S. Mott Prize, one of the largest and most important scientific awards given for cancer research;
- Romulus Linney, a lecturer in playwriting and fiction in the Department of English, won the American Theatre Critics Association Prize for his play, "Heathen Valley," which was produced last fall at the Annenberg Center during the Philadelphia Festival of New Plays and which the ATCA called the most distinguished new American play produced outside of New York during the current season;
- David Simms, a 1979 graduate of the University's Management and Technology program and a former Recently Graduated Alumni Trustee, has been named a White House Fellow.

Dr. Aiken also mentioned that Pennsylvania Governor Robert Casey had signed into law a bill designating the Morris Arboretum as the official arboretum of the Commonwealth.

Turning to a resolution of appointments, leaves, and promotions, the provost pointed out that the following three faculty had been nominated as Trustee professors: Joan DeJean and Jose Oviedo in romance languages and Linda Aiken in nursing. Dr. Aiken observed that Dr. DeJean is a specialist in 17th- and 18th-century French literature who was once a member of the Penn faculty and is returning after serving as a Mellon Professor at Princeton. Dr. Oviedo, a specialist in Latin American literature, is currently a professor at the University of California at Los Angeles. Dr. Aiken, an expert in health policy, left the vice presidency of the Robert Wood Johnson Foundation to join the Penn faculty in January. She is organizing and will head a Center of Health and Social Policy, according to the provost, as well as taking an active role in the affairs of the Leonard Davis Institute of Health Economics.

He also noted that Robert J. House, currently Secretary of State Professor at the University of Toronto, is being named the Joseph Frank Bernstein Professor of Organizational Behavior in the Wharton School's Department of Management. In conclusion he pointed out that six present members of the Penn faculty are being proposed for named chairs. They are:

- David Cass, as the Paul F. and E. Warren Shafer Miller Professor of Economics;
2. Action A Resolution on Appointments, Leaves, and Promotions was approved as found on pages 1 through 35 in the meetingbook.

3. Profile of the Class of 1992

Dean Stetson reported that the September entering class would be somewhat closer to the administration's target size of 2,250 students than was the case last year when Penn ended up with 250 extra freshmen. He noted that the University had received a record 13,105 applications. They came from "all over the country," he said, "and the entering class will be 42 percent from outside of the East. Some 24 percent of the freshmen are minority students," Dean Stetson continued, "and 43 percent are women." He further pointed out that 15 percent are the sons and daughters of alumni. The admission's rate, according to the dean, dropped this year to an all-time low of 35 percent, and he expressed the hope that it might drop even further if the number of students who accept Penn's offer of admission continues to increase. As an indication of the University's growing selectivity and its commitment to diversity, he pointed out that admission had been denied to 200 valedictorians and approximately 35 percent of those applicants who scored over 1400 on their SATs. The freshmen will be drawn from every state "except Nevada, Wyoming, and South Dakota," Dean Stetson said, "as well as from 45 countries."

He concluded his report by drawing verbal sketches of several students:

- Jennifer Silverman from New York who is a poet, a madrigal singer, piano player, member of the All-State Choir, editor-in-chief of her yearbook, fluent in sign language, and a counselor for the past five years in a deaf camp, as well as a cable TV interviewer.

- Meng Hay Tran, a Cambodian refugee who lost his parents and two brothers and two sisters on his way to America, graduated in the top five percent of his class at Philadelphia's Central High School and was the 11 Commonwealth of Pennsylvania's sole participant for two years in the Junior Statesmen Government Program; and

- George Allen, the first student from his high school in a rural area outside of Seattle to attend an Ivy League School, is a private in the Army Reserves with a full ROTC scholarship in addition to the Washington Crossing Foundation Scholarship, an Eagle Scout with the order of the Arrow, and the author of an essay in which he says "I may grow up to be a debt to society, but I want to learn as much as I can before I do and where better than at Penn!"
D. Financial Report

Mrs. O'Bannon announced that with the assistance of the Medical Center, the University would be mailing to the Trustees notice of their enrollment in an Executive Registry, which will give them rapid and discreet access to the best health care available around the world through an international network of hospitals. She explained that Penn is one of the founding members of the 18-hospital network. "We hope you never have to use it," the senior vice president observed, "but while you travel on your own behalf or on behalf of the University, we want you to feel that good care is readily available because we care about you and appreciate everything you do for us."

Mrs. O'Bannon went on to report that the administration is projecting a surplus of $1,175,000 for FY'89, which is an increase of $25,000 over the surplus projected at the May meeting of the Executive Committee. "The anticipated surplus," she observed, "was after discretionary allocations to the Undergraduate Development Fund and the Research Fund alluded to by the provost and after the budgeted mandated Graduate Hospital deficit amortization of $97,000 as well as the transfer of $1 million to provide some of the resources for the costs associated with the forthcoming capital campaign." Mrs. O'Bannon further observed that expenditures in Penn's restricted budget for the 11-month period ending on the 31st of May showed an increase of 6 percent as compared with the same period last year. "We project," she said "that we will have a backlog of more than $128 million available to spend prospectively, which is 16.7 percent higher than we had at the end of May in 1987, and represents nine-and-a-half months of expendable awards."

The senior vice president reported that for the ten months ending 30 April 1988, the Hospital had a deficit over revenues of $7,381,000. "Under a new cost containment budget," she concluded, "HUP is aiming for a deficit as of year end of approximately $6.1 million." Mrs. O'Bannon reported that for the nine-month period ending 31 March 1988, the Clinical Practices had an excess of revenues over expenses of $7,131,000, which was almost $2.5 million dollars over budget. "The Educational and Development Fund balance increased from $30,962,000 to $35,771,000," she said, "and the administration expects to end yet another year in the black."

E. Presentation on the Operating Budget for Fiscal Year '89

Dr. Stine reported that the Fiscal Year 1989 budget represents another first in the history of the University in that it will be Penn's first billion-dollar year. "We expect to spend about $1,045,000,000," the executive director of the budget said. He explained that the University's expenditures were projected at $640 million, the Hospital's at $275 million and the Clinical Practices at $130 million. "Five years ago, Dr. Stine noted, "the budget was $730 million, so the increase in expenditures in that time frame has been about 42 percent."

He went on to note that the school budgets for FY'89 range in size from Arts and Sciences's budget of $147 million to the Social Work's
budget of $3.3 million. "As in the past," the continued, "the most important function of the budget is the integration of the University's critical objectives and its academic and administrative aspirations with institutional planning." Dr. Stine pointed out that for the fourteenth consecutive year, the administration was presenting a budget that was balanced overall and in terms of its major organizational parts. He noted that the rate of increase in tuition is down for the eighth straight year at the same time as the University retains a need-blind admissions policy. At 5.9 percent, the rate of growth in student costs is the lowest since 1974, according to the executive director of the budget, and on a comparative basis, the lowest or second lowest among 35 major selective institutions of higher education.

Dr. Stine further observed that in addition to providing for three trustee professorships in the FY'89 budget, the administration was able to provide real salary growth for the faculty for the seventh year in a row. He added that Penn was beginning to address the start-up cost of funding major scientific and engineering researchers as they come into the institution. "Finally," Dr. Stine observed, "we have begun the process of enhancing the planning and implementation of the capital campaign. We will do so without having to capitalize major costs, as we have in the past, or without the institution of a gift tax." He added that in his opinion, the University continues to show "very significant growth."

IV. Trustee Committee Reports
A. Academic Policy

1. Dr. Kaysen reported that the Academic Policy Committee had heard two deans, Robert Mundheim of the Law School and Marvin Lazerson of the School of Education, present their five-year plans. He noted that both schools are in positions where change is important. "Dean Mundheim's presentation," the chairman continued, "emphasized convincingly the need for additional space, particularly library space. We have less library space than any of our peer schools," Dr. Kaysen told the Trustees, and he observed that Dean Mundheim had said that "at present, there isn't room in the Law School for all the contemplated new faculty members nor all of the student body to sit down and work. A law library is the major research instrument for a law school," the chairman continued, "and action to increase available space, which is underway, is critical to the success of the School's five year plan."

Dr. Kaysen went on to report that Dean Mundheim had proposed increasing faculty size modestly over the next five years while maintaining the current size of the student body. He noted that committee discussion had raised several questions about the program focus of the school. "Penn, comparatively speaking, is a relatively small school," he said, "and while it is clear that faculty cannot cover all possible fields in an increasingly differentiated and specialized profession, questions were raised for the dean about how the School would further specify its program objectives in substantive terms, especially in relation to
possibilities for increasing cooperation between the law school and other faculties in the University.

Dr. Kaysen reported that Dean Lazerson had given the committee "an encouraging prospective of what he hopes to accomplish." He noted that the dean had explained that the committee was seeing the School of Education's Five Year Plan in its first iteration. "It was in a sense his set of proposals," Dr. Kaysen said, "and the dean looks forward to a process of discussion and refinement." The School of Education is going to be changed in a substantive way, not in scale but in focus, over the next five years," he said, noting that the dean had mentioned computers in education, educational measurement, and early childhood learning as being among the programs he intends to focus on in the immediate future. "He wishes to emphasize strongly cooperation with other parts of the University," the chairman reported. He went on to point out that the School of Education had never had a board of overseers, and the Academic Policy chairman recommended to the Trustees the creation of such a board.

2. Action. A Resolution to Establish a Board of Overseers of the Graduate School of Education and on the Appointment of Members was approved as follows:

Intention:

In 1972 the Trustees established the first of the boards of overseers, which provide counsel for the University faculties. At present nine schools have boards of overseers: Arts and Sciences, Dental Medicine, Engineering, Fine Arts, Law, Nursing, Social Work, Veterinary Medicine, and Wharton. In addition, the board of managers of the University Museum was reconstituted as an overseer board in 1981.

Each board serves as an advisory body to the president, the provost, and the dean of a school, as well as to the Trustees of the University. The board is intended to provide the School with a group of informed and interested outsiders who can serve as a bridge to the world beyond the campus.

The Graduate School of Education now proposes to establish a board of overseers and to appoint a chairman and seven members.

RESOLVED, that a Board of Overseers of the Graduate School of Education be established, effective 17 June 1988; and

FURTHER RESOLVED, that A. Leon Higginbotham, Jr. be appointed as chairman and that Joseph L. Calihan, Alan K. Campbell, Edward R. Farley, Jr., Ruth Rabstein, Rodrigo Rocha, Anne E. Thompson, and Diane N. Weiss be appointed to the Board of Overseers of the Graduate School of Education for three-year terms, effective 17 June 1988.

B. Audit

Mr. Dorrance reported that the Audit Committee had met with the University's outside auditors, Coopers & Lybrand, internal audit representatives, and senior management. He said members had reviewed a Coopers & Lybrand report on an interim examination and the firm's account of anticipated results of a final year-end audit in addition to reviewing an internal audit report, which prompted a discussion of response to internal controls. He noted that the committee planned to hold a meeting during the summer. "We would like to urge," Mr. Dorrance said, "more
progress in the administration's effort to unify the accounting and billing and information systems in the Clinical Practices and the Hospital."

C. Budget and Finance

Before calling on the chairman of the Budget and Finance Committee, Mr. Shoemaker noted that the Executive Committee would vote on the resolutions, which Mr. Fox would introduce, and which would be recorded in the minutes as action of the Executive Committee.

Mr. Fox reported that the Budget Committee had reviewed seven resolutions, which it recommended to the Trustees for approval.

1. Action. A Resolution on the Operating Budget for the University of Pennsylvania for Fiscal Year 1989 was approved as follows:

Intention:

The Budget and Finance Committee has reviewed the operating budget proposed for the University of Pennsylvania for Fiscal Year 1989 and, based on the presumption that this budget is in balance, recommends its approval by the Trustees.

RESOLVED, that the operating budget recommended by the Budget and Finance Committee for the University of Pennsylvania for Fiscal Year 1989 is approved.

2. Action. A Resolution on the Operating Budget for the Hospital of the University of Pennsylvania for Fiscal Year 1989 was approved as follows:

Intention:

The Budget and Finance Committee has reviewed the operating budget proposed for the Hospital of the University of Pennsylvania for the Fiscal Year 1989 and, based on the presumption that this budget is in balance, recommends its approval by the Trustees.

RESOLVED, that the operating budget recommended by the Budget and Finance Committee for the Hospital of the University of Pennsylvania for Fiscal Year 1989 is approved.

3. Action. A Resolution on the Operating Budget for the Clinical Practices of the University of Pennsylvania for Fiscal Year 1989 was approved as follows:

Intention:

The Budget and Finance Committee has reviewed the operating budget proposed for the Clinical Practices of the University of Pennsylvania for the Fiscal Year 1989 and, based on the presumption that this budget is in balance, recommends its approval by the Trustees.

RESOLVED, that the operating budget recommended by the Budget and Finance Committee for the Clinical Practices of the University of Pennsylvania for Fiscal Year 1989 is approved.

4. Action. A Resolution on the Acquisition of a FPS M64/60 Minisupercomputer for the Wharton School was approved as follows:

Intention:

The administration requests the Trustees to approve the purchase of a FPS M64/60 Minisupercomputer and coincidental hardware and software components for the use of the Wharton School. Through this purchase, the
Wharton School will obtain additional computing capacity for research and instruction and will assist Floating Point Systems, Inc., the manufacturer in the further development and assessment of their recent addition to the computer technology environment.

Floating Point Systems, Inc. will sell this machine at a 39% discount; and together with software license transfers, the net purchase price for the FPS M64/60 Minisupercomputer is $250,000, plus applicable shipping costs.

The funds for the purchase will come from the Wharton School and will be paid to Floating Point Systems, Inc., without interest, according to the following payment schedule:

Initial payment, 30 days after installation and prior to June 30, 1988 $50,000
Payment on August 31, 1988 50,000
Payments of $50,000 each on July 31, 1989, July 31, 1990, and July 31, 1991 150,000
Total $250,000

RESOLVED, that the purchase of a FPS M64/60 Minisupercomputer and coincidental hardware and software components for the Wharton School, at a cost of $250,000, plus applicable shipping costs, be and hereby is approved according to the agreement and payment schedule as executed with Floating Point Systems, Inc. by the Vice Provost for Computing on behalf of the University.

5. Action. A Resolution on the Additions to and the Equipment for the Neonatal Intensive Care Unit at New Bolton Center was approved as follows:

Intention:

A Neonatal Intensive Care Unit was constructed at the New Bolton Center with funds from donors and the School of Veterinary Medicine. This unit is a state-of-the-art facility and will serve the teaching, research and clinical services of the School. The School now proposes to complete a shelled part of the facility and to acquire equipment at a total estimated cost of $600,000. Funds will come from the Marie Moore Kline Fund. The administration requests approval to proceed with the project.

RESOLVED, that the additions to and the equipment for the Neonatal Intensive Care Unit at New Bolton Center, estimated to cost $600,000, 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 project and execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of such project presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish such project.

6. Action. A Resolution on the Purchase of Property at 3025 Walnut Street, Philadelphia, Pennsylvania was approved as follows:

Intention:

The administration proposes to purchase a building located at 3025 Walnut Street in Philadelphia, Pennsylvania. This 38,000 square foot building is three stories; the first and third floors are fully constructed. A mezzanine or second floor exists in about half the possible second floor area. It would be possible to construct additional second floor space of up to 8,000 square feet. The building sits on a lot of 18,857 square feet. It currently serves as corporate headquarters for Mr. Goodbuys. It would be a suitable facility for a number of University users including the shops and offices of the Physical Plant Department when ICA takes over the Franklin Annex.
The purchase price is $1.9 million, with the University obligated to pay all transfer and settlement costs. There is no broker's commission due on this transaction. Further, there is a Philadelphia Authority for Industrial Development Mortgage (interest rate at 80% of prime, 15 year term, and $1.1 million face amount in 1985) held by Continental Bank. Continental Bank has agreed the mortgage can be assumed by the University, if the Philadelphia Industrial Development Corporation Board approves. Funding for this acquisition will be from general University funds.

RESOLVED, that the purchase of 3025 Walnut Street, Philadelphia, Pennsylvania, at a purchase price of $1.9 million plus transfer taxes and settlement costs, 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 in their judgment may be necessary or desirable to complete such purchase.

FURTHER RESOLVED, that the Treasurer or any other statutory officer of the University is hereby authorized to execute any indemnifications, affidavits, certificates, deeds or other agreements or documents deemed necessary or appropriate by such officer to consummate the transaction authorized by this resolution, including, without limitation, any such documents necessary or desirable to ensure the transfer of the title to the premises.

7. Action. A Resolution on the Renovation of the Second and Third Floors of the Johnson Pavilion for the Department of Microbiology, School of Medicine was approved as follows:

Intention:

As part of its ongoing commitment to Dr. Neal Nathanson, Chairman of the Department of Microbiology, the School of Medicine proposes to renovate 3,250 net square feet of medical research laboratory space and medical equipment rooms on the second and third floors of the Johnson Pavilion. Part of this renovation will include increased air flow to these areas to ensure the proper functioning of sensitive laboratory research equipment.

The project is estimated to cost $250,000 and will be funded by the School of Medicine from the Medical School Building Fund. This project is included in the Capital Budget for Fiscal Year 1987. The administration requests approval to proceed with the construction of the project in July 1988.

RESOLVED, that the renovation of the second and third floors of the Johnson Pavilion, estimated to cost $250,000, 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 renovation and execute such contracts and incur such expenses and obligations - not however, substantially in excess of the estimated cost of such renovation presented to the Budget and Finance Committee - as may in their judgment be necessary or desirable to accomplish such renovation.

D. Development Committee

1. Reporting on the Development Committee's decision to accept a campaign feasibility study undertaken by the firm of Harts and Lundy and to launch a University-wide capital campaign, Mr. Miller said that the committee had decided "to go for the gold." He thanked the trustees who had participated in the interview phase of the study. "It is clear from looking at the study results," he said, "that this board and our alumni
and friends are ready for a campaign."

Mr. Miller went on to observe that gifts and subscriptions during the current fiscal year appear likely to top $110 million. "It will be an accomplishment that has been matched only by seven other universities," he noted, "and several of those have matched it only in the heat of a campaign." He described Penn's development success in FY'88 as evidence of "a consensus and commitment" to go forward with a capital fund drive.

"The idea," Mr. Miller continued, "is that in the next year we will enter the nucleus-fund phase of the campaign in which all of the trustees and other very close friends will be asked to participate. The actual size of the final goal," he said, "will depend on the success of that effort, so while the campaign may not kick off officially until the fall of 1989, this intervening year is of crucial importance."

2. Action. A Resolution on the Campaign Feasibility Study and a University-wide Capital Campaign was approved as follows:

Intention:

During the past 18 months, the University, in anticipation of a major fundraising campaign, has assessed its long-range academic and capital plans, identified strategic objectives, commissioned the consulting firm of Marts & Lundy, Inc. to conduct a comprehensive fundraising feasibility study, and developed an operating framework for an institution-wide campaign. The Trustees have reviewed these plans and objectives and the recommendations of Marts & Lundy. The board endorses the recommendations, together with the campaign plan. Therefore, be it

RESOLVED, that the University of Pennsylvania is authorized to move to the next stage of the campaign process, the nucleus fund phase, during which leadership gifts for the campaign's highest priorities will be sought and success in securing such gifts, from Trustees and other friends of the University, will be the primary determinant of the campaign goal; and

FURTHER RESOLVED, that a Campaign Steering Committee, composed of members of the Trustee Committee on Development and other influential individuals, be and hereby is established to review and oversee implementation of campaign strategy and policies and to guide the nucleus fund phase.

E. Facilities and Campus Planning

Mr. Arader reported that the Facilities and Campus Planning Committee had discussed the revised plan for the Fischer/Lauder Building, which was presented to members by the architects and enthusiastically accepted by them. "Bids will go out in approximately two months," he said, "and the one-year construction project will start in the fall." The chairman further noted that the guidelines for the University's Design Review Committee had been adopted by the Facilities and Campus Planning Committee without modification. He reported that members also had reviewed on 35mm slides the extensive renovation currently underway in various campus building, including College Hall, Logan Hall, Furness, and the older building of the Vet School. "The committee expressed its appreciation to the University for budgeting to provide funds for this very necessary maintenance work," the chairman said, and he went on to point out that the effort must continue to be made for many years.
F. Student Life

Dr. Chisum reported that the Student Life Committee had discussed Penn's Open Expression Guidelines. "We heard a report from the Acting Vice Provost for University Life Kim Morrison and George Koval, Executive Director of Student Financial and Administrative Services," she said, "and members were encouraged to learn that effective procedures have been worked out and have been successful in dealing with about eighteen incidents this year. The guidelines," the chairman went on to explain, "were developed 20 years ago "to ensure both freedom of expression for members of the University community and the rights of members to pursue their normal activities."

Dr. Chisum further observed that the committee had heard a report on the broad range of activities within the purview of the vice provost for University life. "Areas addressed by Dr. Morrison included such things as security, the dry rush, WXPN, college houses, and the Student Health Center," the chairman said. She also noted that the committee had discussed the "extra" meeting often held in the spring to provide trustees with an opportunity for more interaction with students. "It is a difficult time for trustees who are outside the city," she observed, "so we are exploring other options."

G. Medical Center Board

1. Mr. Brown reported that he had told the physicians involved in Medical School teaching and the Clinical Practices and the Hospital staff that he considers the Medical Center "to be a Russian sleigh pulled by three horses all of whom should be pulling just as fast as possible and in the same direction." He went on to note that the Center's health services component consists of the Hospital and the Clinical Practices," and he commented that as a consequence of the "revolution going on in health care in the United States, the University of Pennsylvania is not immune from the problems of reimbursement for patient care. We succeeded in generating a budget for the Hospital this year that is in balance and we are certainly going to try to keep it that way," he continued. "But during the coming year, the Trustee Board of the Medical Center is going to be considering all kinds of ways in which the Hospital and the Clinical Practices, and therefore the Medical Center, can be more viable financially without making sacrifices in the quality of patient care."

H. Investment Report

Mr. Neff reported that the total market value of the Associated Investments Fund (AIF), as of 10 June 1988, amounted to some $573 million, which, he pointed out, is within five percent of the all-time record that was reached "some months before the October unpleasantness. Since the 31st of December 1987," he continued, "common stocks in the portfolio appreciated 22.7 percent versus an 11.5-percent increase for the Standard and Poor 500 Stock Average (S&P)." He added that for the soon-to-be completed time period, ending 30 June, over which all University
endowments are measured, Penn's edge over the S&P is only 4.7 points since AIF common stocks declined 3.3 percent versus an 8-percent decline in the S&P.

Mr. Neff went on to point out that during the first six months of 1988, the per share value of the AIF had increased 15 percent on a total return basis. "Since the 31st of December 1979," he continued, "the value of our common stocks has increased 510 percent (total return) versus a 264 percent appreciation of the S&P. It is," he said, "a pretty good edge all in all." He noted that only a few changes had been made in the portfolio since the May meeting of the Executive Committee. "We're more or less sitting on our hands," Mr. Neff said. "Sometimes you do well to do nothing. But we have taken a little bit out the last few weeks as the market has gotten somewhat excited again. Our guess would be that we might be seeing the top part of the range for the year, and we've accumulated about a 3-percent liquidity position in the common stock portion of the AIF and a 7-percent liquidity position overall."

I. General Alumni Society

Mr. Fretz described the constituency of the General Alumni Society (GAS). He observed that there are 70 regional alumni clubs in the United States and a few abroad. He mentioned class organizations, noting that the oldest is the Class of 1911, and the Association of Alumnae, as well as the Pennsylvania Gazette Publications Board, the Alumni Council on Admissions, and such special interest alumni groups as the Black Alumni Society and those associated with performing art groups and honor societies. Mr. Fretz observed that the GAS is supported by 23 employees in the Alumni Relations Office. Turning to 1987-88 activities, he reported that more than 4500 members of the Penn family had attended the Alumni Weekend activities in May. He noted that the Alumni Relations Office had provided administrative support for the new Trustees Council of Penn Women, which during its first year took on a number of fundraising initiatives and had a "measurable impact on areas such as athletics, career planning, student life, institutional advancement for women, and sororities." The GAS president went on to say that the regional alumni club program had supported some 95 public events across the country in addition to another 70 that required no direct involvement of the Alumni Relations Office.

He reported that GAS had signed a contract with CoreStates Bank to offer Penn Visa cards to alumni and others affiliated with the University. "The public announcement of the program was made about the middle of May," he said, "and by the end of May, CoreStates had received more than 1800 applications. Income from the card will be used to support alumni relations programs for undergraduate, graduate, and professional school alumni," Mr. Fretz observed. He said it was estimated that the card will net Penn between half a million and a million dollars over the next four or five years.

Mr. Fretz further reported that according to the tally of the Alumni
Council on Admissions, applications were received from 878 children of alumni for the Class of 1992 and, of those, 515 or almost 60 percent were admitted and 346, or 67 percent of those admitted, intend to matriculate. "This is the first time since these statistics have been compiled," he continued, "that the alumni children will comprise more than 15 percent of an entering class, which is a goal that we have been trying to achieve."

The GAS president said that a full report of activities conducted by the Society will be included in the Alumni Relations Annual Report, a document available in the Alumni Relations Office.

Mr. Fretz also noted that trustees could obtain copies of the recently-completed report on alumni relations written by a special committee, which was formed nearly two years ago to review the major programs and activities of the Alumni Relations Office. He said the report had concluded that the "institutional mission of alumni relations at Penn should be to create, maintain, and enhance alumni interest in the University. Personal involvement of our alumni is the key to accomplishing this," he said, "and that personal interest becomes the bedrock of all other alumni development and fund raising activities." He noted that the committee had concluded that the University could do a much better job in the area of alumni relations, but in order to do so, it must have more funding to reach out to a select group of alumni with whom it had lost complete contact. "So I am very happy to report," Mr. Fretz continued, "that the General Alumni Society budget for the next fiscal year has been significantly increased, and I really look forward to this meeting next year when I can report on the effectiveness of the new program and activities that will be launched in 1988-89." He mentioned that a major project for the next fiscal year will be reviews of the appropriateness of the current geographical alumni regions, the nominations and election procedures for alumni trustees, and the duties and responsibilities of alumni trustees.

V. Overseer and Other Boards
A. University Museum Overseers Report

Mrs. Catherwood reported that the level of activity that the Museum had established during its centennial year in 1987 has been sustained this past year. She noted that the activities included tours, exhibits, lectures, special ethnic weekends, and various other events. She mentioned two major exhibits: "Tokens to Tablets," a show on the development of writing, which was based on the Museum's ancient Near Eastern treasures, and "Rivers of Gold: Treasures from Sitio Conte," which is an exhibit drawn from the Museum's excavations in Panama in 1940. "For the first time ever, the Museum put together and published an annual report," Mrs. Catherwood said. She noted that the report had been underwritten by a very generous member of the board of overseers. "The entire board," the chairman concluded, "would very much like to reaffirm its tremendous support for Museum director Robert Dyson," and she expressed her personal appreciation for the support of the Trustees, the
administration, and the Museum overseers.

B. Appointments

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

RESOLVED, that P. Roy Vagelos be appointed to the Board of Overseers of the School of Arts and Sciences for a three-year term, effective 17 June 1988.

2. Action. A Resolution on an Appointment to the Board of Overseers of the School of Dental Medicine was approved as follows:

RESOLVED, that Patricia E. Stewart be appointed to the Board of Overseers of the School of Dental Medicine for a three-year term, effective 17 June 1988.

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

RESOLVED, that S. Donald Wiley be appointed to the Board of Overseers of the School of Law for a three-year term, effective 17 June 1988.

4. Action. A Resolution on Appointments to the Board of Overseers of the University Museum was approved as follows:

RESOLVED, that John G. Christy, Mary Bert Gutman, and William R. Klaus be appointed to the Board of Overseers of the University Museum for three-year terms, effective 17 June 1988.

5. Action. A Resolution on Appointments to the Advisory Board of the Institute of Contemporary Art was approved as follows:

RESOLVED, that Thomas Neil Crater and Sandra P. Kenton be appointed to the Advisory Board of the Institute of Contemporary Art for three-year terms, effective 17 June 1988.

6. Action. A Resolution on an Appointment to the Board of Advisors of the David Mahoney Institute of Neurological Sciences was approved as follows:

RESOLVED, that Peter F. Drake be appointed to the Board of Advisors of the David Mahoney Institute of Neurological Sciences for a three-year term, effective 17 June 1988.

VI. In conclusion, Mr. Shoemaker expressed his thanks to Mrs. Mainwaring as she stepped down as vice chairman of the Trustees. "I've relied a great deal on her wisdom and judgement," he said. "She's been a tremendous help to me."

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University