Minutes of the Stated Meeting
of the
Executive Committee of the Trustees of the University of Pennsylvania
3 March 1989

A meeting of the Executive Committee was held on Friday, 3 March 1989 in the Tea Room of the Faculty Club. Trustees attending included: Richard P. Brown, Jr; Susan W. Catherwood; Gloria Twine Chisum; Robert A. Fox; C.F. Fretz; Sheldon Hackney; Alvin V. Shoemaker; and D. Robert Yarnall, Jr. Others present included: Michael Aiken; Richard Clelland; William Epstein; Karen Gaines; Shelley Green; George Koval; Mary Ann Meyers; Kim Morrison; David Morse; Rick Nahm; Antonia Oberthaler; Glen Stine; Marna Whittington; and Dilya Winegrad.

I. Call to Order

The chairman called the meeting to order and the minutes of the 9 December 1988 meeting were approved as written by the secretary.

II. Report of the Chairman

Mr. Shoemaker had no report.

III. Report of the President

A. Dr. Hackney expressed appreciation to Ambassadors Walter and Leonore Annenberg for their continued commitment to Penn. He said that he was especially grateful that Ambassador Walter Annenberg's recent $10 million gift would be applied to the history department where it would serve to sharpen the School of Arts and Sciences focus of the campaign.

The president went on to report that more than 700 educators and social work practitioners had gathered on campus for a two-day series of seminars last month as part of the President's Forum: "Our Children/Our Future." "We covered a broad range of issues related to the survival and welfare of young people in our society," Dr. Hackney noted, and he added that he was "looking forward to further programming as a result of the forum."

The president went on to observe that the administration was continuing its efforts to expand the programs in which members of the community discuss intergroup relations and ways to improve them on campus. He reported that Vice Provost for University Life Kim Morrison was chairing a committee of students, faculty, and staff on this issue, which was expected to bring a report and recommendations to the April meeting of the University Council.

Dr. Hackney then suggested that the Executive Committee would want to join him in congratulating sophomore Rudy Rodriguez for his first-place finish in the national men's squash championship. Finally, the president commented on the resolution before the Trustees on the appointment of a dean of Dental Medicine. He predicted that Dr. Fonseca would be a great
asset to the campus community and said he hopes to involve him "in leadership tasks across the University."

B. Action. A Resolution on the Appointment of Raymond J. Fonseca as Dean of the School of Dental Medicine was approved as follows:

RESOLVED, that Raymond J. Fonseca be appointed dean of the School of Dental Medicine for seven years, effective 1 July 1989.

C. Academic Report

1. Provost Aiken noted with regret that ICA Director Janet Kardon has resigned, effective 7 April, to accept the directorship of the American Craft Museum in New York. He said that Judith Tannenbaum, the ICA assistant director, has been named acting director and that a search committee has been appointed to identify a permanent successor to Mrs. Kardon.

Dr. Aiken went on to observe that the administration had recently completed a review of applications to various academic funds. He noted that approximately $1.1 million from the Undergraduate Education Fund has been given in support of proposals for strengthening undergraduate education and that some $2.8 million has been allocated to eight schools from the Research Facilities Fund. "The applications for the latter were unusually good this year," the provost said.

He then commented that a great deal of work had gone into developing a more explicit capital planning process, which will be completed in the spring. He further observed that a search committee for a Vice Provost for Information Resources and Computing has been established under the chairmanship of David Balamuth, a professor of physics who is the current chair of the Faculty Senate. He said that the Advisory Committee on the Campus Center also has been put in place and is being co-chaired by Kim Morrison, the vice provost for University life, and Stephen Gale, associate professor of regional science.

Turning to the academic planning process, Dr. Aiken noted that interim reports from each of the 10 working groups and subcommittees had been published in the Almanac. "Final reports are expected to be published in late spring or early fall," the provost continued, "and their recommendations will serve as the basis for a five-year plan for the University that will be developed by the Academic Planning and Budget Committee working in conjunction with the Council of Deans."

He then pointed out that the School of Medicine's Professor Luigi Mastroianni, Jr. has been named co-recipient of the King Faisal International Prize in Medicine for 1989. Finally, Dr. Aiken called attention to two persons who are being recommended for tenure: David L. Sparks, a professor on the faculty of the University of Alabama, proposed as a Trustee Professor of Behavioral Neuroscience in the School of Arts and Sciences and Ann R. Kennedy from the Harvard School of Public Health who is being proposed as a professor of radiation biology in radiation oncology in the School of Medicine.

2. Action. The Resolution on Appointments, Leaves, and Promotions
was approved as found on pages 1 through 19 in the meetingbook.

D. Financial Report

Dr. Whittington reported that as of 31 January, the administration was continuing to project a University surplus of $25,000 after the approved and budgeted allocations. She said the positive factors in the University's unrestricted performance are special program and fee revenues, indirect cost recoveries, and temporary investment fund income. The negative factors, according to the senior vice president, are graduate tuition, summer, and special tuition, gift and sales revenues, and general University tuition. "On the restricted side," she continued, "endowment, gift, and grant and contract expenditures increased by 10.9 percent, 12.3 percent, and 9.3 percent, respectively, over the first half of FY'88. The amount available for grant and contract expenditures is 18.1 percent greater at 31 January 1989 than 31 January 1988," she said, "but don't become too optimistic," she added, "as NIH curtailed their grants in January, February, and March of last year, so if the appreciation holds up throughout 1989, we'll be lucky." Dr. Whittington went on to report that for the first six months of the fiscal year, the Hospital of the University of Pennsylvania had a deficit of revenues over expenses of $823,000, which was $2,222,222 better than budget. She said that for the same period, the Clinical Practices (CPUP) had an excess of revenues over expenses, which was $2 million better than budget. CPUP's Educational Development Fund balances increased, net, by $4,545,000 for the first six months of FY'89, the senior vice president observed.

IV. Reports of Trustee Committees

A. Academic Policy

In the absence of Carl Kaysen, Dr. Chisum introduced a Resolution to Establish a Board of Overseers of the University Libraries and on the Appointment of Members, which she recommended to the Trustees for approval.

Action. The resolution was approved as follows:

Intention:

In 1972 the Trustees established the first of its boards of overseers, which provide University schools and other academic units with a group of informed and interested outsiders who can serve as a link to the larger world. Each board serves as an advisory body to the president, the provost, and the dean or director, as well as to the Trustees of the University.

At present 10 schools have boards of overseers: Arts and Sciences, Dental Medicine, Education, 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.

The University Libraries now proposes to establish a board of overseers and to appoint six members.

RESOLVED, that a Board of Overseers of the University Libraries be established, effective 3 March 1989; and

FURTHER RESOLVED, that R. Jean Brownlee, Charles D. Dickey, Jr., Raymond
B. Green, Stuart E. Karu, Adolph G. Rosengarten, Jr., and Robert N. Snyder be appointed to the Board of Overseers of the University Libraries for three-year terms, effective 3 March 1989.

B. Budget and Finance

Mr. Fox reported that the Budget and Finance Committee had reviewed 10 resolutions and recommended them to the Trustees for favorable action.

1. Action. A Resolution on Tuition and Fees for Academic Year 1989-90 was approved as follows:

Intention:

The administration proposes to establish the following tuition and fees for the academic year 1989-90:

For undergraduates, the tuition and mandatory fees will total $13,950, including a general fee of $1,147, and tuition of $12,553; for graduate students, tuition will be $13,662 and the general fee will be $694, totalling $14,356; for professional students, the general fee will be $664.

RESOLVED, that for the academic year 1989-90, the undergraduate tuition and mandatory fees rate will be $13,950; that the tuition and general fee for graduate students will be $14,356; that the professional general fee will be $664; that the tuition for professional students will be determined administratively to reflect budget requirements of the various schools; and that part-time tuition and fee rates will be determined administratively and will increase proportionately.

2. Action. A Resolution for Tax-Exempt Financing for Various University Capital Projects and Other Related Matters was approved as follows:

Intention:

The administration has been considering the use of tax-exempt financing to pay the costs of one or more components of a project (the "Project") consisting of (a) the construction of a chiller plant-substation building at Blockley Hall, (b) miscellaneous clinical and research renovations in the School of Medicine, (c) various lab renovations in the School of Engineering, or (d) other capital projects to be designated in substitution thereof by the Senior Vice President or Treasurer of the University.

By terms of this Resolution on the construction of a chiller plant-substation building at Blockley Hall, which was adopted by the Trustees 11 September 1987 and amended on 20 October 1988, the Trustees authorized the expenditure of $12,726,000 of general University funds to pay the costs of constructing a chiller plant-substation building at Blockley Hall. In lieu of utilizing moneys provided in the Fiscal Year 1988 Capital Budget for the Blockley Hall component of the Project, the administration recommends and requests approval to provide funding for that component and the remainder of the Project by borrowing up to $13,100,000 from a pooled tax-exempt financing program of The Pennsylvania Higher Educational Facilities Authority (PHEFA) or other governmental unit, for a term of up to 10 years, at a fixed or variable interest rate.

RESOLVED, that the Senior Vice President or other appropriate officer is hereby authorized to borrow on behalf of the University from PHEFA or other governmental issuer up to $13,100,000 at a variable or fixed interest rate, for a term of up to 10 years, and to use the proceeds to pay or reimburse the University for the costs of the Project, including the payment of attorneys fees, bank counsel fees, authority fees, financial advisory costs, and other related expenses that may be incurred in connection with the borrowing, and other capital expenditures.

FURTHER RESOLVED, that the Senior Vice President or other appropriate
officer is authorized to file an application with PHEFA or other governmental issuer and to take such further action in consultation with counsel to the University including but not limited to the approval of the (a) loan features, loan documents, issuer fees and charges, and (b) the pledging of University assets and revenues to secure the loan, as in the judgment of either officer is required to effectuate the borrowing of funds by the University for the purposes of this Resolution.

BE IT FURTHER RESOLVED, that the Senior Vice President or other appropriate officer is hereby authorized and directed to execute, acknowledge, and deliver and the Secretary of the University or other appropriate officer is hereby authorized and directed to affix and attest the corporate seal of the University to such documents as may be necessary or advisable to carry into effect the intent of the foregoing Resolutions, all in the form approved by the Senior Vice President or other appropriate officer, the execution and delivery thereof by either of the authorized officers to be conclusive evidence of approval thereof.

BE IT FURTHER RESOLVED, that the Resolution of the Trustees of 11 September 1987 as amended by a Resolution of the Executive Committee on 20 October 1988 shall be deemed to be amended by this Resolution in respect of the funding of the Blockley Hall component of the Project.

BE IT FURTHER RESOLVED, that the Senior Vice President and/or the Treasurer be and either of them is authorized to take such further action, including the power to substitute other capital projects for identified components of the Project, as may in the judgment of either officer upon the advice of counsel be necessary or advisable to carry into effect the intent of the foregoing Resolutions and the transactions contemplated thereby.

3. Action. A Resolution Amending the Resolution of 19 June 1987 on the Purchase of 30 West 44th Street, New York, New York was approved as follows:

Intention:

On 19 June 1987 the Trustees approved the purchase of 30 West 44th Street, New York, New York from Touro College for use as a Penn Club. At that time, negotiations were underway for the purchase at a tentative price of $12,000,000 plus closing costs. Negotiations have continued and agreement for a final purchase price of $15,000,000 plus closing costs has been reached. Approval by the Department of Education is still necessary to complete the transaction. Assuming this approval is obtained, it is anticipated that the property will be transferred to the University by 1 September 1989 at the latest.

Pending Department of Education approval, the Treasurer executed an Agreement of Sale between Touro College and the Trustees of the University of Pennsylvania and related documents on 31 January 1989. A $50,000 deposit was then wired to the escrow agent.

The administration is requesting Trustee approval of the revised purchase arrangement and ratification of the Treasurer's actions. Financing for the purchase will be provided, initially, from general University funds.

RESOLVED, that the Trustees of the University of Pennsylvania hereby approve the acquisition of 30 West 44th Street, New York City, and hereby ratify the prior actions of the Treasurer as identified; and that the Senior Vice President or other appropriate officers of the University be and they hereby are authorized to proceed with the acquisition of the property and to execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the proposed purchase price as presented to the committee - as may in their judgment be necessary or desirable to effect such transaction.

FURTHER RESOLVED, the Treasurer or any other appropriate 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 insure the transfer of the title to the premises.

4. **Action.** A Resolution Authorizing Participation in the Development of a Parking Garage on Parcels 6 and 8 of the Former Philadelphia General Hospital (PGH) Site was approved as follows:

**Intention:**

In March 1985 and June 1987, the Trustees of the University of Pennsylvania approved participation in two development corporations (PGHDC and CHDC) formed for the purpose of acquiring and developing land formerly owned by the City of Philadelphia on the PGH site. The development corporations are currently comprised of three voting institutions, Penn, Children's Hospital of Philadelphia (CHOP), and Children's Seashore House (CSH). In September 1987, a maximum of $526,500 in equity contributions was authorized for the development of site improvements and the construction of a 536 car underground garage.

Now, Parcels 6 and 8 of the PGH Site will be purchased by PGHDC for the construction of a 1360 car garage to be used for employee parking. The facility, and the attendant costs of development, will be shared proportionately by the three institutions according to the following allocation of parking spaces: Penn, 680; CHOP, 390; CSH, 195; and the future developer of Parcel #5, 95. All amounts paid or advanced in connection with the development of the garage for the developer of Parcel #5 will be reimbursed by the developer of Parcel #5.

Total project costs are estimated at $18,000,000. The University and PGHDC intend to enter into an agreement whereby the University will provide financial and design and construction management services to PGHDC in connection with the development of Parcels 6 and 8. As part of that agreement, the University may lend PGHDC such funds as PGHDC reasonably requires to pay its design phase fees (including payments to the architect/engineer, the construction manager, and other consultants) at the prime rate. It is intended that PGHDC will repay these loans to the University out of the proceeds of its third party construction loan.

PGHDC is involved in the negotiation of architectural and construction management agreements and required third party construction and permanent funding. The administration requests authority to offer the University’s guarantee for its proportionate share.

**RESOLVED,** that the Senior Vice President or other appropriate officers of the University are authorized to execute whatever documents are required to effect participation by the University in the proposed development of Parcels 6 and 8 as aforesaid.

**FURTHER RESOLVED,** that the contribution by the University of its proportionate share of the equity funds required by PGHDC to finance the development of Parcels 6 and 8 be and hereby is approved, provided, however, that (1) the total funds to be so contributed by the University shall not exceed the sum of $1,000,000 and (2) all of the members of PGHDC shall enter into a written agreement specifying that, when the future developer of Parcel #5 joins PGHDC and CHDC, the share of total equity funds demanded from prior members of such corporation will be reduced in accordance with the formula in effect for such corporation.

**FURTHER RESOLVED,** that the University's guarantee or other manner of ensuring PGHDC's third party loans for construction and permanent financing for the redevelopment of Parcels 6 and 8 be and hereby is approved, provided, however, that the total of all third party construction and permanent financing obtained by PGHDC for the redevelopment of Parcels 6 and 8 which is guaranteed by the University shall not at any time exceed the sum of $9,000,000.

**FURTHER RESOLVED,** that the loan by the University to PGHDC of such funds as they reasonably require to pay their design phase fees for the redevelopment of Parcels 6 and 8, at the prime rate to the University be and hereby is approved provided, however, that the total amount to be lent shall not exceed the sum of $500,000.
FURTHER RESOLVED, that the Senior Vice President or any other appropriate
officer of the University, acting either alone or with the joinder of any
other officer, is hereby authorized to execute on behalf of the University
any documents or modifications thereto, whether or not specifically
mentioned in this resolution, and to perform any other actions appropriate
or necessary to effectuate the purposes of this resolution.

5. Action. A Resolution on the Sale of 427 North Market Street,
Opelousas, Louisiana was approved as follows:

Intention:

The University received as a gift for the Department of Anesthesiology
a one and three-quarter acre property, operating as a Bed and Breakfast
Inn, located at 427 North Market Street in Opelousas, Louisiana, in July
1987. At the time of the gift, the donor suggested that the Bed and
Breakfast operation could be continued profitably and that a future sale
of the property would provide more funds. With the concurrence of the
Department of Anesthesiology, the Bed and Breakfast operation was
maintained. Market conditions, however, proved adverse and after an
accumulated deficit of $28,810, the Bed and Breakfast operation was closed
in June 1988. The property was listed for an asking price of $150,000
based on an appraisal dated September 8, 1988.

The University has received a full price offer on the property of
$150,000, contingent upon the buyer's ability to obtain financing.
Proceeds from the sale of this property less the accumulated deficit will
go to the Department of Anesthesiology.

RESOLVED, that the Trustees of the University of Pennsylvania hereby
approve the sale and conveyance of the said property for a total purchase
price of $150,000, and hereby direct and authorize the Treasurer or other
appropriate officers of the University to proceed with the execution and
delivery of the deed and all necessary affidavits and other documents
required in connection with such sale and conveyance, and hereby further
approve, confirm, and ratify all other actions taken by such officers or
their designees in connection with or which are necessary or convenient to
the accomplishment of such sale and conveyance.

6. Action. A Resolution on the Sale of Undeveloped Land in Brevard
County, Florida was approved as follows:

Intention:

The University received a parcel of undeveloped land in Brevard
County, Florida (Lot 17, Block 1610, Port Malabar Unit 32) as a gift in
December, 1981. After several years of attempting to sell this property,
the administration now proposes to sell it to General Development
Corporation, a Delaware Corporation, for a total purchase price of
$4,000. Under the terms of the gift, the University will receive
six-elevenths of the proceeds with the remainder allocated to several
other charities.

RESOLVED, that the Trustees of the University of Pennsylvania hereby
approve the sale and conveyance of the said land to General Development
Corporation for a total purchase price of $4,000, and hereby direct and
authorize the Treasurer or other appropriate officers of the University to
proceed with the execution and delivery of the deed and all necessary
affidavits and other documents required in connection with such sale and
conveyance, and hereby further approve, confirm, and ratify all other
actions taken by such officers or their designees in connection with or
which are necessary or convenient to the accomplishment of such sale and
conveyance.

7. Action. Resolution on the Sale of Undeveloped Land in Bucks
County, Pennsylvania

Intention:

The University received a parcel of undeveloped land in Bucks County,
Pennsylvania (County Parcel Number 34-11-27, Curly Hill Road, Plumstead Township) as a gift in December 1985. The administration now proposes to sell this undeveloped land for a total purchase price of approximately $76,000.00. Proceeds from the sale will go to the School of Veterinary Medicine.

RESOLVED, that the Trustees of the University of Pennsylvania hereby approve the sale and conveyance of the said land and hereby direct and authorize the Senior Vice President or other appropriate officers of the University to proceed with the execution and delivery of the deed and all necessary affidavits and other documents required in connection with such sale and conveyance, and hereby further approve, confirm, and ratify all other actions taken by such officers or their designees in connection with or which are necessary or convenient to the accomplishment of such sale and conveyance.

8. Action. A Resolution on the Installation of Compact Shelving in Van Pelt Library was approved as follows:

Intention:

The Library's ever growing collections, which enhance the University's stature as a premier research institution, require additional storage. The preferred solution to this problem is the installation of compact shelving in the Van Pelt Library so the additional holdings will be housed in a secure and accessible location. The Library and University administration have developed a three-phase plan for installing compact shelving in Van Pelt Library. Phase I, approved by the Trustees on 13 March 1987, implemented the installation of compact shelving in a portion of the 5th floor (West) of the Library at a cost of $303,000. Phase II, for which the administration is seeking approval, is for the installation of compact shelving on the 4th floor (West) and is estimated to cost $350,000. Funds for the improvement will come from a current funds advance to be amortized over five years. (Phase III is projected for Summer 1990 and will be for the installation of compact shelving on another part of the 5th floor (West) of the Library.)

RESOLVED, that the compact shelving installation on the 4th floor of the Van Pelt Library, estimated to cost $350,000, be and the same hereby is approved in accordance with the proposals presented to the meeting and that the Senior Vice President or other appropriate officers of the University be and hereby are authorized to proceed with such installation and execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of such installation as presented to the Budget and Finance Committee - as may, in their judgment, be necessary or desirable to accomplish such installation.

9. Action. A Resolution on the 1989 Residence Halls Showcasing Program was approved as follows:

INTENTION:

The Residence Life Showcasing Program focuses on certain residence halls each year for special maintenance work designed to maintain the aesthetic quality of the residents' surroundings and to develop conditions necessary for ensuring high occupancy levels. The scope of work typically includes painting the building interiors, repairing or replacing furnishings, such as hallway carpet, window coverings and common area furniture, and related maintenance items.

The administration requests approval for the 1989 Residence Halls Showcasing Program which will include Harnwell House, Meyer Residence Hall, and the Upper Quad House. The estimated project cost is $750,000. The Showcasing Program is a planned maintenance program that is included in the five-year capital plan. Project costs are funded from the Residential Maintenance operating budget.

RESOLVED, that the 1989 Residence Halls Showcasing Program, estimated to
cost $750,000, be and the same hereby is approved and that the Senior Vice President or other appropriate officers of the University be and they hereby are authorized to proceed with such renovations and execute such agreements and incur such expenses and obligations — not, however, substantially in excess of the estimated cost of such renovations as presented to the Budget and Finance Committee — as may, in their judgment, be necessary or desirable to accomplish such renovations.

10. **Action.** A Resolution on the Renovation of the Basement of the John Morgan Building for the Department of Pharmacology in the School of Medicine was approved as follows:

**Intention:**

As part of its ongoing commitment to Dr. Perry Molinoff, chairman of the Department of Pharmacology, the School of Medicine proposes to renovate 2,240 square feet of medical research laboratory space and medical equipment rooms in the basement of the John Morgan Building. Part of this renovation will include the installation of a new sewer main and upgrading of the mechanical and electrical systems and medical research laboratories.

The administration requests approval to proceed with the construction of the project in March 1989. The project is estimated to cost $872,000 and will be funded by the School of Medicine's Education and Development Fund. This project is included in the Capital Budget for the Fiscal Year 1989.

RESOLVED, that the renovation of the basement of the John Morgan Building, estimated to cost $872,000, be and the same hereby is approved and that the Senior Vice President 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.

**C. Medical Center**

Mr. Brown reported that the Medical Center continues to operate on a basis that the Trustee Board believes will result in a break-even bottom line at the end of FY'89, using both operating and non-operating income. "Admissions continue to run close to budget," he said, "but I think I should note that FY'90 is going to be more difficult than this year for hospitals in general and HUP in particular because of belt tightening by both the Federal and state governments and the constantly increasing costs of providing health care. We are doing our best," he continued, "to see to it that whatever steps need be taken will result in a break-even situation next year."

**D. Investment Report**

In the absence of John Neff, Mr. Shoemaker reported that since 31 December 1988, the total market value of the Associated Investments Fund (AIF) has increased from $611,700,000 to $632,400,000, as of 24 February. He noted that there has been a decrease in cash and an increase in fixed income whereas the stock portion of the portfolio has stayed relatively the same. "From the end of December through the 24th of February," he continued, "the AIF appreciated 3.4 percent per share on a total return basis, and the income projected on an AIF share since the end
of last year is up a little over 4 percent. It is a good steady performance," Mr. Shoemaker observed. "Our total endowed funds must be in the neighborhood of $700 million, which is a great new mark. I like the direction we’re going," he added.

V. Overseer and Other Boards

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

RESOLVED, that Bernard Canavan and Vivian Weyerhaeuser Piasecki be appointed to the Board of Overseers of the School of Nursing for three year terms, effective 3 March 1989.

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

RESOLVED, that Michael L. Browne be appointed to the Board of Overseers of the School of Veterinary Medicine for a three-year term, effective 3 March 1989.

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University