Minutes of the Stated Meeting
of the
Executive Committee of the Trustees of the University of Pennsylvania
23 March 1990

A meeting of the Executive Committee was held on Friday, 23 March 1990 in the Tea Room of the Faculty Club. Trustees attending were: Richard P. Brown, Jr. (acting chairman); Susan W. Catherwood; Richard J. Censits; Gloria Twine Chisum; G. Morris Dorrance, Jr., John B. Neff; and Myles H. Tanenbaum. Others present included: Michael Aiken; Richard Clelland; Robert E. Davies; William Epstein; Shelley Green; Sheldon Hackney; Mary Ann Meyers; Kim Morrisson; Rick Nahm; Antonia Oberthaler; Duncan Van Dusen; and Marna Whittington.

I. Call to Order

In the absence of Alvin V. Shoemaker, Vice Chairman Brown called the meeting to order and the minutes of the 15 December meeting were approved as written by the secretary.

II. Report of the Chairman

Mr. Brown had no report.

III. Report of the President

A. President Hackney reported on the Christopher Clemente case involving an undergraduate who was arrested in a drug raid on an apartment in New York. He noted that the University had been asked to provide bail funds. "This question has been discussed very carefully within the administration," Dr. Hackney said, "and my colleagues and I are convinced that the use of University funds to provide students or staff with bail money would be inconsistent with our educational mission and nearly impossible to administer." But he also noted that the University has been in ongoing contact with Mr. Clemente’s mother and attorneys and that a HUP physician has been monitoring Mr. Clemente’s medical progress.

Turning to another subject, which he said was also certain to attract "heated debate," the president reported that University Council had begun to discuss possible fine tuning of Penn policies on racial and sexual harassment. He noted that "the discussion turns on" the gray area where one person’s right to free expression ends and another person’s right to be free from harassment begins. To a certain extent we are driven by the recent court ruling in this area," Dr. Hackney pointed out, and he expressed doubt that Council would "come up with the definitive answer. But I am confident that we will have a lively time arriving at a resolution that most of us can live with for the time being," he said.

The president went on to report that Penn’s 250th Anniversary planners "continued to move ahead in a productive fashion." He noted that the list of alumni/faculty, biomedical, and student exchanges would be published in the Almanac. "I think you will agree," he concluded, "that between them, our colloquia speakers, and our entertainment, we have something to attract and excite every member of the Penn family."
B. With the permission of Mr. Brown, Robert E. Davies, chair of the Faculty Senate, made a statement on the Clemente case. He reported that members of the Faculty Senate were uniformly of the opinion that the University should not use its monies to provide bail. But he added that as a humanitarian gesture, many believe that individuals should be encouraged to help post bail monies. He asked that individual trustees think about doing so themselves. "If Mr. Clemente had been the son of a rich white person, he'd been out of jail very quickly," Professor Davies suggested. "Rikers Island is a dreadful place for anyone to be."

C. Academic Report

1. Provost Aiken reported that searches for deans of the School of Engineering and Applied Science and the Wharton School were proceeding on schedule and he expected that new deans would be named no later than the middle of April. He added that a committee had recently been put in place to look for a vice provost for graduate education and that it would probably be late summer or early fall before it finished its work. He also noted that a search for a vice provost for computing is continuing.

Turning to faculty honors, he reported that:

Peter Leslie Dutton, professor of biochemistry, and biophysics in the School of Medicine, was elected a Fellow of The Royal Society;

Rosemary Stevens, a professor of History and Sociology of Science in the School of Arts and Sciences, was awarded the James A. Hamilton Book Award from the American College of Health Care Executives as well as the Baxter Prize for Health Services Research;

Dr. Hamid Dabashi, a recent Ph.D. in sociology, won a national book award for his study of Authority in Islam;

Mary Frances Berry, the Geraldine R. Segal Professor of American Thought in the History Department of the School of Arts and Sciences, has been named president of the Organization of American Historians.

He also mentioned that Kathleen Jamieson, the dean of the Annenberg School for Communication, would chair and coordinate the activities of a new Satellite Communications Technology Committee to make certain that members of the community do not duplicate one another's efforts and that technology for satellite up links and down links are put in place soon. Dr. Aiken further noted that a Center for the Study of Black Literature and Culture would open on the 29th of March under the direction of Houston Baker, a professor of English who was recently chosen as president-elect of the Modern Language Association.

2. Action. A Resolution on Appointments, Leaves, and Promotions was approved as found on pages 1 through 25 of the meetingbook.

D. Financial Report

Senior Vice President Whittington reported that as of 28 February 1990, the administration continues to project a general University surplus of $50,000 for the fiscal year ending 30 June 1990 after approved,
budgeted, discretionary allocations to the Undergraduate Development Fund, the Research Fund, and the campaign. After the budgeted, mandated Graduate Hospital deficit amortization.

"On the unrestricted side," she said, "the positive factors are graduate tuition, special program and fee revenue, indirect cost recoveries, temporary investment fund income, and savings in salary expense. The negative factors are summer and special tuition, general University tuition, and current expense. But she emphasized that all schools and centers are expected to show a break-even performance. "On the restricted side," the senior vice president continued, "grant endowment and gift and contract expenditures increased by 37.3 percent, 16.7, and 7.6 percent, respectively. The amount available at year-end for grant and contract expenditures was 4.7 percent greater on 28 February 1989 than on 28 February 1989;" she said.

Dr. Whittington also reported that for the first seven months of the fiscal year the Hospital had an excess of revenues over expenditures of $9,849,000 which is $5,820,000 better than budget. She noted that the gain from operations was $5,326,000 better than budget. Dr. Whittington went on to observe that the Clinical Practices continue to report on a quarterly basis, so there is no new information on their financial performance from what was reported to the Trustees at the January meeting: an excess of revenues over expenses of $2,862,000 and a net increase in the Education and Development Fund balance of $359,000.

IV. Trustee Committee Reports
A. Budget and Finance
In the absence of Robert Fox, Mrs. Catherwood reported that the committee had discussed and approved six resolutions; which it recommended to the Trustees.

1. Action. A Resolution on Tuition and Fees for Academic Year 1990-91 was approved as follows:

Intention:

The administration proposes to establish the following tuition and fees for the academic year 1990-91:

For undergraduates, the tuition and mandatory fees will total $14,890, including a general fee of $1,220 and tuition of $13,420; for graduate students, tuition will be $14,608 and the general fee will be $902, totalling $15,510; for professional students, the general fee will be $706.

RESOLVED, that for the academic year 1990-91, the undergraduate tuition and mandatory fees rate will be $14,890; that the tuition and general fees for graduate students will be $15,510; that the professional general fee will be $706; 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 on the Construction of the Institute of Neurological Sciences was approved as follows:

Intention:
As part of its commitment to Robert Barchi, M.D. and to the David Mahoney Institute of Neurological Sciences, the School of Medicine proposes to renovate approximately 8,500 net square feet of space on the second floor of the Medical Education Building to construct research laboratories and administrative offices for the Institute of Neurological Sciences.

The administration requests approval to begin construction in spring 1990.

The project is estimated to cost $2,300,000 and will be funded with $1,800,000 from the School of Medicine and $500,000 from the University's Research Facilities Development Fund.

RESOLVED, that the renovation of the second floor of the Medical Education Building, estimated to cost $2,300,000, 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 take such actions, proceed with such renovations, 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 the purposes of this resolution.

3. Action. A Resolution on the Kings Court Exterior Renovations, Phase I was approved as follows:

Intention:

As part of a continuing program of deferred maintenance to the aging buildings of the University residential system, a four phase approach was formulated to ensure that the Kings Court buildings have weather-tight enclosures. The University intends to proceed with Phase I renovations to their exterior envelope. This initial phase will include repointing of bricks, repair of window bays, installation of new energy efficient windows, and miscellaneous related work. The project cost for Phase I is estimated at $344,180. Funds for this project will come from the residential system's maintenance operating budget for Fiscal Year 1990.

RESOLVED, that the Kings Court Exterior Renovations, Phase I, estimated to cost $344,180, 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 take such actions, proceed with such renovations, execute such contracts and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such renovations presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

4. Action. A Resolution on Design Documentation for the New Law School Library Building was approved as follows:

Intention:

A feasibility study for the new Law School Library was completed by Davis Brody Associates in the fall of 1989 and a scope of work program was established. On January 18, 1990, the Trustees' Facilities and Campus Planning Committee approved the site for the new building.

The cost for the new building is estimated at $28 million. The administration proposes to proceed with the design documentation for the new Law Library building. The total estimated cost of the architectural/engineering fees and related costs for the new building is $2,354,000. Funds for this work will come from Law School fund-raising. The project is included in the Capital Budget for Fiscal Year 1990.

RESOLVED, that the expenditures for the University's obtaining architectural, engineering, design and related services in connection with the new Law School Library building, estimated to cost $2,354,000, 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 obtain such services, take such actions, execute such contracts, and incur such expenses and obligations -- not, however, substantially in
excess of the estimated cost of such services presented to the Budget and Finance Committee — as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

5. Action. A Resolution on the University's Guarantee of a $1.4 Million Loan to Handisoft Foundation, Inc. by Mellon Bank (East), N.A. was approved as follows:

Intention:

The University of Pennsylvania Center for Information Resources ("CIR") was formed in 1978 to provide computer training and employment opportunities for severely disabled persons. Presently affiliated with the University's Department of Physical Medicine and Rehabilitation, CIR is one of the most successful training and employment programs for disabled persons in the country — to date, it has provided training to over 2,000 disabled persons and has placed more than 300 disabled persons in well-paying jobs in the computer field.

In discussions during the past several years, the University and representatives of CIR have determined that the respective goals and mission of CIR and the University could be served better if CIR were incorporated as a separate nonprofit corporation. As a result, CIR's representatives have incorporated Handisoft Foundation, Inc. ("HFI"), a Pennsylvania nonprofit corporation, to which the University anticipates transferring CIR's assets. HFI will remain associated with the University and will continue to offer the services now provided by CIR.

In anticipation of this planned restructuring, the University has agreed to guarantee a $1.4 million loan to HFI for use in purchasing and renovating offices at 4212-4216 Chestnut Street, Philadelphia, PA.

RESOLVED, that the Senior Vice President or Treasurer of the University be and the same hereby are authorized to execute and deliver such documents and to take such actions as are required to effect the University's guarantee of HFI's $1.4 million loan from Mellon Bank (East) National Association and as may in their judgment be necessary or desirable to accomplish the purposes of this resolution; and

FURTHER RESOLVED, that the actions of the above officers on or before the date of this resolution in effecting the above-described guarantee are hereby ratified, affirmed and approved.

6. Action. A Resolution on the Sale of a Partial Interest in Land in Madison County, Illinois was approved as follows:

Intention:

The University received a 6.67% interest in 10.443 acres of land located in Madison County, Illinois as a gift in December 1981. Together with the other parties owning interests in this land, the administration now proposes to sell this property to Gramex Corporation, a Missouri corporation, for a total purchase price of $180,000. Under the terms of the gift, the University will receive its proportionate share of the proceeds with the remainder allocated to the other owners of this realty.

RESOLVED, that the Trustees of the University of Pennsylvania hereby approve the sale and conveyance of the University's 6.67% interest in said land to Gramex Corporation, a Missouri corporation, and hereby direct and authorize the Senior Vice President, Treasurer, or other appropriate officers of the University to take such actions and 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 or which are necessary or desirable to accomplish the purposes of this resolution, 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 desirable to the accomplishment of such sale and conveyance.

B. Medical Center

Mr. Brown commented that members of the Trustee Board of the
Medical Center were very encouraged by what is happening financially at HUP and CPUP: "But we have to bear in mind that the climate around the country is not good," he said. "The Federal government, the state government, and private insurers are cutting back on reimbursement for medical care so we're watching closely and making sure that things are going well."

C. Investment Report

Mr. Neff commented that so far this year, the market has been a bit less spirited than it was last year. "The Standard and Poor 500 Index is down 4 percent (total return) since 31 December 1989," he pointed out, while the Associated Investments Fund (AIF) common stocks have done a bit better. They are down 0.7 percent (total return) since year end, a difference of 3.3 percent that Mr. Neff described as "a positive edge relative to having quite a poor 1989, principally in the last half, which is the first part of Penn's so-called NACUBO year. Approximately eight and a half months into that," he continued, "we're still a fair bit behind, with AIF equities down 0.7 percent (total return) since 30 June 1989 compared with a 8.4-percent appreciation in the S&P for the same period. You can see we've closed the gap a bit, but we haven't eliminated it," he observed, "and we haven't by any means given up our chance of fighting back and pulling out a mediocre year rather than a very poor one."

The chairman of the Investment Board went on to point out that as of 23 March, some 56 percent of the AIF remained in common stocks. "We've been reasonably active," he said. "We lost our 2.5 percent holding in Great Northern Nekoosa, which was purchased by Georgia Pacific at $65.75 a share and since we had purchased it for about $39 a share," he continued, "we banked about 65 percent profit in a somewhat indifferent market. It was a strategic purchase on Georgia Pacific's part," he observed, and he predicted "more of this kind of thing," particularly in the basic commodity cyclicals where, for example, something like Union Carbide, which he described as "not the world's greatest company but a decent one," is selling for $22 per share but would probably cost $45 to $50 per share to replace in today's market.

Mr. Neff went on to observe that in his view the "market itself is a bit shadowed by what's happening in Japan. It's been awfully hard to justify 50 times earnings in those market places," he said, "so when you go from 50 times to 40 times earnings, you're not exactly sure where the bottom will be." He added that something like 92 percent of the equities traded in Japan are owned in Japan and most of the rest are owned in Europe with perhaps 1 or 2 percent in the United States. "So there will be some linkage but not great linkage between what's going on in the Japanese market and what may happen here," Mr. Neff said. "There was a school of thought that said once the Japanese market started to tumble, the Japanese would sell their investments in this country, but the other side of that reasoning is that once the market begins to slide in Japan
investments in other countries start to look more attractive. The action of the Japanese in the Treasury bond market in recent weeks would suggest they've been active buyers, so it's a little hard to dope the situation out."

Mr. Neff further observed that while the U.S. economy is enjoying very moderate growth and there was a period after the first of the year "when the automotive industry took a cathartic in the sense that inventories were too high, so plants literally shut down, the automotive industry in March will probably produce about 65 percent to 70 percent more domestic cars and trucks than in January." He predicted the situation would be reflected in some ascendancy in the Federal Reserve Board Index of Industrial Production. "It isn't just automotive units either," Mr. Neff noted. "It's aluminum and copper and chemicals and all these other industries that owe some allegiance to the automotive industry. The consumer is wary," he continued, "but we would continue to predict a moderate growth this year and actually we're seeing it in this basic commodity area. Ingot aluminums rose from about 65 cents to 72 cents and coppers from about a $1 to $1.30. There have been increases in polyethylene, both high and low density, and in polypropylene, and polyvinylchlorides have gone up a little bit, so you're seeing some leveling out of the purge that some of those basic commodity cyclical prices have taken, and that's one of the reasons we thought they were attractive," he concluded.

V. Overseer and Other Boards

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

RESOLVED, that Laurence B. Brody, Stephen F. Goodman, Martin D. Levin, Walter Lorenz and D. Rudolph Pariser be appointed to the Board of Overseers of the School of Dental Medicine for three-year terms, effective 23 March 1990.

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

RESOLVED, that Benjamin M. Ashcom and Milton A. Feldman be appointed to the Board of Overseers of the Graduate School of Education for three-year terms, effective 23 March 1990.

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

RESOLVED, that Carolyn P. Langfitt and Nancy R. Sweeten be appointed to the Board of Overseers of the University Libraries for three-year terms, effective 23 March 1990.

D. Action. A Resolution on an Appointment to the Athletic Advisory Board was approved as follows:

RESOLVED, that Frances J. Bagnell be appointed to the Athletic Advisory Board for a three-year term, effective 23 March 1990.

E. Action. A Resolution on an Appointment to the Institute of Contemporary Art Advisory Board was approved as follows:

RESOLVED, that Peter L. Shaw be appointed to the Institute of Contemporary Art Advisory Board for a three-year term, effective 23 March
F. Action. A Resolution on Appointments to the Morris Arboretum Advisory Board was approved as follows:

RESOLVED, that Peter McCausland and Thomas M. Schmidt be appointed to the Morris Arboretum Advisory Board for three-year terms, effective 23 March 1990.

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University