Minutes of the Stated Meeting
of the
Executive Committee of the Trustees of the University of Pennsylvania
21 September 1990

A meeting of the Executive Committee was held on Monday 21 September 1990, in the Tea Room of the Faculty Club. Trustees attending were: Richard P. Brown, Jr.; Susan W. Catherwood; Richard J. Censits; G. Morris Dorrance, Jr.; Sheldon Hackney (ex officio); Stephen J. Heyman; John B. Neff; Sara S. Senior; Alvin V. Shoemaker (chairman); Saul P. Steinberg; and Myles H. Tanenbaum. Others present were: Michael Aiken; Richard Clelland; Karen Gaines; John Gould; Mary Ann Meyers; Rick Nahm; Duncan Van Dusen; Martha Whittington; Peter Spiegel; Frank Roth; Helen Jung; Susan Garfinkel; Duchess Harris; Peter Rossi; and Michael Carroll.

I. Call to Order

Chairman Shoemaker called the meeting to order and the minutes of the 20 April meeting were approved as written by the secretary.

II. Report of the Chairman

Mr. Shoemaker had no report.

III. Report of the President

A. President Hackney observed that the new academic year is off to a good start. "The Class of '94 appears to be more than sufficiently enthusiastic about life at Penn," he said, "and the new students and their upperclass colleagues seem to be hard at work on their academic pursuits." The president noted that freshman orientation went extremely well, and he congratulated Vice Provost Kim Morrison and her staff for a fine job. Dr. Hackney went on to report on what he described as "a very successful student-oriented event on the College Green to kick off the final phase of our 250th Anniversary celebration." He invited the Trustees and other friends of the University to take full advantage of the both the festive and intellectual sides of the last two months of Penn's birthday observance.

Turning to other matters, the president said safety and security remain a top administrative priority. He noted that John Kuprevich, Brown's director of security, had been appointed as the University's first police commissioner. "Mr. Kuprevich will be joining us full-time later this semester," Dr. Hackney noted, "and in the meantime, Penn is moving forward with the hiring and training of additional officers and with decisions regarding deployment of those officers as they complete their training at the Philadelphia Police Academy."

The president observed that a subject of considerable campus discussion during the first weeks of term was the administration's decision to add to the mix of student housing in the center of campus. He reported on his plans to meet with the task force that he has charged with recommending both short and long-term steps the University can take to diversify Locust Walk and expressed confidence that progress in this area would be made over the course of the academic year.

Finally, the president reported that the men and women of Penn's football, soccer, and field hockey teams are off to strong starts, and he said he looked forward to "a continuation of the same when the Quakers take on Holy Cross in Franklin Field."
B. Action. Resolution on the Naming of Lauder-Fischer Hall was approved as follows:

Intention:

Plans for a campus facility to house the Joseph H. Lauder Institute, the management and international studies program administered jointly by the Wharton School and the School of Arts and Sciences, and the Wharton School's Real Estate Center were set in motion five years ago. Construction began on a site on 37th Street between Locust Walk and Spruce Street in February of 1989 and was completed earlier this month. A substantial portion of the funds for the new facility were donated by the Lauder family and Arthur M. Fischer (W'52) contributed significantly to the project. In recognition of the generosity of Leonard A. Lauder (W'54), his brother Ronald (C'65), and other members of this distinguished Pennsylvania family and of the generosity of Mr. Fischer, the administration proposes naming the building they made possible Lauder-Fischer Hall.

RESOLVED, that the building at 25A South 37th Street housing the Joseph H. Lauder Institute of Management and International Studies and the Wharton Real Estate Center shall be named and hereafter known as Lauder-Fischer Hall.

C. Academic Report

Provost Aiken reviewed the status of searches for a vice-provost for information sciences and computing, a vice-provost for graduate education, a dean of the Graduate School of Fine Arts, and a dean of the School of Nursing. He mentioned that the University's five-year strategic plan is nearing completion and will be shared with the Academic Policy Committee of the Trustees at the 11 October meeting. Dr. Aiken said that several recommendations contained in the plan already have been put in place, including establishment of a Provost Council on International Programs, which will coordinate and provide policy advice on Penn's various international initiatives, and re-establishment of the Lindback Society. He explained that the latter is an organization of all of the University's Lindback Award winners, which will work very closely with him in the interest of strengthening teaching on campus.

Dr. Aiken went on to report that the results of tests given to some 30 faculty, staff members, and students, who may have been exposed to the HTLV-I virus at New Bolton Center earlier in the year, showed no evidence of infection. Tests of the sheep, who had been inoculated with the virus, were also negative, he noted, but these tests will be repeated over the rest of the semester to be absolutely certain there is no sign of disease. The provost further observed that one child, among the 100 pre-school children who were also possibly exposed to the virus when they visited the sheep with 30 adult chaperones, also had been tested as a result of Penn's offer to test all of these individuals. Happily, that test, like the others, showed no evidence of infection, and Dr. Aiken said the University was "enormously pleased that no harm has so far occurred. But given the nature of the HTLV-I virus and the uncertainty in scientific knowledge about how it can be promulgated", he continued, "we will have to remain vigilant for the foreseeable future."

Turning to faculty honors, the provost noted that Ian McHarg, a professor of landscape architecture and regional planning in the Graduate School of Fine Arts, has just been awarded the National Medal of the Arts for his commitment to environmental preservation. The award was presented by President Bush at a White House ceremony earlier in the month, according to Dr. Aiken, who went on to express great pleasure at the recognition accorded Professor McHarg's work.

1. Action. A Resolution on the Establishment of a Master of Liberal Arts Degree was approved as follows:
Intention:

The Faculty of the School of Arts and Sciences has approved a proposal to establish a Master of Liberal Arts Degree Program to be offered by the College of General Studies. Upon the recommendation of an external review team, the provost endorsed the proposal.

The program would offer exceptional post-baccalaureate students a well-defined, multidisciplinary, non-occupational course of study, which is unavailable under individual departmental auspices. It would consist of nine graduate level courses in several related SAS fields together with a final independent project supervised by a faculty oversight committee.

Unlike master of arts and master of science degrees awarded by the University, the MLA degree, which would be awarded upon successful completion of the MLA program, would be a school-based degree. It is not designed as a prelude to a Ph.D but to recognize the completion of part-time graduate study in comparative world areas, historical periods, policy domains, or social and cultural systems.

RESOLVED, that the degree of Master of Liberal Arts (MLA) shall be awarded to graduates of the Master of Liberal Arts Program offered by the College of General Studies.

2. Action. A Resolution on Appointments, Leaves, and Promotions was approved as found on pages 1 through 26 of the meetingbook.

D. Financial Report

Senior Vice President Whittington observed that on the administrative side of the house Penn is still living in two fiscal years. She noted that the Financial Report, dated 30 June 1990, showed an excess of revenues over expenditures of about $100,000 for FY '90 after approved, budgeted, discretionary allocations to the Undergraduate Development Fund, the Research Fund, and the campaign, and after the budgeted, mandated Graduate Hospital deficit amortization. "On the unrestricted side," she said, "the main positive factors were graduate tuition, summer and special tuition, indirect cost recoveries, and temporary investment fund income. The negative factors were special program and revenue and other income." But Dr. Whittington emphasized that all schools and centers ended the year with either a surplus or break-even performance, and she paid special tribute to the School of Veterinary Medicine for recovering from a deficit position one year ahead of a three-year schedule for attaining a balanced budget. "On the restricted side," the senior vice president continued, "grant endowment and gift and contract expenditures increased by 26.1 percent, 12.9, and 8.6 percent, respectively."

Dr. Whittington also reported that for FY '90 the Hospital had an excess of revenues over expenditures of $12,425,000, which was $6,477,000 better than budget. She went on to observe that the Clinical Practices had an excess of revenues over expenses of $9,107,000, which was $3,502,000 better than budget, and a net increase in the Education and Development Fund balance of $2,526,000.

She said that Coopers and Lybrand had "signed off" on Penn's FY '90 Financial Statements and that a meeting with the Audit Committee is planned for 2 October to review them. "At the October meeting of the full board," Dr Whittington continued, "I hope to be able to give you audited, signed, and approved Financial Statements for FY '90."

She went on to say that September was too early to present Financial Statements for FY '91, but she noted that she had informed the Budget and Finance Committee that problems were expected "in the utility line of the budget. Steam, which is 38 percent of our budget, is dependent on the price of oil", the senior vice president pointed out. She said the administration anticipated "a minimum of a 15-percent increase over budgeted expenses for steam for the year, which means about a $2 million hit between the University and the Hospital."
We are currently looking at energy conservation measures," she noted, "and we expect there is some chance that number will get worse over the course of the year. The electric side is not going to be a problem for us because our electric power is predominantly nuclear and coal driven," Dr. Whittington concluded.

IV. Trustee Committee Reports

A. Budget and Finance Committee

In Robert Fox's absence, Mrs. Catherwood reported that the Budget and Finance Committee had reviewed the University's Financial Report for Fiscal Year 1990 and heard a report from Dr. Whittington on Penn's insurance placement and premiums for Fiscal Year 1991, which reflect a 14.4-percent savings on premiums for those particular placements that are being renewed. Mrs. Catherwood further noted that Vice President for Facilities Arthur Gravina had reported on current maintenance, which has been carried out at a cost of $6.5 million a year for the last five years, and on administration plans for spending an additional $31 million over the next five years to maintain campus buildings.

She went on to say that the Budget and Finance Committee had discussed and approved nine resolutions, which it recommended to the Trustees.

1. Action. A Resolution on the Rehabilitation of the Penn Tower Garage, Phase II was approved as follows:

Intention:

As approved by the Trustees in December of 1989, the University has completed the first phase of the rehabilitation of the Penn Tower garage. The University now proposes to undertake the second phase of this project. The scope of work includes major structural repairs and reconditioning and sealing the roof level parking deck. This phase of the work, which is included in the Capital Budget for 1991, is estimated to cost $580,000. In order to take advantage of certain pricing opportunities, partial certification of proposed funding was required during the summer. Project costs will be covered through the parking facility fund.

RESOLVED, that the second phases of the rehabilitation of the Penn Tower parking garage, estimated to cost $580,000, 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 rehabilitation, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such rehabilitation as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

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

2. Action. A Resolution on the Purchase of Equipment for the Upgrade of Electrical Substation #3 was approved as follows:

Intention:

The University intends to upgrade Electrical Substation 3 to full 22 MVA capacity. The added capacity will be required to meet the projected electrical power needs of the Law Library addition, the Module 6 Chiller Plant, the proposed Institute for Advanced Science and Technology, increased athletic facilities power needs and other possible development north of Walnut Street. The switchgear equipment for the power upgrade has a delivery time of thirty-six weeks from the time the manufacturer receives the order. The University proposes to order the switchgear equipment now so the project can be completed expeditiously. The estimated cost of this equipment is $252,674.
RESOLVED, that the purchase of electric switchgear equipment for upgrading Electrical Substation 3, estimated to cost $252,674, 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 purchase, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such purchase as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

3. Action. A Resolution on the Purchase of Computer Equipment, IBM 3990 Controller and 3990 DASD Unit, for University Management Information Services was approved as follows:

Intention:

In order to take advantage of pricing opportunities, in late August, the administration purchased an IBM 3990 Controller and 3990 DASD unit for $340,896 for University Management Information Services. This equipment is necessary to meet disk storage growth for the next twelve to eighteen months. Funding for this purchase will be from general University funds.

RESOLVED, that the purchase of a 3990 Controller and 3990 DASD unit from IBM Corporation at a cost of $340,896 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 purchase, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the cost of such purchase presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

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

4. Action. A Resolution on the Purchase of a Superconducting Fourier Nuclear Magnetic Spectrometer for the Department of Biochemistry and Biophysics in the School of Medicine was approved as follows:

Intention:

Due to research scheduling constraints, in August the administration purchased a Superconducting Fourier Nuclear Magnetic Resonance Spectrometer for the Department of Biochemistry and Biophysics. This equipment, which will be used for research purposes, was purchased from Bruker Instruments for $400,000. This purchase will be funded from research grants.

RESOLVED, that the purchase of a Superconducting Fourier Nuclear Magnetic Spectrometer from Bruker Instruments at a cost of $400,000 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 purchase, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the cost of such purchase as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

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

5. Action. A Resolution on the Purchase of a Single Photon Emission Tomography System for the Department of Radiology in the School of Medicine was approved as follows:

Intention:
Due to research scheduling constraints, in late June the administration purchased a Single Photon Emission Tomography (SPECT) system for clinical imaging use in the Department of Radiology. This equipment was acquired from Picker International, Inc. for $400,000. This purchase will be funded from research grants.

RESOLVED, that the purchase of a SPECT system from Picker International, Inc. at a cost of $400,000 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 purchase, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the cost of such purchase as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

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

6. Action. A Resolution on the Renovation of Towers 2D and 7A of the Richards building for the School of Medicine was approved as follows:

Intention:

The School of Medicine proposes to renovate approximately 4,350 gross square feet of research space in Towers 2D and 7A of the Richards Building.

This project is estimated to cost $1,883,513. It is in the capital budget for 1991, and will be funded by the School of Medicine.

RESOLVED, that the renovation of Towers 2D and 7A of the Richards Building, estimated to cost $1,883,513, 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 renovation, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such renovation as presented to the Budget and Finance Committee -- as may, in their judgment be necessary or desirable to accomplish the purposes of this resolution.

7. Action. A Resolution on the Sale of 3955 Harlem Road, Amherst, New York was approved as follows:

Intention:

In 1988 the University received as a gift property in Amherst, New York, containing approximately 15,120 square feet of land and the improvements thereon. The administration now proposes to sell this property. The net sale proceeds for this parcel are anticipated to be no less than $117,000.

RESOLVED, that the Trustees of the University of Pennsylvania hereby approve the sale and conveyance of said parcel of 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, affirm 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 Acquisition and Renovation of 200-232 South 40th Street, Philadelphia, PA was approved as follows:

Intention:
The administration proposes to purchase the commercial/retail property located on the west side of 40th street between Walnut and Locust Streets in Philadelphia, PA. Located on this approximately 40,000 square foot parcel of land is a two-story building containing approximately 76,000 square feet of mixed retail and office space; the parcel also contains 40 rentable parking spaces.

The maximum purchase price and closing costs for this acquisition are estimated to be $10,500,000. In addition to these acquisition costs, it is estimated that another $300,000 will be required to clean up and renovate the property.

Acquisition and renovation costs will be paid from general University funds, and recovered from the property's rental charges and operating income over time.

RESOLVED, that the acquisition and renovation of 200-232 South 40th Street, Philadelphia, PA, estimated to cost $10,800,000, 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, execute such contracts and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such acquisition and renovation as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

9. Action. A Resolution on the Acquisition of 3601-03 Powelton Avenue, 3605-07 Powelton Avenue and 3414 Hamilton Street, Philadelphia, PA was approved as follows:

Intention:

The University proposes to enter into a bargain sale agreement with a donor/seller for the acquisition of 3601-03 Powelton Avenue, 3605-07 Powelton Avenue and 3414 Hamilton Street. These properties have total appraised value of $1,500,000 and the proposed sale price is $800,000. The University will pay all of the transfer taxes assessed in connection with this transaction. The total estimated acquisition cost for this transaction (including transfer taxes and other University charges) is $898,000. This acquisition will be financed internally with debt repayment provided from the operation of these properties.

RESOLVED, that the acquisition of 3601-03 Powelton Avenue, 3605-07 Powelton Avenue and 3414 Hamilton Street, Philadelphia, PA, estimated to cost $898,000, 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, execute such contracts and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such acquisition as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

B. Medical Center Board

1. Mr. Brown noted with satisfaction that the Hospital had gone from a $14 million operating loss in FY '89 to a $6 million operating surplus in FY '90. He described the turnaround as "remarkable." Mr. Neff asked Mr. Brown how he could account for such an accomplishment. Mr. Brown said it was a combination of many factors but principally the successful implementation of cost containment measures and an increase in patient admissions. The chairman of the Medical Center Board went on to note that the board was in the process of creating a Board of Overseers of the School of Medicine and of expanding the Board of the Hospital. He then offered a resolution of appointment.

2. Action. A Resolution on an Appointment to the Trustee Board of the Medical Center was approved as follows:
RESOLVED, that the Rev. William J. Shaw be appointed to the reorganized Trustee Board of the Medical Center for a three-year term, effective 21 September 1990.

C. Investment Board

Mr. Neff reported that the Associated Investment Fund (AIF) continued to do poorly in the present market. He noted that since 31 December 1989 the common stock portion of the Fund had depreciated 13.8 percent versus a 6.4-percent decline for the Standard and Poor 500 Stock Average (S&P). "Actually the companies in our portfolio have measured up on the bottom line," he said, "but we really haven't gotten any reward." He noted that the price of oil is a further complicating factor and predicted an escalation. "Our best guess at this point would be that it would come down to the low twenties after all is said and done," the Investment Board chairman continued, "but we'll have to wait to see what happens. The one thing that we've been right on," Mr. Neff observed, "is that we haven't been ebullient about the market overall, and you can see that only 53 percent of our portfolio is invested in common stocks, although we have the ability to put up to 70 percent of it in equities. We're ready to put the excess liquidity back into common stocks." he continued, "although we're hoping to do so outside our basic concentrations in financial intermediaries and basic cyclicals." He noted, furthermore, that the cyclicals included aluminum stocks and that the price of aluminum had appreciated. "So there is some justice out there," Mr. Neff observed. "We just need a little bit more."

He went on to note that the current yield of common stocks had increased from 5.3 percent to 6.7 percent between 31 December 1989 and 12 September 1990, although the portfolio hasn't changed much. "We've gotten a few dividend increases on the corpus side," Mr. Neff said, "but essentially the yield has appreciated the hard way; that is, when the principal price is adjusted down. We think again that that's a bit irrational," he continued, "but we'll see. Rest assured that we will keep our head while others seem intent on doing otherwise. It doesn't take much to disappoint the market," the Investment Board chairman concluded, "but we intend to become more aggressive, though we are going to wait for a little more adjustment than we've had so far."

V. Overseers 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 William J. Ryan and Gershon A. Stern be appointed to the Board of Overseers of the School of Dental Medicine for three-year terms, effective 21 September 1990.

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

RESOLVED, that Gloria Twine Chisum be appointed a member and chair of the Board of Overseers of the Graduate School of Education, effective 21 September 1990.

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

RESOLVED, that the following individuals be appointed to the Board of Overseers of the School of Medicine for terms specified, effective 21 September 1990. One-Year Term, Dr. Stanley N. Cohen; Three-Year Term, Mrs. Madlyn K. Abramson, Richard P. Brown, Jr., Esq., Mrs. Susan W. Catherwood, and John G. Harkins, Jr., Esq.

D. Action. A Resolution on Appointments to the Board of Overseers of the University Museum of Archaeology and Anthropology was approved as follows:
RESOLVED, that Sandra C. Hollin, A. Bruce Mainwaring, Richard B. Price, Sara S. Senior, Karl H. Spaeth, and Lee E. Tabas be appointed to the Board of Overseers of the University Museum of Archaeology and Anthropology for three-year terms, effective 21 September 1990.

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

RESOLVED, that Robert A. Gleason, Jr. and William Schawbel be appointed to the Board of Overseers of the School of Veterinary Medicine for three-year terms, effective 21 September 1990.

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

RESOLVED, that Ronald A. Rosenfeld be appointed to the Board of Overseers of the Wharton School for a three-year term, effective 21 September 1990.

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

RESOLVED, that Frank L. Katz be appointed to the Advisory Board of the David J. Mahoney Institute of Neurological Sciences for a three-year term, effective 21 September 1990.

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

RESOLVED, that Barbara Aronson be appointed to the Advisory Board of the Institute of Contemporary Art for a three-year term, effective 21 September 1990.

I. Action. A Resolution on an Appointment to the Board of Trustees of the Atwater Kent Museum was approved as follows:

RESOLVED, that David R. Wilmerding, Jr. be appointed as the University of Pennsylvania representative to the Board of Trustees of the Atwater Kent Museum, effective 21 September 1990.

Adjourned.

Respectfully submitted,

Mary Ann Meyers
Secretary of the University