Trustees of the University of Pennsylvania  
Minutes of the Stated Meeting  
October 11, 1991

A Stated Meeting of the Trustees was held on Friday, October 11, 1991, in Hoover Lounge of Vance Hall. Trustees attending included: Arlin M. Adams; Juan J. Amodei; Gustave Amsterdam; Gordon S. Bodek; Michael S. Brown; Christopher H. Brown; Susan W. Catherwood; Richard J. Censitz; Gloria Twine Chisum; D. Michael Crow; B. Morris Dorrance; Carol B. Einiger; Richard L. Fisher; Robert A. Fox; Joseph B. Glossberg; John G. Harkins, Jr.; Sheldon Hackney (ex officio); Stephen J. Heyman; A. Leon Higginbotham, Jr.; Reginald H. Jones; A. Eugene Kahn; Leonard A. Lauder; Robert P. Levy; A. Bruce Mainwaring; Margaret K. Mainwaring; Paul F. Miller, Jr.; John B. Neff; Russell Palmer; Vivian W. Piaskecki; Joseph F. Rascopi; James S. Riepe; Michael R. Sandler; Adele K. Schaeffer; Alvin V. Shoemaker; Myles H. Tanenbaum; Robert L. Treder; Sandra D. Williamson; Charles S. Wolf; Richard B. Worley; and D. Robert Yarnall. Others present included: Michael Aiken; Cesar Aquino; Michael Carroll; Richard Cleland; Doris Cochran-Fikes; Carol Farnsworth; Karen Gaines; Stephen Golding; Constance Goodman; John Gould; Shelley Green; Eileen S. Heron; David Hildebrand; Samuel Hughes; Linda Hyatt; Susan Golden Jacobson; Rev. Stanley Johnson; Carole Karsch; George Koval; Christine Lutton; Kim Morrisson; Frederick C. Nahm; Keith Noreika; Selimo Rael; Allison Rose; Jay Saddington; Barbara R. Stevens; Duncan W. Van Dusen; Johanna Vogeli; and Marna Whittington.

I. Call to Order

Chairman Shoemaker called the meeting to order. An invocation was offered by the Reverend Stanley Johnson. The minutes of the June 21, 1991 meeting were approved as written by the secretary.

II. Chairman's Report

A. Chairman Shoemaker had no report.

B. Action. A Memorial Resolution for Marietta Endicott Peabody Tree was approved as follows:

Marietta Endicott Peabody Tree graduated from the University of Pennsylvania in the Bicentennial Year of 1940. During World War II she worked as a researcher for Life magazine and became active in liberal democratic politics in New York. In 1961 President Kennedy appointed her United States Representative to the United Nations Commission on Human Rights and to the United Nations Trusteeship Council with the rank of Ambassador. On January 18, 1964 she received an LL.D degree from the University of Pennsylvania. The citation read in part:

Born to a family dedicated to the cultivation of mind and spirit, bred in a tradition of service to others, deeply concerned with human welfare, she has worked diligently and effectively both at home and abroad to help man to live with man, and one race to live with another.

During a perilous period of world history, marked by rising aspirations and expectations of peoples everywhere, the United States has been fortunate in having her as its representative on the United Nations Commission on Human Rights which seeks to chart new oceans of hope and open the sea lanes of the future.

After her diplomatic service, she became increasingly involved in urban problems as a partner in Llewelyn Davis Associates; chairman of the Citizens Committee; a founder of Syndenham Hospital; a member of the City of New York Commission on Human Rights; a director of the Franklin D. Roosevelt Four Freedoms Foundation; the Marconi International Foundation; the Winston Churchill Foundation; The La Napoule Art Foundation; CBS and Pan American Airways.

Mrs. Tree served the University as an active alumna for decades and as a trustee between January 15, 1971 and January 30, 1981. During this period she lent her counsel to the Educational Policy Committee and the University Responsibility Committee and served as the first chair of the Board of
Overseers of the Graduate School of Fine Arts. From 1983 until her death she
chaired the Friends of the Arthur Ross Gallery at the University of
Pennsylvania.

The Trustees lost their friend and colleague on August 15, 1991.

RESOLVED that the Trustees of the University of Pennsylvania express their
depth sorrow for the death of their colleague and friend, and in recording
this official minute in memory of Marietta Endicott Peabody Tree, ask the
secretary to convey to her family their affection and enduring gratitude.

C. Action. A Resolution of Appreciation to Melvyn J. Estrin was
approved as follows:

Intention:

Melvyn J. Estrin graduated from the University of Pennsylvania with a
Bachelor of Science in Economics degree in 1964. He settled in Washington,
D.C. where he has been chairman and chief executive officer of the Human
Services Group Inc., chairman of the Center for Human Services of the
University Research Corporation, partner of Centuar and president of Estrin
Abod International, Inc. Mr. Estrin has also been a theater owner and
producer and has received three nominations for the Antoinette Perry Award
(Tony Award) as Best Producer.

In addition Mr. Estrin has served over a dozen eleemosynary organizations
in a leadership capacity including the Washington Opera Society, Ford's
Theatre, the Jewish Community Center of Greater Washington, the Population
Reference Bureau, State of Israel Bonds, the American Digestive Disease
Society, The Barker Foundation, United Jewish Appeal Federation, and the Home
for the Aged. In recognition of his service to the community, Mr. Estrin
was awarded the Eleanor Roosevelt Humanitarian Award and the City of
Jerusalem Award.

Mr. Estrin was elected an Alumni Trustee from Region IV effective October 24,
1986. As a trustee he has served on the Development Committee, the External
Affairs Committee, and the Graduate School of Education Board of Overseers.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of
themselves, the overseers, administration, faculty, students, and alumni of
the University, record their grateful appreciation to Melvyn J. Estrin for
his distinguished service and look forward to his continued involvement at
Penn in the years ahead.

D. Action. A Resolution of Appreciation to Bruce J. Graham and the
Designation of Mr. Graham as Trustee Emeritus was approved as follows:

Bruce J. Graham was born in La Cobre, Bogata, Columbia and received a
bachelor of architecture degree from the University of Pennsylvania in 1949.
Since then he has been associated with the firm of Skidmore, Owings and
Merrill where he now serves as a consulting partner. When Philadelphians
think of Mr. Graham, they think first of the Spectrum, but throughout the
country are examples of his architectural genius. In a feature article in
the November 8, 1982 issue of Newsweek, Mr. Graham's "position is admirably
summed up in One Magnificent Mile, an interconnected suite of buildings now
rising on the north end of Chicago's Michigan Avenue."

Always a supportive alumnus, Mr. Graham became a term trustee on October 23,
1981. During the past 10 years he has served on the Academic Policy
Committee, the Development Committee, the Facilities and Campus Planning
Committee, and as chairman of the Board of Overseers of the Graduate School
of Fine Arts. Mr. Graham volunteered his time and professional talent in
many ways that greatly benefited the University and many of its major
construction projects during the past 10 years. In addition, Mr. Graham has
funded the Bruce J. and Jane J. Graham Professorship in Architecture. Most
recently he provided the impetus for the University to develop a new long
range campus master planning framework that will guide campus development for
decades to come.
RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, administration, faculty, students and alumni of the University, record their grateful appreciation to Bruce J. Graham for his distinguished service, and be it

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

F. Action. A Resolution of Appreciation to A. Leon Higginbotham and the Designation of Judge Higginbotham as Trustee Emeritus was approved as follows:

Intention:

Judge A. Leon Higginbotham graduated from Antioch College in 1949 and received his law degree from Yale Law School in 1952. He then practiced law as a partner of the Philadelphia law firm of Norris, Green, Harris and Higginbotham for a decade until he was named a Federal Trade Commissioner by President Kennedy in 1962. Two years later Judge Higginbotham became the youngest person in thirty years to serve as a Federal District Judge. Judge Higginbotham was appointed to the U.S. Court of Appeals by President Carter on October 13, 1977 after he received the American Bar Association's rating of "exceptionally well qualified" by an unanimous vote. Subsequently, Judge Higginbotham served as chief judge of the Third Circuit.

Judge Higginbotham has received over fifty honorary degrees including an LL.D. from the University of Pennsylvania on May 18, 1975. The citation stated in part: "His generous service to others, his judicious compassion, and his warm understanding of man's strengths and foibles have enhanced all his contributions." Another honorary degree citation from a sister Ivy League University stated that Judge Higginbotham has "devoted his multi-faceted career to investigating, explicating, and effectuating the meaning of full citizenship in the United States."

Judge Higginbotham was elected a University of Pennsylvania Trustee on May 3, 1968 and during the past 23 years his principal involvement has been as the first chairman of the University Responsibility Committee, the first chairman of the Graduate School of Education Board of Overseers, chairman of the School of Law Board of Overseers, a member of the Student Life Committee, a member of an ad hoc University Committee which developed opportunities for black South Africans to study at Penn, an adjunct professor in the School of Arts and Sciences, and since 1971 as a lecturer in the Law School. During this period he has also served as a fellow of the Yale Corporation and a trustee of Thomas Jefferson University.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, administration, faculty, students, and alumni of the University, record their grateful appreciation to Judge A. Leon Higginbotham for his distinguished services and be it

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

Judge Higginbotham acknowledged the honor paid to him by his colleagues and friends and said that in twenty-three years of serving on boards, "I know of no other board of trustees of this size which is our equal and which has had, and continues to have, superb leadership." He said that Penn was a better University qualitatively now than it was twenty-three years ago, and that the trustees had "walked the right path" by insisting on academic excellence while not being intrusive on the issues of academic freedom. He quoted H. G. Wells who said that civilization is "a race between catastrophe and education" and praised the trustees for performing "an extraordinarily noble mission in our society by knocking down barriers which could destroy our attempt at making the quality of life better for others." He continued by saying that the trustees should never forget the commonality of strengths and greatness that Penn has to offer. Judge Higginbotham summed up his feelings with a quotation from Benjamin Franklin who, at the close of the Constitutional Convention said, "We must all hang together or assuredly we shall hang separately."
F. Action. A Resolution of Appreciation to D. Robert Yarnall, Jr. and the Designation of Mr. Yarnall as Trustee Emeritus was approved as follows:

Intention:

Immediately after graduating from Germantown Friends School, D. Robert Yarnall, Jr. departed for Europe where he served as a combat ambulance driver with the British 8th Army in Italy. He remained for two years after the end of World War II engaged in relief and reconstruction work. Only then did he return to complete his education, studying mechanical engineering at Cornell University.

At the age of 37, Mr. Yarnall became CEO of Yarway Corporation, the family enterprise he had entered upon graduation. Under his leadership, Yarway Corporation, manufacturer of high technology products for energy and process industries around the world, experienced extraordinary growth. At the same time, as CEO and Chairman of the Board, Mr. Yarnall oversaw increased support for community and cultural activities, through expansion in the Yarway Foundation. Mr. Yarnall is also a photographer of note who has had several one man shows. When Yarway Corporation merged with Keystone Internationally, Mr. Yarnall retired as Chairman of its Board, becoming Chairman of the Board of Envirite, which became an independent firm.

Mr. Yarnall’s internationalism was also expressed as Chairman of the World Affairs Council. He was one of the founders of the International City Project for Philadelphia, and served as Co-Chairman of Greater Philadelphia International Network in its formative years. He is one of the founding members of the Boards of Philadelphia Museum of Art, WHYY Inc., University City Science Center and Chestnut Hill Hospital. His for profit Boards, in addition to Envirite, include Meritor Financial Group (formerly PSFS) and two industrial companies of excellent international operations, Quaker Chemical Corporation and Keystone International, Inc.

Mr. Yarnall was elected an overseer of the School of Engineering and Applied Science in 1979 and a trustee of the University on October 23, 1981. As a trustee he has served on the Academic Policy Committee, the Investment Board, the Executive Committee, and as a member and chairman of the University Responsibility Committee. Mr. Yarnall also served as chairman of the Advisory Board of the joint program between Penn and Shanghai Jao Tung University in China. He has shown particular concern for students’ need for financial aid. Combining this concern with his belief that Penn’s campus benefits from the presence of the most talented international students, he has provided for scholarships through the Yarnall International Scholarship as well as supported the independent International House on Penn’s campus. At the same time, through Envirite Corporation, he has contributed to the development of a new curriculum in environmental systems at Penn’s School of Engineering and Applied Science.

RESOLVED, that the Trustee of the University of Pennsylvania, on behalf of themselves, the administration, overseers, faculty, students, and alumni of the University, record their grateful appreciation to D. Robert Yarnall, Jr. for his distinguished services, and be it

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

Before moving onto the President’s report, Mr. Shomaker asked Mr. Miller to give the report of the Nominating Committee.

G. Nominating - Mr. Miller

1. Action. A Resolution on the Election of A. Eugene Kohn as a Term Trustee was approved as follows:

RESOLVED, that A. Eugene Kohn be elected a term trustee, for a five-year term, effective October 11, 1991.

2. Action. A Resolution on the Election of Russell E. Palmer as a Term Trustee was approved as follows:

RESOLVED, that Russell E. Palmer be elected a term trustee, for a five-year term, effective October 11, 1991.
3. **Action.** A Resolution on the Election of Vivian Weyerhaeuser Piasecki as a Term Trustee was approved as follows:

**RESOLVED,** that Vivian Weyerhaeuser Piasecki be elected a term trustee, for a five-year term, effective October 11, 1991.

Mr. Shoemaker welcomed the new Trustees and asked each to take his/her seat at the table with the rest of the Trustees.

**III. President's Report**

A. President Hackney reported that the academic year began with a focused and very well received freshman orientation that informed incoming students of Penn's commitment to diversity of the community and to its safety and that students were given "important cautionary information on safety, security and acquaintance violence." The president also mentioned that the Bacchae project, which has received national press, was so successful among incoming students that he hoped to make a similar intellectual project a continuing part of New Student Week.

President Hackney noted that Penn's appropriation for FY92 had been restored by the Commonwealth to the unabated FY91 level and expressed his appreciation to all the trustees who encouraged the General Assembly and the Governor to restore the funds that support the University.

With regard to indirect cost recoveries, President Hackney said that the Department of Health and Human Services had completed Penn's audit and issued an official report. The president stated that Penn fared very well compared to many of its peers and that many of the disputed issues were decided in the University's favor.

Expressing his concern "for civility and tolerance within the University community," the president said that Penn's policy on Sexual Violence and Acquaintance Rape was recently republished in Almanac and credited the work of the administration and student groups such as STAAR (Students Against Acquaintance Rape) for "recognizing the problem earlier than some other institutions and addressing it in ways that are being seen as a national model." President Hackney also noted that the final version of Penn's Racial Harassment Policy was published in Almanac in September and that the policy is important not only as a symbol of Penn's commitment but also for its substance. He said that he asked the Affirmative Action Council "to advise me on steps we should take to disseminate the new policy, educate the community further regarding racial harassment, and assure prompt and effective adjudication of all complaints."

The president turned his attention to the final report of the Committee to Diversify Locust Walk and stated that its strength "lies in its recognition that changes must take place over a period of time and must be carefully planned to assure that they will fit into both the overall Campus Master Planning Framework and the limitations of our resources." President Hackney expressed his support for the objectives the report sets out for diversifying the Walk, its recommendations on the array of sites to be be evaluated, and the standards for behavior on the Walk. He noted that some progress had already been made, with the creation of a Community House which will bring to the Walk many groups that "exemplify Penn's commitment to public service."

In closing, President Hackney reported that because University Council had concluded the Reserve Officer Training Corps (ROTC) discriminates against students on the basis of sexual orientation, the Council voted to recommend the removal of ROTC from Penn's campus in June 1993 unless it adheres to the spirit and letter of the University's non-discrimination policy. The president noted his concern for the Department of Defense policy and said he is currently soliciting opinions from "area institutions served by ROTC programs at Penn that would be directly affected by a change in the status of these programs." The president mentioned several avenues of change that are currently being addressed: first, Penn, along with other institutions, has made its views clear to Secretary of Defense Cheney and will continue to press the Secretary directly; second, there are cases before the courts in
both California and Wisconsin that will test whether the current policy is legal, and Penn will monitor their progress; third, a number of members of the House of Representatives are considering drafting legislation to end the current policies and Penn along with other universities is working with Congress to encourage them to move forward on this front.

B. Academic Report - Provost Aiken

1. Provost Aiken announced that Professor Norma M. Lang, currently Dean of the School of Nursing of the University of Wisconsin at Milwaukee, has accepted the offer to become Dean of Penn's School of Nursing effective March 1, 1992. He noted that Dr. Lang is an expert in the field of standards and measurements for evaluating the quality of health care, and that in the 1970's Dr. Lang developed a model for quality assurance that bears her name and has been adopted in the United States and abroad.

Provost Aiken reported that with the impending departure of Michael Austin, Dean of the School of Social Work, the process of establishing a search committee to identify a new dean has begun. In addition, the provost noted that he and President Hackney established an advisory committee "to apprise us consider in search need for a new dean." He identified the chair of the committee as Shanti Khinduka, dean of the George Warren Brown School of Social Work at Washington University in St. Louis, who will be working with committee members Richard English, dean at Howard University; Irving Garfinkel, professor at Columbia University, and Jean Marsh, dean at the University of Chicago.

Provost Aiken stated that Valerie Swain Cade, who holds the positions of Assistant Provost and Assistant to the President, has been named interim president of Cheyney University and that he and President Hackney would soon announce how Dr. Cade's responsibilities would be covered during her absence, particularly those pertaining to minority permanence.

Provost Aiken turned his attention to Penn's satellite technology, and reported that a grant from the UPS Foundation had allowed Penn to begin work during the summer on an academic video network connected to a satellite dish installed by the Annenberg School and made available to the University at no cost. The provost said that the "downlink" enables the University to receive television signals from around the world, including foreign news broadcasts on a 24 hours basis and several channels that provide programs in mathematics, engineering, business, medicine and international affairs. Provost Aiken stated that the potential impact of the "downlink," through the academic video network "is enormous" because it will allow members of the University to hold and/or participate in national symposia and conferences and air specialized academic programs and documentaries that can be coordinated with specific classes.

Provost Aiken announced that two faculty members received special honors. Martin Seligman, professor of psychology and director of clinical training, received the 1991 William James Fellow Award of the American Psychological Society, given for his internationally recognized scientific contributions and Dennis A. Yao, associate professor of public policy and management at the Wharton School was named by President Bush as a member of the Federal Trade Commission for a term expiring September 1996.

In his concluding remarks, the provost mentioned that the University of Pennsylvania Medical Center has been included in a recent Consumers Digest listing of "The 25 Best Medical Centers in America." He said the rating was based on the responses of more than 300 medical specialists to the question, "Aside from your own institution, where would you go if you or a member of your family were in need of the best available health care?"

2. Action. A Resolution on Deaccession of Lower Nubian Material from the University Museum of Archaeology and Anthropology for Exchange with the Museum of Fine Arts, Boston was approved as follows:

Intention:

The University Museum holds in its collections a large and varied amount of material from Lower Nubia (First to Second Cataracts) which was excavated
from a Meroitic (ca. A.D. 100-400) cemetery from 1907-1910. However, The University Museum does not have any material from the royal tombs of contemporary Meroite pharaohs or from the Nubian Bronze Age.

In contrast, the Boston Museum of Fine Arts has accumulated a fine collection of Nubian Bronze Age and royal Napatan and Meroitic material. The Boston Museum of Fine Arts has agreed to provide The University Museum with a collection (98 pieces) of Nubian Bronze Age, royal Napatan and Meroitic material in an exchange for a collection (82 pieces) of Lower Nubian Meroitic artifacts.

The material from The University Museum has been carefully chosen by Dr. David O'Connor, Curator of the Egyptian Collection, and it has been reviewed and approved for exchange by the Egyptological curators and faculty and University Museum senior staff. The aim of both museums is to provide each other with representative artifacts and to supplement deficiencies in both collections. Material from The Boston Museum of Fine Arts will greatly expand The University Museum's capacity to develop exhibits on ancient Nubia and to teach the archaeology of that important and fascinating region to students.

The Board of Overseers of The University Museum has unanimously approved of this exchange with The Museum of Fine Arts, Boston.

RESOLVED, that the director of the University Museum, or his designees, be and are hereby authorized to take such actions as are required to transfer selected pieces from the Nubian collection, to the Museum of Fine Arts, Boston, in exchange for the selected Nubian artifacts from the Museum of Fine Arts, Boston.

3. **Action.** A Resolution on Appointments, Leaves, and Promotions was approved as found on pages 1 through 14 in the meeting book.

C. **Financial Report - Dr. Whittington**

Dr. Whittington began her report for FY92 by noting that tuition estimates were still being finalized; therefore, financial projections were based more on historical trends than year-to-date data. She said a surplus of about $25,000 was expected after budgeted and discretionary allocations to the respective funds. On the unrestricted side, Dr. Whittington noted positive factors include graduate tuition, summer and special tuition, and savings in salary and utility expenses. Negative factors included special programming fees, indirect cost recovery and other income. With regard to school performance, Dr. Whittington projected a deficit of $500,000 for the Wharton School and $400,000 for the Graduate School of Fine Arts. However, she expects the Graduate School of Education to have a surplus of $550,000 with all other schools and centers projected to break even. On the restricted side, Dr. Whittington stated that grant and contract expenditures increased by 9.4%, endowment and gift fund expenditures decreased by 7% and 10.7% respectively, with the amount available for grant and contract expenditures 7.7% more than the amount available September 30, 1990. Dr. Whittington also reported that the financial statements for the Hospital of the University of Pennsylvania were for the two months ending August 31, 1991 and showed an excess of revenues over expenses of $10,201,000, which is $4,485,000 better than budget. Turning to the Clinical Practices she said the financial statements were for July 31, 1991 and showed an excess of revenues over expenditures of $1,026,000, which is $90,000 better than budget.

IV. **Trustee Committee Reports**

A. **External Affairs - Mr. Lauder**

Mr. Lauder reported that Penn's Commissioner of Public Safety John Kuprevich gave a detailed report to the External Affairs Committee on Penn's efforts to enhance student safety on its campus. Mr. Lauder applauded many of the initiatives such as the Green Route shuttle which serves students living in Center City; the expansion of patrol areas beyond the 41st Street area; a shopping shuttle; and extra shuttles during examination time. He also reported that communication material was being made available "so that everyone knows exactly what they have to do to improve their safety."
He also noted that Penn was increasing its efforts to inform members of the press "to ensure that we are not looking at headlines that unfairly place the University campus in a bad light." Mr. Lauder said he believes that all members of the University are "working hard to ensure that we are the safest campus in America."

B. Academic Policy - Mr. Crow

Mr. Crow reported that the Academic Policy Committee discussed the internationalization of Penn's academic programs, specifically the importance of better integrating Penn into the international community; an area embarked upon some time ago which is now receiving increased attention. With respect to language training, Mr. Crow noted that the undergraduate schools all require training at a proficiency-based level and that students may choose from among 45 languages at Penn or participate in a joint program with a foreign university. As an example, Mr. Crow mentioned that the Wharton School and the College have an exchange program with the University of Lyon where students can take marketing courses in French in France. He also noted that some language teaching has been targeted to specific fields, such as teaching Spanish within the Medical School. He also acknowledged the success of the Lauder Institute, and noted that about 50% of the MBA students at Wharton now take a foreign language as part of their studies.

Mr. Crow turned his attention to area studies, noting that Penn offers programs on Africa, the Middle East, Latin America, South Asia, East Asia, Western Europe as well as the Soviet Union and Eastern Europe. He said that these programs provide an interdisciplinary perspective and collaborative teaching and research opportunities between American and foreign scholars and an immersion in language training. Mr. Crow stated that Penn has ties with 92 institutions in 32 countries, (most of them in Europe with some in East Asia), 21 of which are university-wide agreements, with others being more specific to departments or schools. He noted that approximately 530 undergraduate students participated in the studies abroad program last year.

In conclusion, Mr. Crow stated that Penn "has made many strides in becoming a more international university, and it is clear that efforts are continuing to increase its exposure."

C. Audit - Mr. Dorrance

Mr. Dorrance stated that the Audit Committee met with University representatives of Penn's outside auditing firm, Coopers and Lybrand, to review the annual Fiscal Year 1991 audited, consolidated financial statements for the University, and the unconsolidated statements for the Hospital of the University of Pennsylvania and the Clinical Practices of the University of Pennsylvania. He reported that all three entities received unqualified audit opinions.

Mr. Dorrance noted that the Audit committee felt that Penn was still exposed to a substantial extent with respect to disaster recovery, but that the University, through Dr. Marna Whittington and Dr. Peter Patton, Vice Provost for Information Systems and Computing, was addressing the Risk Analysis/Disaster Recovery issues.

Mr. Dorrance reported that the committee had been advised by Coopers and Lybrand that some forthcoming changes in financial reporting will require Penn to make additional disclosures with regard to post retirement benefit costs for retirees other than pensions. He concluded his report by noting that the committee met with Penn's Internal Audit department and found it was having an increased impact on activities around the University.

D. Budget and Finance - Mr. Fox

Mr. Fox reported that the Budget and Finance Committee had discussed and approved seven resolutions, which he recommended to the Trustees. Mr. Shoemaker stated that the resolutions will be recorded as action by the Executive Committee of the Trustees.

1. Action. A Resolution to Acquire Letters of Credit was approved as follows:
Intention:

From time to time, in connection with regulatory and governmental requirements, it is necessary for the University to acquire letters of credit in lieu of a pledge of assets or direct payment. These letters renew automatically from year to year, unless cancelled by both the University and beneficiary.

The University currently has in place, exclusive of those in support of medical professional liability and general liability, $1,082,191 letters of credit in favor of various beneficiaries. The administration requests approval to place up to a total of $2,000,000 in letters of credit as necessary.

RESOLVED, that the Senior Vice President or any other appropriate officers of the University be and they hereby are authorized to request and cause the issuance of irrevocable, unsecured letters of credit by such financial institutions as such officers deem acceptable, in amounts up to $2,000,000, for the account of the University and for the benefit of government and regulatory bodies, together with any amendments, extensions and renewals of such letters of credit, or change in financial institutions issuing such letters, as such officers deem appropriate, and to take such action and to execute and deliver any and all agreements, documents, and instruments required by such financial institutions in connection therewith, and that any actions heretofore taken by said officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

2. Action. A Resolution on Planning and Design Activities Associated with the Institute for Advanced Science and Technology - Phase I was approved as follows:

Intention:

The Schools of Arts and Sciences and Engineering and Applied Science intend to create an Institute of Advanced Science and Technology (IAST). The IAST's facilities will be developed in three phases and will require constructing two new buildings, renovating several existing buildings, and demolishing at least one building. The complex nature of the project requires detailed planning and historical restoration studies prior to the start of the design of the facilities. The cost of these planning studies is estimated at $416,000.

Phase I of the project calls for building a state-of-the-art research laboratory facility with approximately 120,000 net square feet to house the departments of Bioengineering, Physical Chemistry, Biochemistry, Inorganic Chemistry, Organic Chemistry and Chemical Engineering. The fees for the design of the Laboratory Building, IAST, Phase I, are estimated at $3,646,000.

The total estimated costs of the planning studies for the IAST's phased development and the design services for Phase I are $3,646,000. The planning and design fees have been included in the University's Capital Budget for Fiscal Year 1992. These costs will be part of the IAST project and will be paid from various project funding sources.

RESOLVED, that the planning fees associated with the development of the Institute of Advanced Science and Technology and the design fees for the construction of the Laboratory Building, IAST, Phase I, estimated to cost $3,646,000, be and the same hereby are 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 they hereby are authorized to proceed with such design and execute such contracts and incur such expenses at the estimated cost of the design of such renovations as presented to the Budget and Finance Committee -- not, however, substantially in excess of the estimated cost of such fees as presented to the Budget and Finance Committee -- as may in their judgment, be necessary or desirable to accomplish such construction.

3. Action. A Resolution Authorizing a Capital Contribution to University City Associates, Inc. was approved as follows:
Intention:

The administration proposes contributing to University City Associates, Inc. ("UCA") $1,100,000 as additional paid-in capital, with the intention that UCA will contribute the same amount to its subsidiary, Penn Tower Hotel, Inc., as additional paid-in capital for use in renovations and furniture replacement at the Penn Tower Hotel.

RESOLVED, that the University contribute to UCA $1,100,000 as additional paid-in capital so that UCA can contribute such amount to its subsidiary, Penn Tower Hotel, Inc., for use in renovations and furniture replacement at the Penn Tower Hotel.

FURTHER RESOLVED, that the Senior Vice President, Treasurer or other appropriate University officer is hereby authorized and empowered to execute any documents or take any actions necessary or appropriate to accomplish the purposes of this resolution.

4. Action. A Resolution to Amend the Operating Budget of the University of Pennsylvania for Fiscal Year 1992 was approved as follows:

Intention:

On May 24, 1991 the Trustees approved an Operating Budget for the University of Pennsylvania for Fiscal Year 1992 which was based on a proposed significantly reduced appropriation from the Commonwealth of Pennsylvania. Subsequently, the Commonwealth restored the proposed reduction and an amended Operating Budget for the University of Pennsylvania for Fiscal Year 1992 has been developed.

RESOLVED, that the operating budget recommended by the Budget and Finance Committee for the University of Pennsylvania for Fiscal Year 1992 be and the same hereby is approved.

5. Action. A Resolution on the Construction of the Law School Dining Facility was approved as follows:

Intention:

The University intends to construct a 2,300 square foot dining facility within the new Law School Library building to serve the Law School community. The facility will utilize English House kitchen facilities. This project was included in the Capital Budget for Fiscal Year 1992. The estimated project cost is $317,000 and will be funded by Hospitality Services.

RESOLVED, that the construction of the Law School Dining Facility, estimated to cost $317,000, 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 construction, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such construction as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

6. Action. A Resolution on the Relocation to 3600 Market Street of Programs of the Psychiatry Department, School of Medicine was approved as follows:

Intention:

The University intends to lease and fit out approximately 43,600 square feet of space at 3600 Market Street for use by several Psychiatry Department research and clinical programs. The programs are being moved from space in the Pierson Building, and three floors at 133 South 36th Street, which will be used by other University functions scheduled to be relocated from Logan and College Halls during their rehabilitation.
The space will be leased for five years; initial lease costs are estimated at $18.57 per square foot per year. Estimated total lease costs, assuming maximum cost increases are $4,178,000. Lease costs will be covered by the School of Medicine.

The scope of fit-out work includes creating offices, support facilities and related heating, ventilation and air conditioning systems in two floors of shelled space. This project is in the Capital Budget for Fiscal Year 1992. The estimated project cost is $2,180,285 and will be funded by the School of Medicine ($1,680,284) and the University ($500,000).

RESOLVED, that the leasing and fit-out of space for programs of the Psychiatry Department, estimated to cost $4,178,000 and $2,180,285, respectively be and the same hereby are 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 design, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such design 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 Design of 3400 Walnut Street for the History of Art Department, School of Arts and Sciences was approved as follows:

Intention:

The University intends to renovate and construct an addition to the building at 3400 Walnut Street for the use of the History of Art Department, School of Arts and Sciences. The renovated building with the addition will be 13,000 gross square feet and will house classrooms, seminar rooms, departmental and faculty offices and graduate student lounge and work spaces. The University requests approval to proceed with the design documentation at an estimated cost of $335,000. This project has been included in the Capital Budget for Fiscal Year 1992. The cost of the design documentation will be covered by gifts and School of Arts and Sciences funds.

RESOLVED, that the design documentation fees for 3400 Walnut Street estimated to cost $335,000, be and the same hereby are 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 documentation, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such documentation as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

E. Development - Mr. Miller

Mr. Miller said he was pleased to report that only two years into the campaign, Penn had $701 million either pledged or subscribed. Calling this an "extraordinary accomplishment" he noted that hopes were high to raise at least $125 to $150 million in the coming year. He said that because of the many distinguished and wealthy alumni abroad, the Development Committee discussed the possibility of international fund-raising and the committee would discuss specifics at its next meeting.

F. Facilities and Campus Planning - Mr. Tanenbaum

1. Action. A Resolution to Name the Park Located Between the Nursing Education Building and Blockley Hall on the Site of the former Philadelphia Hospital/Almshouse as Alice Fisher Park was approved as follows:

Intention:

Alice Fisher, a nurse, was recruited from England in 1884 with the assistance of Florence Nightingale to provide internal management and improve health care of the poor in Philadelphia Hospital/Almshouse, serving 3,000 people.

Alice Fisher founded a training school for nurses in 1885, a school which by the time of its closing in 1977 graduated approximately 5,000 nurses.
A substantial portion of American nursing reform came from this school, including the leadership of the Hospital of the University of Pennsylvania Nursing School and other major centers of health care in the United States. The magnitude of Alice Fisher's accomplishments was evident in the commissioning of a portrait by Alice Barber, a student of Thomas Eakins, and by the memorial procession to her grave in Woodlands Cemetery which took place annually for 50 years and which was recreated in 1990 by the Center for the Study of the History of Nursing of the University of Pennsylvania School of Nursing.

RESOLVED, that the park located between the Nursing Education Building and Blockley Hall on the site of the former Philadelphia Hospital/Almshouse (later Philadelphia General Hospital) be designated as Alice Fisher Park in memory of Alice Fisher, nursing leader.

G. Honorary Degrees - Dr. Brown

Dr. Brown reported that the Honorary Degrees Committee had met with Professor Curtis Peitz, chairman of University Council's Honorary Degree Committee, who proposed that because 1992 is the anniversary of Columbus's discovery of America and also the year of the integration of the Common Market in Europe, that Penn focus its honorary degrees on the two areas of discovery and integration. Dr. Brown stated that the committee also discussed ways to improve the procedures for gathering and evaluating nominees; to balance all the interests that are served by honorary degrees; and to advance the schedule of its deliberations so a conclusion could be reached earlier in the year "thus giving invites more time to plan acceptance of an honorary degree."

H. Student Life - Dr. Chisum

Dr. Chisum reported that the Student Life Committee had reviewed both the undergraduate and graduate student orientation programs. She noted the first time addition of the Bacchae project which she felt "introduces new students to the intellectual purpose of this University." She said that Professor Matthew Santirocco, Chairman of Classical Studies, had been asked by the committee to review the project and that he felt it reflected three aspects of the university. 1. Penn is a caring University and this perception exists on Penn's campus; 2. Penn is a very entrepreneurial university, where someone can have an idea and bring it to fruition in a relatively short time; and 3. The project which was interdepartmental, interdisciplinary and enlisted faculty from the undergraduate and graduate schools was a good example of the interconnections on Penn's campus.

Dr. Chisum continued by noting that Penn has other orientation programs for incoming freshman and their families. These include multi-cultural workshops; workshops and brochures prepared by Students Against Acquaintance Rape; family orientation, which provides many workshops for caregivers such as safety, financing education, and easing the transition from childhood to young adulthood. She continued by describing an outdoor education project, an initiative of the Trustees Council of Penn Women, which provides "something on the order of a camp experience" allowing students an interpersonal experience; and a community service program orientation to acquaint students with the opportunities available to reach out to the community.

In closing, Dr. Chisum said that Penn had begun a new tradition of graduate student orientation "to acquaint them with Penn's campus before they get immersed in their own school." She said that this was a good experience for graduate students coming to Penn because it "helped them feel a part of the University."

I. University Responsibility - Mr. Heyman

Mr. Heyman reported that the trustees "have been particularly concerned about the situation in South Africa." He noted that in 1986 the Trustees passed a resolution to begin an orderly process to divest the University’s portfolio of shares in companies doing business in South Africa. He said that in June 1987 the Committee on University Responsibility issued a report stating that "substantial progress has not been made by the South African government in dismantling the legal structure of apartheid."
He stated that since that time the committee, as part of its monitoring responsibilities, had received updates on changes in South Africa, with the most recent briefing given by Meg Voorhees, director of the South African Review Service for the Investor Responsibility Research Center. Mr. Heyman said Ms. Voorhees told the committee that significant changes had occurred in South Africa and that South Africa is unlikely to reinstitute apartheid. Ms. Voorhees also reported that the South African government is ready to begin discussions with the African National Conference and others on the enactment of a new constitution. However, despite these signs of improvements for non-whites, Ms. Voorhees acknowledged that a large majority of the population of South Africa remains disenfranchised and only 20% of the population has the right to vote. Mr. Heyman said that a requirement of the committee's 1987 report was that South Africa take meaningful steps to ensure the effective sharing of political power with non-whites, a condition it has yet to satisfy. Therefore, Mr. Heyman stated that the committee plans to continue its monitoring of South Africa's progress towards the goal of sharing political power with non-whites and will consider at a later date "if it would be appropriate to add to the 1986 resolution a sunset provision under which our policy would end after a stated period of time unless conditions in South Africa worsened."

J. Medical Center - Mrs. Catherwood

Mrs. Catherwood reported that Dr. William Kelley and his colleagues had presented long-range facilities plans for the hospital and the School of Medicine which focus on research space and new health services space. She said that these plans, which had reached fruition over the last nine months, "have caused us to look again at our present Medical Center campaign planning to see how we will accommodate these new needs during our fund-raising efforts in the next decade or two." Mrs. Catherwood noted the Medical Center Trustee Development Committee, chaired by Mr. Ballam, will meet on October 22, 1991 "to explore new parameters for the Medical Center campaign and how it will continue to be coordinated with the University's billion dollar campaign."

K. Investment Report - Mr. Neff

Mr. Neff referred to the Investment Report and remarked that the total market value of the Associated Investments Fund (AIF or the Fund) has been rising steadily, with the hope that the $1 billion level is obtainable. As of September 30, 1991, its value was approximately $785 million. The stock market appears to be fully valued, as is evidenced by the Fund's 43% representation in common stocks. Mr. Neff commented that this was the lowest level of equity participation during his 12 year history. Instead, funds have been invested in fixed income securities which have been advancing recently. Fixed income securities accounted for 41% of the AIF as of December 31, 1990, increased to 49% as of June 30, 1991 and, after some profit taking, decreased slightly to 47% as of September 30, 1991. Mr. Neff stated that the AIF's total return performance has shown improvement relative to its under performance in 1989 and 1990. Since calendar year end, the AIF common stocks have risen 29.7% on a total return basis, versus 20.3% for the Standard & Poor's 500 Index (S&P). Mr. Neff estimated that the Fund has recovered approximately one third of the margin that was lost versus the S&P in the two previous years, with further gains since June 30, 1991 (the beginning of the fiscal year). Mr. Neff noted that the Fixed Income Fund, under the "able tutelage" of Mr. Richard Worley, has outperformed the standard indices for the three periods shown in the Report: since December 31, 1979, December 31, 1990, and June 30, 1991. He also commented that despite the Fund's under performance in 1989 and 1990, the AIF's performance since 1979 remains good. During this period, AIF common stocks increased 677% on a total return basis, as compared to 484% for the S&P.

Commenting on the overall economy, Mr. Neff stated that it is recovering "begrudgingly." He observed that the economy did not decline significantly, therefore, there would not be much of a rebound. The savings rate, 3.7% - 3.8%, has almost reached its lowest level during the post war era. The traditional savings rate has been about 6.0%, a level which Mr. Neff doubts can be attained. In addition, consumers have aggressively leveraged themselves.
Other factors cited as detrimental to the economy include much higher state and local taxes which encroach upon purchasing power and employment purges by Fortune 100 companies. Cutbacks by these companies in the past primarily consisted of employees opting for early retirement which maintained purchasing power. However, recent layoffs have greatly affected younger employees, especially those workers employed by financial intermediaries. Car sales have been quite lackluster during this recovery, although truck sales have remained modest. The August back to school retail sales were "quite indifferent." Only the successful retailers, such as WalMart and Gap, did well, while others, including Sears, K Mart and J. C. Penney, were struggling. Based on these factors, Mr. Neff stated that the recovery appears to be slow. Therefore, earnings estimates for 1992 have been revised downward in keeping with a very moderate recovery.

In summary, Mr. Neff commented that, "we are trying very hard to keep our head while others seem a bit intent on losing theirs. We are ready to re-employ when we get opportunities, but they have not arrived quite yet."

V. Overseer and Other Boards

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

RESOLVED, that Andrea M. Baldeck and Melissa Freeman be appointed to the Board of Overseers of the University Museum of Archaeology and Anthropology for three-year terms, effective October 11, 1991.

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

RESOLVED, that Leontine D. Scott and Leatrice Lock Fung be appointed to the Board of Overseers of the Graduate School of Education for three-year terms, effective October 11, 1991.

C. Action. A Resolution on the Appointment of Charles A. Heimbold, Jr. as Chairman of the Board of Overseers of the School of Law was approved as follows:

RESOLVED, that Charles A. Heimbold, Jr. be appointed Chairman of the Board of Overseers of the School of Law effective January 1, 1992.

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

RESOLVED, that Shaun F. O'Malley be appointed to the Board of Overseers of the Wharton School for a three-year term, effective October 11, 1991.

E. A Resolution on Appointments to the Athletic Advisory Board was approved as follows:

RESOLVED, that Donald W. Dick, Jr., James H. Greene, Jr., James J. Manley, Jr., and Jane Sokolowski Pollock be appointed to the Athletic Advisory Board for three-year terms, effective October 11, 1991.

Adjourned.

Respectfully submitted,

Barbara R. Stevens
Secretary of the University