Minutes of the Stated Meeting
of the
Executive Committee of the Trustees
of the
University of Pennsylvania

September 18, 1992

A meeting of the Executive Committee was held on Friday, September 18, 1992, in the Tea Room of the Faculty Club. Trustees attending included: Susan W. Catherwood; Gloria Twine Chisum; D. Michael Crow; G. Morris Dorrance; Sheldon Hackney (ex officio); Stephen J. Heyman; Natalie I. Koether; Donald N. Langenberg; John B. Neff; Russell E. Palmer; John R. Reardon; Sara S. Senior; Alvin V. Shoemaker (chairman) and Myles H. Tanenbaum. Others present included: Michael Aiken; Damon Chetson; Daniel Forsyth; John G.C. Fuller; Karen Gaines; Shelley Z. Green; David Hildebrand; Samuel M. Hughes; Linda S. Hyatt; Trudy J. Kuehner; Kim M. Morrisson; Rick Nahm; Jay Saddington; Stephen P. Steinberg; Barbara R. Stevens; Michael Tierney; Duncan Van Dusen; and Marna C. Whittington.

I. Call to Order

Chairman Shoemaker called the meeting to order. The minutes of the April 24, 1992 meeting were approved as written by the secretary.

II. Chairman’s Report

Chairman Shoemaker had no report.

III. Report of the President

A. New Academic Year. President Hackney noted that the past month’s Freshman Convocation, second annual Graduate and Professional Student Welcoming Assembly, Labor Day program on Penn’s diverse multicultural community and the Penn Reading Project had marked the successful start of Penn’s 253rd academic year. The freshman class embodied the energy and eagerness for intellectual engagement that Penn has worked toward over the past decade, and the move-in had gone exceptionally smoothly. For this he thanked Dr. Kim C. Morrisson and the large number of parents and student volunteers who had participated in orientation.
Commonwealth Budget. President Hackney noted that the outcome of Penn's Commonwealth appropriation would not be known until the state legislature reconvened after its summer recess in the special session the Governor has called and cautioned that given the distractions of an election year it might be several months before Penn would know whether and, if so, how much of its appropriation would be restored. Regardless of the possible outcome, the budget for this fiscal year is in place and has been well received on campus. Most importantly, the budget protects the academic core of the University and the people of Penn. President Hackney reported on the administration's meetings with state legislators and the Governor over the summer and stressed that it was clear at those meetings that both the legislators and the Governor appreciate the importance of Penn to the Commonwealth and the appropriateness of state support to Penn and to higher education in general. President Hackney thanked all of those who had written the letters and editorial expressions of support on Penn's behalf that had proven to be so important as the University seeks reinstatement of the appropriation.

Mayor's Scholarships. President Hackney reported that Judge Nelson Diaz had decided earlier in this week that the Mayor's Scholarship lawsuit should go to trial. He expressed the University's confidence in the merits of its case and stated that Penn and the City of Philadelphia have moved aggressively to strengthen implementation of the Mayor's Scholarship Program and intensify recruitment of students of the local community. This, he noted, represented Penn's civic and social obligation, which it welcomed, independent of legal agreements with the City.

Executive Vice President. President Hackney noted the resignation of Dr. Marna C. Whittington from her position as Executive Vice President of the University effective September 30, 1992. Dr. Whittington will join the firm of Miller, Anderson & Sherrerd. President Hackney praised her enormous contributions to Penn and its fiscal stability and managerial integrity over the past eight years and acknowledged the University's indebtedness to her for all that she had done. He reported that the search for a successor was well underway. Dr. John Wells Gould, Executive Director of the Office of the President, will serve as Acting Executive Vice President until a successor is identified, and Ms. Linda Susan Hyatt, Associate Director of the President's office, will serve as Acting Executive Director of that office. The search, in which trustees and others will assist, will be centered in the President's office. President Hackney expressed optimism for the search but noted that Penn "will never find anyone quite like Marna, though we will try to do as well as we can do."

2. Action. President Hackney presented a Resolution on the Appointment of Steven D. Murray as Vice President for Business Services, noting that this represented a change in title in recognition of the stature of the position, not a change in responsibilities or reporting structure. Dr. Whittington added that Mr. Murray is currently responsible for $70 million in operations. Upon motion duly made and seconded the resolution was approved as follows:
RESOLVED, that Steven D. Murray be elected Vice President for Business Services, effective July 1, 1992.

B. Academic Report - Provost Aiken

1. Searches. Provost Aiken reported that he and the President have determined to reopen the search for a dean for the School of Social Work after an offer made to one of the several candidates identified by the Search Committee was declined. A search firm will be engaged to assist the Search Committee, which will remain in place, and Dr. Peter Vaughan, Associate Dean for the School, whose outstanding service the Provost acknowledged, has agreed to continue as Acting Dean during the search.

Classroom Renovations. The Provost reported that while it had been necessary to use much of the funds previously earmarked for classroom renovations to meet the budget crisis brought on by the loss of the Commonwealth appropriation, work had been undertaken this past summer in David Rittenhouse Laboratory, Bennett Hall and Stiteler Hall. The eventual cost of all of the necessary work, much of it infrastructure, is estimated to be between $5-10 million.

Graduate Group Name Change. The Provost reported that he had approved, pursuant to the governing procedures for changes in departmental names, a request from the School of Arts and Sciences that the name of the Graduate Group in Classical Archaeology be changed to the Graduate Group in Art and Archeology of the Mediterranean World.

Center for Advanced Study of India. Provost Aiken reported that the School of Arts and Sciences had inaugurated over the summer the nation’s first Center for Research on Contemporary India. The Center will support collaborative and interdisciplinary work between Penn and Indian scholars. The Provost noted that Penn’s Indian scholars make up one of the strongest groups of Indian scholars in all universities worldwide. The Ministry of External Affairs of the Government of India had contributed $50,000 to the center, the first grant ever bestowed by the Indian government on an American university. Planning for the Center was supported by another $50,000 grant from the Ford Foundation. Prof. Francine Frankel of the Political Science Department will serve as director.

Faculty Honors. The Provost noted that Dean Norma Lang of the School of Nursing had been selected by the American Nurses Association for its Distinguished Membership Award, recognizing her work with the Association to formulate policies and develop standards for the practice of nursing.

Drs. Alan M. Laties and Richard A. Stone, professors in the Department of Ophthalmology at the Scheie Eye Institute, will share a $100,000 award from the Alcon Research Institute for their outstanding contributions to the field of vision research.
The University’s Institute for Research on Higher Education, directed by Dr. Robert Zemsky, Professor of Education, has received a $2.4 million grant renewal from the Pew Charitable Trusts for the development and continued operation of the Pew Higher Education Program, which analyzes major problems in the field.

The Provost closed by thanking Dr. Whittington on behalf of everyone on the academic side of the institution for her great contributions to the University and noting that she will be sorely missed.

2. Action. Provost Aiken directed the meeting’s attention to the Resolution on Appointments, Leaves, and Promotions on pages 2 through 33 in the meeting book, noting that the faculty being appointed and promoted were of extraordinarily high quality and that the University was appreciative of having been able to attract these faculty members given the current financial climate. The Resolution was approved upon motion duly made and seconded.

C. Financial Report - Dr. Whittington

Dr. Whittington presented a financial report for the year ended June 30, 1992. The audit process is complete, and on September 4th the auditors gave Penn a clean opinion. The Audit Committee will meet during the first week of October, and the formal report will be distributed after that committee has approved it. Preliminarily, unrestricted University operations for the year ended with an excess of revenues over expenditures of $25,000 after approved budgeted and discretionary allocations. On the unrestricted side, the positive factors influencing performance were graduate tuition, summer and special tuition, special program and fee revenue, indirect cost recovery on sponsored program funds, investment income and general University annual giving, and savings in salary and utility expenses. The negative factors were indirect cost recovery on other restricted funds and other income, principally sales revenue at the School of Veterinary Medicine and the Large Animal Hospital, and non-guaranteed student aid expense, general University tuition and several other expense categories.

Looking at the unrestricted performance by school and center, the Graduate School of Education ended with a surplus of $1.8 million, the School of Social Work with a surplus of $35,000, and all other schools and centers were at break-even performance. For the restricted performance, endowment and grant and contract expenditures increased by 8.9% and 10.5%, respectively. Gift fund expenditures decreased by 7.2%. The amount available for grant and contract expenditures is 0.3% more than at June 30, 1991, and the amounts of expendable awards are 9.2% less than a year ago.

The Hospital of the University of Pennsylvania, for which statements are on an unconsolidated basis, had an excess of revenues over expenses of $53.942 million, which was $22.516 million better than budget. For the Clinical Practices of the University of
Pennsylvania, on an unconsolidated basis the excess of revenue over expenses was $14,860 million, which was $9.52 million better than budget.

The Education and Development Fund balances increased, net, by $1.394 million.

IV. Trustee Committee Reports

A. Budget and Finance - Mrs. Catherwood

1. Mrs. Catherwood reported that the Budget and Finance Committee had met that morning and received a report by Selimo C. Rael on insurance placement and premiums for Fiscal Year 1993, the cost of which has again been reduced this year. The Committee also received a report from Scott Lederman on the status of the endowment.

2. Action. A Resolution on the Completion of a Land Use Plan was approved as follows:

   Intention:

   The Administration proposes to complete a long-range Land Use Plan. This plan will encompass long-range development of academic precincts, the Medical Center, residential and recreational areas, and related vehicular and pedestrian circulation. This planning effort will be done in consultation with the firm of Venturi, Scott Brown & Associates. Costs are estimated at $860,000, and will be paid from general University funds.

   RESOLVED, that the completion of a long-range Land Use Plan, estimated to cost $860,000, be and the same hereby is approved, and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with the development of such plan, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such plan 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 Planning, Design, and Related Activities for the Revlon Campus Center was approved as follows:

   Intention:

   In June, 1990, the Trustees approved an expenditure of $2.0 million for the development of a master plan for the area bounded by 34th, Walnut, 38th, and Chestnut Streets and the commencement of design work for the Revlon
Campus Center project within that area. The master plan and the schematic
design for the proposed building have now been completed. At this time the
University proposes to spend and additional $500,000 for fees and related
costs for planning and design studies and pre-construction management
services in connection with the Revlon Campus Center project. These costs
will be paid from project funding sources.

RESOLVED, that planning, design, and related activities for the Revlon
Campus Center, estimated to cost $500,000, be and the same hereby are
approved, and that the Executive Vice President or other appropriate officers
of the University be and they hereby are authorized to take such actions,
proceed with such work, execute such contracts, and incur such expenses and
obligations -- not, however, substantially in excess of the estimated cost of
such work as 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. The Resolution on the Classroom Improvement Program, Phase I,
discussed in the Provost’s report was approved as follows:

Intention:

The University has established a program to repair and rehabilitate some of the
heavily used classrooms on campus. Phase I of this program involves
upgrading lighting and room finishes in classrooms in Bennett Hall, David
Rittenhouse Laboratories, and Stiteler Hall. The estimated cost of this phase
of the classroom repair and rehabilitation program is $1,000,000, which will
be paid for from the Provost’s instruction improvement fund.

RESOLVED, that the repair and rehabilitation of classrooms in Bennett Hall,
David Rittenhouse Laboratories, and Stiteler Hall, Phase I of the Classroom
Improvement Program, estimated to cost $1,000,000, be and the same hereby
is approved, and that the Executive Vice President or other appropriate
officers of the University be and they hereby are authorized to take such
actions, proceed with such work, execute such contracts, and incur such
expenses and obligations -- not, however, substantially in excess of the
estimated cost of such work as 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 Construction of the Shell Floors of the
Biomedical Research Building was approved as follows:

Intention:
On March 20, 1992, the Trustees approved the construction of the Biomedical Research Building. The approved construction included two-and-one-third shell floors. It has now been determined that these floors will be used by the Departments of Anatomy, Biochemistry and Biophysics, Dermatology, Human Genetics and by the program in Human Gene Therapy. Approval is now requested to proceed with the construction of the shell floors. The total cost of such further construction is estimated to be $7,894,127, which will be funded by the School of Medicine.

RESOLVED, that the completion of the construction of the Biomedical Research Building shell floors, estimated to cost $7,894,127, be and the same hereby is approved, and that the Executive 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 Purchase of Mass Spectrometers for the Protein Chemistry Facility was approved as follows:

Intention:

The School of Medicine proposes to purchase a tandem mass spectrometer and a laser desorption mass spectrometer for the Protein Chemistry facility. The cost of this equipment is estimated to be $588,850, and the purchase will be funded by the School of Medicine.

RESOLVED, that the purchase of a tandem mass spectrometer and a laser desorption mass spectrometer for the Protein Chemistry facility, estimated to cost $588,850, be and the same hereby is approved, and that the Executive 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 judgement be necessary or desirable to accomplish the purposes of this resolution.

7. **Action.** A Resolution on the Renovation of the Second Floor of the Anatomy-Chemistry Building for the Department of Cell and Developmental Biology, School of Medicine was approved as follows:

Intention:
The School of Medicine proposes to renovate 2,151 net square feet of space in the Anatomy-Chemistry Building in order to provide the Department of Cell and Developmental Biology with modern laboratories for biomedical research. This project is included in the Capital Budget for Fiscal Year 1993 and is estimated to cost $561,000. This project will be funded by the School of Medicine from available resources.

RESOLVED, that the renovations to the second floor of the Anatomy-Chemistry Building estimated to cost $561,000, be and the same hereby are approved and that the Executive 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 as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

8. Action. A Resolution on the Increase in Scope of the Swing Space Building for the Hospital of the University of Pennsylvania (an increase of one underground floor for ambulatory care) was approved as follows:

Intention:

On June 19, 1992, the Trustees approved the Fiscal Year 1993 Capital Budget for the Hospital of the University of Pennsylvania previously approved by the Executive Committee of the Trustees Board of the Medical Center. This budget included the construction of a 158,000 gross square feet swing space building estimated to cost $48,800,000. At the request of the Executive Committee of the Trustee Board of the Medical Center, an independent architectural review was conducted that led to a recommendation to add one additional floor (containing approximately 26,500 gross square feet) at an estimated cost of $5,900,000. This additional construction, which has been approved by the Executive Committee of the Trustee Board of the Medical Center, will bring the revised estimated project cost to $54,700,000 (excluding $2,500,000 in previously approved design costs). It will be funded from the multi-year hospital facilities upgrade program contingency, which was part of the approved Hospital Capital Budget for Fiscal Year 1993. In accordance with policy the administration is bringing this project back to the Trustees for review and recommends approval at the new cost level.

RESOLVED, that the construction of an additional floor as part of the Hospital swing space building be and the same hereby is approved, and that the Executive Vice President, or other appropriate officers of the University, be and they are 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.

B. Medical Center - Mrs. Catherwood

1. Mrs. Catherwood read the following statement of gratitude to G. Morris Dorrance, Jr.:

On behalf of the Medical Center Trustee Board, I express our deep appreciation to Morrie Dorrance, who is leaving our Board. Morrie has contributed indefatigably in the many roles he has undertaken at the Medical Center and Hospital— as a member of the former Board of the Hospital, of the former Health Services Committee of the Medical Center, the recently established Board of the Hospital, and the Medical Center Trustee Board.

In his many roles, Morrie has devoted considerable energy to enhancing the position of the University of Pennsylvania Medical Center as one of the nation’s leading medical centers. He has also played a significant role as a University Trustee and as a member of our community by assuming leadership positions in many organizations and activities that have brought great benefit to our institution, our region, and even more widely.

The members of the Trustee Board of the University of Pennsylvania Medical Center express to Morrie their deep appreciation for a job well done and their admiration for all of his outstanding efforts in support of the Medical Center and the University.

2. Mrs. Catherwood read the following statement of gratitude to Marna C. Whittington:

On behalf of the Medical Center Trustee Board, I express our deep appreciation to Marna Whittington, who is leaving our Board and the University. As a University officer and member of the Medical Center Trustee Board, she has played a critical part in the life and health of the Medical Center and has taken a lead role in helping to achieve our long-range plans.

The members of the Trustee Board of the University of Pennsylvania Medical Center express to Marna their deep appreciation for a job well done and their admiration for all of her outstanding efforts in support of the Medical Center and the University.
C. Investment Report - Mr. Neff

Mr. Neff directed the meeting’s attention to the Investment Report that had been distributed. The total market value of the Associated Investments Fund (AIF) had not changed substantially since fiscal year end, and at August 31, 1992, it totalled $868.6 million, reflecting the marketplace’s general neutrality over that time. The AIF common stock performance was up 2.5% since December 31, 1991, as compared to a 1.3% increase in the S&P 500. Since June 30, Penn’s AIF common stocks had shown a -5.6% decline compared to S&P’s 2% growth, reflecting the inequities in growth in the market. Natural gas, in which Penn has made a fairly large investment, had done well, as had the better banks (of which Penn had invested in two, Bankers Trust and Bank of America), cyclicals (the expansion of which is now starting to show a decline) and chemicals. Other investments, such as savings and loans and particularly the multi-line insurance investment, involved some component of commercial real estate and so growth reflected the challenges that area was facing.

Equity participation was somewhat restrained at 45% compared to historic figures, e.g., 58% at December 30, 1979. Mr. Neff expressed the Investment Board’s belief that the equity marketplace is fully valued and that the areas in which the University is invested are undervalued. He noted that the portfolio was not what could be called thoroughly balanced, but rather was focussed in financial intermediaries and basic commodity cyclicals. The Board is identifying areas of undervaluation as part of a program of diversifying into areas previously avoided such as real estate, oil drilling and venture capital, with a view to increasing investments in the "Other" category from the current 2% to 5-15% now that the principal areas of investment are not as attractive as they were hitherto.

While Penn does have a few foreign holdings (the largest being in Spanish Telephone), it has been largely unaffected by the European monetary crisis being reported in the news. Psychologically, however, the European crisis does not have a salutary effect on a stock marketplace already marked by high valuations and slow business expansion and recovery.

Mr. Neff closed by “adding to the huzzahs” for Dr. Whittington, who he remarked he had the pleasure of working with in several capacities over the past eight years. He praised her support of both the Investment Board and the Audit Committee and the various ad hoc committees of which she had been the driving force. “She brings a lot of talent to the table,” Mr. Neff noted, and he thanked her for both her contributions and the good humor that accompanied them.

Mr. Shoemaker commended the Board for their work over the year.
V. Overseer and Other Boards

A. **Action.** A Resolution on the Appointment of Robert E. Cawthorn to the Trustee Board of the Medical Center and the Board of Overseers of the School of Medicine was approved as follows:

RESOLVED, that Robert E. Cawthorn be appointed to the Trustee Board of the Medical Center and the Board of Overseers of the School of Medicine effective October 30, 1992.

B. **Action.** A Resolution on the Appointment of George W. Ebright to the Board of Overseers of the School of Nursing was approved as follows:

RESOLVED, that George W. Ebright be appointed to the Board of Overseers of the School of Nursing for a three-year term, effective September 18, 1992.

C. **Action.** A Resolution on the Appointment of Stephanie Weiss Naidoff to the Board of Overseers of the Law School was approved as follows:

RESOLVED, that Stephanie Weiss Naidoff be appointed to the Board of Overseers of the Law School for a three-year term, effective September 18, 1992.

D. **Action.** A Resolution on the Appointment of James N. Wade to the Board of Overseers of the School of Social Work was approved as follows:

RESOLVED, that James N. Wade be appointed to the Board of Overseers of the School of Social Work for a three-year term, effective September 18, 1992.

E. **Action.** A Resolution on the Appointment of Barry J. Hockfield, Geraldine Ritter Pincus and Eric M. Price to the Advisory Board of the Institute of Contemporary Art was approved as follows:

RESOLVED, that Barry J. Hockfield, Geraldine Ritter Pincus and Eric M. Price be appointed to the Advisory Board of the Institute of Contemporary Art for three-year terms, effective September 18, 1992.

F. **Action.** A Resolution on the Appointment of David R. Davies and Kevin M. Tucker to the Board of Managers of the Wistar Institute was approved as follows:
RESOLVED, that David R. Davies and Kevin M. Tucker be appointed to interim terms on the Board of Managers of the Wistar Institute, effective September 18, 1992, for terms expiring January 1993.

G. A Resolution on the Appointment of Martin D. Gruss and Jewell Jackson McCabe to the Board of Overseers of the Wharton School was approved as follows:

RESOLVED, that Martin D. Gruss and Jewell Jackson McCabe be appointed to the Board of Overseers of the Wharton School for three-year terms, effective September 18, 1992.

H. A Resolution on the Appointment of Wendy Evans Joseph to the Board of Overseers of the Graduate School of Fine Arts was approved as follows:

RESOLVED, that Wendy Evans Joseph be appointed to the Board of Overseers of the Graduate School of Fine Arts for a three-year term, effective September 18, 1992.

I. A Resolution on the Appointment of Edward Kane to the Board of Overseers of the School of Veterinary Medicine was approved as follows:

RESOLVED, that Edward Kane be appointed to the Board of Overseers of the School of Veterinary Medicine for a three-year term, effective September 18, 1992.

J. A Resolution on the Appointment of Oliver St. C. Franklin to the Board of Advisors of the Annenberg Center was approved as follows:

RESOLVED, that Oliver St. C. Franklin be appointed to the Board of Advisors of the Annenberg Center for a three-year term, effective September 18, 1992.

K. A Resolution on the appointment of Annette Merle-Smith and Charles K. Williams, II to the Board of Overseers of the University Museum was approved as follows:

RESOLVED, that Annette Merle-Smith and Charles K. Williams, II be appointed to the Board of Overseers of the University Museum for three-year terms, effective September 18, 1992.

VI. Other Business

Dr. Chisum noted that Dr. Wilbur Hobbs, who had been very important to both the community and the University, had died in an automobile accident on Kelly Drive the prior
Sunday afternoon. She moved that the Secretary's Office be directed to make an expression to his family both of sympathy and appreciation for the service that he gave to the university as a long-time member of the Board of Overseers of the School of Social Work. The Chairman endorsed this recommendation.

There being no further business to come before the meeting, it was adjourned.

Respectfully submitted,

Barbara R. Stevens
Vice President and
Secretary of the University