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

December 11, 1992

A meeting of the Executive Committee was convened at 2:05 p.m. on Friday, December 11, 1992, in the Tea Room of the Faculty Club. Trustees attending were Susan W. Catherwood, Gloria T. Chisum, D. Michael Crow, G. Morris Dorrance, Jr., Robert A. Fox, Sheldon Hackney (ex officio), Stephen J. Heyman, Norma P. Killebrew, Russell E. Palmer, John R. Reardon, Sara S. Senior, Alvin V. Shoemaker (chairman) and Myles H. Tanenbaum. Others attending included Michael Aiken, Carolyn Burdon, Karen Gaines, Constance C. Goodman, John W. Gould, Shelley Z. Green, David Hildebrand, Samuel M. Hughes, Trudy J. Kuehner, Frederick C. Nahm, Gerald J. Porter, Jay Saddlington, Stephen P. Steinberg, Barbara R. Stevens and Duncan Van Dusen.

I. Call to Order

Chairman Shoemaker called the meeting to order. The minutes of the September 18, 1992, meeting were approved as written by the secretary.

II. Chairman's Report

Chairman Shoemaker had no report.

III. Report of the President

A. Comments

President Hackney reported on the progress of the projects and initiatives underway at the University as the semester draws to a close.

1992 Penn's Way Campaign. Of special note is the 1993 Penn's Way workplace charitable campaign currently underway. President Hackney reported that at this time of very real pain for many in Penn's community, he had urged all
University employees to make an extra effort to extend what help and support they could. The futures of Penn and Philadelphia, he noted, are tightly intertwined, and contributions to the Penn's Way Campaign help to secure both.

**Mayor's Scholarships.** The University is currently awaiting the judge's ruling in the Mayor's Scholarships case, *Drummond v. the Trustees of the University of Pennsylvania*, in which trial concluded last month. President Hackney affirmed that the University remains confident of the correctness of its position on the merits of the case.

**Commonwealth Appropriation.** The University also awaits action on restoration of its Commonwealth appropriation, which may not come until late winter or early spring.

**Executive Vice President.** The president reported that the search for a new Executive Vice President was well underway.

**School of Social Work.** The search for a dean of the School of Social Work also continues, with interviews scheduled for early in the new year.

**Federal Developments.** President Hackney reported that the University had high hopes for higher education's prospects under President-elect Clinton. There is every reason to believe that he will be supportive and understanding of higher education's important roles in training America's workforce, producing the new ideas and discoveries that will restore American competitiveness, and educating students for truly global economic, cultural and political leadership. President Hackney remarked that he was as sure as one can be that all levels of education—elementary, secondary, college, graduate and lifelong learning—will receive greater attention from the Clinton administration than they have at any time since the 1960s.

President Hackney concluded by noting that there was much to look forward to in the spring semester. While what he has called the "age of scrutiny" is still very much with us, with its new standards of accountability for universities, he hoped that 1993 will bring a new sense of accomplishment and optimism as Penn continues the task of reengineering to be leaner and more effective. As universities are asked to lend their energy and expertise to the solution of society's problems and the economy's shortcomings, Penn will have the opportunity to demonstrate through concrete actions the central role that community service in all its forms will occupy. Through its teaching, research, and the community involvements of its faculty, staff and students, Penn is leading the way in creating effective university/city/community partnerships. The improved climate for higher education should provide Penn with the resources and policy support to bring its vision for its future to fruition.
B. Action. Upon motion duly made and seconded, a Resolution on Commencement and Authorization for Conferring Degrees was approved as follows:

RESOLVED, that a mandamus be issued by the Trustees to the president, provost and faculty for the conferring of degrees on May 17, 1993, and at any special convocations called during the year 1993.

FURTHER RESOLVED, that the Trustees Honorary Degrees and Awards Committee be authorized to select candidates for receipt of honorary degrees at the May 17th Public Commencement and other convocations that may be scheduled during the year 1993.

C. Academic Report - Provost Aiken

1. Comments

Institute of Human Gene Therapy. Provost Aiken announced the establishment of an Institute of Human Gene Therapy, which will be housed in the School of Medicine but which will be University-wide in its activities. It will be the first such institute dedicated to advancing knowledge and developing applications for gene therapy in humans. The Institute developed out of the recommendations of two University committees, the Committee on Molecular and Structural Biology and the Life Sciences Committee, and will involve faculty from a number of schools. Dr. James H. Wilson, who has agreed to join the University in Spring 1993, is expected to provide the intellectual leadership for the Institute. Dr. Wilson joins Penn from the University of Michigan, and, as has been noted in the New York Times in recent weeks, is one of the nation's leaders in this area, involved in one of the three teams nationally that have been authorized to conduct experiments in gene therapy on humans. The Provost noted the University's appreciation for the Wistar Institute's assistance in recruiting Dr. Wilson and permitting the University to rent the space in which he will carry out his research during his first few years here.

Faculty Honors. The Provost announced that Paul Weisz, Professor Emeritus of Chemical Engineering, was one of eight to be presented with the National Medal of Technology by President Bush in a White House ceremony this past summer. Professor Weisz's areas of research have ranged from radiation detection to oil refining to cancer and viral therapies. Another Engineering faculty member, Professor Warren D. Seider, was selected as the recipient of the 1992 "Computers in Chemical Engineering" Award for his many contributions to computing in the chemical engineering area covering research, education, service and leadership. The award is given by the Computing and Systems Technology Division of the American Institute of Chemical Engineers.
2. Action. The Resolution on Appointments, Leaves, and Promotions provided at pages 2 through 17 of the meeting book was approved upon motion duly made and seconded.

D. Financial Report - Dr. Gould

Dr. Gould presented a report on the finances of the University, the Hospital and the Clinical Practices as of October 31, 1992. He noted that the fiscal year 1993 operating budget reflected a planned, trustee-approved deficit of $19.55 million as a result of the elimination of the Commonwealth appropriation. The University's performance projection assumes that the appropriation will not be reinstated but nevertheless shows the University to be on budget after the approved, budgeted discretionary allocations to the Research Fund of $1,300,000 and to the Capital Campaign of $600,000, and after the budgeted, mandated Graduate Hospital deficit amortization of $97,000.

On the unrestricted side, positive factors are graduate tuition, summer and special tuition, special program and fees, indirect cost recovery and savings in salary and utility expense. Negative factors are other income (principally sales revenue), current expenses, non-guaranteed student aid and General University Tuition.

As to unrestricted performance at the schools and centers, the School of Veterinary Medicine is projected with a deficit of $950,000 and the Graduate School of Fine Arts with a deficit of $125,000. The Graduate School of Education is projected with a net surplus of $400,000 and the School of Social Work with a net surplus of $125,000. All other schools and centers are projected at breakeven performance.

On the restricted side, endowment, gift and grant and contract fund expenditures increased by 8.1%, 7.3% and 5.4%, respectively. The amount available at October 31, 1992, for grant and contract expenditures is 11.2% more than at October 31, 1991. The months of expendable awards are 5.5% more than at October 31, 1991.

Statements for the Hospital of the University and the Clinical Practices of the University are for the three months ended September 30, 1992. HUP's excess of revenue over expenses was $29.24 million, or $18.49 million better than budget. CPUP's excess of revenue over expenses was $3.67 million, or $2.23 million better than budget.

IV. Trustee Committee Reports

A. Budget and Finance - Mr. Fox
1. Action. A Resolution on the Renovation of Research Laboratories in the Wistar Institute for the Human Gene Therapy Initiative, School of Medicine, to support the work of Dr. James Wilson described in the Provost's report, was approved as follows:

Intention:

The School of Medicine proposes to renovate approximately 5,000 net square feet in the Wistar Institute. These renovations will provide biomedical research laboratories necessary to initiate a program in Human Gene Therapy. This program was significantly enhanced recently as a result of the completion of a key academic appointment. The project, which was not included in the Capital Budget for Fiscal Year 1993, is estimated at $2,175,300 and will be funded by the School of Medicine.

RESOLVED, that the renovation of space in the Wistar Institute for the Human Gene Therapy initiative, estimated to cost $2,175,300, 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 renovation, 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.

2. Action. A Resolution on the Design of Renovation of the First Floor of the Johnson Pavilion for the Departments of Neuroscience and Pharmacology, School of Medicine was approved as follows:

Intention:

The School of Medicine proposes to renovate approximately 15,240 net square feet on the first floor of the Johnson Pavilion. These renovations will provide the Departments of Neuroscience and Pharmacology with modern laboratories necessary for biomedical research. This project was included in the Capital Budget for Fiscal Year 1993. The projected architectural and engineering fees associated with the design of these renovations, based on bids, are estimated to be $496,221 and will be funded by the School of Medicine.

RESOLVED, that the design fees for the renovation of the first floor of the Johnson Pavilion for the Departments of Neuroscience and Pharmacology, estimated to cost $496,221, 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 design, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such design fees 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. Investment Report - Mr. Shoemaker

Mr. Shoemaker, presenting the investment report in Mr. Neff's absence, reported that as of December 9, 1992, the value of the University's Associated Investment Fund (AIF) reached $906 million, bringing the University's total endowment to over $1 billion for the first time. The $1 billion endowment level has long been a goal for the University, and Mr. Shoemaker is very pleased with the achievement. Mr. Shoemaker remarked that this was a very exciting time for the University. He thanked Mr. Neff and everyone else who had worked hard to achieve this and expressed optimism that the University would maintain this momentum.

C. Medical Center - Mrs. Catherwood

Mrs. Catherwood reported that, since Dr. Gould had reviewed the financial results for the Hospital and the Medical Center, the only items she had to present to the Committee were three board appointments:

1. Action. A Resolution on the Appointment of Thomas W. Langfitt to the Trustee Board of the Medical Center and the Board of Overseers of the School of Medicine was approved as follows:

   RESOLVED, that Thomas W. Langfitt be appointed to the Trustee Board of the Medical Center and the Board of Overseers of the School of Medicine for a three-year term beginning January 1, 1993.

2. Action. A Resolution on the Appointment of Harold T. Shapiro to the Board of Overseers of the School of Medicine was approved as follows:

   RESOLVED, that Harold T. Shapiro be appointed to the Board of Overseers of the School of Medicine for a three-year term beginning January 1, 1993.

3. Action. A Resolution on the Appointment of John H. Porter to the Trustee Board of the Medical Center and the Board of the Hospital of the University of Pennsylvania was approved as follows:
RESOLVED, that John H. Porter be appointed to the Trustee Board of the Medical Center and the Board of the Hospital of the University of Pennsylvania for a three-year term beginning January 1, 1993.

V. Overseer and Other Boards

A. Action. A Resolution on the Appointment of Michael C. Alfano to the Board of Overseers of the School of Dental Medicine was approved as follows:

RESOLVED, that Michael C. Alfano be appointed to the Board of Overseers of the School of Dental Medicine for a three-year term, effective December 11, 1992.

B. Action. A Resolution on the Appointment of Fred Hassan to the Board of Overseers of the School of Nursing was approved as follows:

RESOLVED, that Fred Hassan be appointed to the Board of Overseers of the School of Nursing for a three-year term, effective December 11, 1992.

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