A meeting of the Executive Committee was convened at 2:00 p.m. on Friday, April 23, 1993, in the Tea Room of the Faculty Club. Trustees attending were Susan W. Catherwood, D. Michael Crow, Sheldon Hackney (ex officio), Stephen J. Heyman, Natalie I. Koether, Donald N. Langenberg, John P. Neff, John N. Reardon, Sara S. Senior, Alvin V. Shoemaker (chairman) and Myles H. Tanenbaum. Others attending included Michael Aiken, Virginia B. Clark, Therese Conn, Sandy Egler, Claire M. Fagin, Carol Farnsworth, Karen C. Gaines, Stephen Golding, Constance C. Goodman, John W. Gould, Shelley Z. Green, Janet Hale, David K. Hildebrand, Samuel M. Hughes, Linda S. Hyatt, George S. Koval, Trudy J. Kuehner, Kim M. Morrissou, Patrice Renfro, Louise P. Shoemaker, Lawrence Singer, Stephen P. Steinberg, Barbara R. Stevens and Duncan W. Van Dusen.

I. Call to Order

Chairman Shoemaker called the meeting to order. The minutes of the March 19, 1993, meeting were approved as written by the secretary.

II. Chairman’s Report

1. Action. A Resolution on the Appointment of Claire M. Fagin, Dean Emerita and Leadership Professor in the School of Nursing, as Interim President was approved as follows:

RESOLVED, that Claire M. Fagin be appointed Interim President of the University for the year beginning July 1, 1993.

The trustees warmly applauded Dr. Fagin, who was present at the meeting.

III. President’s Report

A. Comments

President Hackney reported that, as had been announced, he would be resigning from the presidency of the University effective July 1, 1993, in view of his nomination as Chairman of the National Endowment for the Humanities. He stated that he was confident he was leaving the University in good hands with Claire Fagin and Marvin Lazerson preparing to assume the presidency and provostship, respectively, on July 1st.
President Hackney noted that the transition and Penn's future beyond his presidency had for a long time occupied a great deal of his thought and that he and Chairman Shoemaker have had extensive discussions on these subjects. In particular they wish to provide for as smooth and rapid a transition as possible and ensure that as little momentum as possible is lost. President Hackney expressed his satisfaction with the outcome of these discussions and praised Chairman Shoemaker for his superb leadership. He also commended the Faculty Senate leadership for their assistance in recent months, saying they had been the soul of collegiality and cooperation in helping organize the presidential and provostial searches.

Events of April 15-16, 1993. President Hackney reported that the end of the past week had seen the eruption on campus of the same racial tensions that persist in the larger society. The action of a group of African-American students and others in confiscating almost all the copies of the April 15th *Daily Pennsylvanian* was an unacceptable way in which to express what one might consider their understandable anger and frustration with the DP's editorial policies, reporting and staff composition. President Hackney noted that the current week's *Almanac* contains several statements on these matters by himself, Commissioner of Public Safety John Kuprevich, and the African-American Association of Faculty and Staff, including a restatement of the policy banning such confiscations that he had promulgated four years ago.

President Hackney reported that he had also published in the *Almanac* some reflections prompted by the past weekend's verdict in the second Rodney King case in Los Angeles, which he believed demonstrated the extraordinary importance of due process in the search for justice and redress of grievances. Just as the nation's system of justice has begun to work well in Los Angeles, the campus judicial processes will work well in responding to the events of the past week if allowed to do so. He reported that he had asked all members of the University community to stand with him in supporting those processes.

Finally, he noted the importance of not allowing ourselves to become so transfixed by a particular interpretation or view of these complex sets of events that we are unable to understand the powerful and deeply felt emotions on all sides. He remarked that while free speech and open expression are fundamental to the University and must be protected at all cost, it is also true that we must try to understand the emotions that led to the violation of the open expression guidelines.

Interim President and Interim Provost. President Hackney expressed his delight with the trustees' selection of Claire Fagin as Interim President. He observed that most of the trustees knew Claire well from her many years of effective leadership at the School of Nursing, which leadership had contributed to the School of Nursing's recently having been named the nation's #1 nursing school by *U.S. News and World Report*, and endorsed her as a terrific choice.

1. **Action.** President Hackney expressed his pleasure with the selection
of another experienced and effective dean, Marvin Lazerson of the Graduate School of Education, as Interim Provost. He praised the wonderful job Dean Lazerson has done at that School, his extremely good judgment, his thorough knowledge of the University and familiarity with the issues it faces, all of which will permit him to slip easily into the role of Interim Provost. President Hackney reported that Drs. Aiken and Lazerson have already begun meeting to discuss open issues and items. He noted that he would want to say much more closer to Provost Aiken's departure on the extraordinary contributions he has made to the University over his years here. He introduced a Resolution on the Appointment of Marvin S. Lazerson as Interim Provost, which was approved as follows:

RESOLVED, that Marvin S. Lazerson be appointed Interim Provost, effective July 1, 1993.

President Hackney added that with Claire Fagin and Marvin Lazerson in place for the coming year and Janet Hale and Ginny Clark in place as Executive Vice President and Vice President of Development, respectively, he was confident the University had excellent leadership in place for the transition and beyond.

2. Action. Dr. Hackney reported that he and the provost were extremely pleased that the University had been able to attract someone of the calibre of Ira M. Schwartz of the University of Michigan as dean of the School of Social Work. Mr. Schwartz is a lawyer and social worker whose area of specialization is juvenile justice and delinquency problems and also children's welfare more broadly. Mr. Schwartz works in the area of public policy, and President Hackney expressed confidence that he will be an excellent leader for the School, recommending his appointment with great enthusiasm. Upon motion duly made and seconded, a Resolution on the Appointment of Ira M. Schwartz as the Seventh Dean of the School of Social Work was approved as follows:

RESOLVED, that Ira M. Schwartz be appointed the seventh dean of the School of Social Work for a seven-year term beginning August 1, 1993.

B. Academic Report - Provost Aiken

1. Comments

   a. University Museum. Provost Aiken reported that Dr. Robert H. Dyson has announced his intention to step down as Director of the University Museum in 1995 and has asked that a search committee be put into place to recommend his successor. Gregory Possehl, Professor of Anthropology and curator of the Museum's Asian section, has agreed to serve as chair of this committee, which is composed of students, faculty and overseers and includes trustees Bruce Mainwaring and Sara Senior, who serve on the Museum's Board of Overseers. The Committee would begin meeting the next week, and it is hoped that it will have completed its work by the end of December 1993.
b. Lindback Awards. Provost Aiken reported that eight faculty had been accorded Lindback Teaching Awards the day before. From the School of Arts and Sciences, Harold Bershady, Sociology, Richard Dunn, History, and Stephen Dunning, Religious Studies; from the School of Engineering and Applied Sciences, Kyle Vanderlick, Chemical Engineering; from the Dental School, Elliot Hersh, Dental Medicine; from the School of Medicine, Donald Schwarz, Pediatrics, and Steven Sondheimer, Obstetrics and Gynecology; and from the School of Nursing, Fay Whitney, Primary Care. In addition, Cecilia Segawa Seigle of the Department of Asian and Middle Eastern Studies was accorded a Provost's Award for Teaching in the non-health schools.

c. Other Faculty Honors. Three members of the faculty have been named Guggenheim Fellows for 1993: Marina Brownlee, Class of '63 College of Women Professor of Romance Languages; Margaret Ann Mills, Associate Professor of Folklore and Folklife; and Donald K. Swearer, Adjunct Professor of Religion. Annie G. Steinberg, Assistant Professor of Psychiatry, has been named a Picker-Commonwealth Scholar, an award that provides her with significant financial support for her research on the cultural and linguistic barriers to mental health care.

d. Academic Programs. Provost Aiken announced that the School of Arts and Sciences had unanimously endorsed both the Undergraduate Study Abroad resolution and the proposal to establish a School of Arts and Sciences/Wharton joint undergraduate degree program in International Studies.

The Study Abroad Program is important because it will bring under the University's jurisdiction all study abroad of its students. Students will register through the University and the University will be responsible for supervising them and placing them in the appropriate study abroad programs.

The SAS/Wharton program is really an undergraduate version of the Lauder graduate program in International Relations. It is significant both because of its substance, which marries the best of the two schools in this area and will permit the attraction of outstanding students, and because it symbolizes the very strong cooperation that exemplifies the relations among Penn's undergraduate schools: it was these two schools' faculty and associate deans who took the leadership in this program.

Undergraduate Review. The Provost reported that the outside Undergraduate Review Committee chaired by Mary Patterson McPherson, President of Bryn Mawr College, and composed of 13 very distinguished educators had met on campus April 18-20th. At a debriefing on April 20th the University had heard many very positive things and also discussed challenges ahead. The Provost noted that he would want to share the substance of these comments at some appropriate opportunity in the near future. He added that this had been a very important process. The April meeting was focussed primarily in the academic programs;
the Committee will be returning to campus in October to focus more on University life in
general, particularly cooperation and interaction among the schools' students. There will also
be a third, follow-up visit about a year from now, to be scheduled by the new University
administration.

Provost Aiken concluded by remarking that the University was exceedingly fortunate in
having Deans Fagin and Lazerson in place to provide interim leadership. Based on having
worked closed with those two deans, he said he could think of no two people who could
provide more continuity and better leadership during the interim period.

2. Action. The Resolution on Appointments, Leaves, and Promotions
provided at pp. 4-14 of the meeting book was approved upon motion duly made and seconded.

C. Financial Report - Ms. Hale

Ms. Hale presented a report on the finances of the University, the Hospital and the
Clinical Practices as of March 31, 1993. She 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 fee revenues, indirect cost recovery and savings in salary and
utility expense. Negative factors are other income (primarily sales revenue), non-guaranteed
student aid and General University Tuition, and several other expense categories.

As to unrestricted performance at the schools and centers, the School of Veterinary
Medicine is projected with a deficit of $750,000, attributable to income from clinical services
at New Bolton Center having fallen short of target; the Graduate School of Fine Arts with a
deficit of $275,000; the School of Dental Medicine with a net deficit of $350,000, again
attributable to income from clinical services not having met target; and the School of Nursing
with a net deficit of $250,000. The Graduate School of Education and the School of Social
Work are projected with net surpluses of $900,000 and $275,000, respectively. All other
schools and centers are projected at breakeven performance.

On the restricted side, endowment and grant and contract fund expenditures increased
by 4.3% and 4.4%, respectively. Gift fund expenditures decreased by 0.13%. The amount
available at March 31, 1993, for grant and contract expenditures is 7.3% more than at March 31,
1992. Months of expendable awards are 2.8% more than at March 31, 1992.
Statements for the Hospital of the University and the Clinical Practices of the University are for the eight months ended February 28, 1993. HUP's excess of revenue over expenses was $71.82 million, or $40.6 million better than budget. CPUP's excess of revenue over expenses was $5.75 million, or $2.9 million better than budget.

IV. Trustee Committee Reports

A. Academic Policy - Dr. Langenberg

1. Action. Dr. Langenberg reported that the Academic Policy Committee had met via conference call earlier in the week to review a proposal from the Medical Center that an academic Department of Emergency Medicine be established in the School of Medicine. Emergency medicine services are a central element of any medical center, and for an academic medical center their quality is of paramount importance. The field is increasingly being recognized as a discrete discipline within medicine in which the conventional academic functions of education at all levels and research can and should be conducted. Additionally, Dean Kelley of the School of Medicine believes that the establishment of an academic Department of Emergency Medicine will optimize the School's ability to recruit faculty of the very highest quality in this field and to build with that faculty an outstanding educational, research and clinical practices enterprise in emergency medicine. Upon motion duly made and seconded, a Resolution on the Establishment of a Department of Emergency Medicine in the University of Pennsylvania School of Medicine was approved as follows:

Intention:

The Medical Center proposes the establishment of a Department of Emergency Medicine in order to facilitate the recruitment of faculty and personnel for emergency services and to attract the most outstanding candidates for the leadership of the program. Emergency medicine is already well established as a discipline for the education of medical students and the training of residents and fellows. There are currently over 20 academic departments of emergency medicine nationwide and over 96 accredited residency programs. In research, the potential exists to move into areas not yet explored elsewhere and thus to make historic advances in fashioning a new discipline which would bring great credit to Penn. The Hospital is prepared to furnish the resources (facilities, faculty and start-up staff) to enable the Department to attract outstanding leadership.

RESOLVED, that in accordance with a proposal endorsed by the Standing Committee of the School of Medicine Department Chairmen and the Chief Executive Officer of the Medical Center, the Trustee Board of the University of Pennsylvania Medical Center and the Trustees' Academic Policy Committee, an
academic Department of Emergency Medicine be established in the University of Pennsylvania School of Medicine, effective July 1, 1993.

B. **Budget and Finance - Mrs. Catherwood**

  1. **Action.** A Resolution on the Amended Capital Budget for the Hospital of the University of Pennsylvania for Fiscal Year 1993 was approved as follows:

     **Intention:**

     The Trustee Budget and Finance Committee has reviewed certain capital budget items proposed for the Hospital of the University of Pennsylvania which amend the capital budget approved by the Trustees of the University of Pennsylvania on June 19, 1992, and recommends their approval. These capital budget items were previously approved by the Executive Committee of the Trustee Board of the Medical Center.

     **RESOLVED,** that the amended budget for the Hospital of the University of Pennsylvania for Fiscal Year 1993 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

  2. **Action.** A Resolution on the Implementation of the Residential High-Rise Fire Code Compliance Plan was approved as follows:

     **Intention:**

     Under the provisions of the City of Philadelphia's new High Rise Fire Code the University must install smoke detectors in the bedrooms of its five high rise residences: Nichols House, Graduate Tower B, Harnwell House, Harrison House and High Rise North. It also must install sprinkler systems in the electrical vaults of the Harnwell House, Harrison House and High Rise North. This project, which is estimated cost $586,000 is included in the Capital Budget for Fiscal Year 1993 and will be funded from Residential System Reserves.

     **RESOLVED,** that the High Rise Fire Code Compliance program estimated to cost $586,000, be and the same hereby is approved in accordance with the proposals presented to the meeting and that the Executive Vice President or other appropriate officers of the University be and hereby are authorized to proceed with such design and construction and execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of the design of such renovations as presented to the Budget and Finance Committee -- as may, in their judgment, be necessary or desirable to accomplish the purpose of this resolution.
3. Action. A Resolution on the Upgrade of the Natural Computer Interface was approved as follows:

Intention:

Natural is a computer application development tool used for a number of major University program applications. The vendor no longer supports the version of the product used by the University. Migration to version 2.2 of the product is essential if the University is to continue to receive the product support and enhancements needed to maintain the operating effectiveness of its administrative program applications. The estimated cost of version 2.2 is $323,000. The project was not included in the Capital Budget for Fiscal Year 1993. The cost of this improvement will be paid from the operating budget of the Vice Provost for Information Systems and Computing.

RESOLVED, that the migration to version 2.2 of the Natural program development tool estimated to cost $323,000, be and the same hereby is approved in accordance with the proposals presented to the meeting and that the Executive Vice President or other appropriate officers of the University be and hereby are authorized to proceed with such migration and execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of 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. A Resolution on the Renovation of the Animal Laboratory Facilities on the Fifth and Sixth Floors of the Richards Building for the Institute for Human Gene Therapy, School of Medicine, was approved as follows:

Intention:

The School of Medicine proposes to renovate 2,148 net square feet in the Richards Building to provide appropriate animal facilities for the Institute for Human Gene Therapy. This project was not included in the Capital Budget for Fiscal Year 1993. The total project cost based on bids is $848,314, and it will be funded by the School of Medicine.

RESOLVED, that renovations to Richards Building animal facility for the Institute for Human Gene Therapy, estimated to cost $848,314, 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 action, proceed with 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.

5. Action. A Resolution on the Renovation of the Animal Laboratory Facilities in the Wistar Institute for the Institute for Human Gene Therapy, School of Medicine, was approved as follows:

Intention:

The School of Medicine proposes to renovate 1,256 net square feet in the Wistar Institute to provide appropriate animal facilities for the Institute for Human Gene Therapy. This project was not included in the Capital Budget for Fiscal Year 1993. The total project cost based on bids is $506,281, and it will be funded by the School of Medicine.

RESOLVED, that the Wistar Institute animal facility for the Institute for Human Gene Therapy, estimated to cost $506,281, be and the same hereby are approved and the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such action, proceed with 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 the resolution.

6. Action. A Resolution on the Renovation of 3906 Spruce Street for the Alpha Chi Omega Sorority was approved as follows:

Intention:

The University proposes to renovate this semidetached residential building of approximately 6,920 net square feet to function as a Chapter House for the Alpha Chi Omega Sorority. It will house twenty-two members and a "house mother" and will accommodate the social needs of the general membership, for meetings, recreation, kitchen, dining, sleeping, and supporting functions. This project was not included in the Capital Budget for Fiscal Year 1993. The total project cost based on the bids is $737,000 and will be funded by Alpha Chi Omega and an advance from the University which will be repaid from future rental income.

RESOLVED, that the Alpha Chi Omega Sorority House Renovation, estimated
to cost $737,000, 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 action, proceed with 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.

7. Action. A Resolution on the Sale of the Property on Whitehorse Road, Charlestown Township, Chester County, Pennsylvania was approved as follows:

Intention:

In September 1991 the University received under the will of Elizabeth W. Bendiner a property located in Charlestown Township, Chester County, Pennsylvania consisting of a single family residence and a barn on 28 acres of land. The University now proposes to sell this property for $425,000 with the proceeds going to the School of Arts and Sciences.

RESOLVED, that the Executive Vice President or any other appropriate officers of the University be and they hereby are authorized to proceed with the sale and conveyance of the said property for a purchase price of $425,000, and to proceed with the execution and delivery of the deed and all necessary affidavits and other documents required in connection with such sale and conveyance, and that any actions heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

8. Action. A Resolution on the Repair and Rehabilitation of the Exterior of the Towne Building was approved as follows:

Intention:

The University proposes to repair and rehabilitate the exterior of the Towne Building. The scope of work includes removal and rebuilding of the parapet walls, repair and/or replacement of cast stone window mullions and surrounds, replacement of cracked and spalled brick, pointing and caulking. This project, which is estimated to cost $500,000, is included in the Capital Budget for Fiscal Year 1993 and will be funded by the University's deferred maintenance funds.

RESOLVED, that the repair and rehabilitation of the exterior of the Towne Building, estimated to cost $500,000, 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 action, proceed with such repair
and rehabilitation, execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of such repair and rehabilitation 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.

9. Action. A Resolution on Phase IIB of the Construction of the Module 6 Central Utility Plant was approved as follows:

Intention:

In May 1991 and October 1992 the Trustees approved Phases I and IIA of the construction of a central utility plant to supply chilled water to the northeast sector of the campus. Phase IIB of this project involves the installation of underground pipes for the transportation of the chilled water. The scope of work includes digging trenches, installing pipe, backfilling the trenches and paving.

This Phase of the project is estimated to cost $2,206,213, is included in the Capital Budget for Fiscal Year 1993 and will be funded by an advance of University funds that will ultimately be recovered from utility savings.

RESOLVED, that Phase IIB of the construction of the Module 6 Central Utility Plant, estimated to cost $2,206,213, 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 action 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.

10. Action. A Resolution on the Replacement of the Physical Plant Maintenance Information Management System was approved as follows:

Intention:

The Physical Plant Management Information System (MIMS) requires an update. A site license has been negotiated for the CHAMPS (Computerized History and Maintenance Planning System) software. This will upgrade current MIMS capabilities to provide greater operational effectiveness and efficiency, a savings in paper-driven activities, an expansion of predictive maintenance and will have a positive impact on the spiralling costs of deferred maintenance.
This project is included in the Capital Budget for Fiscal 1993 and is estimated to cost $1,000,000. These costs will be covered by physical plant operations.

RESOLVED, that the replacement of the physical plant maintenance information management system estimated to cost $1,000,000, be and the same hereby is approved in accordance with the proposals presented to the meeting and that the Executive Vice President or other appropriate officers of the University be and hereby are authorized to proceed with such replacement and execute such contracts and incur such expenses and allegations - not, however, substantially in excess of the estimated cost of the replacement as presented to the Budget and Finance Committee -- as may, in their judgment be necessary or desirable to accomplish the purposes of this resolution.

11. Action. A Resolution on the Replacement of the Residential Maintenance Information Management System was approved as follows:

Intention:

The Residential Maintenance and Management System is outdated and requires an update. In conjunction with University Physical Plant actions, the residence system will also use CHAMPS computer software. In addition to improved internal operational effectiveness and efficiencies the use of CHAMPS will enhance the interface with the Physical Plant Maintenance Information Management System.

This project is not included in the Capital Plan for Fiscal Year 1993. It is estimated to cost $400,000 and will be paid from residence system reserves.

RESOLVED, that the replacement of the residential maintenance information management system estimated to cost $400,000, 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 proceed with such replacement execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of such replacement as presented to the Budget and Finance Committee -- as may, in their judgment be necessary or desirable to accomplish the purposes of this resolution.

12. Action. A Resolution of the Replacement of Franklin Field Turf was approved as follows:

Intention:
The University proposes to replace the turf on Franklin Field. The existing surface and padding are twelve years old and are very worn. As part of this project the University also proposes to reduce the present "crown" and replace the field's drainage system. This project which is estimated to cost $1,801,689, is included in the Capital Budget for Fiscal Year 1993 and will be funded by the Department of Intercollegiate Athletics and general University funds.

RESOLVED, that the replacement of Franklin Field's turf and drainage system, estimated to cost $1,801,689, 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 replacement execute such contracts and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such replacement as presented to the Budget and Finance Committee -- as may, in their judgment, be necessary or desirable to accomplish the purpose of this resolution.

C. Investment Report - Mr. Neff

Mr. Neff directed the trustees' attention to the Investment Report that had been distributed, which showed that as of April 15, 1993, the total market value of the University's Associated Investment Fund (AIF) was over $1 billion ($1,000,700,000), or $538.34 per share. This figure is sure to fluctuate, but nonetheless represents a healthy advance over the December 31, 1979 value of $134 million. While the AIF is not as large as the endowment pools of other Ivy League schools, it is respectable by any standard. Fundamental to the growth of the AIF is the 606.5% increase in the Standard & Poors 500 stock average over the same 13-year period. The AIF common stocks, however, have performed some 50% better, at 940.2%, and this has figured prominently in the AIF's growth. Since December 31, 1992, the AIF common stocks are performing approximately 8% better than the S&P stock average: the AIF stocks increased 12.1% compared to a 3.7% growth for the S&P stock average.

For the NACUBO year beginning June 30, 1992, which is used to compare Penn's investment fund performance to those of other colleges and universities, the AIF common stocks show an increase of 19.1% compared to 12.3% for the S&P stocks, which indicates a second consecutive good NACUBO year.

Mr. Neff reported that the marketplace continues to be positive, at about 17x earnings and a 2.8% yield, which are good by any yardstick. Such a market evaluation generally causes either earnings to increase to meet these expectations or the market to go down. The latter possibility does not seem likely at this time: since the beginning of the year common stock mutual funds have enjoyed about $9 billion per month of positive cash flow, which has kept the market from turning downward. The 48% of the AIF Penn has invested in common stocks is restrained relative to the AIF's previous equity allocations of 65-70%. The University has enjoyed good returns in 1993 on its investments in banks, natural gas, utilities...
and airlines, and it is poised to take advantage of new price opportunities that may present themselves and increase its common stock investment.

D. Medical Center - Mrs. Catherwood

Mrs. Catherwood reviewed the approval process for the Medical Center's proposed University of Pennsylvania Health System and Physician Network. The University of Pennsylvania Health System Implementation Plan has been and is now moving through a process of institutional input and review. Beginning in December 1992, the Health System concept, and later the Implementation Plan, has been shared and discussed extensively with University leadership, the senior academic and administrative leadership of the University and Medical Center, and with both Medical Center and University trustees. Particular attention has been devoted to presentations to the senior academic leadership of the School, beginning in December 1992 and leading to presentations to the Clinical Chairmen on March 8th, the Medical Faculty Senate Steering Committee and the Steering Committee of Department Chairmen on March 9th, and the Standing Committee of Department Chairmen on March 31st. At this last meeting, Department Chairmen at the School of Medicine were asked to present the Implementation Plan to their departmental faculty to solicit input and support. In addition, Dr. Kelley will present the Implementation Plan to the Medical Faculty Senate Steering Committee on April 26th and to the full Medical Faculty Senate on May 27th.

Key checkpoints in the process were achieved on February 3rd, when the Health System concept was presented to the University Trustees' Long-Range Planning Council and Executive Committee; on February 8th, when the Medical Center Trustee Board Executive Committee approved the Health System concept; on March 19th, when the University Trustees' Executive Committee gave the Medical Center clear direction to proceed forward with the Implementation Plan; and on April 12th, when the Medical Center Trustee Board Executive Committee approved the governance and corporate structures of the Health System and gave approval to move forward to develop the Physician Network. Future planned steps in the review and approval process prior to the end of the academic year include bringing forward recommendations first to the Medical Center Trustee Board Executive Committee and then to the University Trustees for the Health System Bylaws and the Bylaws and Articles of Incorporation for the Physician Network. Other components and enabling documents for establishing the other components of the Health System will be brought forward as they are readied.

E. Facilities and Campus Planning - Mr. Crow

Mr. Crow reported that the Facilities and Campus Planning Committee had met the day before to receive a presentation from architects Kohn Pedersen Fox Associates on design changes they have made to the Revlon Campus Center plans in response to various requests from the Committee. The Committee had requested changes in order to limit the cost of the Center but wanted at the same time to ensure the changes did not adversely affect the planned
program for the Center. The Committee also wanted to ensure that the University's existing assets were used effectively and, further, to look at master planning some additional land north of Walnut Street to ensure the Center could accommodate all the various needs the Committee wanted to meet (e.g., housing, additional meeting space), all in accordance with the proposed University Campus Master Plan.

The architects' review encompassed primarily Phase I, but also Phase II (retail and meeting space) and, briefly, Phase III, which indicates housing in quad-like form around the Hill Field area. A model of the current Revlon Center design was available for inspection after the meeting. The Committee finds the new plan to be a better and more attractive use of the site that allows the student center itself to stand alone on the site and provides more courtyard space, a large usable terraced area, and a tower on 36th Street which can also be a form of signage for the University in that area. The layout of the bookstore has been altered to accommodate suggestions made, and the meeting room proposed for the structure has been removed to the site currently occupied by the Mellon Bank Building and Franklin Building Annex. The result, the Committee feels, is a more attractive, very functional, fully programmatic Revlon Campus Center, and the Committee is fully in favor of this new altered design.

V. **Overseer and Other Boards**

A. **Action.** A Resolution on the Appointment of Joseph Newton Pew, IV to the Trustee Board of the University of Pennsylvania Medical Center and the Board of Overseers of the School of Medicine was approved as follows:

RESOLVED, that Joseph Newton Pew, IV be appointed to the Trustee Board of the University of Pennsylvania Medical Center and the Board of Overseers of the School of Medicine, for a three-year term beginning April 23, 1993.

VI. **Conclusion**

Mr. Shoemaker concluded the meeting with brief remarks on the legacies of the Hackney presidency and this remarkable time of transition in Penn's history. President Hackney, he said, has been one of Penn's greatest leaders, and the results of his remarkable leadership are evident in almost every quarter: the diversity and quality of Penn's faculty, staff and students; the strength of our undergraduate academic living/learning programs; the success of the Campaign for Penn; and the strength of Penn's financial management, including our endowment, which has reached $1 billion for the first time in history.

Mr. Shoemaker noted that there would be other formal and informal opportunities to thank both Sheldon and Lucy Hackney in the months ahead, but said that on behalf of his fellow trustees he wanted to record the trustees' extraordinary respect for President Hackney and his firm leadership, which were just what was necessary to lead this large and complex
place to its next stage of excellence.

Mr. Shoemaker observed that he has often thought of President Hackney as Penn's greatest play-maker. He recruited the right team, put it on the field, called the brilliant plays and passed the ball off to the right person at the right time. And if no one was uncovered in the field, he had the speed and finesse to run the ball himself. He at no time had any interest in taking the credit for Penn's record successes, only in seeing that they happened and that the efforts of others were acknowledged.

As the search for Penn's next permanent president begins over the next two months, Mr. Shoemaker noted, he will continue to consult with President Hackney on those issues that must move forward at Penn and ensure that there is no loss in Penn's forward momentum. Key issues they are discussing include the following:

- The further strengthening of Penn's undergraduate programs and living/learning environment, even in a time of fiscal constraint.

- Building further on the excellence of our graduate and professional schools.

- Continued focus on community, both in terms of Penn's support of its own diverse community and in terms of its partnership with the West Philadelphia and Philadelphia communities.

- The completion of the Campaign for Penn and the achievement of its subgoals.

- Continuing the reduction in Penn's administrative cost base in both the central administration and the schools.

Mr. Shoemaker concluded that Penn must continue its progress in these areas and looks to the entire Penn community for assistance. "It may be a year like no other, but I pledge my time and support to all of you, and I know every one of my colleagues does the same."

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