
I. Call to Order

Chairman Shoemaker called the meeting to order.

An invocation was offered by the Rev. James Trimble (C'53) of Christ Church. As rector of the congregation to which Lucy and Sheldon Hackney belonged, Rev. Trimble noted how greatly they would be missed in Philadelphia, praising President Hackney as "a gracious and delightful 18th-century person." before offering a reading from the Book of Common Prayer.

The minutes of the January 22, 1993, meeting were approved as written by the secretary.

II. Chairman's Report

A. Comments. Chairman Shoemaker had no report.
B. Resolutions.

1. Action. Chairman Shoemaker read the following resolution of appreciation for James A. Pappas, who had completed his term as a Term Trustee:

Founder and past president and chairman of Penn's Board of Associate Alumni Trustees (Northeast Region), Inc., James A. Pappas (W'68) has been one of the University's most effective alumni leaders, possessing a clear, intuitive understanding of both the University's needs and those of its alumni in the New England region. In 1983, as a newly elected Alumni Trustee, he recognized the untapped potential of a fellowship of New England alumni. Harnessing alumni's pride in their alma mater, he created what became Penn's prototype regional alumni association, reaching out to and making room for the University's many constituencies. His creativity, entrepreneurial skills and generosity with his own resources have been guiding forces behind the success of the Northeast Region B.A.A.T., which continues to grow and flourish but is the model emulated around the country for unifying regional development, alumni relations and secondary school activities.

Even while leading Penn's New England activities, Mr. Pappas has remained close to campus life and contributed greatly to it. A gift from the Pappas family made possible three interwoven living/learning programs in the University's College Houses and the University's Pappas Lecture and Fellows Program, which brings world leaders and major figures from arts and letters to the campus. Students and faculty have the benefit of both formal and informal exchanges with the Fellows. In its first ten years the program has brought Norman Mailer, Robert McNamara, Beverly Sills, Pierre Trudeau, Ed Bradley, Warren Burger, Oscar Arias Sanchez, Cokie Roberts and Lindy Boggs to Penn's campus.

Elected Term Trustee in 1988 after completing his five-year term as Alumni Trustee, Mr. Pappas has served as a member of the Board of Overseers of the Graduate School of Fine Arts and the Trustees' Committees on Facilities and Campus Planning, Budget and Finance, and University Responsibility.

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 James A. Pappas for his distinguished service, and they look forward to his continued active involvement in University affairs.

The trustees endorsed this resolution with warm applause.

2. Action. The following Resolution of Appreciation for Michael Aiken, which had been read aloud at the luncheon preceding the meeting, was entered into the record:

During his nine years in positions of governance on our campus, Michael Aiken analyzed Penn's structure down to its very warp and woof. Within the half-dozen years of his tenure as Provost, he took hold of all the strands and knit together the fabric of the University.

The comments of admiring colleagues suggest that "warp" indicates the phenomenal speed with which he transformed good theory into good practice, while "woof" is a reminder that he is as tenacious as a bulldog in tracking down data.

A renowned organizational sociologist, he brought to Penn the tools of his trade, the skill with which to wield them, and an eagerness to employ them in the service of the liberal arts. While Dean of the School of Arts and Sciences, he initiated the five-year plan that boosted undergraduate education, graduate education and research across the campus. A brilliant teacher and scholar, as well as a talented administrator, he created the programs that will propel Penn into the twenty-first century.
The special impetus he gave to basic research will continue to be realized in the work that flows from the Institute for Advanced Science and Technology and by revolutionary breakthroughs at the Medical Center. His contributions to affirmative action, environmental education, broad-based internationalism, and information technology have further helped to set Penn on a bold and visionary course of leadership.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the Overseers, administration, faculty, students and alumni of the University, convey their thanks to Michael Aiken for the legendary capacity and inclination for hard work that led him to phone colleagues at night and on weekends, and for the courtesy, thoughtfulness, and integrity that made us love him just the same. We will miss him, and we wish him well wherever his unquenchable curiosity, boundless energy, and seemingly unlimited ability may lead him.

3. **Action.** The following Resolution of Appreciation for Frederick C. Nahm which had also been read aloud at the luncheon preceding the meeting, was entered into the record:

During his seven years at the University of Pennsylvania, Frederick C. Nahm has kept all his promises to Penn and helped Benjamin Franklin keep his. As vice president for development and university relations, and for two years senior vice president for planning and development as well, Rick Nahm modeled his approach to fundraising on the character of the University. Leading a team effort that was complex, collaborative, and cohesive, he spurred us on to ever greater heights. With extraordinary energy and enthusiasm he rallied a billion dollars worth of support for The Campaign for Penn. The resounding success of his effort has enhanced Penn’s reputation and earned the pride of the Penn community.

With the analytical skill of a former research chemist, he meticulously directed the Campaign from its nucleus stage through the dynamic phases of interrelations and growth. Recognizing and drawing on the individual strengths of trustees, overseers, alumni, faculty and staff, he bonded them in a common purpose. He galvanized the Penn community into accepting, meeting, and even exceeding the many challenges he put before them.

A gifted communicator, he excelled in conveying to Penn audiences both the ideas and the excitement behind the ideas. With a joyful sense of purpose and an improvisational sense of humor, he gave us the feeling that fundraising for Penn was fun. When he said "I love asking people for money," we believed him. Everyone who has ever worked with him knows that he is a movie buff. His heroes are dynamic, individualistic, and optimistic. So are ours. And we like a director who gives us a happy ending.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, administration, faculty, students and alumni of the University, express their gratitude to Frederick C. Nahm for his incalculable, although distinctly quantifiable, contributions to the University and for a very happy conclusion to The Campaign for Penn. We wish him much happiness and success in the challenges that await him.

4. **Action.** The following Resolution of Appreciation for Sheldon Hackney was entered into the record:

An exemplar of intelligence, fair-mindedness, and balance, Sheldon Hackney achieved something paradoxical during his remarkable twelve-and-a-half-year tenure as Penn’s president. He endowed the University with unprecedented financial strength while imbuing it with the kind of strength that cannot be bought -- his own uncommon humanity.

An admirer of our nation’s rich heritage and a leading proponent of Penn as a global university, he is at home among many kinds of people beyond the community of scholars. With a passionate commitment to freedom of expression and to the task of creating a world in which
that ideal can be realized for every individual, he strove to make Penn a diverse community where civil discourse and behavior flourish.

An educator in the broadest sense, he encouraged students to use their time at Penn to choose the values that would guide their lives. Addressing first-year students on the history of civilization, of Philadelphia, of Penn -- he did not neglect their own immediate histories as teenagers. Not only did he know just where Penn students were coming from -- it turned out that he had been there, too! With empathy and humor, each year he reviewed Hollywood's latest coming-of-age film, bringing into precise focus its hidden messages and morals.

He exercised his gifts as a teacher more formally in the classroom, where he instructed students on a period of history that has a particular appeal for American youth. Just as the decade of the 1960s can stand as a metaphor for coming of age, his continuing engagement as a professor was a symbol of his personal commitment to undergraduate education.

A believer in what he once called "the lattice work of mutual obligations," he established links of service between Penn students, alumni, faculty, and staff and the West Philadelphia community that would have made Benjamin Franklin proud.

Renowned for his graciousness and wit, he has been a welcome presence at Penn events. He often showed his high spirits as he cheered on the Quakers, rallied support at alumni events, engaged Benjamin Franklin in repartee during Penn's 250th celebration, or unexpectedly burst into song with "what a day this is, what a rare mood I'm in" when making the formal announcement of The Campaign for Penn.

Dedicated to the highest standards of education and research, he brought Penn to a position of academic leadership through the success of two major campaigns -- "Building Penn's Future" and "The Campaign for Penn." During his tenure, Penn has become the institution of choice for some of the nation's highest ranking students and academics. He has moved Penn well along toward achieving the vision he has for it as "the leading international urban research institution of the twenty-first century committed to undergraduate education."

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, administration, faculty, students, and alumni of the University, affectionately convey their gratitude to Sheldon Hackney for his integrity, his wisdom, and his leadership, and for playing a significant and inspiring role in Penn's history. We wish him success in his uncompromising search for common ground, we wish him joy and fulfillment in all that he undertakes, and we look forward to his promised return to the academic life and his permanent home in Philadelphia.

5. **Action.** A Resolution on the Approval of the Bylaws of the University of Pennsylvania Health System was approved as follows:

In order to respond to the changing environment for health care delivery and to promote the University's continuing goal of achieving academic excellence, the University proposes to establish and implement the University of Pennsylvania Health System, in accordance with the recommendations of the Medical Center Trustee Board Executive Committee and the Trustees Budget and Finance Committee.

RESOLVED, that the bylaws of the University of Pennsylvania Health System, including the authorizations therein for the establishment of the University of Pennsylvania Health System Trustee Board and University of Pennsylvania Health System Trustee Board Executive Committee (and designation of such other committees and subcommittees as are set forth in the bylaws), together with the grants of authority as set forth in the bylaws, be and the same hereby are approved; and it is
FURTHER RESOLVED, that the University of Pennsylvania Health System Trustee Board Executive Committee shall consist of the following members, who will serve for terms of three years subject to annual reappointment, effective June 18, 1993: Susan W. Catherwood (Chairman), Robert H. Campbell, Robert E. Cawthorn, John G. Harkins, Esq., Anthony S. Minisi, Esq., Myles H. Tanenbaum, Esq., Richard B. Worley, Claire M. Fagin, Ph.D. (ex officio), William N. Kelley, M.D. (ex officio), and Marvin Lazerson, Ph.D. (ex officio).

6. **Action.** A Resolution on the Establishment of Clinical Care Associates of the University of Pennsylvania Health System was approved as follows:

The University intends to develop a network of integrated providers as a component of the University of Pennsylvania Health System, in accordance with the recommendations of the Medical Center Trustee Board Executive Committee and the Trustees Budget and Finance Committee.

RESOLVED, that the University's establishment of a new not-for-profit corporation to be known as "Clinical Care Associates of the University of Pennsylvania Health System," (the "Corporation"), the sole corporate member of which will be the University of Pennsylvania, be and the same hereby is approved.

FURTHER RESOLVED, that the bylaws of the Corporation, together with the grants of authority set forth in those bylaws, be and the same hereby are approved.

FURTHER RESOLVED, that the establishment of a start-up capital fund in the amount of $2,000,000 for the Corporation's administrative and management costs during the first year of its operations be and the same hereby is approved. This fund, which is included in the Fiscal Year 1994 Operating Budget for the Hospital of the University of Pennsylvania, will be funded by the Hospital's programmatic stabilization and development budget.

FURTHER RESOLVED, 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 establishment of the Corporation, execute and record such documents (including, but not limited to, articles of incorporation for the Corporation) as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

B. **Report of Nominating Committee - Mr. Miller**

7. **Action.** Mr. Miller reported that the departure of the Hon. A. Leon Higginbotham, Jr., currently Trustee Emeritus, from Penn to Harvard meant that the Board could invite Judge Higginbotham to become a voting Trustee again, given that he will no longer be a member of Penn's faculty. The Nominating Committee recommended that he be made a Charter Trustee, given his many contributions to the University. Accordingly, a Resolution on the Election of the Hon. A. Leon Higginbotham, Jr. as a Charter Trustee was approved as follows:

RESOLVED, that The Hon. A. Leon Higginbotham, Jr. be elected a charter trustee, effective July 1, 1993.

8. **Action.** The Nominating Committee recommended that Robert P. Levy be appointed a Charter Trustee, in view of his many contributions to the University. Mr. Levy served for a total of 20 years as a Term trustee, from 1971-81 and 1982-92. Upon completion of a second consecutive term in January 1992 Mr. Levy went off the Board for a year as required by the statutes. The following Resolution on the Election of Robert P. Levy as as a Charter Trustee was approved:
RESOLVED, that Robert P. Levy be elected a Charter Trustee, effective June 18, 1993.

9. Action. Mr. Miller introduced a Resolution on the Election of James N. Wade as a Term Trustee, briefly describing Mr. Wade's distinguished civic service and his service to Penn's School of Social Work. Accordingly, the resolution was approved as follows:

RESOLVED, that James N. Wade be elected a Term Trustee for a five-year term beginning June 18, 1993.

10. Action. A Resolution on the Reelection of P. Roy Vagelos as a Term Trustee was approved as follows:

RESOLVED, that P. Roy Vagelos be reelected a term trustee, for a five-year term, effective June 18, 1993.

11. Action. A Resolution on the Reelection of Alvin V. Shoemaker as Chairman of the Trustees was approved as follows:

RESOLVED, that Alvin V. Shoemaker be reelected chairman of the Trustees of the University of Pennsylvania for a one-year term, effective July 1, 1993.

12. Action. A Resolution on the Reelection of Susan W. Catherwood and Gloria T. Chisum as Vice Chairmen of the Trustees was approved as follows:

RESOLVED, that Gloria Twine Chisum and Susan W. Catherwood be reelected vice chairmen of the Trustees of the University of Pennsylvania for one-year terms, effective July 1, 1993.

13. Action. A Resolution on Election of Executive Committee, representing no changes in composition from the current board, was approved as follows:

RESOLVED, that the following Trustees be elected members of the Executive Committee for one-year terms effective July 1, 1993: Susan W. Catherwood, Gloria Twine Chisum, D. Michael Crow, Robert A. Fox, Stephen J. Heyman, Natalie I. Koether, Donald L. Langenberg, Paul F. Miller, Jr., John B. Neff, Russell E. Palmer, John N. Reardon, James S. Riepe, Sara S. Senior, Alvin V. Shoemaker, Saul P. Steinberg and Myles H. Tanenbaum, Esq.

III. President's Report

A. Comments

President Hackney reported that for all the media attention and controversy, the past two months had also been a time of reach achievements and progress on important fronts.

Commonwealth Appropriation. The budget approved by Gov. Casey on June 4th included $21.7 million for fiscal 1993 and $28.7 million for fiscal 1994. While this is less than the University had hoped for, it should represent an end to the several years of mounting difficulty on this front. The University will have important decisions ahead regarding how to make up the difference between the amounts received and its needs, but it now has a clear definition of those tasks.

Racial Harassment Case. As had been widely publicized, the complainants against freshman Eden Jacobowitz withdrew their charges of racial harassment against Mr. Jacobowitz and the matter is formally closed. During the weeks and months ahead the University will continue to work with both Mr. Jacobowitz and the complainants to ensure that their academic and personal lives return to normal as quickly as possible. In addition, there will be an inquiry to determine what went wrong in the handling of this particular case, which took too long, created an erroneous impression of "political correctness" and served none of the complainants, the respondent or the University. The case revealed that the Charter of the Student Judicial System is in need of a thorough review.
Meanwhile, all parties have issued statements explaining their positions in the matter, and despite the distorting lens of intense media coverage there are signs that a dialogue is beginning to develop on and off the campus regarding community, freedom of expression and diversity. If such a constructive discussion can evolve in the months ahead, both here and nationally, then something positive and important will have begun. Interim President-elect Claire M. Fagin and Interim Provost-elect Marvin S. Lazerson have the establishment of this dialogue at the top of their agenda for the coming year.

Commission on Strengthening the Community. President Hackney reported that one of the important ways the University has moved to create a dialogue on the community and to address concerns regarding the framework of shared values, activities and principles that bind the University community together is through the formation of the Commission on Strengthening the Community that had been announced last week. This high-level group of trustees, faculty and others will be led by Gloria Twine Chisum and will make its first report to the Penn community in January 1994. The Commission will engage the entire Penn community, including faculty, staff and especially students, in the process of assessing the status of our shared community values and in identifying ways to ensure their full expression and integration.

Daily Pennsylvanian

Confiscations and Related Police Issues. President Hackney wished to take the opportunity of the meeting to again correct the record regarding the University's position on this matter. He reiterated that he had repeatedly said that the taking of the newspapers was wrong and affirmed his own and the University's commitments to protecting freedom of expression on the campus. The students involved will face judicial procedures when they return to campus in the fall, and the Committee on Open Expression has issued an advisory opinion finding that removal of the newspapers was a violation of the Guidelines on Open Expression.

Since April, two panels have been formed to address the issues arising from the events of April 15-16th. An Incident Review Panel has investigated the events of those days, and their findings will be the basis for action by the Commissioner of Public Safety, the Director of the University Museum, the Vice President for Human Resources and the Judicial Inquiry Office. The second panel, which will report next year, is addressing the larger issue of what modifications may be needed in standard police operating procedures when they are translated to the special context of an academic community.

Conclusion. President Hackney concluded by remarking that the initiatives he had reported on reflected the kind of steady progress and enduring responsiveness that have long been one of Penn's hallmarks. As with the controversies of years past, the challenges of this year will make Penn stronger, calling forth its best efforts in response. Penn and each of the trustees have exhibited dedication and commitment throughout his years here, he stated, and this commitment will sustain the continuity of leadership and achievement that will assure Penn a bright future.

President Hackney expressed appreciation for the assistance he had received over his years here from President Emeritus Martin Meyerson, whom he cited as an exemplary role model and former president. Finally, he again thanked the trustees for their support for him, both personally and professionally, over his 12-1/2 years at Penn and particularly in the past two months. Over these weeks he and Chairman Shoemaker had received tremendous amounts of mail relating to the Jacobowitz and DP matters, ranging from the politely indignant to death threats. On the other hand, President Hackney had heard kind, sustaining words of appreciation from a wide variety of members of the Penn community, for which he was very appreciative. Each trustee, he said, has meant things to him in ways they may not even realize, and he thanked him for the honor of leading Penn over the past 12-1/2 years. The trustees accorded President Hackney a standing ovation.

1. Action. A Resolution on the Appointment of John Wells Gould as Vice President and Director of University Planning was approved as follows:

RESOLVED, that John Wells Gould be elected Vice President and Director of University Planning, effective July 1, 1993.
B. Academic Report - Provost Aiken

1. Comments

Veterinary School. Provost Aiken reported that Edwin Andrews had decided to step down as Dean of the School of Veterinary Medicine effective December 31, 1993. He commended Dean Andrews' service to the University, saying it had been a great pleasure for himself and President Hackney to work with Dean Andrews over the past six years. Dean Andrews came to the School at a very difficult time and worked extremely hard to achieve a balanced budget, reconfigure its administrative structure, assist faculty in continuing to develop excellent teaching and research programs, and to attract and retain distinguished faculty. At the point of achieving extraordinary success, the threatened loss of Commonwealth support placed the School in further difficulties, at which point Dean Andrews worked even harder. As he sought to find new funding and worked to recover the threatened appropriation, he also attempted to find creative ways that would enable the Veterinary School to do its business in a more economical fashion. Now, with the partial restoration of Commonwealth support, Dean Andrews believes it is time for new leadership. Provost Aiken expressed the University's sadness that he has decided to step down and appreciation to him for all he had done.

Department of Operations and Information Management. Provost Aiken reported that the name of the Department of Decision Sciences in the Wharton School will be changed to the Department of Operations and Information Management effective July 1, 1993. During the academic planning process at Wharton this past semester, the faculty in that Department critically reexamined the strategic direction of their department, looking at their research interests and pedagogical mission as well as their relationships with other departments. They concluded that the applicability of the analytic tools and methodologies encompassed by the faculty and its work were inadequately reflected in the department's current name. Accordingly, they recommended the change in name, which was approved by the Wharton faculty as a whole and by Dean Gerrity and has the approval of Provost Aiken and President Hackney.

Faculty Honors. Alan L. Hillman, Assistant Professor of Medicine and of Health Care Systems, has been named the 1993 recipient of the Association for Health Services Research Young Investigator Award for both his work on the use of financial incentives in managed care systems and his contributions to the discipline of pharmacoeconomics. Oscar Gandy, Professor of Communication in the Annenberg School, has been named a 1993-94 residential fellow at the Freedom Forum Media Center at Columbia University, one of 13 professionals and scholars from across the country to be selected. Mildred Cohn, Professor Emeritus of Biochemistry and Biophysics, received the 1993 Governor's Award for Excellence in the Sciences for her work on the mechanisms of enzymes. Patrick McGovern, a research specialist in the University Museum, has been accorded a Fulbright grant for research next fall at the University of Stockholm in Sweden.

2. Action. The Resolution on Appointments, Leaves, and Promotions presented on pp. 16-39 of the meeting book was approved.

3. Action. Provost Aiken recommended approval of the Resolution on Revision of Patent and Tangible Property Research Policies printed at page 40 of the meeting book. The resolution had been distributed to members of the Academic Policy Committee, and no comments had been received. Accordingly, the resolution was approved as follows:

Intent:

In a review process that began in late 1990, the Offices of the Provost and the Executive Vice President undertook a comprehensive review of the intellectual property policies and procedures of the University. The effort resulted in the For Comment publication of "Proposed Revision of Patent and Tangible Research Property Policies" in an Almanac Supplement on April 20, 1993. A detailed background description of the rationale for the proposed revisions and the process through which the document was reviewed by the University community was included in the article. No substantive comments have been received in response to this publication.
RESOLVED, that with respect to the "Proposed Revision of Patent and Tangible Research Property Policies" published in the Almanac Supplement of April 20, 1993, the Trustees hereby declare:

1. "Article 1: Preamble to the Intellectual Property Policies and Procedures" sets forth and affirms the principles governing the intellectual property created by the faculty, employees, students and guest scholars of the University;

2. "Section 2.0, Policy Statement on Inventions and Patents," and related definitions in Section 4.0, as published, are approved as a restatement of the University's Patent Policy as originally declared in 1966 and are reaffirmed as University Policy;

3. "Section 3.0, Policy Statement on Tangible Research Property," and related definitions in Section 4.0, as published, are policy of the University as of July 1, 1993;

4. Publication of "Section 2.1, Procedures for the Administration and Management of Inventions and Patents," "Section 3.1, Procedures for the Administration and Management of Tangible Research Property," related definitions in Section 4.1, and related Appendices is acknowledged. The President may approve and implement these Sections, either as published or later amended, as the President sees fit.

Conclusion. Provost Aiken concluded by thanking the trustees for the opportunity to work with them as Provost for the past six years and for having shared the wonderful traditions of the University with him. He expressed confidence that Penn would be a leading University in the 21st century. The trustees warmly applauded him.

4. Admissions - Dean Stetson

Dean Stetson began by thanking President Hackney and Provost Aiken for the many ways they had supported the admissions staff over their years here.

He then reported on the Class of '97. The applicant pool for this class was 12,394, maintaining the 27% increase seen last year. Of these applicants, a class of 2,370 will be enrolled. Members of the class were drawn from all over country and all walks of life. Aided by the need-blind admissions policy, the Admissions Office has been able to draw a class from a wide cross-section of the country. Fifty-four percent of the students are from the east and the remainder from other regions of the country (45 states are represented) and over 50 countries (10% of the freshmen are of international background).

Penn's yield (the percentage of admitted students who matriculate at Penn), which has vacillated over recent years, rose 2% this year to almost 49%. At the same time, academic quality measures improved significantly: the students were drawn from the top 4% of their high school classes, and their SAT average of 1276 is 11 points higher than the previous year. If the calls of disappointment from those not admitted are a barometer, Penn is certainly becoming even more of a school of choice.

Twelve percent of the entering class are children of alumni, an increase of some 25-30 students over last year. Minorities, including the Asian community--the fastest growing minority at Penn--make up one third of the class. There has been a slight decrease in the number of African-American students but an increase in the number of Hispanic students. The number of Philadelphia residents in the class increased from 88 in 1992 to 113. Dean Stetson's office believes more can be done to raise the accessibility of Philadelphia students to Penn with the enhanced visibility of the Mayor's Scholarship program, which is a shift in the right direction.

Dean Stetson offered profiles of three freshmen who illustrate the range and quality of this class: a young man from Billings, Montana, valedictorian of his high school class, who has received more awards than any student ever in Montana and who will study at the Wharton School as an Air Force ROTC
scholarship winner; a young woman from Salt Lake City aspiring to be an astronaut who has already worked on Star Lab program and who will be a physics major; and a young Royal Thai woman who will be an economics major in the College and who is among the top 20 students from Thailand to be chosen to study in the United States. Dean Stetson noted that there are of course many other solid, excellent students in the class who, while not necessarily unique, are sure to make a positive mark on the University both in and outside the classroom.

C. Financial Report - Ms. Hale

Ms. Hale presented a report on the finances of the University, the Hospital and the Clinical Practices as of May 31, 1993. She noted that with the partial restoration of the University's 1993 Commonwealth appropriation, the fiscal year 1993 operating budget has been revised from the original budget, which called for a deficit of $19.55 million, to breakeven. Of the $21.75 million Commonwealth appropriation, $11 million will go to the School of Veterinary Medicine; another $10 million is a general appropriation. Because only 60% of its requested appropriation was restored, the University has moved $5.5 million of the general appropriation to continue and fully support the School of Veterinary Medicine.

All performance projections are after the approved budgeted, discretionary allocations to the Research Fund of $1.3 million 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 revenue, indirect cost recovery and savings in salary and utility expense. Negative factors are other income (primarily sales revenue), non-guaranteed student aid, General University Tuition, workers' compensation reserve 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 $200,000 attributable to a shortfall in clinical revenues, the Graduate School of Fine Arts with a net deficit of $200,000, the School of Nursing with a net deficit of $125,000 and the Annenberg Center with a deficit of $100,000. The Graduate School of Education is projected with a surplus of $850,000 and the School of Social Work with a net surplus of $275,000. All other schools and centers are projected at breakeven performance.

On the restricted side, endowment and grant and contract fund expenditures increased by 1.0% and 4.4%, respectively. Gift Fund expenditures decreased by 1.4%. The amount available at May 31, 1993, for grant and contract expenditures is 11.1% more than at May 31, 1992.

Statements for the Hospital of the University and the Clinical Practices of the University are for the ten months ended April 30, 1993. HUP's excess of revenue over expenses was $95.6 million, or $52.4 million better than budget. CPUP's excess of revenue over expenses was $9.9 million, or $4.5 million better than budget.

D. Fiscal 1994 Budget - Mr. Golding

Mr. Golding presented the fiscal 1994 University Operating Budget, the first balanced operating budget for the University in two years, and commended President Hackney's optimism and Provost Aiken's prudence as main factors in this success.

Giving an overview of the budget, Mr. Golding noted that the budget represented the fulfillment of several important commitments:

- to the School of Veterinary Medicine;

- to maintaining a low salary pool parameter (2.5%) given the tight economic conditions several of the schools are facing;
-to maintaining need-blind admissions, with the 8.2% increase in the financial aid budget reflecting the enhanced packaging and reconfiguration of parental contributions to ensure that Penn is competitive with its peer institutions;

-to integrating electronically over the next four years the student, faculty and administrative staff, beginning with ResNet, the new communication network in the residence halls; and

-to investment in technology in order to bring about greater productivity and efficiency through Project Cornerstone.

With the 79% restoration of the Commonwealth appropriation, the University was able to further support graduate fellowships and research assistants; balance the financial aid program for fiscal 1994; fund the second year of a five-year program in classroom renovation and technology enhancements; and increase support for the research infrastructure.

It had earlier been assumed that the University would have to level off its development funding as the Campaign concludes, but it has now been determined that it can sustain development at a higher level, and the budget reflects this.

Also reflected are the continuing efforts to hold down the rate of increase of tuition and fees.

External factors affecting the fiscal 1994 budget include the introduction of Financial Accounting Standard 106, which requires Penn to recognize post-retirement health benefits for employees and which will cost approximately $5 million in fiscal 1994; the need to meet peer competition for high-quality faculty, which is important in both recruitment and retention; health care reform; the drop in the indirect cost recovery rate from 65% two years ago to 62.5% for fiscal 1994 as the federal government continues to exert pressure on universities to hold those costs down; the impact of the economy on tuition and financial aid; flat interest rates which affect short-term earnings on the University's cash balances and therefore the University's subvention to the schools; rapid changes in technology with which Penn must keep pace, particularly in the schools; and the cost of adding new facilities.

The total University budget of $1.772 billion reflects a 14.8% increase over fiscal 1993. Due to the effect of presenting the health services budgets to conform to accounting principles for universities and the transfer of balances to the Medical School in support of its capital program, the budget reflects a non-operating deficit of $113 million. Ignoring these adjustments and transfers, the operating budget increase is approximately 7.4%.

For HUP, the operating budget of $442 million represents a 5.4% increase, reflecting the overall spending plan absent capital. CPUP's overall spending request is $214 million, reflecting a volume increase of some 12% in Health Services.

The non-Health Services component of the operating budget is $965 million and reflects the auxiliaries, enterprises, schools and centers. It shows a higher increase in unrestricted spending versus restricted, which has not been case for the past several years and is due in part to the restoration of Commonwealth funds. Taking out the auxiliaries, school spending for fiscal 1994 will be $892 million; adjusted for transfers from Health Services and the Commonwealth appropriation, the overall rate of increase is about 5.8%.

IV. Committee Reports

A. Audit - Mr. Riepe

Mr. Riepe reported that the Audit Committee had met the day before with representatives from Coopers & Lybrand, the financial staffs of the University and the Medical Center, and Internal Audit leadership. It received a report from C&L on the preliminary audit report on the 1993 fiscal year audit and
a report from Internal Audit on the status of its 1993 activities and examinations. It approved the audit plan for fiscal 1994.

The Committee also received an initial report from members of the University's Accountability Task Force. Their report included a long series of recommendations that it will pursue over the upcoming year, with progress reports along the way. Mr. Riepe stressed that the report demonstrates that at a decentralized institution like the University accountability for fiscal control has to extend into the operating units, as it cannot be controlled by one central process. The Committee wanted it emphasized that it looks to those units to conduct controls in the course of their day-to-day activities.

B. Budget and Finance - Mr. Fox

Chairman Shoemaker noted that the minutes would reflect votes on these resolutions as Executive Committee actions.

1. Action. A Resolution on the Operating Budget of the University of Pennsylvania for Fiscal Year 1994 was approved as follows:

RESOLVED, that the operating budget for the University of Pennsylvania for Fiscal Year 1994 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

2. Action. A Resolution on the Operating Budget of the Hospital of the University of Pennsylvania for Fiscal Year 1994 was approved as follows:

RESOLVED, that the operating budget for the Hospital of the University of Pennsylvania for Fiscal Year 1994 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

3. Action. A Resolution on the Operating Budget of the Clinical Practices of the University of Pennsylvania for Fiscal Year 1994 was approved as follows:

RESOLVED, that the operating budget for the Clinical Practices of the University of Pennsylvania for Fiscal Year 1994 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

4. Action. A Resolution on the Capital Budget of the University of Pennsylvania for Fiscal Year 1994 was approved as follows:

RESOLVED, that the capital budget for the University of Pennsylvania for Fiscal Year 1994 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

5. Action. A Resolution on the Capital Budget of the Hospital of the University of Pennsylvania for Fiscal Year 1994 was approved as follows:

RESOLVED, that the capital budget for the Hospital of the University of Pennsylvania for Fiscal Year 1994 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

6. Action. A Resolution on the Capital Budget of the Clinical Practices of the University of Pennsylvania for Fiscal Year 1994 was approved as follows:

Intent:
This budget was previously approved by the Executive Committee of the Trustee Board of the Medical Center and is for the Health Services component of Clinical Practices capital expenditures only; the Educational and Research components of Clinical Practices capital expenditures are reflected in the University's Capital Budget.

RESOLVED, that the capital budget for the Clinical Practices of the University of Pennsylvania for Fiscal Year 1994 recommended by the Trustee Budget and Finance Committee be and the same hereby is approved.

7. Action. A Resolution on the Guarantee of a Loan to the Alpha Epsilon Chapter of the Alpha Chi Omega Sorority was approved as follows:

Intention:

In April 1993, the Trustees approved the renovation of 3906 Spruce Street to serve as a chapter house for the Alpha Epsilon Chapter of the Alpha Chi Omega Sorority. In order to assist the Chapter in financing this renovation, the University intends to guarantee a loan to the Chapter from National Westminster Bank in the amount of $400,000.

RESOLVED, that the University's guarantee of a $400,000 loan from National Westminster Bank to the Alpha Epsilon Chapter of the Alpha Chi Omega Sorority be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and the same hereby are authorized to take such actions and execute such documents as may in their judgment be necessary of desirable to accomplish the purposes of this resolution.

8. Action. A Resolution on the Exterior Rehabilitation of College Hall, Phase III, was approved as follows:

Intention:

In June 1990, the Trustees approved Phase I of the exterior rehabilitation of College Hall. This phase involved rehabilitation of the building's southeast quadrant. In June 1991, the Trustees approved Phase II of the rehabilitation project. Phase II involved rehabilitation of the south central section of the building. The University now proposes to begin Phase III of the rehabilitation, which includes work on the envelope and structure of the north side of the building. This phase of the project, which is included in the Capital Budget for Fiscal Year 1993, is estimated to cost $10,400,000 and will be financed through project funding sources.

RESOLVED, that Phase III of the exterior rehabilitation of College Hall, estimated to cost $10,400,000, 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 take such actions, proceed with such rehabilitation, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such rehabilitation as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

9. Action. A Resolution on the Exterior Rehabilitation of Logan Hall was approved as follows:

Intention:

The University proposes to begin the exterior rehabilitation of Logan Hall, which will involve replacement of the roof, repairs to the interior face of the exterior wall, reconstruction and restoration of masonry walls, and repair of windows. This project, which is included in the Capital Budget for Fiscal Year 1993, is estimated to cost $8,800,000 and will be financed through project funding sources.
RESOLVED, that the exterior rehabilitation of Logan Hall, estimated to cost $8,800,000, 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 rehabilitation, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such rehabilitation as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

10. Action. A Resolution on the Rehabilitation of Franklin Field, Phase II, was approved as follows:

Intention:

In April 1992, the Trustees approved Phase I of the rehabilitation of Franklin Field Stadium. This phase included structural repairs to concrete and the installation of aluminum bench seating in the North Upper Grandstand. In May 1993, the Trustees approved architectural and engineering activities associated with Phase II of this project. The University now proposes to begin Phase II of the rehabilitation, which includes repairing all of the brick arches in the Stadium, structural repairs to concrete and the installation of aluminum bench seating in the South Upper Grandstand. This phase of the project, which is included in the Capital Budget for Fiscal Year 1994, is estimated to cost $4,200,000 and will be financed through project funding sources.

RESOLVED, that Phase II of the rehabilitation of Franklin Field, estimated to cost $4,200,000, 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 rehabilitation, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such rehabilitation as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

11. Action. A Resolution on the Restoration of the Morris Arboretum Fernery was approved as follows:

Intention:

The Morris Arboretum proposes to restore its turn-of-the-century Victorian conservatory, commonly known as the Fernery. This project, which is included in the Capital Budget for Fiscal Year 1994, is estimated to cost $832,137 and will be funded by gifts and a National Endowment for the Humanities grant.

RESOLVED, that the restoration of the Morris Arboretum Fernery, estimated to cost $832,137, 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 restoration, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such restoration 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 on Additional Renovations to the Animal Laboratory Facilities on the Sixth and Eighth Floors of the Richards Building for the Institute for Human Gene Therapy, School of Medicine was approved as follows:

Intention:

In April 1993, the Trustees approved renovations to approximately 2,148 net square feet of space on the sixth and eighth floors of the Richards Building to provide appropriate animal laboratory
facilities for the Institute for Human Gene Therapy. This project was estimated to cost $848,314. Based on an expanded project scope, bids now indicate that the project will cost $1,731,766. Accordingly, the University is requesting that the Trustees approve an additional $883,452 for this project. The additional project costs will be funded by the School of Medicine.

RESOLVED, that additional renovations to the sixth and eighth floors of the Richards Building for animal laboratory facilities for the Institute for Human Gene Therapy, estimated to cost $883,452, 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.

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

Intention:
In April 1993, the Trustees approved renovations to approximately 1,256 net square feet of space in the Wistar Institute to provide appropriate animal laboratory facilities for the Institute for Human Gene Therapy. This project was estimated to cost of $506,281. Based on an expanded project scope, bids now indicate that the project will cost $862,410. Accordingly, the University is requesting that the Trustees approve an additional $356,129 for this project. The additional project costs will be funded by the School of Medicine.

RESOLVED, that additional renovations to space in the Wistar Institute for animal laboratory facilities for the Institute for Human Gene Therapy, estimated to cost $356,129, 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.

14. Action. A Resolution on Renovations to the Second Floor of the John Morgan Building for the Department of Pathology and Laboratory Medicine, School of Medicine, was approved as follows:

Intention:
The School of Medicine proposes to renovate approximately 1,523 net square feet of space on the second floor of the John Morgan Building (Rooms 231-238) to provide modern biomedical research laboratories for the Department of Pathology and Laboratory Medicine. This project, which is estimated to cost $280,910, will be funded by the School of Medicine.

RESOLVED, that the renovations to the second floor of the John Morgan Building (Rooms 231-238), for the Department of Pathology and Laboratory Medicine, estimated to cost $280,910, 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.
15. Action. A Resolution on Renovations to the Second Floor of the John Morgan Building for the Department of Pathology and Laboratory Medicine, Departmental Master Plan Phase I, School of Medicine, was approved as follows:

Intention:
The School of Medicine proposes to renovate approximately 2,720 net square feet of space on the second floor of the John Morgan Building to provide modern research facilities as Phase I of the departmental master plan for the Department of Pathology and Laboratory Medicine. This project, which is included in the Capital Budget for Fiscal Year 1993, is estimated to cost $1,139,482 and will be funded by the School of Medicine.

RESOLVED, that the renovations to the second floor of the John Morgan Building, for the Department of Pathology and Laboratory Medicine, estimated to cost $1,139,482, 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.

16. Action. A Resolution on PGH Development Corporation and Children's Health System Corporation Refunding was approved as follows:

Intention:
The Trustees of the University of Pennsylvania (the "University"), together with the Children's Seashore House ("CSH") and the Children's Hospital of Philadelphia ("CHOP"), is a member of PGH Development Corporation ("PGH") and Children's Health Development Corporation ("CHDC") which were formed for the purpose of acquiring and developing land formerly owned by the City of Philadelphia on the former Philadelphia General Hospital site (the "PGH Site").

In October, 1989, the Philadelphia Authority for Industrial Development (the "Authority") issued its Project Revenue Bonds (PGH Development Corporation), Series of 1989 in the original aggregate principal amount of $20,195,000 (the "1989 PGH Bonds") for the purpose of financing the acquisition and construction by PGH of a 1288-space above-ground garage (the "Above-Ground Facility"). In connection with the issuance of the 1989 PGH Bonds, PGH entered into an Installment Purchase Agreement with the Authority pursuant to which PGH acquired the Above-Ground Facility from the Authority and agreed to make payments sufficient to pay the principal of, premium, if any, and interest on the 1989 PGH Bonds. PGH's obligations under the Installment Purchase Agreement are limited obligations, payable solely from the revenues of PGH derived from payments under, and secured by collateral assignment of PGH's interest in, a Permit Issuance Agreement ("Permit Agreement") among PGH and the University, CHOP and CSH (collectively, the "Users").

Under the Permit Agreement, PGH granted each user the right to use certain space in the Above-Ground Facility entitling employees of each User to park in the Above-Ground Facility. The Permit Agreement provides that the University, as a User under the Permit Agreement, is obligated to pay its proportionate share of the costs of operating and maintaining the Above-Ground Facility, including the payment of its proportionate share of the debt service on the 1989 PGH Bonds. The payment obligation of each User under the Permit Agreement is a separate, unsecured general obligation which is payable in all events. The University also made an equity contribution to the financing of the Above-Ground Facility to permit use by the University of spaces in the Above-Ground Facility not eligible for tax-exempt financing.

Concurrently with the issuance of the 1989 PGH Bonds, the Authority also issued $8,185,000 of its Project Revenue Bonds ("PGH/CHDC Parking Facilities") (the "1989 PGH/CHDC Bonds")
to refinance certain indebtedness of PGH and CHDC incurred to acquire and construct a 568-space underground parking facility (the "Underground Facility") on the PGH site. In connection with the issuance of the 1989 PGH/CHDC Bonds, PGH and CHDC leased the Underground Facility to the Authority which, in turn, subleased the Underground Facility to PGH and CHDC pursuant to a Sublease and Security Agreement (the "Sublease"). Under the Sublease, PGH and CHDC are obligated to make rental payments sufficient to pay the principal of, premium, if any, and interest on the 1989 PGH/CHDC Bonds. PGH’s and CHDC’s obligations under the Sublease are secured by the revenues derived from and in connection with the Underground Facility. In addition, the University, CHOP and CSH unconditionally guaranteed payment of such debt service obligations pursuant to a joint guaranty agreement (the "1989 Guaranty").

At the request of PGH and CHDC, the Authority has approved the undertaking of a project (the "Refunding Program") and will issue its revenue bonds in a maximum principal amount of $33,000,000 to advance refund the 1989 PGH Bonds and the 1989 PGH/CHDC Bonds for the purpose of achieving debt service savings for the benefit of PGH, CHDC and their participants, including the University. In connection with the issuance of refunding bonds by the Authority, it is expected that PGH and CHDC will enter into certain supplemental agreements amending and supplementing the provisions of the Installment Purchase Agreement, the Lease and the Sublease to provide for the payment of debt service on the 1993 Bonds. PGH, the University, CHOP and CSH will also enter into an Amended and Restated Agreement (the "Permit Agreement Amendment"), amending and restating the terms and provisions of the Permit Agreement to provide for, among other things, revised provisions for the allocation of parking spaces among the Users and the payment by the Users of amounts sufficient to pay the principal of, premium, if any, and interest on the bonds issued to refund the 1989 PGH Bonds. The University, CHOP and CSH will additionally enter into a joint guaranty agreement (the "1993 Guaranty") pursuant to which they will each, jointly and severally, guarantee payment of the principal of, premium, if any, and interest on the bonds issued to refund the 1989 PGH/CHDC Bonds.

In furtherance of the Refunding Program, the Authority and the underwriters will enter into Bond Purchase Agreements (the "Purchase Agreements") relating to the purchase of the bonds at the interest rates, dates of maturity and with provisions for redemption set forth therein. It is expected that the Purchase Agreements will require the University to execute and deliver letters of representation ("Letters") in which the University undertakes certain representations and warranties and agrees to indemnify the Authority and the underwriters of the bonds under certain circumstances.

The Administration recommends that the Trustees approve the Refunding Program and requests authorization to take all required action in connection thereto.

RESOLVED, that the undertaking by the Authority of the Refunding Program on behalf of PGH and CHDC is hereby approved.

FURTHER RESOLVED, that the Executive Vice President, the Vice President for Finance, Treasurer or other appropriate officer of the University, are hereby authorized and directed to execute, acknowledge and deliver, and the Secretary or Assistant Secretary of the University is hereby authorized and directed to affix and attest the corporate seal of the University to the Permit Agreement Amendment, 1993 Guaranty, and any other document required to be executed and delivered by the University in connection with the Refunding Program in such form as the officer executing the same, in consultation with counsel to the University, may approve, such approval to be conclusively evidenced by the execution thereof.

FURTHER RESOLVED, that the Executive Vice President, the Vice President for Finance, Treasurer or other appropriate officer of the University are hereby authorized to disseminate information concerning the University and its activities and to approve the form of any
disclosure documents used in connection with the sale and issuance by the Authority of bonds to implement the Refunding Program;

FURTHER RESOLVED, that the Executive Vice President, the Vice President for Finance, Treasurer or other appropriate officer of the University are hereby authorized and directed to execute, acknowledge and deliver the Letters in such form as the officer executing the same, in consultation with counsel to the University, may approve, such approval to be conclusively evidenced by the execution thereof;

FURTHER RESOLVED, that the Executive Vice President, the Vice President for Finance, Treasurer or other appropriate officer of the University are hereby authorized and directed to take such further action and to execute and deliver such other instruments and documents, including, without limitation, financing statements under the Pennsylvania Uniform Commercial Code, as may be advisable to carry into effect the intent of the foregoing resolutions and transactions thereby contemplated.

FURTHER RESOLVED, that all other resolutions or parts thereof, insofar as they are inconsistent herewith, are hereby repealed or rescinded.

17. Action. A Resolution on Tax-Exempt Financing for the University’s Capital Program was approved as follows:

Intention:

The Trustees of the University of Pennsylvania (the “University”) expects to undertake a project (the “Project”) consisting of the renovation, rehabilitation, improvement and equipping of existing University facilities, the construction of new facilities, and the acquisition of property as follows: College Hall Exterior Rehabilitation, Logan Hall Exterior Rehabilitation, Franklin Field Rehabilitation, Central Utility Plant #6 Construction, Parking Garage at 38th and Walnut Streets Construction, University Fire and Safety Code Compliance Program Implementation and Property Acquisitions. The Project, which is estimated to cost approximately $100,000,000, will be funded from the proceeds of tax-exempt bonds issued by the Pennsylvania Higher Education Facilities Authority or other governmental issuer (if the $150,000,000 cap respecting the issuance of non-hospital tax-exempt bonds for 501(c)(3) organizations such as the University is removed) or taxable borrowings directly incurred by the University. Work on the Project will commence prior to the incurrence of debt and the proceeds of such debt would be used to reimburse the University for costs so incurred.

The Internal Revenue Service has issued tax regulations designated Section 1.103-18 (the “Regulations”) which set forth rules regarding the use of the proceeds of tax-exempt bonds to reimburse expenditures incurred prior to the issuance of bonds. The Regulations require that a borrower indicate an intent to reimburse itself from debt, that the reimbursement occur within one year after the later of the date the expenditure was paid or the date the financed property was placed in service, and that the resolution evidencing such intention be made available for public inspection after adoption at a place where the public is permitted to inspect University documents.

The administration recommends that The Trustees adopt a resolution declaring the University’s intent to borrow up to $100,000,000 to reimburse the University for a portion of the costs of the Project. This authorization is subject to the later authorization by the Trustees of the financing package and terms and provisions thereof.

RESOLVED, that the University’s Trustees hereby declare their intent to authorize borrowing up to $100,000,000 to reimburse the University for a portion of the costs of the Project. This authorization is subject to the later authorization by The Trustees of the financing package and terms and provisions thereof.
FURTHER RESOLVED, that this resolution shall be deemed to be a declaration of the official intent of the University to reimburse expenditures incurred in connection with the Project with indebtedness as contemplated by the Regulations.

FURTHER RESOLVED, that the Secretary of the University is directed to make a copy of this resolution available for public inspection at the Office of the Secretary until the earlier of the date of the incurrence of debt with respect to the Project or two years after the date hereof.

C. Development - Mr. Miller

Mr. Miller reported that the Development Committee heard at its meeting the day before that the Campaign for Penn had exceeded its goal of $1 billion by $5 million as of June 16th, a full year and a half early. He wanted the trustees to understand, however, that the Campaign was distinctly not over: there would still have to be a final phase, since from the outset it had been resolved that the Campaign would only be complete when each subgoal had been achieved, too, and some are not yet at quota. To achieve all the Campaign goals, there remains to be raised another 24 endowed chairs, at least $15 million more in undergraduate financial aid, another $8 million in minority permanence, an additional $92 million spread among various schools and centers (exclusive of the categories listed above); $21 million more for research; and $85 million for other priorities. In all, some $250 million remains to be raised over the next year and a half, which the Committee will round to $300 million as an internal goal. Both Mr. Miller and the Development Office believe these subgoals can be met, and the Committee unanimously adopted $300 million as their final-phase goal.

D. External Affairs - Mr. Bodek

Mr. Bodek presented the Committee's report for Mr. Lauder, the Committee's chairman, who was unable to be at the Stated Meeting. He reported that at its meeting the day before the External Affairs Committee had focused its attention first and foremost on why the well-known events that took place on campus this spring had developed into such a big national story. To provide the Trustees with the journalist's perspective on the "water buffalo" incident and the Daily Pennsylvanian matter, Associate Vice President for University Relations Carol Farnsworth invited Dale Russacoff, a national correspondent for the Washington Post, and Howard Goodman, senior writer with the Philadelphia Inquirer, to form a panel moderated by trustee Andrea Mitchell and share their views on how and why those events were politicized and became a story of national significance.

The journalists freely gave their views on how and why these stories grew and how the University's process and policies became the object of criticism. President Hackney's nomination, Hillary Clinton's visit to campus as Commencement speaker and the novelty and humor of the term "water buffalo" all contributed to the build-up of this story.

All agreed that Penn was not alone in its campus problems. The media's interest was greatly affected by the simple fact that the tensions that caused these events at Penn are the same as those present throughout American society. Additionally, there was agreement that the University's deliberate way of handling student judicial matters is not accustomed to extensive scrutiny by the media, which expects things to move quickly.

Interest in these matters will continue after President Hackney's anticipated move to Washington, and the journalists felt it was very important for the University to move ahead quickly in reviewing its student judicial process and considering what to do about its racial harassment policy. Additionally, Penn gained valuable experience for the future in dealing with the national media.

Mr. Bodek reported that there had been little time left at the meeting for the two other subjects on the Committee's agenda. It did, however, receive a brief report from Dr. Chisum on the new Commission on Strengthening the Community and a preview from Vice President Barbara Stevens of Penn's Communication Strategy for next year aimed at creating an institutional identity for Penn as a unique
Chairman Shoemaker commended the Committee and the University Relations Office for the excellent program they had held and thanked Ms. Farnsworth for setting it up. The program was an impressive example of Penn's willingness for self-examination, he said.

E. Internationalization - Mr. Palmer

Mr. Palmer reported on the meeting of the Committee on Internationalization held that morning. A year ago, when the Trustees received a report from the trustee's ad hoc subcommittee on internationalization, the University was requested to submit a three-year strategic plan on internationalization by June 1993. The University has submitted on time a three-year strategic plan which Mr. Palmer called excellent.

The plan is broken down into three areas: academic, development and communications. The academic plan is broken down into nine goals:

1. implementing an internationally oriented curriculum;
2. enhancing language instruction across University;
3. promoting area studies and internationally focused programs;
4. enhancing library access to international scholarship;
5. promoting undergraduate study abroad;
6. providing more opportunity for faculty exchange internationally;
7. developing more opportunities for graduate and professional students to be involved in international programs;
8. enhancing the integration of international students, scholars and visitors at Penn; and
9. providing more and better services to Penn's international community.

The Committee also received a comprehensive development report and an update on the communications area from University Relations, which is working to complete its strategic plan in time for the Committee's next meeting. Questions at end of the report mainly had to do with how the plan would be executed. The Committee feels the strategic plan is achievable, but that it must be sure the process does not become too cumbersome. The Committee felt the school-oriented focus of the plan is a good one. It discussed follow-up and measurement and planned to segment the three-year plan into one-year plans and look at the progress to date at its meeting next October.

Finally, the Committee heard reports from two deans, Dean Colin Diver of the Law School and Marvin Lazerson of the Graduate School of Education, on their schools' internationalization efforts. The reports made it evident that much is happening across the University in the area of internationalization. The Committee will hear from those deans it did not meet with in January or June at its October 1993 meeting.

F. Investment Board - Mr. Neff

1. Comments. Before presenting his report, Mr. Neff expressed his own and the Investment Board's appreciation for President Hackney and Provost Aiken's leadership and active interest in their work.
The total market value of the University's Associated Investments Fund (AIF) at May 28, 1993 was $991.7 million. The Fund temporarily reached $1 billion earlier this spring, and while the Board would like it to achieve and remain at that figure, it is nonetheless happy when it compares the current market value to the $134 million value of the Fund at December 31, 1979. The fact that the Fund is only 48% invested in common stocks, a lower percentage than in the past, reflects some apprehension about the marketplace. Penn's common stock investments are concentrated in basic commodity cyclicals, financial intermediaries and, especially in the past 18-24 months, energy, with a natural gas bias. "Other investments" (real estate, venture capital, etc.) are only 3% of the funds, and the Board is committed to raise that to about 7%.

Penn's total return performance compares favorably to S&P, Dow Jones, Lehman Bros. and Salomon Bros. performance indices. Penn's common stocks returned 17.7% for the period June 30, 1992 to May 28, 1993, versus 13.2% for the S&P 500 Stock Average. For the period December 31, 1979 to May 28, 1993, the AIF common stocks increased 928% versus 612% for the S&P stocks. On an annualized basis, this would be about 19% versus 15.8% for the S&P stocks, for a 320-basis point edge. The Board believes Penn should have a 400-basis point edge, and as the marketplace settles down, it looks forward to a period of making up the difference and getting back to a 400-basis point edge.

The economy is doing less well than the consensus prediction and more like the 2.5% GDP growth rate the Board projected for the year. Retail sales are indifferent, with the exception of higher ticket items like housing and automobiles, which are doing well with the drop in interest rates. Nonetheless, with a valuation of 17x earnings and a 2.8% yield, the Board feels the market looks full and is therefore remaining wary.

Mr. Miller asked to add that Penn's asset management performance has been superb. On a ten-year basis, Penn's AIF has outperformed 94% of all endowments in the country. This is not entirely fortuitous; rather, it reflects the decision to be somewhat cautious. Penn has made significant allocations out of its equity account into fixed-income securities, distressed obligations and high-yield bonds. In every case where Penn chose not to hold stocks but instead invested in those assets, they have done better than the stock market and, in two of the three areas, better than Penn's own equities, which themselves have substantially outperformed the market in recent years. This performance has meant hundreds of millions of dollars for the University.

Mr. Shoemaker commended Messrs. Miller and Neff for a job well done.

2. Action. A Resolution on Appointment of Investment Board was approved as follows:

RESOLVED, that the following persons be elected as members of the Investment Board of the Trustees of the University of Pennsylvania for a term of one year, effective July 1, 1993 and until their successors are elected or appointed and qualified: Samuel H. Ballam, Jr., Julian S. Bers, Christopher H. Browne, Henry M. Chance, II, Joseph B. Glossberg, H. Samuel Greenawalt, Jr., Samuel M.V. Hamilton, Adolph B. Kurz, Robert P. Levy, Paul F. Miller, Jr., F. Stanton Moyer, John B. Neff (chairman), Wesley A. Stanger, Jr., Myles H. Tanenbaum, Frederick J. Warren and Richard B. Worley.

G. Medical Center - Mr. Tanenbaum

Mr. Tanenbaum read a statement from Mrs. Catherwood, who had had to leave the meeting early, thanking the trustees on behalf of the Medical Center Board for their time and support for the establishment of the University of Pennsylvania Health System. The Medical Center Board looks forward to reporting to the Trustees often and thoroughly regarding its progress.

H. University Museum - Mr. Mainwaring
Mr. Mainwaring presented a report on four major developments at the University Museum.

1. **Capital Campaign.** With a year and a half remaining in its $22 million campaign, the Museum has raised some $21 million and is certain to meet its Campaign goal.

2. **International Fundraising.** The Museum has an excellent opportunity to develop an international fundraising program which may be useful to the University as a whole. The program's pilot project is to fund a $500,000 conservation project at the Gordian site in Turkey. The Museum has been excavating at this site since 1950. Thus far, all funds for research and publications have come from U.S. sources, and the Museum now plans to raise future funds from Turkish sources. This summer the Museum's Director and Development Director will visit Turkish government officials and others to seek support for the project. Since the Turkish government has approved the project as one for which offset credits can be used, support from U.S. corporations which have accumulated offset credit obligations through their business dealings in Turkey are another possible source of support. If successful, these efforts will result not only in long-term relationships, but also in the funds necessary to implement the project and a model for other University schools and centers which may have similar international development opportunities.

3. **Strategic Planning.** The Strategic Planning Committee formed upon the announcement of Dr. Dyson's retirement as Museum Director at the end of fiscal 1994 presented its final recommendations to the Board of Overseers on May 6th. These include (1) an overriding vision of maintaining the Museum's national and international reputation for excellence in the fields of archaeology and anthropology while expanding its visibility as a major resource in the University and in a multi-cultural community; and (2) six strategic challenges in the areas of funding, collections preservation, community outreach, accessioning and deaccessioning policies, collaborative efforts and multimedia technologies.

4. **MUSEE.** Dr. Dyson has appointed a committee which is exploring the idea of forming a jointly owned, nonprofit marketing organization named MUSEE (Museums Universally Supporting Education and Entertainment) to generate new sources of revenue for cooperating museums. The Committee hopes to form a Section 501(c)(3) corporation that would target its efforts toward broadcast programming to the general public, pay-per-view programming for credit and non-credit applications, digital publishing and merchandising of proprietary materials.

V. **Overseer and Other Boards**

A. **Action.** A Resolution on the Appointment of John W. Eckman as Chairman Emeritus of the Board of Overseers of the University Libraries was approved as follows:

RESOLVED, that John W. Eckman be appointed Chairman Emeritus of the Board of Overseers of the University Libraries, effective July 1, 1993.

B. **Action.** A Resolution on the Appointment of Mrs. Alvin P. Gutman as Emeritus Overseer of the University Museum was approved as follows:

RESOLVED, that Mrs. Alvin P. Gutman be appointed Emeritus Overseer of the University Museum, effective June 18, 1993.

C. **Action.** A Resolution on the Appointment of Joseph B. Glossberg as Chairman of the Board of Overseers of the University Libraries was approved as follows:

RESOLVED, that Joseph B. Glossberg be appointed Chairman of the Board of Overseers of the University Libraries for a three-year term, effective July 1, 1993.

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

RESOLVED, that James L. Wade be appointed Chairman of the Board of Overseers of the School of Social Work for a three-year term, effective July 1, 1993.
E. Action. A Resolution on the Appointment of Edward S.G. Dennis, Jr., Charles E. Dorkey, III, Richard Edward Gray, Gene E.K. Pratter and the Hon. Dolores K. Sloviter to the Board of Overseers of the Law School was approved as follows:


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

RESOLVED, that James A. Johnson be appointed to the Board of Overseers of the Wharton School for a three-year term, effective June 18, 1993.

G. Action. A Resolution on the Appointment of Leonard M. Amoroso, Jr., Georgette Ciukurescu, Ann Dee Rome, Lawrence S. Reichlin, Eileen Rosenau and William E. Williams to the Advisory Board of the Institute for Contemporary Art was approved as follows:

RESOLVED, that Leonard M. Amoroso, Jr., Georgette Ciukurescu Lawrence S. Reichlin, Ann Dee Rome, Eileen Y. Rosenau, Mimi B. (Mrs. Herbert) Stein and William E. Williams be appointed to the Advisory Board of the Institute for Contemporary Art for three-year terms, effective June 18, 1993.

H. Action. A Resolution on Appointment Doris Taxin, Roger Hillas and Hilary Koprowski to the Wistar Institute Board of Managers was approved as follows:

RESOLVED, that Roger S. Hillas, Hilary Koprowski and Doris Taxin be appointed to the Board of Managers of The Wistar Institute effective June 18, 1993, for an interim term through January 1994.

There being no further business the come before the meeting, it was adjourned at 3:50 pm.

Respectfully submitted,

Barbara R. Stevens
Vice President and Secretary
of the University