

**Trustees of the University of Pennsylvania**  
**Minutes of the Stated Meeting**  
**January 21, 1994**

A Stated Meeting of the Trustees was held at 2:30 pm on Friday, January 21, 1994, in the Club Room, Faculty Club. Trustees attending included Juan J. Amodei, Edward T. Anderson, Samuel H. Ballam, Jr., Judith R. Berkowitz, Susan W. Catherwood, Richard J. Censits, Henry M. Chance, II, Gloria T. Chisum, D. Michael Crow, Carol B. Einiger, Claire M. Fagin (*ex officio*), Robert A. Fox, Joseph B. Glossberg, Stephen J. Heyman, Elsie S. Howard, Pedie Killebrew, A. Eugene Kohn, Donald N. Langenberg, Robert P. Levy, A. Bruce Mainwaring, Anthony S. Minisi, John N. Reardon, James S. Riepe, Michael R. Sandler, William Schawbel, Sara S. Senior, Alvin V. Shoemaker, Myles H. Tanenbaum, Robert L. Trescher, Raymond H. Welsh, Sandra D. Williamson and Richard B. Worley. Others attending included Virginia B. Clark, Jan Delipsey, Carol E. Farnsworth, Karen C. Gaines, Stephen T. Golding, Constance C. Goodman, Shelley Z. Green, Janet Hale, Linda S. Hyatt, Rev. Stanley Johnson, Scott Kabat, William N. Kelley, Trudy J. Kuehner, Marvin Lazerson, Jonathan Pitt, Stephen P. Steinberg, Barbara R. Stevens, Rosemary A. Stevens and Duncan W. Van Dusen.

**I. Call to Order**

- A. Invocation. Rev. Stanley Johnson offered the invocation for the meeting.
- B. Minutes. The Minutes of the Trustees' Stated Meetings held October 15 and December 16, 1993, were approved as written by the Secretary.

**II. Chairman's Report**

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

- 1. Action. The trustees approved the following Memorial Resolution for John W. Eckman, July 20, 1919 - December 17, 1993:

John W. Eckman (W'43), who celebrated his 50th reunion as a graduate of the Wharton School last June, was an active, caring and committed member of the Penn community throughout the 50 years since his graduation. He was elected a trustee in 1967, and his service to the University over the years included chairing the Trustees' Development Committee and the Program for the Eighties and the Trustees' Facilities and Campus Planning and Budget and Finance Committees. He served as founding chairman of both the Board of Overseers of the School of Arts and Sciences and the Board of Overseers of the University Libraries.

In addition to serving as vice chairman of the Board of Trustees and as a founding member of the Trustees' Committee on University Responsibility, Mr. Eckman also served on the Trustees' Executive, Nominating and Student Life Committees.

The resolution passed by the Trustees on October 13, 1989, on the occasion of his designation as trustee emeritus, stated that “Mr. Eckman has been ever willing to accept the many ad hoc tasks his alma mater presses upon him, and again and again he has cheerfully undertaken time-consuming, unglamorous assignments.... By so doing he has contributed enormously to the well-being of countless students, faculty and other members of the University family, as well as benefiting those whom the University serves through its research and community activities.” Mr. Eckman received the Alumni Award of Merit in 1972 and an honorary LL.D. from the University in 1984.

The Trustees lost their colleague on December 17, 1993.

RESOLVED, that the Trustees of the University of Pennsylvania express their deep sorrow for the death of their colleague and friend, and in recording this official minute in memory of John W. Eckman, ask the secretary to convey to his family their affection and enduring gratitude.

2. Action. The trustees approved the following Memorial Resolution for F. Otto Haas, March 9, 1915 - January 2, 1994:

F. Otto Haas (H’83) had a long-time interest in the University of Pennsylvania. He graduated from Amherst College prior to obtaining a Ph.D. in Organic Chemistry from Princeton University in 1939 and then joined Rohm & Haas, the plastic manufacturing chemical company founded by his father. He remained involved in Rohm & Haas all his life, serving in many capacities including chairman of the board and chief executive officer.

During the almost 55 years between 1939 and 1994, Dr. Haas was an active volunteer in many Philadelphia charitable organization. In 1972 Dr. Haas was elected a trustee of the University of Pennsylvania, and he has served as a trustee and trustee emeritus of the University for the past 26 years. In June 1972, Dr. Haas agreed to serve as chairman of the advisory board of the University’s Morris Arboretum. The Arboretum thrived under his 17 years of leadership. Dr. Haas also served with distinction on the Board of Overseers of the University Museum and as director of the University Museum Applied Science Center for Archeology (MASCA).

Dr. Haas received an honorary Doctor of Science degree from the University on May 14, 1983. The citation, presented at a special convocation at the Arboretum, stated in part:

‘God Almighty first planted a garden,’ but it takes gentleness of spirit as well as knowledge and persistence to nurture it over the years. These are among the qualities that Otto Haas has brought to his stewardship at the Morris Arboretum of the University of Pennsylvania and in guiding an array of associations, trusts, and

commissions for the preservation and restoration of the environment, both natural and built, in the City and the Commonwealth, on the national and international scene.

The trustees lost their colleague on January 2, 1994.

RESOLVED, that the Trustees of the University of Pennsylvania express their deep sorrow for the death of their colleague and friend, and in recording this official minute in memory of Otto Haas, ask the secretary to convey to his family their affection and enduring gratitude.

3. Action. The trustees approved the following Memorial Resolution for William Richard Gordon, November 17, 1913 - December 28, 1993:

William Richard Gordon was raised in the Penn tradition from his earliest years, since his father, William M. Gordon, was a 1910 graduate of the Penn School of Medicine. Mr. Gordon graduated from the University's Wharton School in 1936 and then joined the staff in the University Treasurer's Office as an investment statistician.

Nineteen years later, after 13 years as assistant treasurer, several years as a coast artillery drill master and several years as a captain in the General Staff Corps at the Pentagon, Mr. Gordon was elected by the trustees as Treasurer of the University. Mr. Gordon served in that role for two decades, during which time he was the principal architect of the Associated Investment Fund (AIF) in which most of the University's endowment funds continue to be pooled. In 1975 Mr. Gordon became president of the Franklin Investment Company, the University subsidiary that manages the AIF; he then served concurrently as secretary of the trustees' Investment Board.

Mr. Gordon also served as treasurer of the Hospital of the University of Pennsylvania, treasurer of Graduate Hospital and as an instructor in the Wharton School. He served as continuous president of the Penn Class of 1936 and as an active member of Delta Psi for 60 years.

The trustees lost their colleague on December 28, 1993.

RESOLVED, that the Trustees of the University of Pennsylvania express their deep sorrow for the death of their colleague and friend, and in recording this official minute in memory of William Richard Gordon, ask the secretary to convey to his family their affection and enduring gratitude.

4. Action. Mr. Shoemaker read the following Resolution of Appreciation for Sara S. Senior:

The University of Pennsylvania benefits from one of the country's largest, best organized and most active alumni organizations, and this is in large measure a

personal tribute to the efforts of Sara Speddon Senior (CW'52), the driving force behind many of the alumni initiatives of the past few decades. Since becoming a director of the General Alumni Society in 1971 she has held most of its major offices, serving as president of the Society from 1980-83 (its 30th president but only the second female president) and president of the College for Women Alumnae Society, the last person to hold that position. Her leadership has been marked by commitment to the idea of engaging alumni in ways that could further the University's long-term goals. She chaired the ad hoc committee on the need for an alumni center, whose work culminated in the creation of the E. Craig Sweeten Alumni Center in the heart of the campus; the national advisory committee of the Alumni Council on Admissions; and the Alumni Task Force that was formed to study alumni organization, publications and programs. She received the Alumni Award of Merit in 1980 for her tireless and creative work on behalf of alumni. As an Alumni Trustee of the University from 1980-83 and 1989-93, Mrs. Senior has served on the Trustees' Executive Committee, its Audit, External Affairs and University Responsibility Committees and the Revlon Center Liaison Committee. She has also served as an overseer of the School of Arts and Sciences and the University Museum. Mrs. Senior's clear vision, collegiality, common sense and warmth have made her a treasured colleague in all of these activities.

As committed to the community as she is to Penn, she has also served as a trustee of Lankenau Hospital (which board she has chaired since 1989), a director of Main Line Health, Inc, President of the Board of Managers of Saunders House, President of the Merion Civic Association and Chairman of the Mohonk Trust for conservation and international understanding.

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 Sara S. Senior for her distinguished service, and they look forward to her continued active involvement in University affairs.

Mrs. Senior was accorded a standing ovation as she accepted this resolution of appreciation.

5. Action. The following Resolution on Commencement and Authorization for Conferring Degrees was approved:

RESOLVED, that a mandamus be issued by the Trustees to the president, provost and faculty for the conferring of degrees on May 19, 1994 and at any special convocations called during the year 1994; and

FURTHER RESOLVED, that the Trustees Honorary Degrees and Awards Committee be authorized to select candidates for receipt of honorary degrees and awards at the 238th Public Commencement on May 19, 1994 and other convocations that may be scheduled during the year 1994.

6. New Alumni Trustees. Mr. Shoemaker welcomed new alumni trustees William Schawbel (Northeastern region) and Raymond H. Welsh (Philadelphia area), who were given hearty applause.

### **III. President's Report - Dr. Fagin, Interim President**

#### **A. Comments**

In Medias Res. President Fagin reported that in her piece in the prior week's *Almanac* she had outlined how much has been accomplished in the past six months and identified some of the major challenges that lie ahead. These fall under three themes: conflict resolution and building confidence, maintaining continuity, and strengthening the community.

Building Confidence. President Fagin described the new semester as a time of moving forward, having put behind us the specific controversies of last spring. Her administration will move aggressively this spring to make fundamental changes, creating a new code of student conduct and designing a new student judicial processes that will solve problems close to where they occur and asking students and faculty to take significant responsibility for maintaining standards. She and her administration will be moving forward on a whole host of other ideas, opportunities and problems: a new code of academic integrity, enhancing undergraduate education--the subject of next month's electronic Town Meeting, seeking a description of possible alternative arrangements for ROTC, redesigning the Revlon Campus Center, and hopefully making student services more effective and "user-friendly."

Maintaining Continuity. President Fagin described the second theme, maintaining continuity, as a terribly important theme to remember about a place like Penn. Penn is financially stronger, better managed, academically more distinguished, more competitive in undergraduate education, and far more at the forefront of research than at any time in its 254 years, she said. "Whatever the contretemps and contentions of the moment, Penn will survive and flourish."

She noted that another element in maintaining continuity is the commitment of trustees, alumni and other donors to Penn's fiscal support, all the more now Penn is successfully moving towards completion of its ambitious fundraising goals, especially in the areas of financial aid, minority permanence, faculty development, and capital improvements.

Strengthening the Community. With respect to the third theme, strengthening the community, President Fagin observed that the combination of Penn's enduring strengths and current challenges offers it a unique opportunity: to demonstrate here on campus, to its peers and to its society, how we can achieve a sense of community in a multi-ethnic, multi-racial society. This is part of the University's role as a laboratory for the larger society. Vice Chair Gloria Chisum, with the help of Prof. Rebecca Bushnell and Dr. Allen Green and the other members of the Commission on Strengthening the Community, will be reporting formally in early February to the *Almanac* and finally in March. The report in the *Almanac* will be open for comment by the Penn community. Dr. Fagin expressed the hope that this report will be as fundamental and

important to Penn's future as the Educational Survey of the 1950's or the One University report 25 years ago.

Penn's Way. President Fagin noted that "community" is a theme that has many meanings for Penn, which is not just an academic community or an intellectual community but also a caring community. Under that sense of "community," she was happy to announce that this year's Penn's Way charitable giving campaign in the University workplace, under the leadership of Dean Gregory Farrington, surpassed last year's total and raised almost \$370,000. The funds contributed by thousands of Penn employees will make a big difference in the lives of Penn's neighbors throughout the Delaware Valley.

B. Action. A Resolution on the Appointment of Stephen T. Golding as Vice President for Finance was approved as follows:

RESOLVED, that Stephen T. Golding be appointed Vice President for Finance, effective February 1, 1994.

President Fagin led the trustees in congratulating Mr. Golding on his appointment.

## **B. Academic Report - Dr. Lazerson, Interim Provost**

### 1. Comments

Searches. Dr. Lazerson reported that a search committee for the selection of a new dean of the Graduate School of Education had been appointed. It will be chaired by Dr. Rebecca Maynard, Trustee Professor of Educational Policy at the School; the announcement of the full membership will be made shortly.

New Programs. Dr. Lazerson reported on three dramatic new programs that represent the innovative educational initiatives being undertaken at the University:

- The School of Arts and Sciences and the Wharton School have announced the establishment of a new undergraduate International Studies Program, a dual degree initiative in management and the liberal arts. Its goal is to promote an understanding of cultural and economic diversity, international politics, economics and business, as well as the ability to function effectively in another language and culture. The program will begin in Fall 1994, with 40 undergraduates to be admitted. The Provost noted that the program is expected to make an extraordinary impact on the campus.
- In another exciting initiative, the Department of Philosophy of the School of Arts and Sciences and the Law School will combine their resources to offer a joint degree program. Students will receive a *juris doctor* degree from the Law School and a doctoral degree in Philosophy from SAS.
- The School of Medicine is establishing a University-wide Center in Bioethics under the leadership of Dr. Arthur Caplan, the nation's leading bioethicist and an advisor to President

Clinton's Task Force on Health Care Reform. Dr. Caplan joins Penn from the University of Minnesota, where he has directed the Center for Biomedical Ethics since 1987. The Center will involve faculty from across the University, and initially the Annenberg School for Communication, the School of Arts and Sciences, the Wharton School and the Nursing School.

Faculty Honors. Provost Lazerson reported that Ruth McCorkle, the American Cancer Society Professor of Oncology, has been named the American Nursing Association's Nursing Scientist of the Year. Provost Lazerson expressed great pride in this achievement, describing Dr. McCorkle as one of the University's truly outstanding individuals.

2. Action. The Resolution on Appointments, Leaves, and Promotions provided at pp. 7-18 of the meeting book was approved. Dr. Fagin noted that many of the faculty being appointed to tenure-level positions were world-renowned scholars like Prof. Witold Rybczynski, who had addressed the trustees at luncheon earlier in the day.

### **C. Financial Report - Ms. Hale**

Ms. Hale reported that as of December 31, 1993, the University is continuing to project an unrestricted University loss of \$2 million due to a General University loan to the School of Veterinary Medicine for which resources are currently being identified. This is after the budgeted, discretionary allocations to the Research Fund of \$1.3 million and 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, gift income and savings in salary, direct centers' current expense and utility expense. Negative factors continue to be sales revenue, graduate student aid expense, General University tuition, unfunded University loan to the School of Veterinary Medicine and several other expense categories.

As to unrestricted performance at the schools and centers, the Graduate School of Fine Arts is projected with a deficit of \$225,000 and the Annenberg Center with a deficit of \$200,000. The Graduate School of Education is projected with a surplus of \$425,000. All other schools and centers are projected at breakeven performance.

On the restricted side, gift and grant and contract fund expenditures increased by 16.7%, 1.8% and 6.9%, respectively. The amount available at December 31, 1993, for grant and contract expenditures is 9.4% more than at December 31, 1992. Months of expendable awards are 2.4% more than at December 31, 1992.

Statements for the Hospital of the University and the Clinical Practices of the University are for the five months ended November 30, 1993. HUP's excess of revenue over expenses was \$33.2 million better than budget and CPUP's was \$796,000 better than budget for that period.

#### **D. Health System - Dr. Kelley**

Recruitment. Dr. Kelley reported on two major recruiting successes for the Health System within the past month:

- Dr. Risa Lavizzo-Mourey has accepted the positions of Associate Dean for Health Services Research and Associate Executive Vice President for Health Policy. Dr. Lavizzo-Mourey returns to Penn from a two-year leave of absence during which she served as Deputy Administrator of the Agency for Health Care Policy and Research. In her new roles at Penn she will coordinate health services research in the health care network and work with the White House and on the Hill to develop an understanding of and help shape health policy at the national level. She has an outstanding background at Penn and is a former winner of the Woman of Color Award from the University, among many honors.
- Dr. Garret FitzGerald has been appointed Director of the General Clinical Research Center, where he will lead a new program in experimental therapeutics. He joins Penn from the University of Dublin, where he most recently served as professor of medicine and chairman of medicine.

NIH Funding. Dr. Kelley reported that the School of Medicine is now ranked #5 in NIH funding as a School of Medicine, moving up from a #10 ranking last year. Twenty-two of its 26 individual departments rank within the top 10 within their respective disciplines (and many rank #1, 2 or 3). The four that do not are all either rapidly improving and are expected to rank in the top 10 within the next several years.

Health Network. Phoenixville Medical Associates became part of Clinical Care Associates on January 1, 1994. This cornerstone multi-physician practice is essentially the only large primary care practice in the Greater Philadelphia area. Dr. Joel Eisner, who has been one of the leaders of that group, will become the Associate Dean for Regional Clinical Development; Dr. Paul Rogers, another important member of the group, will become Senior Medical Director of CCA. Efforts to identify and recruit the best physicians in the Delaware Valley to the primary care network continue to move along very well, with discussions underway with over 100 generalist physicians (of some 350 contacted).

#### **E. Report on Antitrust Compliance - Ms. Green**

Ms. Green gave a report on the University's compliance with the terms of settlement of the U.S. Justice Department's inquiry into the financial information-sharing practices of Penn and seven other Ivy League schools.

In September 1989, the University received from the U.S. Justice Department a request for information in connection with its inquiry into potential agreements among colleges and universities relating to financial aid, tuition and faculty and administrative salaries. Cooperating fully with the investigation, Penn provided many thousands of documents to the Justice Department. The inquiry culminated in the entry on September 20, 1991, of a final judgment in the U.S. District Court for the Eastern District of Pennsylvania. Under the terms of that

judgment, Penn and seven other Ivy League schools agreed not to exchange certain types of information, such as financial aid data and "plans and projections, including budget assumptions, regarding future student fees or general faculty salary levels...." The University is required to maintain an enforcement program that disseminates the rules set out in the judgment and monitors compliance with the antitrust laws. The recent settlement of litigation between MIT and the Justice Department does not change the University's obligations under the judgment.

In July 1992, Congress modified the requirements by enacting a provision in the Higher Education Reauthorization Act that allowed colleges and universities to agree to award institutional financial aid on the basis of need. The legislation permits colleges and universities to "discuss and voluntarily adopt defined principles of professional judgment for determining student financial need for aid" but does not authorize them to discuss financial aid awards to specific common applicants.

Ms. Green reported that in accordance with the requirements of the final judgment, she had been designated Antitrust Compliance Officer, with responsibility for implementing the antitrust compliance program. She noted that while complying with the final judgment is a priority, it should not impede appropriate communication among schools. Ms. Green added that she had distributed to the trustees and the University community the final judgment and the University's guidelines on cooperative exchanges of certain University information. The University's Office of General Counsel is available to confer with trustees regarding compliance with the final judgment and the antitrust laws.

#### **IV. Committee Reports**

##### **A. Academic Policy - Dr. Langenberg**

Dr. Langenberg reported that over the course of the last and current academic years, the faculty and administration of the School of Arts and Sciences have been deliberating on a five-year plan for the remainder of the century. As one outcome of that process, Dean Stevens has recommended the closure of two departments, the Departments of Regional Science and American Civilization. She has also recommended that the Department of Astronomy and Astrophysics be merged with the Department of Physics to form a single Department of Physics and Astronomy. The Provost and President have concurred in these recommendations. The Academic Policy Committee devoted all or part of its October, December and January meetings to consideration of these recommendations. In October it heard from the Dean and the Provost about the rationale and basis for the recommendations; in December it heard from representatives of the affected departments, including department chairs, faculty members and students. Finally, the day before, the Committee held its final deliberation on the subject and voted unanimously to recommend to the trustees that they approve the recommendations. Dr. Langenberg noted that the Committee wished the faculty and administration to make every effort to enhance the University's research and education efforts in the scholarly fields represented by the former departments, with special attention to the circumstances of the affected faculty and students. Such a statement is now included as the final paragraph of each of the two resolutions.

1. Action. A Resolution on Closing of Departments of American Civilization and Regional Science was approved as follows:

Intention:

Over the course of the 1992-93 academic year, the Dean of the School of Arts and Sciences met almost weekly with the SAS Planning and Priorities Committee to chart the course for the School for the remainder of the 20th Century. Their deliberations, involving at least 100 of the school's faculty, resulted in the recently-issued *Strategic Plan: Priorities for the Twenty-First Century: 1993-2000* as well as recommendations for the closure or merger of several departments: at issue in these recommendations is the most effective and efficient organization of the intellectual resources of the School of Arts and Sciences for the 1990's.

The proposal for closing these departments does not mean the abandonment of intellectual disciplines or of faculty or of students. Faculty members will be transferred to other departments, and all who have tenure will continue to have tenure in the School. Although no new students will be admitted to study in these departments, resources have been reserved to assure that current students will be able to finish their programs. The graduate group in American Civilization has already been reorganized as an interdepartmental program. Undergraduate studies in American Civilization will also be considered an interdepartmental program. The undergraduate major in Regional Science is being phased out. The Dean has recommended university-wide planning for graduate programs in urban and regional planning and applied social science.

RESOLVED, that in accordance with the recommendation put forward by the Dean of the School of Arts and Sciences and subsequently endorsed by the President and the Provost and the Academic Policy Committee of the Trustees, the Departments of American Civilization and Regional Science be closed, effective June 30, 1994; and

BE IT ALSO RESOLVED, that the Trustees request the faculty and administration to make every effort to enhance the University's research and education efforts in the scholarly fields represented by American studies and regional development, with special attention to the circumstances of the affected faculty and students.

2. Action. A Resolution on the Merger of the Department of Astronomy and Astrophysics and the Department of Physics into a New Department of Physics and Astronomy was approved as follows:

Intention:

The recommendation that the Department of Astronomy and Astrophysics and the Department of Physics be merged into a Department of Physics and Astronomy completes a process begun by Dean Michael Aiken in consultation with the

Planning Task Force in 1987 but never fully implemented. The School of Arts and Sciences does not have the resources to rebuild the Astronomy Department, which currently has two faculty members, and at the same time develop Astrophysics within the Physics Department. It does have the chance to preserve a presence in astronomy and to build in astrophysics if both efforts are coordinated within a single department. The goal of the proposed merger is to preserve a research presence in astronomy while building an astrophysics initiative, to strengthen the undergraduate course offerings in astronomy, to maintain an undergraduate astronomy major track, and to reestablish graduate studies in astronomy and astrophysics within the merged department.

RESOLVED, that in accordance with a proposal put forward by the Dean of the School of Arts and Sciences and subsequently endorsed by the President and the Provost and the Academic Policy Committee of the Trustees, the Department of Astronomy and Astrophysics and the Department of Physics be merged into a Department of Physics and Astronomy, effective July 1, 1994; and

BE IT ALSO RESOLVED, that the Trustees request the faculty and administration to make every effort to enhance the University's research and education efforts in the scholarly fields represented by astronomy and astrophysics, with special attention to the circumstances of the affected faculty and students.

#### **B. Audit - Mr. Riepe**

Mr. Riepe reported that the Audit Committee had reviewed several items at its meeting held the prior day. The primary agenda item was review of the Management Letters resulting from an Audit of Financial Statements for the Year Ended June 30, 1993, for the Hospital of the University of Pennsylvania (HUP), the Clinical Practices of the University of Pennsylvania (CPUP), and the University. Mr. Riepe reported that the external auditors found no material problems reflected in those letters, and all of the items that were raised are being addressed by the appropriate staffs.

The Committee also reviewed Coopers & Lybrand's annual report on the audits themselves, which covered such items as their staffing, the scope of their audit, their fees and their proposed fees for fiscal 1994. Additionally, the Committee discussed several emerging accounting issues which will alter the way the University presents its financial statements. Some of these additional disclosures will not be helpful, but others may be enhancements.

The Committee passed a resolution on the appointment of Coopers & Lybrand as auditors for the current fiscal year.

Finally, the Committee met with Mr. Fancher, head of Penn's Internal Audit department, and reviewed that department's activities over the second fiscal quarter and the full year. The Committee found no items of concern in Internal Audit's procedures and activities.

#### **C. Budget and Finance - Mr. Fox**

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

Intention:

In June 1993, the Trustees approved a capital budget authorization for the Hospital of the University of Pennsylvania for Fiscal Year 1994 in the amount of \$86,532,000. This included an itemized capital budget authorization of \$75,647,000, and a routine non-itemized capital budget authorization in the amount of \$10,885,000. The Trustee Budget and Finance Committee has reviewed and recommends for approval specific capital items comprising the \$10,885,000. The Committee also has reviewed and recommends an additional capital budget authorization of \$13,903,000 (\$5,005,000 to come from the previously approved Fiscal Year 1994 operating budget) based on additional capital requirements, bringing the total authorization to \$100,435,000. This additional authorization includes renovations to the Clinical Departments of Medicine and Radiation Oncology, information systems development, design costs associated with the Ambulatory Care Building, recruitment commitments and other patient care related projects.

RESOLVED, that the itemization of the previously approved routine capital budget authorization of \$10,885,000 as well as the additional itemized capital budget authorization of \$13,903,000 be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such items as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

2. Action. A Resolution on Capital Expenditure Items for the Clinical Practices of Tthe University of Pennsylvania for Fiscal Year 1994:

Intention:

In June 1993, the Trustees approved a capital budget authorization for the Clinical Practices of the University of Pennsylvania for Fiscal Year 1994 in the amount of \$6,700,000. The Trustee Budget and Finance Committee has reviewed and recommends for approval certain expenditure items within this budget at an estimated cost of \$5,756,000. These include the purchase of medical and laboratory equipment, the purchase of office equipment and furnishings, and various renovation projects.

RESOLVED, that certain expenditure items included in the capital budget of the Clinical Practices of the University of Pennsylvania for Fiscal Year 1994, estimated

to cost \$5,756,000, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such items as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

**D. Development - Mr. Shoemaker**

Mr. Shoemaker gave this Committee's presentation for its chairman, Mr. Miller. He reported that at its meeting the day before the Committee heard excellent reports from Claire Fagin, Virginia Clark and Gloria Chisum and several Campaign volunteers.

The Campaign for Penn stands at \$1.246 billion as of December 31, 1993. Total receipts for the six months ended December 31st are \$199.469 million, for the best six months ever. Total subscriptions for those six months are \$105.3 million.

One of the Campaign's benchmarks is the number of endowed chairs raised (the goal is 150). To date, 137 chairs have been funded, 12 since July 1st. Achieving the goal of 150 chairs would double Penn's number of endowed chairs and bring it even on this criteria with Stanford, whose campaign added less than 100 chairs. These chairs are major tools for the university, and the importance of achieving the subgoal for endowed chairs is therefore tremendous.

The Campaign for Minority Permanence has added \$2.6 million since July 1st and is now at approximately \$29 million of its \$35 million Campaign goal. The Campaign for Undergraduate Financial Aid is at \$45.9 million and has added just under \$4 million since July 1st. With results like those of the past six months, it appears the Campaign should set several records.

**F. External Affairs - Mr. Glossberg**

Making the External Affairs Committee's presentation for Mr. Lauder, who was unable to be present, Mr. Glossberg reported that the Committee had before it two agenda items at its meeting the day before: (1) a progress report on the University-wide communications efforts so far into the academic year; and (2) a report from Ms. Merrill Rose, Executive Vice President of Porter/Novelli, on that firm's audit of the University's communications. The objective of the audit was to recommend a clear message to be used in a wide array of University communications so that Penn can develop a focused image among its various audiences, both external and internal. Particularly in the transition to a new president, this is essential in order to take full advantage of the opportunity for media attention that Dr. Rodin will bring with her.

**J. University Responsibility - Mr. Heyman**

Mr. Heyman reported that the University Responsibility Committee had met the prior day and heard reports from Glenn Bryan, the University's Director of Community Relations, and Rae Scott-Jones, Executive Director of the West Philadelphia Partnership, on the status of

the University's ongoing efforts to fulfill its responsibility as a member of the Philadelphia, and particularly West Philadelphia, community.

Mr. Bryan described his activities in the community and how he and community leaders are working toward a better mutual understanding of what Penn's role as an institutional partner in the community can be, particularly in promoting economic development, job development and training, and addressing health care needs and the homeless. Mr. Bryan also described how the Center for Community Partnerships is working to better coordinate all the various initiatives underway throughout the University's schools and centers and the efforts underway to better get the message out about Penn's commitment to the community. Mr. Bryan concluded his report by noting that while Penn is a leader in university-community partnerships, more will continue to be demanded of it.

Mrs. Scott-Jones described how the West Philadelphia Partnership, in which the University is a leading participant, is working towards its vision of revitalizing the community through the collaboration of all members of the community, both individuals and institutions, and with the participation of Penn faculty, students and staff. The Partnership is coordinating the efforts of many local institutions in improving the community's housing and physical infrastructure, health care delivery, education and employment.

The Committee was pleased that Penn's activities are on the right track and its commitment firm.

2. Divestment Policy. The Committee reviewed a draft report from the Committee to the Trustees and the Investment Board on its recommendations with regard to the University's policies on investment in companies doing business in South Africa. Mr. Heyman had shared with the Committee a letter from Judge Leon Higginbotham, who could not be present at the meeting, in support of the draft report. After discussion, and upon motion duly made and seconded, the Committee approved the following report, of which Mr. Heyman read the final paragraph to the trustees (he requested that the balance be entered into the minutes):

In January 1986, the Trustees adopted a report from the Trustee Committee on University Responsibility that included the following recommendation, among others:

If the Committee determines by June 30, 1987, substantive progress has not been made by the South African government in dismantling the legal structure of apartheid ... the Committee will ask companies in which the University owns stock to withdraw from South Africa. If a company fails to withdraw from South Africa within a reasonable period of time thereafter, the Committee will recommend that the University divest its holdings in that company.

In June 1987, the Committee reported to the Trustees, with regret, its finding that the government of South Africa had not made substantive progress in dismantling the legal structure of apartheid. In reaching this conclusion, the Committee

measured progress, as set out in its January 1986 report, by whether the following conditions were met:

A. The Government of South Africa has eliminated the system which makes it impossible for black employes and their families to be housed in family accommodations near the place of employment. [*Black (Urban Areas) Consolidation Act.*]

B. The Government of South Africa has eliminated policies that restrict the rights of black people to seek employment in South Africa and to live wherever they find employment in South Africa. [*Black (Urban Areas) Consolidation Act; Group Areas Act.*]

C. The Government of South Africa has eliminated policies that make distinctions between the South African nationality of blacks and whites. [*Population Registration Act; Natives (Abolition of Passes and Co-ordination of Documents) Act; Reservation of Separate Amenities Act.*]

D. The Government of South Africa has ceased removals of black populations from certain geographic areas on account of race or ethnic origin. [*Group Areas Act; Black Administration Act.*]

E. The Government of South Africa has eliminated residence restrictions based on race or ethnic origin. [*Group Areas Act; Black (Urban Areas) Consolidation Act; Black Lands Act.*]

F. The Government of South Africa has taken meaningful steps to ensure the effective sharing of political power in South Africa with all nonwhites.

Finding that these objectives had not been accomplished, the Committee called upon companies in the portfolio that were doing business in South Africa to cease their operations in that country. The Committee recommended to the Investment Board that it sell the University's holdings in companies that continued to do business in South Africa; the divestment was carried out in a prudent and orderly fashion.

Since 1987, the Committee has continued to monitor the situation in South Africa. It is now pleased to report to the Trustees its finding that substantive progress, as defined in its January 1986 report, has been made in dismantling the legal structure of apartheid.

The government of South Africa has repealed the specific legislation enumerated in points A through E above. Furthermore, we believe that the government of South Africa has taken meaningful steps to ensure the effective sharing of political power

in South Africa with all nonwhites, by, among other actions, agreeing with the African National Congress and other parties on the date for South Africa's first nonracial elections for a constituent assembly and an interim government. The negotiating parties and the parliament also approved the establishment of a multiparty Transitional Executive Council (TEC) that will help govern the country and help ensure that there is free and fair political activity until the April 27 elections. On September 24, 1993, the day after the South African parliament approved the enabling legislation for the TEC, Nelson Mandela told the United Nations that "the time has come when the international community should lift all economic sanctions against South Africa," and that parliament's approval of the TEC bill meant the "demise of the white minority regime has been determined, agreed and set." Most of the South African anti-apartheid movement, including Archbishop Desmond Tutu, have also called for the end of sanctions. The TEC formally convened in December, 1993.

An interim constitution, approved by the negotiating parties in November and by the parliament in December, will establish a nonracial legislative structure. It also guarantees a right of restitution to individuals or communities dispossessed of land after 1913 under apartheid.

In light of these promising developments toward the full sharing of political power in South Africa without regard to race, the Committee concludes that South Africa has now made substantive progress in dismantling the legal structure of apartheid and that restrictions on the University's investment policies that were based on the lack of such progress are no longer applicable. The Committee will so advise the Trustees and the Investment Board. Under its charge from the Trustees, the Committee will continue to monitor developments in South Africa and report to the Trustees on future developments or conditions that warrant their attention.

#### **L. Investment Board - Mr. Worley**

Mr. Worley reported that the Investment Board had met the day before without its Chairman, who was unable to attend because of weather conditions. The Board reviewed investment results for calendar 1993, which "speak for themselves," he began. From December 31, 1992 to January 13, 1994, the market value of Penn's Associated Investment Fund (AIF) rose from \$1.002 billion to \$1.098 billion, or 9.8% per share on a total return basis. This, Mr. Worley noted, was in a year when the return for the S&P 500 was up only 11.6%: "After a couple of rough years a few years back, this was the year we got it back." The Equity Fund and the common stock portion of the Fund registered total returns of 20.3% and 26.1%, respectively, and the High Yield and Fixed Income Funds returns of 26.0% and 14.5%, respectively. In short, Penn's investments were "hitting on all cylinders." The estimated total endowment was \$1.324 billion at January 13, 1994, well over the \$1 billion mark.

The Board also discussed a recommendation by the Executive Committee to increase the AIF's allocation to the High Yield Fund from 10% to 15%. Since the Fund's inception, it has outperformed the Equity and Fixed Income Funds. In addition, the Committee believes that the

high-yield sector currently offers the best investment opportunity, relative to the equity and fixed income markets.

## V. Overseer and other Boards

A. Action. A Resolution on the Appointment of Robert F. Fairchild to the Board of Overseers of the School of Veterinary Medicine was approved as follows:

RESOLVED, that Robert F. Fairchild be appointed to the Board of Overseers of the School of Veterinary Medicine for a three-year term, effective January 21, 1994.

B. Action. A Resolution on Appointments to the Board of Managers of the Wistar Institute was approved as follows:

RESOLVED, that the following individuals be appointed for one-year terms to the Board of Managers of the Wistar Institute, effective January 21, 1994:

Thomas Peter Bennett, Ph.D., Robert S. Blank, Ira Brind, Margaret Leonard Brown, Barry S. Cooperman, Ph.D., Harold M. Davis, James W. Fordyce, Robert A. Fox, Roger S. Hillas, Harris N. Hollin, James N. Ihle, William N. Kelley, M.D., George B. Koelle, M.D., Hilary Koprowski, M.D., Stephen J. Korn, Esq., Hon. W. Thacher Longstreth, Warren V. Musser, Faye S. Oliveri, Ruth Patrick, Ph.D., Donald Vail Rhoads, M.D., Robert H. Rock, Gerald B. Porter, Adele K. Schaeffer, Edward Sickles, Mrs. Richard J. Sliwinski, Mrs. Doris Taxin, Keith S. Thomson, Ph.D., Kevin M. Tucker and David V. Wachs.

C. Action. A Resolution on Appointments to the Board of Associate Alumni Trustees (Northeast Region) was approved as follows:

Intent:

In June 1991 the Trustees passed a resolution setting forth criteria and procedures for membership in Boards of Associate Alumni Trustees. Pursuant to that resolution, new associate alumni trustees must be approved by the Trustees of the University.

RESOLVED, that the following individuals, who have been approved by the General Alumni Society, be appointed Northeast Region Associate Alumni Trustees for three-year terms beginning January 21, 1994:

Joel I. Cherwin (W'63), Richard Cohen (W'74), Janet Cohen (CW'74), Paul DiMaura (C'65), Garry L. Feldman (C'67), Robert J. Gold (W'73, WG'73), Adam Kirsh (W'83), David Kohen (C/W'72), Susan Fishman Kohen (CW'73), Melvin Kutchin (C'50), John Montaquila (W'88), Stephen S. Oler (C'83), Glenn Rothman

(C'72), Michael Schaefer (W'65, WG'66), Beth Schlager (C'86), Jay A. Schlott (W'67), Charles Shields (W'66, WG'67) and Burton Weinbaum (W'54).

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