Trustees of the University of Pennsylvania  
Minutes of the Stated Meeting  
January 20, 1995


Others attending included Barbara Beck, Stanley A. Chodorow, Virginia Clark, Terri Conn, Jack Freeman, Karen C. Gaines, Shelley Z. Green, George Hain, Joann Hanna, Jeff Hartman, Jason Horger, Samuel Hughes, the Rev. Stanley Johnson, William N. Kelley, George Koval, Matthew Kratter, Trudy J. Kuehner, Lisa Levinson, Larry Moneta, David Morse, Patricia Ravenell, Ed Resovsky, Allison Rose, Jay Saddington, Stephen P. Steinberg, Lee Stetson, Barbara Ray 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 Meeting held October 20, 1994, were approved as written by the Secretary.

II. Chairman's Report

A. Dr. Vagelos noted that over the course of her first half a year as president, Dr. Rodin has had the opportunity to explain her vision of a new undergraduate experience, which has been warmly received by everyone who has heard it, including the trustees. The vision is now being worked into a strategy that will be brought to the trustees in the spring. Already, however, she and her staff have undertaken the restructuring of the administration, an important move for the administration and the University. Dr. Vagelos expressed the trustees’ great optimism given the new administration’s strong start.

Dr. Vagelos also welcomed to the table new Alumni trustees Mary Ann Greenawalt, Norman P. Hetrick and Judge Marjorie Rendell and new Commonwealth trustees Lynda Anne Barness and David W. Sweet.
Action...1. A Resolution to Amend Articles 2.2 and 7 of the Statutes was approved as follows:

The Statutes of the University were amended on January 20, 1984 to limit the number of term trustees to normally no more than 20 in number, but in no circumstance greater than 25 in number. The Nominating Committee concluded in January 1990 that such a mandate did not permit sufficient flexibility at a time when the University had embarked on the Campaign for Penn and recommended to the Executive Committee of the Trustees that the number of term trustees be increased to 30 for the duration of the capital campaign. The Executive Committee accepted the Nominating Committee's recommendation, which was then approved by the full board of trustees on October 12, 1990, recommending that this matter be reconsidered in five years.

The Nominating Committee has considered this matter and determined that the maximum number of term trustees should be kept at 30 even with the conclusion of the Campaign for Penn, but should be phased back to 25 by December 31, 1996.

Additionally, Article 7 of the Statutes, “Notice,” includes references to telegram or telegraph notice that should be updated to permit notice by facsimile or courier service, in conformance with current business practices.

RESOLVED, that Article 2.2(c) of the Statutes of the University of Pennsylvania be amended to read:

Term Trustees: up to 30 in number, elected to serve for terms of five years until December 31, 1996, at which time the maximum number will be reduced to 25. A term trustee shall be ineligible for reelection as a term trustee for a one-year period following the completion of two successive terms.

FURTHER RESOLVED, that Article 7 of the Statutes of the University of Pennsylvania be amended to read:

7.1 Unless specifically provided otherwise, whenever notice is required to be given to any person under provisions of law, of the Charter, or of these Statutes, it shall be given in writing to such person either personally or by sending a copy thereof by first-class or express mail, postage prepaid or courier service charges prepaid, or by facsimile transmission, to the person’s address or facsimile number appearing on the books of the University. If the notice is sent by mail, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service for delivery to that person. A notice of meeting shall specify the place, day, and hour of the meeting and any other
information required by the Pennsylvania Nonprofit Corporation Law of 1988 (or any successor act or provision).

7.2 Whenever any written notice is required to be given by law, by the Charter, or by these Statutes, a waiver thereof may be made in accordance with the Pennsylvania Nonprofit Corporation Law of 1988 (or any successor act or provision).

Action.... 2. A Resolution on the Election of Charles A. Heimbold, Jr. as a Term Trustee was approved as follows:

RESOLVED, that Charles A. Heimbold, Jr. be appointed a term trustee, for a five-year term beginning January 20, 1995.

Action.... 3. A Resolution on the Reelection of Adele K. Schaeffer as a Term Trustee was approved as follows:

RESOLVED, that Adele K. Schaeffer be reappointed for an additional five-year term as a Term trustee, effective January 20, 1995.

Action.... 4. A Memorial Resolution for Charles Brelsford McCoy (April 16, 1909 - January 16, 1995) was approved as follows:

The University of Pennsylvania is saddened by the loss of Charles Brelsford McCoy (*H’79*), one of the individuals whose talents and energy enabled Penn to rise to the challenges posed to higher education over the past several decades. As Penn looks toward a promising future, it is grateful for having benefited from Mr. McCoy’s wise counsel over so many years.

As a University trustee and as the first chairman of the Board of Overseers of Penn’s School of Engineering and Applied Science, Mr. McCoy promoted both the advancement of new technologies and careful attention to the impact of those technologies on society. In doing so, he was contributing to Penn the same vision that was recognized by the DuPont Company, the world’s largest chemical firm, when that company named him chairman of the board in 1971. Already president of the company since 1967, he became the first person in the company’s history to hold those positions concurrently.

The University of Pennsylvania is not the only university to have benefited from Mr. McCoy’s commitment to higher education. He also served as a member of the Alumni Board of Trustees of the endowment fund of the University of Virginia, where he graduated *Phi Beta Kappa* in 1930 with a bachelor of science degree in chemistry; as a member of the Corporation of the Massachusetts Institute of Technology, where he had earned a master’s degree in chemical engineering in 1932; and as a member of the Harvard Business School Visiting Committee and the Rockefeller University Council.
RESOLVED, that the Trustees of the University of Pennsylvania express their deep sorrow over the death of their friend and colleague Brel McCoy, and in recording this official minute in his memory, ask the Secretary of the University to convey to Mr. McCoy’s family their gratitude and their sense of loss over his death.

III. President's Report - Dr. Rodin

A. Comments

Administrative Restructuring. President Rodin reported that the administration had published in the Almanac the prior day the full text of the report by Coopers & Lybrand on Administrative Restructuring. She emphasized that the Coopers & Lybrand report is only the first major piece of a much larger effort to eventually review all administrative processes at Penn at both the central administration and school levels. This long-term process seeks to reduce administrative costs, improve service delivery, create funds for reinvestment in the University’s academic programs, and create an environment in which Penn’s people can be appropriately rewarded for their dedication, leadership and creativity.

As President Rodin had promised in the fall, the publication of the Coopers & Lybrand report will begin an intensive period of discussion and consultation on campus. President Rodin reported that over the next few weeks, senior administrators will be meeting with various assemblies and constituency groups. In the meantime, she has asked the campus community to review the materials being distributed and comment on them, so that the considerable momentum behind these efforts can be maintained and implementation can begin later in the semester.

Welcome Back Letter. President Rodin reported that she had also had published in this week’s Almanac and Daily Pennsylvanian a letter from her to the Penn community regarding the handling of several recent incidents which were viewed as offensive to various groups on campus: the Andres Serrano exhibit at the ICA, the receipt of research funding from the Pioneer Fund by a faculty member, and the article on Haiti in The Red and Blue, a student publication. The administration’s response to each of these situations has been guided by the principles laid out in her letter, particularly her belief that incidents of offensive speech must be used as an opportunity to confront the speaker with debate and dialogue. That is the essence of the new speech code and code of student conduct that this campus adopted last spring. Most important, she said, she is personally convinced that the only way to change offensive attitudes is to expose them to the light of day. That, too, is part of a great university’s mission, and it is one that her administration will support fully. The aim is to learn what Martin Luther King, Jr., called “obedience to the unenforceable,” the individual responsibility for caring and compassion which is the true origin of a sense of shared community.

Commission Implementation. President Rodin reported that earlier in the week she and the University Council’s Committee on Pluralism reported to Council on implementation of the recommendations of the Commission on Strengthening the Community, and the day before she did likewise for a joint meeting of the Trustee Committees on University Responsibility and
Student Life. She underscored her own and her administration’s commitment to this process. The Commission did extraordinary work under extraordinary circumstances, with much of the credit for this going to Gloria Chisum. Of the 65 specific recommendations in the Commission’s final report, 13 have already been completed, 49 are in process, and two are in the hands of the new editorial board of *The Daily Pennsylvanian*, for 20% completion in just one semester. The administration will continue to work aggressively toward complete implementation of the Commission’s report, and President Rodin will keep the Trustees apprised of their progress.

Searches. President Rodin reported that two dean searches had been completed during the last few months. Acting Dean Alan Kelly was appointed permanent dean of the School of Veterinary Medicine in December, and Provost Chodorow and she would recommend to the Trustees for action at the March meeting the appointment of Susan H. Fuhrman as the next Dean of the Graduate School of Education, effective July 1, 1995. Dr. Fuhrman is currently Professor of Education Policy in the Eagleton Institute of Politics at Rutgers University, where she has also been Director of the Consortium for Policy Research in Education since 1985. Dr. Fuhrman’s recent publications include the forthcoming book *Governing Curriculum* (co-editor), and articles on the national education standards, school reform in the United States, and the development of coherent education policies.

President Rodin noted her confidence that, under Dr. Fuhrman’s leadership, the Graduate School of Education will continue to strengthen its research and professional programs and enhance its leadership role in every aspect of education. She also thanked Acting Dean Nancy Hornberger for her efforts in guiding the School over the past year and a half and Prof. Rebecca Maynard and the members of the Dean Search Committee for their energetic efforts, which have culminated so successfully.

Other Appointments and Searches. President Rodin reported on the appointment of Linda Gilvear, most recently Director of Campaign Programs in Development, as Director of the President’s Office. She will be responsible for the daily management of the President’s Office, the President’s House, coordinating events, and liaison with Development. Ms. Gilvear’s management and organizational skills, as well as her extensive knowledge of the University, will be a considerable asset, President Rodin noted.

A number of other senior administrative searches are underway, and President Rodin reported that she is optimistic that these will all move ahead expeditiously.

**B. Academic Report - Dr. Chodorow**

1. Comments

**Undergraduate Education.** Provost Chodorow reported further on the “21st-century Project for Undergraduate Education,” noting that a committee of 24 faculty, students and deans has begun meeting and will meet frequently between now and the middle of the spring. A center for the project has been established in 200 Houston Hall, with office, library and meeting space. The Provost noted that he hoped to be able to make a major report on the progress that has been made at the Trustees’ June meeting.
Center for Quantitative Finance. The Provost reported that the Wharton School had established a new Center for Quantitative Finance, which would be directed by Prof. Sanford Grossman of the Finance Department.

Faculty Honors. The Provost reported on several honors recently awarded to Penn faculty, including:

- The Frank Nelson Cole Prize in Algebra, an award given by the American Mathematical Society every five years, was won by Prof. David Harbater of the Department of Mathematics. This is a major prize that recognizes the quality of both his work and his department’s work.

- Wayne Worrell, Professor of Material Science, was named the 1995 recipient of the Solid State Science and Technology Award given by the Electrochemical Society.

- Two Penn faculty have been named 1995 Salzburg Seminar Presidential Fellows: Prof. Lee Cassinelli, Associate Professor of History, and Jacques deLisle, Assistant Professor of Law.

- John W. Roberts, Associate Professor of Folklore and Folklife and Director of African-American Studies, has been elected President-elect of the American Folklore Society. He is currently a Guggenheim Fellow completing his book on the history of the study of African-American folklore and is also the outgoing president of the Association of African and African-American Folklorists.

- Science Watch recently published a list of the top-10 influential physics departments in the country, and Penn was ranked 5th based on the highest citation impact per paper of those papers published between 1981 and 1993 as assessed by the Institute for Scientific Information.

2. Action. Introducing the Resolution on Appointments, Leaves, and Promotions provided at pp. 5-16 of the meeting book, the Provost highlighted the following appointments included in the resolution:

- The appointment of Dr. G. Cameron Hurst III as Professor of Asian and Middle Eastern Studies in the Standing Faculty of the School of Arts and Sciences. Prof. Hurst is a specialist in East Asian Studies and has enjoyed a long career at the University of Kansas, where he demonstrated the ability to build strong programs and where he has an excellent record both as an original scholar and as a teacher. Dr. Hurst will direct Penn’s East Asian Studies Center for a term of eight years.

- Dr. William Baxt joins Penn from the University of California at San Diego, where, as a professor of Emergency Medicine, he has built a regional system of emergency medicine and applied computer techniques to the clinical analysis of patients brought to emergency
rooms. He will become a professor in the Standing Faculty of the School of Medicine and will take the lead in developing a program in emergency medicine at that School.

- Dr. Robert Lavker is being proposed for appointment as a Professor of Dermatology in the Standing Faculty of the School of Medicine. This is a move from the research faculty, where he has been a leading member since joining Penn in 1979. Dr. Lavker has established a major research program at Penn, leads the training program in this field, and has established himself as a valuable member of the Department.

- Dr. Michael Reisch has been proposed as a Professor of Social Work in the School of Social Work. He joins Penn from San Francisco State University, where he has served as director of the School of Social Work. He is a major national figure in social policy, is highly regarded both as a teacher and as an administrator and writer, and will greatly strengthen the senior faculty of the School of Social Work.

The Resolution was approved upon motion duly made and seconded.

C. Financial Report - Dr. Freeman

Dr. Freeman presented a financial report containing the projections of the financial status of the University’s unrestricted budget, and also the key statistical data with regard to the performance of its restricted endowed and quasi-endowed funds, its gift funds and its grant and contract funds as of December 31, 1994. In addition, the report covered the operating performance of HUP and CPUP for the five months ended November 30, 1994. Clinical Care Associates reports on a quarterly basis.

University - Unrestricted. Dr. Freeman reported that as of the end of six months of the fiscal year, the University projects a breakeven performance for the General University Unrestricted operations after approved, budgeted discretionary allocations to the Research Fund of $1.3 million and after the budgeted, mandated Graduate Hospital deficit amortization of $97,000. Collectively, the schools and centers are projected with a surplus of $450,000, with three schools (Nursing, the Graduate School of Education and the School of Social Work) projecting surpluses; the Annenberg Center and Intercollegiate Athletics projecting deficits; and all other schools and centers projected to break even.

University - Restricted. Restricted expenditures for the six-month period increased by 5.6% as compared with the same period in the prior year. Grant and contract Fund expenditures increased by 7.8%, while Endowment Fund and gift fund expenditures decreased by 4.0% and 0.6%, respectively. The current balance available for grant and contract expenditures of $175.9 million is 6.1% higher than a year ago, and projected on a straight-line expenditure basis, represents 7.45 months of expendable awards, 1.6% lower than the 7.57-month backlog available at December 31, 1993.

HUP. For the five months ended November 30, 1994, the Hospital had an excess of revenue over expenses which was $19.3 million better than budget. Income from operations
exceeded budget by over $18.7 million while non-operating revenue was $570,000 better than budget.

**CPUP.** The Clinical Practices’ performance for the same five-month period generated an excess of revenue over expenses which was $2.08 million better than budget, and income from operations and non-operating revenues were $977,000 and $840,000 better than budget, respectively, while Clinical Development expenses were $266,000 better than budget.

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

**TeleQuest.** Dr. Kelley noted his pleasure that the TeleQuest Radiology Consortium would be before the trustees later in the meeting for approval, noting that this is a new program supported by five of the leading departments of radiology in the country. The Consortium is set up to facilitate reading through teleradiology images that are generated electronically throughout the country. The Health System believes this represents a major new program in health care, with significant implications for its educational and research programs and its clinical revenues.

**Primary Care Network.** Dr. Kelley reported that the primary care network continues to mature. One hundred and seven primary care physicians in the region have joined Clinical Care Associates, which is actively negotiating with another 125, toward the approximate goal of 300.

**PennCare.** The good progress of the primary care network has in turn allowed the Health System to begin to develop a new program, PennCare, that is an opportunity for Penn’s faculty and staff to sign up for care with Penn’s primary care physicians and specialists. The first phase of this, which was limited to Hospital and Clinical Practice employees, yielded 65% participation. The Health System hopes to implement Penn Care throughout the University over the course of the spring.

**Phoenixville Hospital.** Dr. Kelley also reported that the Phoenixville Hospital had joined the network of Penn hospitals in a contractual affiliation, and noted that the Health System looks forward to a long relationship with that hospital.

**E. Antitrust Compliance Briefing - 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 communicates the rules set out in the judgment and monitors compliance with the antitrust laws.

In 1992 Congress modified the requirements by enacting legislation that allowed colleges and universities to agree to award institutional financial aid on the basis of need and to discuss and adopt principles for determining student financial need. The law, however, did not authorize them to discuss financial aid awards to specific common applicants. That law, which expired on September 30, 1994, has been replaced by new legislation which permits colleges and universities that practice need-blind admission to agree to award aid only on the basis of financial aid, to use common principles of analysis for determining need, to use a common aid application form, and to exchange certain limited financial data with respect to commonly-admitted applicants prior to making an aid award. Under the legislation, “need-blind admission” is defined as making admissions decisions without regard to the financial circumstances of the student. Like the prior law, the new legislation does not authorize colleges and universities to discuss specific aid awards to common applicants, and under the final judgment, the University is still required to maintain an enforcement program that disseminates the rules set out in the judgment and monitors compliance with the antitrust laws.

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 and to her knowledge has not to date impeded appropriate communication among schools. Ms. Green added that she had distributed to the trustees and to 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 at their meeting earlier that day, the Academic Policy Committee first heard a brief report from “typical splendid, outstanding Penn students” at the Annenberg School for Communication who are members of that School’s Debate and Forensics team. Self-coached, they nonetheless compete successfully across the country, and have won against teams such as Harvard’s.

The Committee also heard from the four undergraduate deans--from Wharton, Nursing, Arts and Sciences and Engineering--on their innovations in undergraduate programs. Their reports made it clear that as Penn prepares for the 21st century undergraduate experience, there are already many exciting developments at the undergraduate level in those schools.

The centerpiece of the meeting, Dr. Langenberg reported, was a presentation from members of the Student Committee on Undergraduate Education, or SCUE, on their proposals relating to the minor system. The proposals include some improvements in the current structure,
but also a new type of minor, the “University Minor,” that would be a pre-designed, coherent minor which would include courses drawn from many departments and schools. Ideally, it would be available to all Penn undergraduates. After considerable and vigorous discussion, the Committee’s response was enthusiastically positive, and the Committee encouraged the Provost to proceed toward implementation of the proposal.

B. Budget and Finance - Mr. Fox

Dr. Vagelos noted that these actions would be recorded as actions of the Executive Committee.

Action....1. A Resolution on the Approval of the TeleQuest Radiology Consortium was approved as follows:

TeleQuest, Inc., a Delaware business (for-profit) corporation ("TeleQuest"), has been formed through the efforts of the radiology departments of five academic medical institutions, including the University of Pennsylvania Medical Center ("Penn"), Brigham & Women’s Hospital, Emory University, Johns Hopkins University and the University of California, San Francisco, to provide quality subspecialty interpretations through the use of teleradiology. TeleQuest plans to provide such subspecialty interpretations at competitive prices to select markets (including HMO's, large insurers and self-insured employers, and freestanding imaging centers) on a regional and national basis by utilizing the services of the radiology departments of its member institutions. Participation in TeleQuest will assist Penn's Department of Radiology in sustaining its educational and research missions by expanding its provision of subspecialty interpretations and consultations through teleradiology.

In order to become a shareholder in TeleQuest, each of the member institutions must invest $250,000 in return for stock representing a proportionate ownership interest in the corporation (currently 18% assuming five shareholders, with the remaining 10% will be issued to management personnel), with Penn's investment coming from funds of its Department of Radiology. Each shareholder is entitled to appoint one member to TeleQuest's Board of Directors. This transaction was approved by the University of Pennsylvania Health System Trustee Board Executive Committee on January 9, 1995.

RESOLVED, that Penn is hereby authorized to become a shareholder and invest $250,000 in TeleQuest, from the Department of Radiology funds, in return for stock representing a proportionate ownership interest in TeleQuest (after giving effect to the stock issued to management) under such terms and conditions as the Chief Executive Officer (CEO) of the University of Pennsylvania Health System (UPHS) shall deem necessary or appropriate;

FURTHER RESOLVED, that the UPHS CEO or his designee (the "Proper Officers") shall appoint the UPHS representative to serve as a director on the
TeleQuest Board of Directors and such other representatives as necessary to serve on other TeleQuest committees and boards;

FURTHER RESOLVED, that the Proper Officers are hereby authorized, in the name and on behalf of UPHS, to execute and deliver such contracts and agreements as such officers deem necessary or appropriate in connection with the formation and operation of TeleQuest; and

FURTHER RESOLVED, that the Proper Officers are hereby authorized, in the name and on behalf of UPHS, to take such other actions as they deem necessary or appropriate in order to implement and carry out the intent of the foregoing.

Action...2  A Resolution on Capital Expenditure Items for the Clinical Practices of the University of Pennsylvania for Fiscal Year 1995 was approved as follows:

In June 1994, the Trustees approved a capital budget authorization for the Clinical Practices of the University of Pennsylvania for Fiscal Year 1995 in the amount of $7,700,000. The Trustee Budget and Finance Committee has reviewed and recommends for approval certain expenditure items within this budget at an estimated cost of $5,825,710. These include the purchase of medical and laboratory equipment, the purchase of office equipment and furnishings, and various renovation projects. The expenditures will be funded by Clinical Practice Operating accounts and Educational and Development accounts.

RESOLVED, that certain expenditure items included in the capital budget of the Clinical Practices of the University of Pennsylvania for Fiscal Year 1995, estimated to cost $5,825,710, 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.

Action...3.  A Resolution on the Purchase of Computer Equipment for the National Scalable Cluster Project for the Department of Physics, School of Arts and Sciences, was approved as follows:

The School of Arts and Sciences proposes to purchase the initial computer equipment needed by the Department of Physics for the National Scalable Cluster Project, a consortium of the Universities of Pennsylvania, Illinois and Maryland to pursue the development of new computational technology. The estimated cost of the equipment is $460,000 and will be funded by a National Science Foundation grant and University matching funds.
RESOLVED, that the purchase of computer equipment for the National Scalable Cluster Project, estimated to cost $460,000, 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, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such purchase as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

Action...4. A Resolution on Improvements to the SEPTA Convention Avenue Station was approved as follows:

SEPTA has created a University campus stop on its Philadelphia Airport line and is building a station on Convention Avenue, south of South Street. The University proposes to construct improvements to enhance the safety and security of users of the facility, many of whom are members of the University community or the public visiting University buildings. The scope of the project includes lighting, landscaping, and signage. The project also includes the installation of doors to the elevator and stairwell entrances from the south side of the Penn Tower. The estimated cost of the improvements is $300,000 and will be funded by the Medical Center, the Penn Tower and the other University funds.

RESOLVED, that the construction of improvements to the Convention Avenue SEPTA station, estimated to cost $300,000, 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, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost of such improvements as presented to the Budget and Finance Committee -- as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

Action...5. A Resolution on the Purchase of 4032 Locust Street, 4059 Sansom Street, 206 S. 42nd Street and 212 S. 42nd Street, Philadelphia, PA, was approved as follows:

The University proposes to acquire four (4) residential properties located at 4032 Locust Street, 4059 Sansom Street, 206 S. 42nd Street and 212 S. 42nd Street in Philadelphia, Pennsylvania, (the "Properties"). The Properties are under common ownership and the proposed purchase price for all four Properties is $580,000. The acquisition cost will be funded from the University's internal resources.

RESOLVED, that the Executive Vice President or any other appropriate officer of the University be and they hereby are authorized to proceed with the purchase of the Properties for a purchase price of $580,000 and to proceed with the execution and delivery of a Purchase Agreement as well as all necessary affidavits and other documents required in connection with such purchase, and that any actions
heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and affirmed.

Action.... 6. A Resolution on Increasing Dollar Limits for Transactions Requiring Trustee Approval was approved as follows:

In June 1980 the Trustees approved a resolution setting forth a policy for the Budget and Finance Committee of the Trustees ("B&F"). Pursuant to that policy, among other duties, B&F is charged with reviewing proposals for, and recommending action to, the Trustees on disposition or acquisition of real or personal property involving more than $250,000; start of the construction phase of capital projects involving more than $250,000 and all overruns in excess of ten percent; and external borrowing, guaranteeing of loans, or establishing lines of credit involving more than $250,000. The Trustees have authorized the administration to effect transactions in the foregoing categories involving $250,000 or less without Trustee approval, and pursuant to state law, have required Trustee approval of all dispositions of real property.

Recognizing economic realities, the Trustees intend to raise the $250,000 limit cited above to $1,000,000, so that B&F will on and after the date of this resolution review and recommend action to the Trustees regarding transactions in the foregoing categories which involve $1,000,000 or more.

RESOLVED, that the June 20, 1980 resolution of the Trustees setting forth a policy for the Budget and Finance Committee of the Trustees ("B&F") is hereby amended in part to provide that B&F shall review proposals for, and recommend action to, the Trustees on acquisition of real or personal property involving $1,000,000 or more; all dispositions of real property; start of the construction phase of capital projects involving $1,000,000 or more and all overruns in excess of 10 percent; and external borrowing, guaranteeing of loans, or establishing lines of credit involving $1,000,000 or more.

FURTHER RESOLVED, that with respect to transactions in the foregoing categories involving less than $1,000,000, other than dispositions of real property, the Trustees hereby approve such actions as are taken by the University administration without the need for further Trustee approval, and authorize the Executive Vice President or other appropriate officers of the University to execute such contracts, purchase agreements and other documents in connection with such transactions and to take such other steps as may in their judgment be necessary or appropriate to effect such transactions.

C. Development - Mr. Shoemaker

Before asking for this Committee’s report, Dr. Vagelos noted that Mr. Shoemaker had assumed the chairmanship of the Committee, succeeding Mr. Miller.
Mr. Shoemaker reported that the Campaign for Penn closed out at just over $1.4 billion. All major goals and most school and center goals were met or exceeded. The Campaign created 150 new chairs, the most ever created in a campaign for higher education. Mr. Shoemaker gave special acknowledgment to George Weiss, who created the 150th chair, in music, in memory of his composer father, Dr. Robert Weiss.

More than $400 million was added to Penn’s endowment, bringing the total endowment to about $1.5 billion. Over the five years of the Campaign, $106 million was raised in Annual Giving, while building the donor base 50%. Support was global: the final count showed more than 175,000 donors from every state and territory and 87 foreign countries. All in all, Mr. Shoemaker said, the Campaign was a magnificent achievement by Penn people for Penn people.

Action....1. A Resolution of Appreciation for Paul F. Miller, Jr. was approved as follows:

As Chair of the Trustee Development Committee, and representing the best of Penn in his intellect, loyalty and enthusiasm, Paul F. Miller, Jr. (W’50, H’81) set the standards and pace that ensured the success of The Campaign for Penn.

Driven by a passion for endowing Penn's future, and guided by a genius for investments, he is also a prodigious fund-raiser. Taking careful stock of the University's assets, he capitalized on his knowledge and ability to make them grow. Balancing caution with optimism, and flexibility with tenacity, he amassed the largest nucleus fund ever assembled by any university and brokered it into academia's most stunning campaign victory.

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 appreciation to Paul F. Miller, Jr., for capitalizing on our past, managing our long-term growth, and ensuring a solid future for Penn. They convey their respect for his leadership style, characterized by conciliation, egalitarianism, and team spirit. And they extend their admiration for his modesty in striving always to be better, a standard which he applies with great effect, not only to himself, but to Penn.

Dr. Vagelos congratulated Messrs. Miller and Shoemaker on the success of the Campaign and led the trustees in a warm round of applause for them.

D. External Affairs and University Responsibility - Mr. Heyman

Mr. Heyman reported that the External Affairs Committee and the Committee on University Responsibility met in a joint session yesterday in which we heard presentations from Penn Faculty and Staff for Neighborhood Issues (PFSNI) and from Carol Scheman, one of President Rodin’s first appointees, who joined Penn as Vice President for Government and Community Relations this past summer.
PFSNI’s presentation was given by Dr. Walter Licht, Associate Dean of Graduate Studies for the School of Arts and Sciences. Dr. Licht discussed PFSNI and Penn’s common interest in reclaiming and stabilizing their West Philadelphia neighborhood and suggested ways a greater partnership could be achieved between the neighborhood and Penn, through a strong education campaign for faculty and students, additional resources for safety and security, and greater participation in improving neighborhood schools.

Ms. Scheman reported that the University’s relationship with the neighborhood is one of her office’s top priorities. She described the community initiatives currently underway or being planned. She also discussed how her office will coordinate Penn’s community efforts with its initiatives with respect to the Commonwealth and federal governments, and described some of the issues the University currently faces in these relationships, including federal rules on the reimbursement of indirect costs related to research and the Commonwealth appropriation.

Mr. Heyman reported that the two committees learned a great deal from these presentations, and the Committees support both PFSNI’s and Ms. Scheman’s initiatives.

E. Facilities and Campus Planning - Mr. Tanenbaum

Mr. Tanenbaum reported that the Facilities and Campus Planning Committee reviewed several items at its meeting the prior day.

First, it discussed the Medical School’s proposed new research facility to be located as the final structure in the redevelopment of the Philadelphia General Hospital site. Construction of the building, referred to as Biomedical Research Building II, or BRB II, will commence next year and be completed in 1998, which is on target with the Health System’s seven-point facilities plan established five years ago.

The Committee also received (1) a deferred maintenance progress report relating to a range of structures Franklin Field, White Field House, Logan Hall and College Hall; and (2) an update on the new parking facilities and chiller plant that will open shortly at 38th and Walnut Streets.

The Committee previewed the proposed change in the policy relating to the approval process for construction costing between $250,000 and $1 million that had just been approved by the Budget & Finance Committee and by the full board earlier in the meeting.

Finally, Dr. Freeman shared the administration’s thinking with respect to the process for considering the University’s real estate requirements and the manner in which the administration plans to access real estate professional advice in furtherance of its planning and implementation of its real estate program.

F. Internationalization - Dr. Amodei

Mr. Palmer being unable to be present, Dr. Amodei reported for him on the meeting of the Committee on Internationalization held the prior day, which Mr. Palmer had chaired.
The Committee heard two reports, one from Dean Norma Lang on internationalization progress at the School of Nursing and one by four students, introduced by Dr. Roger Allen, on the Wharton/SAS International Studies program.

Dean Lang reported on a multifaceted and very successful program at the School of Nursing that ranges in scope from leadership involvement in the World Health Organization, which, *inter alia*, helps establish nursing education and programs in third world countries (where nurses often carry a large percentage of the load for medical intervention), to increasing study abroad, to improving support for the School’s foreign students, which often are impeded in clinical practices by language difficulties. Other goals include expansion of links with international schools that serve as feeders for the School’s graduate programs, and strengthening of the requirement for Penn’s students to be multilingual. As the top nursing school in the country, the School is sought out by many academic and health organizations, providing it literally more opportunities than it can take advantage of.

Prof. Allen then introduced a panel of students from the newly-created Wharton/SAS International Studies Program. The students described their freshman experience with great enthusiasm and praised almost all aspects of this very exciting program. The only concern voiced was that the course load (6 courses versus the usual 4) is too heavy to allow sufficient time for extracurricular activities.

Finally, Dr. Joyce Randolph gave an update on the University’s international activities. One item of note was the large increase in students studying abroad, up by 50 to 370, representing close to 20% of the junior class. She also reported on a new cooperative offering with the Central European University in Prague for European studies and on a similar program that is being planned with the Free University of Berlin.

The Committee determined that at its next meeting, it should hear more from the new administration about its internationalization goals.

In thanking Dr. Amodei for his report, Dr. Vagelos noted his own and the rest of the trustees’ enthusiasm for the Wharton/SAS International Studies program and all the other initiatives Dr. Amodei had described.

**G. Student Life and University Responsibility**  
- **Dr. Chisum**

Dr. Chisum reported on the joint meeting of the Student Life and University Responsibility Committees held the previous day. The entire agenda was devoted to an update by President Rodin on the implementation of the recommendations of the Commission for Strengthening the Community. Dr. Chisum noted that she was personally very gratified with the progress being made.

To highlight a few, she noted that significant progress is being made in the student judicial system, with an emphasis on mediation, speedier resolution of issues, and creating a less legalistic
system. The President’s 21-century initiative addresses recommendations in the areas of increasing faculty involvement in campus life and revising the residential system.

Action on minority permanence recommendations are also underway, aided in part by the successful completion of the $35 million portion of the Campaign for Penn. Penn has seen an increase in both the number of minority Ph.D. candidates and the level of scholarship funds for these students. The Committee had a lively discussion on minority involvement at the University, with recognition that there are still a number of areas to be addressed.

Overall, Dr. Chisum concluded, good progress is being made both in direct implementation and implementation of some recommendations as part of larger initiatives by the administration.

H. Investment Board - Mr. Neff

1. Comments. Mr. Neff directed the trustees’ attention to the Investment Report provided in the meeting book. The report showed that the market value of the Associated Investment Fund (AIF) at January 12, 1995 was $1.09 billion, and including the separately administered trusts close to $1.5 billion. The portion of the AIF invested in equities is up to 53%, higher than it has been for several years. This reflects that even in a market that has been “marking time” for some 16 months, the Board has been finding some opportunities.

The Board will be “incubating” an outside equity advisor, seeing how the portion of funds invested with it does over the next few years not only quantitatively but qualitatively.

The current yield of the common stocks is up to 3.6%, a bit better than it has been doing recently--it was at 3.4% at 6/30/94 and 3% at 12/31/93. Citicorp, Penn’s biggest holding, has just doubled its dividend, and Chrysler recently increased its dividend by 60%. These “recovery increases” bring the yield more toward 3.7%.

Mr. Neff concluded that “the pendulum continues to swing widely and wildly.” Long-term interest rates have increased about 225 basis points over 15 months ago, perhaps too far too soon. There has been some mild retreat from that, so that it is likely to rise only another 60-70 basis points, even in this period when inflation is rising from the 2.7% at calendar year end to perhaps 3.5-4%.

The performance of Penn’s common stock investments, annualized from 12/31/79, is 17.8% compared to 14.5% for the S&P 500, a 330-basis point edge. Since 6/30/94, the end of the NACUBO year on which Penn measures itself against other colleges and universities, Penn’s common stocks are up only 1.1% compared to 5.5% for the S&P 500. Interest-sensitive securities, either real or perceived, have been treated poorly over this period. The Board feels all common stocks are interest sensitive, though acknowledgedly the financial intermediary investments--banks and thrifts, etc.--have had difficulties managing their assets on the liability side, and even the automobile industry, which had enjoyed a good few weeks, is again being labeled interest sensitive.
The biggest question of the moment is the durability of the current business expansion. The marketplace is largely captive to historical parallels, Mr. Neff noted, and the current 45-month business expansion is being measured against the 51-month average for post-World War II expansions. Each expansion can be measured on its own, and the current expansion is different in that it has been moderate, not fast-paced, and the typical areas of excess—investories, capital expenditures and consumer debt outstanding—look to be normal, not aggravated. The Board therefore feels there is a good chance that this business expansion could go on for another three-four years and believes that interest sensitive areas like the automobile industry will be afforded a higher multiple than the 5x earnings Chrysler and Ford currently enjoy.

V. Overseer and Other Boards

Action....A. A Resolution on the Appointment of 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 20, 1995:


Action....B. The following resolutions were approved:

RESOLVED, that Dr. Michael D. Zisman be appointed to the Board of Overseers of the University Libraries for a three-year term, effective January 20, 1995.

RESOLVED, that Mr. Charles L. Andes be appointed to the Advisory Board of the Cancer Center for a three-year term, effective January 20, 1995.

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

Respectfully submitted,

Barbara Ray Stevens
Vice President and Secretary of the University