Trustees of the University of Pennsylvania  
Stated Meeting  

Minutes of Stated Meeting  
held  
October 20, 1995


I. Call to Order - Dr. Vagelos

A. Invocation - Dr. Vagelos introduced Acting Chaplain Rev. Frederic Guyott III, who offered the invocation.

B. The minutes of the June 16, 1995, which had been previously distributed, were approved as written.

II. Chair’s Report - Dr. Vagelos

Action....1. The following Memorial Resolution for emeritus trustee Robert G. Dunlop, who had died at age 86 on September 20, was approved upon motion duly made and seconded.

Robert G. Dunlop (W’31, H’72) distinguished himself in his undergraduate years at Penn, graduating as valedictorian of his class. He went on to set standards of leadership for the University, and for industry and philanthropy. Having served as the CEO of the Sun Oil Company and Chairman of the Pew Charitable Trusts, he became the first recipient of the Wharton School Alumni Society’s Gold Medal of Achievement, in 1971. In 1972, when he received the honorary degree of Doctor of Laws from the University, the citation stated as follows: “Cherishing ideals and
adhering to strongly held convictions, Robert Galbraith Dunlop has set a personal and professional example for all individuals to follow.”

As a University trustee from 1952 through 1979, and then as an Emeritus Trustee, Mr. Dunlop gave unstintingly of his time and talents. His many roles included serving as Vice Chairman of the Executive Board, Chairman of the Nominating Committee and of the Finance Committee, member of the Joint Steering Committee of the Annenberg School and, in 1974, Chairman of the Board of Trustees.

Robert Dunlop was an enthusiastic supporter of a wide range of University initiatives, ranging from the disciplines of the arts and sciences to health affairs to communication to management. Penn’s students and faculty benefited from his wise counsel. His thoughtful gifts will continue to benefit Penn in the coming years.

His humanity and intelligence earned Mr. Dunlop the respect and affection of all who worked with him. Martin Meyerson, while president of the University, authored the foreword to Robert Dunlop’s book, The Quiet Revolution. He wrote that Bob “is devoted to human freedom, hard work, self-discipline, spiritual values, and individual growth” and added that he “is committed to an ethic that brings together vocation and avocation, business and learning.”

RESOLVED, that the Trustees of the University of Pennsylvania, on their behalf and on behalf of the faculty and students and alumni of the University, express their deep sorrow over the death of their friend and colleague Robert Dunlop, and in recording this minute in his memory, ask the Secretary of the University to convey to Mr. Dunlop’s family their sense of loss.

Action...2. A Resolution on the Amendment of Articles 2.2(c), 4.2 and 4.3 of the Statutes was approved as follows:

A Trustees’ Ad Hoc Committee on Governance was appointed in January 1995 to review a wide range of issues relating to Penn’s governance. The matters the Committee considered included the structure of Penn’s Board of Trustees and the overall size of the board, with special reference to the number and terms of term and alumni trustees, and the structure and appointment process for the various boards of overseers and other advisory boards. The Committee’s report was discussed in June 1995 at a plenary session with the Trustees, who concurred with its recommendations, many of which are administrative matters. The following recommendations, however, require revisions to the statutes.

Number of Term Trustees. Article 2.2(c) of the statutes, “Term Trustees,” currently calls for “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.” The Committee determined that the current size of the board is appropriate in order for
the board to be able to derive the benefit of the many perspectives from which it wishes to benefit, to sustain a critical mass of highly participatory members and to ensure future leaders. Accordingly, it recommends that the above text be amended to eliminate the reduction in maximum number.

**Length of Service.** The Committee considered the statutory rules governing how long trustees may serve and how these rules have generally come to be perceived and applied. Article 2.2(c) also states that “[a] term trustee shall be ineligible for reelection as a term trustee for a one-year period following the completion of two successive terms.” An alumni trustee, who is elected for a five-year term by the General Alumni Society, “may not succeed himself or herself in office, but may be elected in another class.” (Article 2.2(d)(2)). The Committee believes that the statutes should be amended to make 10 years of service the maximum, with term trustees’ prior service as alumni trustees being applied toward this 10-year maximum.

**Overseer Appointment Process.** The Committee believes that all overseer appointments should be handled jointly by the Chairman of the Trustees and the President, in conjunction with the appropriate Deans or Directors. Accordingly, it recommends amending Articles 4.2 and 4.3 of the Statutes, which reserve to the Chairman responsibility for nominating trustee members of overseer boards and board chairs, while reserving to the President responsibility for nominating non-trustee members of overseer boards, to reflect this.

RESOLVED, that Article 2.2(c) of the Statutes be amended to read as follows, in order to maintain the maximum number of term trustees at 30, to equalize the maximum length of service for non-charter voting trustees and to clarify the intention that service as a non-charter voting trustee is not to exceed 10 years:

> Article 2.2(c). **Term Trustees:** up to 30 in number, elected to serve for terms of five years. *A term trustee may serve only two terms, which would ordinarily be successive, for a total of 10 years' service. Prior service in any other voting class will also be applied toward this 10-year maximum.*

; and it is further

RESOLVED, that Articles 4.2 and 4.3 of the Statutes be amended to read as follows:

> Article 4.2. The trustee members and the chairmen of all boards of overseers and other advisory boards formed by the Trustees shall be nominated by the Chairman of the Trustees and the President and elected by the Trustees for terms of three years, unless otherwise determined by the Trustees. The terms may be renewed. The trustee members and the chairmen of all committees formed by the Trustees, with the exception of the Executive Committee and the Investment Board, shall be appointed by the Chairman of the Trustees for one-year renewable terms.
Article 4.3. The non-trustee members of all boards of overseers and other advisory boards and formed by the Trustees, with the exception of the Investment Board, shall be nominated by the Chairman of the Trustees and the President and elected by the Trustees for terms of three years unless otherwise determined by the Trustees. The terms may be renewed.

Term Expirations. Dr. Vagelos reported that four trustees’ terms would be expiring at the end of the calendar year: Juan J. Amodei, D. Michael Crow, Joseph F. Rascoff, and Michael R. Sandler. He noted that these trustees have become familiar figures across the campus and well known Penn advocates across the country. He was particularly pleased to note that although these trustees’ terms as trustees were concluding, each of them is committed to continued involvement on behalf of Penn: Messrs. Crow and Sandler on the Board of Overseers of the School of Arts and Sciences; Dr. Amodei as Chair of the School of Engineering and Applied Sciences Board of Overseers, and Mr. Rascoff on the Board of Overseers of the Library. He introduced the following Resolutions of Appreciation for these trustees, which were approved with a warm round of applause for all four gentlemen.

Action....3. A Resolution of Appreciation for Juan J. Amodei was approved as follows:

Dr. Amodei (GEE’61, GR’68) has brought to his service as a trustee of the University not only devotion to Penn, but also a broad understanding of issues in higher education and how technological developments will affect all aspects of human life, including education.

Currently the chairman and CEO of Triple I Corporation, Dr. Amodei is the author of numerous technical papers and holds 23 U.S. patents. A trustee of the Moore School of Electrical Engineering from 1980-91, Dr. Amodei was appointed in 1987 to the Board of Overseers of the School of Engineering and Applied Science, which he currently chairs. As a trustee, Dr. Amodei has served on the Trustees’ Committees on Academic Policy, Facilities and Campus Planning, and Internationalization.

Dr. Amodei has communicated eloquently the enormous potential unleashed by developments in technology and the way these innovations will affect how we teach and learn, the settings in which education takes place, the life span over which education occurs, and the globalization of the education process.

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 Juan J. Amodei for his distinguished service, and they look forward to his continued active involvement in University affairs.

Action....4. A Resolution of Appreciation for D. Michael Crow was approved as follows:
An energetic and committed alumnus, Michael Crow (C’68, WG’70) is a long-time and active supporter of the arts and sciences at Penn, and a great friend of both the University and its School of Arts and Sciences.

Mr. Crow has chaired the Board of Overseers of the School of Arts and Sciences, on which he continues to serve. As a member of the Board of Directors of Penn’s General Alumni Society, he chaired the task force that defined the role of and the process for identifying and electing Alumni Trustees. As a trustee, he has served as a member of the Committees on Facilities and Campus Planning, which he has chaired, Academic Policy and University Responsibility.

Mr. Crow has also been one of Penn’s most ardent supporters in the southern region. His warmth and Texas hospitality have led to the success of many events for Penn’s midwestern alumni and friends and contribute mightily to the strong alumni support Penn enjoys in the Lone Star State.

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 D. Michael Crow for his distinguished service, and they look forward to his continued active involvement in University affairs.

Action....5. A Resolution of Appreciation for Joseph F. Rascoff was approved as follows:

As a trustee, Mr. Rascoff (W’67) has brought to the University of Pennsylvania the energy and talent that account for the success of Rascoff/Zysblat Organization, Inc., the entertainment business management firm he founded.

Energy and talent were also hallmarks of his undergraduate years here, during which he participated in the Greek system, Hillel, Athletics and Kite and Key. Since then, he has been a loyal alumni leader and served on the Board of Associate Alumni Trustees (Southern California), the Trustees’ Student Life and External Affairs Committees and, more recently, on the Board of Overseers of the University Libraries. His participation is always insightful and imaginative.

Mr. Rascoff’s many gifts to Penn, including the Jane and Joe Rascoff Freshman Seminar, have enriched the experience of students throughout the University.

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 Joseph F. Rascoff for his distinguished service, and they look forward to his continued active involvement in University affairs.

Action....6. A Resolution of Appreciation for Michael R. Sandler was approved as follows:
Michael Sandler (W’62) has devoted much of his life to the betterment of education in America. As chairman of A Different September Foundation, he gave the country a model of university/public school collaboration in the Boston University/Chelsea Partnership. He has gone on to serve as special assistant to the chairman of New American Schools Development Corporation and CEO of EduVentures, a Boston investing and consulting firm involving the for-profit education industry. In 1990 he was named a fellow at the Center for Business and Government at the John F. Kennedy School of Government at Harvard University to research entrepreneurship in the public sector.

Mr. Sandler established himself as an alumni leader shortly after his graduation, when he founded the Penn Club in Maine. He has since served as chairman of the Board of Associate Alumni Trustees (Northeast Region), energetically fostering support for Penn among its New England alumni. As chairman for the 25th and 30th reunion gifts for the Class of 1962, his extraordinary fundraising abilities led to record-setting class gifts, making possible what has become one of the focal points of the campus, the Class of 1962 Walk and its “Ben on the Bench” sculpture. Bringing his development expertise and commitment to University/school partnerships to bear on trustee matters as well, Mr. Sandler has served as a member of the Trustees’ Development and External Affairs Committees.

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 Michael R. Sandler for his distinguished service, and they look forward to his continued active involvement in University affairs.

III. President’s Report - Dr. Rodin

A. Comments

President Rodin noted that, as she had reported to the Executive Committee in September, the academic year began on several major positive notes: the matriculation of one of Penn’s finest entering classes; outstanding national rankings for both its undergraduate and doctoral programs; the appointment of outstanding leaders in Public Safety, Human Resources, and University Life; and the reappointment of three deans. She added that while the Quaker football team has suffered a couple of setbacks, it remains a championship team in every sense of the word. The football team, along with all of the other men’s and women’s athletics teams, have invigorated the campus this fall with their spirit and accomplishments, President Rodin reported.

President Rodin then updated the trustees on the following areas:

Searches. A search has been undertaken for a new Executive Director of Resource Planning and Budget, to succeed Acting Director Ben Hoyle, who is leaving Penn to accept a post as chief financial officer of a continuing health care facility outside of Philadelphia. President Rodin joined with Mr. Hoyle’s many friends and colleagues in wishing him the best of luck in his new endeavor and thanking him for his many years of devoted service to Penn.
President Rodin also reported that a search is well underway for a Director of University Communications, with an effort to identify truly exceptional candidates for this critical and demanding position. She hoped to be able to announce the completion of this search in the near future.

Safety. President Rodin reported that there has been real progress concerning traffic safety on Walnut Street. Cars coming west from Center City have been clocked on occasion at speeds of 65 or 70 miles per hour as they come off the Walnut Street Bridge and approach campus. With the City and state’s assistance and cooperation, her administration has in the last few weeks begun to post a police officer on Walnut Street with a radar gun and a large digital speedometer display, and will be taking additional new steps, including new speed limit signage, to prevent future accidents in this area. She especially commended Vice President Carol Scheman and Victim Support Director Maureen Rush for their work in negotiating these measures with the City and the Philadelphia Police Department.

IAST. Finally, President Rodin called attention to the historic groundbreaking this afternoon for the first phase of the Institute for Advanced Science and Technology. This event marks a major milestone in the enhancement of Penn’s research infrastructure and keynotes a year of intensive engagement on the part of the University with issues of research and doctoral education, to continue what we began last year in our analysis of undergraduate education. In combination with this week’s other exhibit openings, dedications, and Family Weekend events, I hope you share my own sense of celebration in Penn’s rich scientific, literary, artistic, and human resources and the bright future they are offering to Penn’s community. It has been a wonderful week to have the trustees on campus, and I hope you have found it exciting and stimulating.

Action......1. A Resolution on the Naming of The Roy and Diana Vagelos Laboratories of The Institute for Advanced Science and Technology was approved with great enthusiasm:

The University of Pennsylvania proudly names The Roy and Diana Vagelos Laboratories of The Institute for Advanced Science and Technology in honor of two of its most loyal friends and supporters, P. Roy and Diana T. Vagelos.

The Institute for Advanced Science and Technology (IAST) will ensure Penn's ongoing leadership in multidisciplinary science by providing space for collaborative research in the School of Engineering and Applied Science, the School of Arts and Sciences, and the School of Medicine. As an integral part of this great enterprise, The Roy and Diana Vagelos Laboratories will create facilities for the departments of chemistry, chemical engineering, and bioengineering as well as two research centers--the Center for Excellence in Chemistry and Chemical Engineering and the Institute for Medicine and Engineering.

Diana Vagelos graduated from Barnard College in 1955 with a degree in economics and history. Her varied experiences include working for the Harvard Business School and the Atomic Energy Commission and teaching French to young children. She is a trustee of Barnard College and, with her husband, an active supporter of such
institutions as Muhlenberg Hospital and the New Jersey Performing Arts Center.

Roy Vagelos graduated from Penn as a chemistry major in 1950, received an M.D. from Columbia University, was a resident physician at Massachusetts General Hospital, became a researcher at the National Institutes of Health, and joined the faculty of Washington University's School of Medicine. He went on to become president of Merck Sharp & Dohme Research Laboratories and then chairman and CEO of Merck & Co., Inc. He is a member of the National Academy of Sciences, the American Academy of Arts and Sciences, and the American Philosophical Society.

Philanthropists and humanists, Roy and Diana Vagelos are among the principal visionaries of IAST, which, as part of the University of Pennsylvania's great interdisciplinary community, has untold potential for advancing knowledge and improving the human condition.

RESOLVED, that the laboratories to be built adjacent to the chemistry department complex, the Towne Building, and Hayden Hall on Smith Walk, will be named, with gratitude and affection, The Roy and Diana Vagelos Laboratories of The Institute for Advanced Science and Technology.

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

**Honors.** Provost Chodorow reported that three members of the faculty were recently elected to the Institute of Medicine in recognition of their major contributions to health and medicine and to related fields such as social and behavioral sciences, law, administration and economics: **William Baxt**, Professor and Chair of the Department of Emergency Medicine in the School of Medicine; **Ruzena Bajcsy**, Professor of Computer and Information Science in the School of Engineering and Applied Science; and **Jane Menken**, Professor of Sociology in the School of Arts and Sciences and Director of its Population Studies Center. In addition, **Lawrence R. Klein**, Benjamin Franklin and University Professor Emeritus of Economics, has been accorded a Quality of Life Award by Auburn University. He will receive the award next week in a ceremony conducted at the United Nations.

**21st Century Undergraduate Experience.** The Provost reported that the 21st Century Undergraduate Experience Project is well underway. This summer the Provost’s Council on Undergraduate Education, which issued its report at the end of the last academic year, transferred to the Council of Undergraduate Deans responsibility for continuing the work of the project and the implementation of its recommendations. The Council of Undergraduate Deans held a retreat over the summer and outlined the projects to be undertaken this year, which include curricular projects, research, community service learning, collegiate organizations and internationalization. There are 10 implementation goals for this year, and the Provost will report frequently on how the goals are being met.

**Perelman Quadrangle.** Provost Chodorow reported that progress on this project is now quite far advanced. The entire complex has been programmed, and the architects are now engaged in beginning the schematic design phase.
Action.........1. A Resolution on Practice Professors in Education was approved as follows:

The Standing Faculty of the Graduate School of Education has unanimously approved the position of Practice Professor of Education, a position consistent with the position of Practice Professors in the School of Law and in the Wharton School. The Faculty Senate has approved the establishment of this position, as have the current Dean of the Graduate School of Education and the Provost.

RESOLVED, that there shall be established within the Graduate School of Education the position of Practice Professor of Education, which may be accorded to no more than two full-time persons. The role of Practice Professors is to provide graduate instruction in the professional practice of educators, including the supervision of internships and other field experiences. Practice Professors are recommended for an appointment following a search, using the same teaching criteria as for the Standing Faculty, with an emphasis on potential for teaching professional practice courses and for having a critical awareness of current controversies in educational research and practice.

Practice Professors may serve as primary academic advisors to students and, upon review and approval of the Faculty Personnel Committee, may serve as chairs of Ed.D. dissertation committees but may not serve as chairs of Ph.D. dissertation committees. Practice Professors are not accorded Faculty vote. Scope and limits of responsibilities are specified in writing by the Dean at the time of appointment and reappointment, but Practice Professors may not serve as Divisional or specialization administrators.

The term of appointment as Practice Professor shall be up to five years. The term of appointment as Practice Professor may be renewed once for up to five years in exceptional cases. Appointment and reappointment must be reviewed and approved by the Standing Faculty, School Personnel Committee, the Dean, the Provost, and the Trustees. All appointments are without tenure or tenure-probationary status.

Action.........2. Provost Chodorow presented for approval the Resolution on Appointments, Leaves and Promotions provided at pages 9-23 of the meetingbook. He noted in particular the proposed designation of Dr. Frederick Erickson, a professor of education in the Standing Faculty of the Graduate School of Education, as the first Judy and Howard Berkowitz Professor of Education for the period October 1, 1995 to June 30, 2000. The resolution was unanimously approved.

C. Financial Report - Mr. Fry

Mr. Fry presented a financial report on the preliminary projections of the financial status of the University’s unrestricted budget for fiscal year 1996 and key statistical data on the performance of Penn’s restricted endowed and quasi-endowed funds, gift funds, and grant and contract funds as of September 30, 1995. In addition, his report covered the operating
performance of the Health Services component of the University of Pennsylvania Health System for the two months ended August 31, 1995.

University - Unrestricted. Mr. Fry reported that as of the end of three months of the current fiscal year, a General University deficit of $2.45 million was projected, after the approved, budgeted, discretionary allocation to the Research Fund of $1.3 million and after the budgeted, mandated Graduate Hospital deficit amortization of $97,000.

Positive factors affecting performance include special programs and fees and savings in salary expenses, graduate student aid and utility expense. Negative factors are projected shortfalls due to the shift in the Commonwealth Appropriation from the General University to the School of Veterinary Medicine, and in graduate tuition, summer and special tuition, indirect cost recoveries on grants, sales revenue, General University tuition, and other expense categories.

The preliminary performance projection for the schools and direct centers indicates a collective deficit of $1.1 million; deficits are projected for the School of Arts and Sciences ($600,000), The School of Engineering and Applied Science ($200,000), the Annenberg Center ($150,000) and Intercollegiate Athletics ($150,000); all other schools and centers are projected at breakeven performance. He reported that a plan was in place for closing these deficits.

University - Restricted. Restricted expenditures for the three months ended September 30, 1995 increased by 5.8% as compared with the same period last year. Endowment, Gift and Grant and Contract Fund Expenditures increased by 9%, 26.8% and 3.4%, respectively, over the same period the prior year. The current amount available for grant and contract expenditures is 26.7% more than at the same time last year, and projected on a straight-line basis represents 9 months of expendable awards, 22.5% higher than at September 30, 1994.

Health System - Health Services Component. For the two months ended August 31, 1995, Health Services (which consists of HUP, Presbyterian Medical Center, CPUP, Clinical Care Associates and Franklin Physician Services) generated an excess of revenue over expenses of $20.1 million, which was $5.6 million better than budget. The gain from operations of $11.5 million was $3.6 better than budget, and the non-operating revenue of $8.54 million was $1.9 million better than budget. Of these amounts, the Physician Practices had a deficit of $71,000, which was $1.6 million better than budget, and the Hospitals’ excess of revenue over expenses of $20.1 million was $4 million better than budget.

D. Health System Report - Dr. Kelley

Dr. Kelley announced with pleasure that the first board meeting of the restructured Presbyterian Medical Center of the University of Pennsylvania Health System was held on October 9 under the chairmanship of Mr. Tanenbaum. A site visit survey of Presbyterian by the Joint Commission on the Accreditation of Health Care Organizations was just completed, and indications are that the hospital will receive a commendation at a high level of recognition held by only one other hospital in the region.

Dr. Kelley was also pleased to report that the Health System launched its $600 million
capital campaign on September 15. The nucleus fund now exceeds $300 million, and benefited by an extremely important $3 million gift recently from the Reliance Group Holdings, Inc. to create an endowed professorship and a special opportunities fund to help in recruiting.

IV. Committee Reports

A. Audit - Mr. Riepe

Mr. Riepe reported that the Audit Committee had met on October 5. At that meeting it reviewed the preliminary financial statements for fiscal 1995 for the University and its affiliates and also received the report requested by the Audit Committee from Coopers & Lybrand on their review of the University’s involvement with the Foundation for New Era Philanthropy.

B. Budget and Finance - Mr. Fox

Mr. Fox introduced four resolutions for action, which Dr. Vagelos noted would be recorded as Executive Committee actions.

Action........1. A Resolution on Renovations to the Third Floor of the Anatomy-Chemistry Building for the Department of Biochemistry and Biophysics, School of Medicine, was approved as follows:

The School of Medicine proposes to renovate approximately 1,900 net square feet of space on the third floor of the Anatomy-Chemistry Building (rooms 309-318) to provide modern research facilities for the Department of Biochemistry and Biophysics. The project is estimated to cost $1,535,282 and will be funded by the School of Medicine.

RESOLVED, that renovations to the third floor of the Anatomy-Chemistry Building, estimated to cost $1,535,282, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such renovations, execute such contracts, and incur such expenses and obligations - - not, however, substantially in excess of the estimated cost 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........2. Resolution on Design Fees and Related Costs for the Annenberg Public Policy Center, Annenberg School for Communication was approved as follows:

The Annenberg School for Communication proposes to provide facilities for the Annenberg Public Policy Center by converting the School's auditorium and constructing a penthouse. The renovation will also provide for the integration of the School's video and computer facilities and will create additional library space. Architectural and engineering fees and related costs are estimated to cost $1,700,000 and will be funded by the Annenberg Foundation and the Annenberg School.
RESOLVED, that design fees and related costs for the Annenberg Public Policy Center, estimated to cost $1,700,000, 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, proceed with such design work, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost 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. Resolution on Renovations to the First Floor of the Cret Building for the Center for Molecular Modeling, Department of Chemistry, School of Arts and Sciences, was approved as follows:

The School of Arts and Sciences proposes to renovate approximately 5,300 net square feet of space on the first floor of the Cret Building. The renovated space will house the Center for Molecular Modeling, an interdisciplinary program based in the Department of Chemistry, and involving faculty from Arts and Sciences, Engineering and Applied Science, and Medicine. In addition, the project will provide a state-of-the-art lecture and seminar facility. The project is estimated to cost $1,892,331 and will be funded primarily by gifts and grants.

RESOLVED, that renovations to the first floor of the Cret Building, estimated to cost $1,892,331, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such renovations, execute such contracts, and incur such expenses and obligations -- not, however, substantially in excess of the estimated cost 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. Resolution on the Sale of Unit 16A, 1900 Rittenhouse Square, Philadelphia, Pennsylvania, was approved as follows:

In 1994, the University received as a gift Units 16A and 16D at 1900 Rittenhouse Square, a condominium (the "Condominium") located in Philadelphia, Pennsylvania. The University has received an offer to purchase Unit 16A at the Condominium (the "Property") for a price of $233,000. Proceeds from the sale of the Property will be allocated to the Department of Intercollegiate Athletics.

RESOLVED, that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to proceed with the sale and conveyance of the Property for a sale price of $233,000 and to proceed with the execution and delivery of the Deed and all necessary affidavits and other documents required in connection with such sale and conveyance and that any actions heretofore taken by such officers in furtherance of the purposes of this resolution are hereby ratified and
C. Development - Mr. Shoemaker

Since the trustees had just come from the groundbreaking ceremonies for the Vagelos Laboratories, Mr. Shoemaker began by noting that at its meeting the prior day the Development Committee discussed the enormous impact this extraordinary gift from Roy and Diana Vagelos will have on the bottom line for the year. He reported that the gift has significantly enhanced subscriptions over the same period last year. Through September, subscriptions stood at $34.7 million compared to $26.8 million last year.

Other figures the Committee reviewed included the following:

- The University raised $183.2 million in new gifts and pledges for the year ending June 30. That was 5% ahead of projections and reflected an unusually strong June, a month in which we booked $41.1 million in new pledges. This was the ninth consecutive year that fundraising results exceeded projections.

- The Penn Fund and unrestricted Annual Giving programs in schools and centers raised $18 million, nearly 6% ahead of last year.

- The goal for the current year is $190 million, 4% ahead of fiscal 1995. With the Vagelos gift of $10 million, there is every possibility of reaching that goal.

- The $600 million Medical Center Campaign launched in September is being co-chaired by Ray Welsh and Rob Cawthorn, both with exceptional records of volunteer leadership.

D. External Affairs - Mr. Bodek

Mr. Bodek reported that the External Affairs Committee, chaired by Mr. Lauder, met the prior morning, first in executive session to discuss the search for a Director of University Communications. It then heard a report on Penn’s nationally-known radio station WXPN-FM. Mark Fuerst, General Manager of the station, presented a verbal tour of the station’s past, present and what appears to be a creative and economically sound future. The station has won numerous awards, including two this year from the Corporation for Public Broadcasting. It is truly a story of success in building from the ground up, Mr. Bodek reported.

Through its marketing campaign, WXPN has proved that self-sufficiency is not impossible for public radio. According to its membership director, the station has found ways to build up the financial resources from the membership and corporate underwriting so that it becomes less and less dependent upon University funding. Mr. Fuerst described for the Committee WXPN’s future goals in three parts: (1) continued leadership in program innovation, computers and health education; (2) collaborative efforts with WHYY and WRTI radio stations in Philadelphia, and (3) participation with the CPB’s Future Fund in order to seek new revenues.

E. Facilities and Campus Planning and Student Life
- Mr. Tanenbaum

Mr. Tanenbaum reported that the joint meeting of the Facilities and Campus Planning and Student Life Committees held the prior day was devoted to receipt of reports concerning: (1) the renovation of classroom facilities and the program for monitoring maintenance thereafter of the facilities throughout the campus; and (2) plans for the enlargement of the Charles Addams Hall for the GSFA in the recently acquired Asbury Church property and the subsequent demolition of the “blauhaus” which is now on Hill Field. That structure was built as a temporary facility in connection with the demolition of Smith Hall on the site of the future IAST.

The Committee also heard reports on plans for the renovation of the Annenberg School building to accommodate the inclusion of the Public Policy Center and the revision of the Walnut Street entrance to that building. The Committee offered advice concerning the proposed Walnut Street revision. Summary updates were also made regarding several additional projects.

F. Internationalization - Dr. Amodei

Dr. Amodei reported in Mr. Palmer’s absence on the meeting of the Committee on Internationalization held that morning. The meeting was well attended by representatives of the faculty, the trustees, and the administration, including Drs. Vagelos, Rodin and Chodorow.

Dr. Joyce Randolph, Director of International Programs, gave an update on international activities at Penn. Her report included very encouraging statistics, including the latest figures on Penn students abroad. Enrollment by Penn students in programs at institutions in other countries may reach 422 in academic year 1995-96. Penn is also now number one among Ivy League schools in international undergraduate student enrollment. Dr. Randolph also highlighted the large number of new faculty members with international backgrounds and expertise who joined Penn this year.

The Committee then received presentations from associate deans and faculty members from 10 different schools and programs throughout the University, including Finance, the African Studies Center, East Asian Studies, Psychology, Engineering and Medicine. The faculty highlighted some significant successes and new initiatives, such as the Internet offering by the African Studies Center on the World Wide Web that recorded 177,000 inquiries during September alone. Other initiatives include new advanced language offerings by the Program in International Studies and Business for students who already have high second language proficiency. The Committee also heard about challenges ranging from the shortage of funding for international programs, exacerbated by Federal funding cuts; the logistical problems of language matching between teachers and students in multilingual course offerings; and difficulties in fitting study abroad programs into already crowded curricula such as engineering.

Overall, the progress being made across the entire university is extremely encouraging, Dr. Amodei reported. President Rodin and Provost Chodorow discussed with the Committee various administrative issues being considered, such as centralized versus decentralized management of the international activities. Mr. Palmer suggested that Penn should try to preserve the individual flexibility and autonomy of the schools but perhaps coordinate the activities through a central
board or committee.

President Rodin also outlined her plans to emphasize foreign travel and international alumni development in the coming years, aided in this effort by other members of the administration and the deans.

G. Investment Board - Mr. Neff

Mr. Neff directed the trustees’ attention to the Investment Report provided in the meetingbook, which showed that at October 12, 1995, the market value of the Associated Investment Fund (AIF) was $1.363 billion, and the market value of the Total Endowment including the separately administered trusts was $1.805 billion. This compares extremely well to these funds’ values at December 31, 1979, when the market value of the AIF was $134 million and the Total Endowment $200.5 million. The increase has essentially been “earned in the crucible of the marketplace,” Mr. Neff reported. There was about $100 million of net cash flow into the AIF over that period of time.

Since 1979, the AIF has compounded at almost a 16% annual rate, which is clearly not a sustainable rate as one looks into the future. This growth was buttressed by the 19.2% increase in the common stocks over those years versus 15.6% annually on the S&P 500, a 360-basis point advantage annually. Since December 31, 1994, Penn’s stock investments have increased in value 38.4% versus 29.5% for “a very pushy” S&P 500. Since the start of the fiscal year on July 1, Penn’s stocks have increased 12.5% versus 7.8% for the S&P. Performing well during that period of time has been Penn’s large position in banks, savings and loans and multi-asset insurance companies. The Investment Board has started to shift some of this, particularly from some of the large holdings, and has recently built up a 16% position in basic commodity cyclicals, which have been “sort of ugly” and overlooked, in Mr. Neff’s judgment, in the marketplace—steel, aluminums, chemicals and paper stocks. If the current business expansion continues for, say, 3-4 more years, as the Board feels it might, these cyclically-aided earnings will last longer than they have traditionally, and in the Board’s view could coax some 8x or 10x out of the marketplace as those earnings continue to be sustained.

The new Investment Board includes as carryover members Messrs. Neff, Browne, Glossberg, Miller, Tanenbaum and Worley. Its new members are Mr. Riepe, with whom Mr. Neff has had a 25-year working relationship; Ms. Einiger, who spends “most of her waking time” evaluating, administering and selecting investment advisers; and Mr. Richard Hopkins, a new member with a fixed-income background who is well known to Mr. Miller from their work at the Ford Foundation. The Board met on October 5 and will meet again November 6, working arduously and lengthily to determine what to do with the AIF by the end of 1996 as it is parceled out to outside investment advisors.

V. Appointments to Overseer and Other Boards

The following resolutions on appointments to overseer and other boards were approved:
RESOLVED, that Brian Levitt and Henry Sweetbaum be appointed to the Board of Overseers of the Wharton School for three-year terms, effective October 20, 1995.

RESOLVED, that Paula Cohen, J. Randall Plummer, Michael Scullin and Martin Woldow be appointed to the Board of Advisors of the Institute of Contemporary Art for three-year terms, effective October 20, 1995.

RESOLVED, that Thomas Neil Crater, Claire Fagin, and Herbert W. Leonard be reappointed to the Board of Advisors of the Institute of Contemporary Art for three-year terms, effective October 20, 1995.

RESOLVED, that Sharon Rich, Sandra Rich Saxe and Jay Seliber be appointed to the Board of Associate Alumni Trustees (Northeast Region), effective October 20, 1995.

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