

**Minutes of**  
**Stated Meeting of the**  
**Trustees of the University of Pennsylvania**  
**January 19, 1996**

A stated meeting of the Trustees of the University of Pennsylvania was held at 2:00 pm Friday, January 18, in Alumni Hall, Faculty Club. Trustees present were Lynda Barnes, Judith Roth Berkowitz, Gordon Bodek, Christopher H. Browne, Susan W. Catherwood, Henry Chance, Gloria T. Chisum L. John Clark, Charles Dickey, Carol B. Einiger, Richard Fisher, Robert A. Fox, Mary Ann Greenawalt, John G. Harkins, Jr., Charles Heimbold, Norman P. Hetrick, Stephen Heyman, John Hover, Elsie S. Howard, Jon Huntsman, Jr, Edward Kane, Pedie Killebrew, Natalie I. Koether, A. Eugene Kohn, Edwin Krawitz, Thomas Lang, Leonard A. Lauder, A. Bruce Mainwaring, Arthur Makadon, Anthony S. Minisi, Andrea Mitchell, Vivian W. Piasecki, David Pottruck, James S. Riepe, Judith Rodin (ex officio), Adele Schaeffer, William Schawbel, Alvin V. Shoemaker, David W. Sweet, Myles H. Tanenbaum, Michael Tarnopol, Robert Trescher, P. Roy Vagelos, and Richard Worley.

Also present were Stanley Chodorow, Virginia B. Clark, Terri Conn, John A. Fry, Karen Gaines, Stephen Golding, Constance C. Goodman, Frederic Guyott, Shelley Z. Green, George W. Hain, Jason Horger, Samuel Hughes, William N. Kelley, Trudy J. Kuehner, Betty Marmon, Allison Rose, Stephen Schutt, Denis Spizuoco, Martha Z. Stachitas, Lee Stetson, Barbara R. Stevens, Duncan W. Van Dusen and Rick Whitfield.

**I. Call to Order**

- A. Rev. Frederic Guyott III offered the invocation for the meeting.
- B. The minutes of the meeting of October 20, 1995, were approved as written by the Secretary.

**II. Chairman's Report - Dr. Vagelos**

New Alumni Trustees. Dr. Vagelos welcomed new Alumni trustees L. John Clark (London), John C. Hover (New York), Edward Kane (Boston), Thomas Lang (Florida), and David Pottruck (San Francisco), who took office January 1, 1996.

Strategic Planning. Dr. Vagelos reported that the trustees had met in plenary session yesterday with deans and administrators to discuss President Rodin's strategic plan for the University. Discussions will continue through the future months, and Dr. Vagelos commended the wonderful exposition of her vision of where Penn wants to be and how to get there. The president will be following up on this, and the trustees will be discussing this further at their June, and especially their October, meeting. Dr. Vagelos expressed his appreciation for the wonderful shape Penn is in and the importance of the plan to its strong position.

WXPB. Dr. Vagelos reported that The Trustees of the University of Pennsylvania are the institutional licensee of noncommercial, educational Station WXPB (FM) in Philadelphia and related stations in North Whitehall Township and Harrisburg, Pennsylvania. The FCC does not permit broadcast licenses to be held directly by corporations of which any director is a non-U.S. citizen, and the Board currently includes a member who is not a U.S. citizen. The University has made an application to the FCC for permission to assign supervisory responsibility for the Stations to the Committee on External Affairs, all of the members of which are U.S. citizens. While a ruling on the application has been slowed down owing to the government shutdown, counsel has advised that the Board should proceed with a resolution permitting this transfer so that this can be effected if the FCC approves the application.

*Action....1.* A Resolution on the Assignment of WXPB License to the Trustees' External Affairs Committee was approved as follows:

The Trustees of the University of Pennsylvania (the "Board") is the institutional licensee of noncommercial, educational FM Station WXPB (FM), Philadelphia, Pennsylvania, and of FM translator Station W285DH, North Whitehall Township, Pennsylvania, and the permittee of noncommercial, educational Station WXPB(FM), Harrisburg, PA (collectively, the "Stations").

Section 310 of the Communications Act of 1934, as amended, does not permit broadcast licenses to be held directly by corporations of which any director is a non-U.S. citizen, and the Board currently includes one member who is not a U.S. citizen. An assignment of the authorizations for the Stations and the supervisory responsibility therefor to the Committee on External Affairs (the "Committee"), all of the members of which are U.S. citizens, would satisfy the requirements of the Communications Act, and the University is requesting the FCC to consent to an assignment of the Stations to the Committee.

RESOLVED, that subject to the approval of the FCC, the license for Station WXPB (FM), Philadelphia, Pennsylvania, and for FM translator Station W285DH, North Whitehall Township, Pennsylvania, and the permit for Station WXPB(FM), Harrisburg, Pennsylvania, and all related authorizations issued by the FCC, are hereby assigned from the Board to the Committee on External Affairs, acting as a subsidiary body of the Board; and it is

FURTHER RESOLVED, that, if the FCC approves the assignments, the full supervisory responsibility for and control of the Stations is hereby vested in the Committee, which shall hereafter (1) establish policies to govern the operation of the Stations, including their finances, employment practices and programming; (2) establish appropriate lines of authority from the Committee through University officials to the Stations' general manager and management; and (3) take such other steps as necessary to ensure compliance with all applicable laws, rules and regulatory policies governing the Stations; and it is

FURTHER RESOLVED, that membership in the Committee shall hereafter be restricted to citizens of the United States.

## **B. Nominating Committee Report**

Dr. Vagelos noted that it was a pleasure to present the Nominating Committee's resolutions on behalf of Paul Miller.

*Action....1.* A Resolution on Election of Christopher H. Browne, who had completed five years' service as an Alumni Trustee, as a Term Trustee was approved as follows:

RESOLVED, that Christopher H. Browne be elected a Term trustee of the University, for a five-year term beginning January 19, 1996.

*Action....2.* A Resolution on Election of Richard Fisher, who had completed five years' service as an Alumni Trustee, as a Term Trustee was approved as follows:

RESOLVED, that Richard L. Fisher be elected a Term trustee of the University, for a five-year term beginning January 19, 1996.

*Action....3.* A Resolution on Election of Michael L. Tarnopol, who had served five years as a Term Trustee following five years as an Alumni Trustee, as a Charter Trustee was approved as follows:

RESOLVED, that Michael L. Tarnopol be elected a Charter trustee of the University, effective January 19, 1996.

*Action....4.* A Resolution on Reelection of A. Bruce Mainwaring, who had completed five years' service as a Term Trustee, was approved as follows:

RESOLVED, that A. Bruce Mainwaring be reelected a Term trustee of the University, effective January 19, 1996.

*Action....5.* Dr. Vagelos noted his pleasure that Jon M. Huntsman, Jr., whom the trustees had had an opportunity to meet over the past couple of days, had agreed to join the board of trustees. A Resolution on the Election of Jon M. Huntsman, Jr. as a Term Trustee was approved as follows:

RESOLVED, that Jon M. Huntsman Jr. be elected a term trustee of the University, for a five-year term beginning January 19, 1996.

The trustees welcomed Mr. Huntsman to the meeting table and accorded all the reappointed or newly appointed trustees a warm round of applause.

### **III. President's Report - Dr. Rodin**

#### **A. Comments**

Snow Closings. President Rodin took the opportunity to publicly thank Vice President Art Gravina, Managing Director of Public Safety Tom Seamon, Executive Vice President John Fry, and the dozens of Medical Center staff, facilities workers, Penn police, and other staff and administrators who smoothly and efficiently managed Penn's response to the blizzard of the prior week. Many employees were involved in the effort to clear campus walkways and parking lots so that everyone could get back to business as quickly as possible, and to keep essential health and safety services open and functioning. This required truly extraordinary efforts: for example, Facilities had crews in around the clock January 7-8, sleeping in shifts in the Sheraton Hotel. HUP and the Veterinary Hospital stayed open throughout the blizzard, and some Veterinary School personnel slept on cots at HUP. She expressed the gratitude and pride of the entire Penn community to all those who were involved.

Spring Term Begins. President Rodin reported that students and faculty had returned to campus for what is anticipated to be a wonderful spring semester. The semester began with Martin Luther King Jr. Day observances, and commemorative programs will continue throughout the semester involving many of Penn's faculty, students and staff. Dr. Julius Chambers, a former Penn trustee, was the keynote speaker at Monday evening's observance, offering an inspiring talk and wonderful reflections on his experiences with Penn. Dr. Rodin thanked all the members of the commemoration planning committee, and especially Isabel Sampson-Mapp, the African-American Resource Center's Assistant Director, who played a significant leadership role and did a wonderful job in enlisting the entire community in this effort.

ENIAC Celebration. Dr. Rodin noted that a package of materials listing all the events that would be held in connection with the celebration of the 50th anniversary of the invention of ENIAC, the world's first electronic computer, had been provided at each place at the table. She noted that an enormous amount of work has been done throughout the University to mount these events, in a joint effort between Dean Farrington and the School of Engineering and Applied Sciences, Vice President and Secretary of the University Barbara R. Stevens and the Office of News and Public Affairs. She encouraged trustees to attend in particular the February 14 gala celebration of this anniversary.

Houston Hall. The president reported that 1996 is also the centennial of Houston Hall, the oldest student center in the country. The celebration of this anniversary is particularly timely as work begins on the expansion and restoration of the building as part of the Perelman Quadrangle project. The hall's glorious past will be fully celebrated throughout the year, President Rodin reported, with a range of

concerts, parties and brown-bag lecture series. January 24 will be the actual anniversary and will be celebrated with day-long events.

*Action.....*2. Dr. Rodin noted her great pleasure in presenting a Resolution on the Appointment of Stephen D. Schutt as Vice President and Chief of Staff, Office of the President, which resolution was approved as follows.

RESOLVED, that Stephen D. Schutt be appointed Vice President and Chief of Staff, Office of the President, effective January 19, 1996.

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

**1. Comments**

Searches. Updating the trustees on several searches, the Provost reported that the search for a Vice Provost for Research had begun in earnest and been advertised. It will be national in scope and is being chaired by Prof. Lee Peachey from the Biology Department. The Graduate School of Fine Arts Dean Search has also begun, chaired by Richard Beeman, professor of History and formerly associate dean of the School of Arts and Sciences. That committee is collecting names, and the Provost invited trustees who might have nominees to submit names to him. Finally, he noted that the search committee for a Chaplain is also beginning its work, chaired by Prof. Patrick Harker of the School of Engineering and Applied Sciences.

Faculty Honors. Chemistry Professor Ralph Hirschmann recently received the Honorary Degree Doctor of Science from the University of Wisconsin-Madison, and the Provost noted the University's pride that one of its senior faculty members was being so honored by an institution with such a reputation for excellence in the sciences.

Admissions. The University received a record number of early decision applications for the Class of 2000, leading to one of the most selective years ever for these admissions. Out of the 2,046 applications received, 716, or 35%, were accepted. This continues a four year trend in rising applications and increasing selectivity. The acceptance rate is down by 6%, but this is against a 25% increase in the number of applications from the prior year.

The Provost also noted that the Admissions Office had continued to work through the blizzard to process regular applications that continue to be received, at last count 15,800 (including the early decision pool, which students accept the offers made to them at a rate of 98% and therefore yield about 30% of the admitted class). This number, incomplete as it is, already tops the 15,100 applications received last year.

The regular admissions pool has not been fully analyzed yet, but of the early decision pool, half the applicants came from New York, New Jersey and Pennsylvania. One hundred twenty-nine students in this pool are international, a 21% increase over the prior year. Of the admitted students, 150, or 22%, are minority. The percentage of women rose slightly--of the 716, 374 were women, over 52%. These are superior students who average 1350 on their SATs and rank in the top 3% of their class, both of which statistics represent slight increases over the prior year.

Judicial Charter. Provost Chodorow reported that the snowstorm had held up work on a new Judicial Charter. A new charter was to have been published for comment and discussed at this week's University Council meeting, but completion was not possible and discussion has been postponed. Final revisions to the charter will be completed over the next couple of weeks, after which it will be published in *Almanac* and sent to the schools for approval. All of the schools must approve it for it to be put in place, hopefully by fall.

21st Century Experience Update. Provost Chodorow noted that trustees who had attended the Academic Policy or Student Life Committee meetings that morning had heard a great deal about this project. Without reviewing all that many of them had heard, he did note that a great deal is going on on a

very broad front towards implementation. Four collegiate pilots are being planned for Fall 1996, and three colleges will be opened in Fall 1997. These will be the models that grow into a full-scale collegiate system. Implementation is beginning on a project that has been completed dealing with undergraduate research, with community service and service learning broadly defined, with advising (both electronic and human). Student Services are being reengineered in a student-oriented model that will significantly change the way student services, both for undergraduates and graduate students, are delivered. New committees have been developed that will be working throughout the spring, including a Foreign Languages Across the Curriculum committee, chaired by Prof. Roger Allen of the Department of Asian and Middle Eastern Studies; a committee dealing with all aspects of advising and mentoring, chaired by Prof. David Williams from Psychology.

Perelman Quadrangle. A wallbreaking will be held in Logan Hall, the first step in this project, during the early part of February. This is in preparation for the infrastructure work that has to be completed in this building to bring it up to modern standards. The real work of moving and building walls in the building will begin in the summer. The schematic plans for Logan Hall were approved before the holiday break, and a basic conceptual framework for the detailed design of the Irvine Auditorium and its renovation, which should make it a first-class hall for both music and speech. Development of detailed plans for Houston Hall, the most complicated of the buildings, has just begun.

Vice Provost for University Life Valarie Swain-Cade McCoullum is chairing a committee that is developing a system for the application of space throughout the Perelman Quadrangle and around the campus for student and campus activities and organizations.

Work on this project, in short, is proceeding on schedule and moving along well.

*Action.....2.* Provost Chodorow reported that among the faculty appointments included in the Resolution on Faculty Appointments and Promotions at pp. 7-19 of the meeting book was one tenure appointment, of Dr. Morris Birnbaum as Professor of Medicine. Dr. Birnbaum comes to Penn from Harvard, where he was an associate investigator at the Howard Hughes Medical Institute, a position he brings with him to Penn. He took a Ph.D. in Biology and an M.D. at Brown University, was appointed Assistant Professor of Medicine at Harvard in 1987, and was promoted to Associate Professor in 1990, a fast track academically. He is a distinguished scholar and scientist working in the area of diabetes, and will be director of the scientific program of Penn's Diabetes Research Center. The resolution was approved upon motion duly made and seconded.

### **C. Financial Report - Mr. Fry**

Mr. Fry presented a financial report including financial performance projections 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 December 31, 1995. In addition, his report covered the operating performance of the Health Services component of the University of Pennsylvania Health System for the five months ended November 30, 1995.

University - Unrestricted. Mr. Fry reported that as of the end of the first six months of the current fiscal year, a General University deficit of \$2 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 program and fee revenue 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, the anticipated loss of the Morris Arboretum Commonwealth Appropriation, graduate tuition, summer and special tuition, indirect cost recoveries on grants, gift income, sales revenue, and projected overruns in several expense categories. Resources to cover the deficit are being identified.

The preliminary performance projection for the schools and direct centers indicates a collective deficit of \$1.3 million. Deficits are projected for the School of Arts and Sciences (\$750,000), the School of Engineering and Applied Science (\$200,000), the Annenberg Center (\$250,000) and Intercollegiate Athletics (\$150,000). The Graduate School of Education is projected with a surplus of \$50,000. All other schools and centers are projected at breakeven performance. These performance projections assume no change in the federal indirect cost recovery rate for FY 1996.

University - Restricted. Restricted expenditures for the past five months increased by 4.4% as compared to the same period the prior year. Endowment, Gift and Grant and Contract Fund Expenditures increased by 5.8%, 19.4% and 2.5%, respectively, over the same period the prior year. The current amount available for grant and contract expenditures of approximately \$200 million is 14.7% more than at the same time last year, and projected on a straight-line expenditure basis, months of expendable awards are 11.9% higher than at the same time the prior year.

Health System - Health Services Component. For the five months ended November 30, 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 \$52.9 million, which was \$26.5 million better than budget. The Physician Practices' surplus of \$2.52 million was \$7.8 million better than budget. The Hospitals' excess of revenue over expenses of \$50.4 million was \$18.6 million better than budget.

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

Dr. Kelley also wished to publicly commend many of the staff at HUP who served above and beyond the call of duty with their service during the blizzard. Many individuals actually came in early on hearing that the storm was expected, so they could be sure to be there for the duration.

Dr. Kelley also had two important items of recognition to report. First, the Hospital of the University of Pennsylvania was on a recent list of the top 15 teaching hospitals in the United States. This is important both because that particular list uses outcomes measurements and cost effectiveness in the evaluation of the success of academic hospitals, and because only three hospitals in the New England and Mid-Atlantic regions were on the list: Brigham and Women's Hospital in Boston, Beth Israel in Boston, and HUP. Many well-known institutions that HUP considers its peers were not on this list.

Second, Presbyterian Medical Center recently was accredited again by the Joint Commission on Accreditation of Health Care Organizations. Particularly striking is that not only did PMC receive a commendation, which means it received less than four citations, a level that less than 4% of U.S. hospitals and only one other hospital in the Philadelphia region (Abington) has achieved, but indeed PMC had no citations, which puts it in a category of less than 1% of U.S. hospitals.

#### **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. Her report was part of the required program.

In 1992 Congress modified the requirements of the final judgment 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 determination. The legislation defines "need-blind admission" 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 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 answer trustees' questions regarding compliance with the final judgment and the antitrust laws.

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

##### **A. Academic Policy - Mrs. Koether**

Mrs. Koether reported that at its meeting held that morning, the Committee heard an interesting report from the Student Committee on Undergraduate Education (SCUE) about certain aspects of its latest White Paper on Undergraduate Education, which SCUE prepares every five years. Particularly, SCUE recommends that the Writing Across the University (WATU) program be expanded to incorporate rhetoric. Students would be assisted by teaching assistants in the preparation of oral presentation in the context of the class subject matter. SCUE also recommends an expansion of research opportunities for undergraduates. This point resonated with the faculty member of the Provost's Committee on Undergraduate Education (PCUE) present, who also had specific recommendations to enhance undergraduate research at Penn. Another PCUE faculty member reported on efforts to combine service and learning opportunities. The student and faculty speakers projected an impressive consistency in their view of these areas of the undergraduate experience.

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

Mr. Riepe reported that the Audit Committee had met that morning and reviewed, among other items, the management letters submitted by Coopers & Lybrand resulting from the audits conducted as of June 30, 1995, and he was pleased to report that there were no substantive items in those letters that would cause concern. The Committee also received a report from the Internal Audit group on its plans for 1996 and forward and met the new managing director of Internal Audit, Rick Whitfield. On behalf of the Audit Committee, Mr. Riepe expressed the Committee's great appreciation for the superb service that Rod Fancher, who was retiring as director of Internal Audit, has provided in that role for the past eleven and a half years. Mr. Riepe commended Mr. Fancher for his dedication and loyalty and the very positive effect he had had on improving the financial controls in the University. President Rodin, Mr. Fry and the trustees endorsed these sentiments.

*Action.....*1. A Resolution on Appointment of Auditors was approved as follows:

Independent accountants are engaged annually to express an opinion as to whether the financial statements, as prepared by management, considered in their entirety, present fairly, in all material aspects, the University's financial position, changes in fund balances, and current funds revenue, expenditures and other changes, in conformity with generally accepted accounting principles. The Trustees of the University of Pennsylvania, through its Committee on Audit, is responsible for engaging the independent accountants.

RESOLVED, that Coopers & Lybrand be and hereby is appointed as independent accountants to audit the financial statements of the University of Pennsylvania for Fiscal Year 1996.

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

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

*Action.....*1. A Resolution on the Acquisition of Yardley Medical Center was approved as follows:

Management of Clinical Care Associates of the University of Pennsylvania Health System ("CCA") proposes to cause CCA to acquire Yardley Medical Center.

The Board of CCA and The Trustees of the University of Pennsylvania, as sole member of CCA, have adopted a Primary Care Practice Acquisition Approval Process establishing a policy on the required approval process for primary care physician practice acquisitions by

CCA. In accordance with such policy, the acquisition of Yardley Medical Center requires approval of the CCA Board, the University of Pennsylvania Health System Trustee Executive Committee, the Budget and Finance Committee of the University of Pennsylvania Trustee Board, and the Executive Committee of the University of Pennsylvania Trustee Board. The CCA Board and the University of Pennsylvania Health System Trustee Executive Committee have approved the acquisition.

RESOLVED, that CCA is hereby authorized to acquire Yardley Medical Center, in accordance with the Primary Care Practice Acquisition Approval Process, and to negotiate, execute, deliver and perform definitive agreements regarding such transaction, with such additional terms and changes as the Senior Executive, the Executive Director, the Senior Medical Director, and the Director of Physician Recruitment and Network Development and each of them considers appropriate and in the best interest of CCA; and

FURTHER RESOLVED, that the Senior Executive, the Executive Director, the Senior Medical Director, and the Director of Physician Recruitment and Network Development and each of them is hereby authorized, in the name and on behalf of CCA, to take such further action and to negotiate, execute, deliver and perform such agreements and additional documents, consents, certificates and instruments as such officer may determine to be necessary, appropriate or desirable to carry out the purposes of the foregoing resolutions, such determination to be conclusively evidenced by the taking of such action or the execution of such documents.

*Action.....2.*A Resolution on Renovations to the First Floor of the John Morgan Building for the Department of Radiation Oncology, School of Medicine, was approved as follows:

The School of Medicine proposes to renovate approximately 3,100 net square feet of laboratory space on the first floor of the John Morgan Building to provide modern research facilities for the Department of Radiation Oncology. The renovations are estimated to cost \$1,642,000 and will be funded by the Department of Radiation Oncology.

RESOLVED, that renovations to the first floor of the John Morgan Building, estimated to cost \$1,642,000, 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 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.....3.* A Resolution on the Residential Communication Wiring Program, Phase IV, was approved as follows:

The University has established ResNet, a program providing students in its campus residences access to PennNet, cable television and telecommunications systems. Phase IV of this program extends ResNet to Nichols House and Graduate Towers B. The scope of the work includes the design and construction of communication pathways and the installation of wiring and electronics. The estimated cost of Phase IV is \$3,507,000, and will be paid from project funding sources.

RESOLVED, that the Residential Communication Wiring Program, Phase IV, estimated to cost \$3,507,000, be and the same hereby is approved in accordance with the proposals presented, 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 work, execute such contracts and incur such expenses and obligations - not, however, substantially in excess of the estimated cost of

Phase IV of the project 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 the Rehabilitation of the North Lower Grandstand of Franklin Field Stadium was approved as follows:

The University is executing a phased program to repair and rehabilitate Franklin Field Stadium. Previous phases approved by the Trustees include the North and South Upper Grandstand, one-third of the North and all of the South Lower Grandstand, the East Upper and Lower Grandstand and other work such as repairing all of the brick arches in the stadium.

This phase addresses rehabilitation work needed in the remaining two-thirds of the North Lower Grandstand. The scope of work includes repair of all deteriorated concrete, application of a protective coating to the repaired concrete, replacement of all wood seating with aluminum bench seating and new stairs to the second deck. This work is estimated to cost \$1,540,000. The project also includes an allocation of \$500,000 for related work pertaining to the relocation of University Archives within the stadium. The project will be funded by General University resources.

RESOLVED, that the rehabilitation of North Lower Grandstand of Franklin Field and related work pertaining to the relocation of University Archives, estimated to cost \$2,040,000, 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 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.....*5.A Resolution on Tax-Exempt Financing through Washington County Authority for Various University Projects was approved as follows:

On June 28, 1994 the University borrowed \$29,229,890.87 from a revolving loan pool (the "Pool") funded with the proceeds of tax-exempt bonds issued by the Washington County Authority (the "Authority") to pay the costs of various undertakings. In connection with the loan, the University and the Authority entered into a lease and sublease each dated as of June 1, 1994 pursuant to which the University leased and subleased its Biomedical Research Building to and from the Authority and agreed to make payments equal to the principal of and interest on the loan. The loan matures on November 1, 2005 and bears interest at a variable tax-exempt rate which is reset weekly.

The Authority currently has \$6,000,000 available in the Pool from loan repayments by other borrowers, and expects to receive another \$24,000,000 of repayments within a 12 to 24 month period. While the University, as a result of the enactment of the Internal Revenue Code of 1986, as amended (the "Code"), is generally not able to utilize tax-exempt financing for non-hospital projects because of a Code imposed \$150,000,000 limit on 501(c)(3) organization non-hospital tax-exempt bonds (the "Cap"), it is able to borrow from the Authority because the Pool and the repayments deposited therein were funded from or are attributable to bonds issued prior to the effective date of the Cap (the Cap applies to bonds issued after August 15, 1986) and therefore not subject to the Cap.

The administration of the University recommends that the Trustees authorize the borrowing of up to \$30,000,000 from the Authority to pay the costs of Perelman Quadrangle and IAST construction projects (the "Project").

RESOLVED, that the Vice President for Finance and/or Treasurer or other appropriate officer is hereby authorized to borrow on behalf of the University from the Authority up to \$30,000,000 at a variable or, if applicable, a fixed interest rate and for a term all as determined by such officer, and to use the proceeds to pay or reimburse the University for the costs of the Project, including the payment of attorneys' fees, bank letter of credit fees, Authority fees, financial advisory costs and other related expenses that may be incurred in connection with the borrowing.

FURTHER RESOLVED, that the Vice President for Finance and/or Treasurer or other appropriate officer is authorized to file an application with the Authority and if required, with the bank whose letter of credit secures the Authority's bonds and to take such further action in consultation with counsel to the University, including, but not limited to the approval of the (a) loan features, loan documents including any lease or sublease agreement or other financing document, issuer fees and charges, and (b) the pledging or leasing and subleasing of University assets and/or revenues to secure the loan, as in the judgment of the particular officer, is required to effectuate the borrowing authorized by this resolution.

FURTHER RESOLVED, that the Vice President for Finance and/or Treasurer or other appropriate officer is hereby authorized and directed to execute, acknowledge, and deliver and the Secretary, Associate Secretary or any Assistant Secretary of the University is hereby authorized and directed to affix and attest the corporate seal of the University to such documents as may be necessary or advisable to carry into effect the intent of this resolution, all in the form approved by the Vice President for Finance, Treasurer or other appropriate officer, the execution and delivery thereof by any one of such authorized officers to be conclusive evidence of approval thereof.

FURTHER RESOLVED, that the Vice President for Finance and/or Treasurer or other appropriate officer is authorized to take such further action, including the power to substitute other capital projects for identified components of the Project, as may in the judgment of such officer upon the advice of counsel, be necessary or advisable to carry into effect the intent of this resolution and the transactions contemplated hereby.

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

*Action.....6.A Resolution on Tax-Exempt Financing for the University of Pennsylvania Health System was approved as follows:*

The Trustees by resolutions adopted December 10, 1993, April 22, 1994 and June 15, 1995 authorized borrowings to pay the costs of a project for those operating units of the University known as Hospital of the University of Pennsylvania ("HUP") and Clinical Practices of the University of Pennsylvania (both of which are collectively referred to hereafter as "Health Services") consisting of construction and renovation of various facilities, the acquisition of Presbyterian Medical Center of Philadelphia, through a statutory merger into a subsidiary of the University and the refinancing of certain indebtedness incurred in connection thereto and the refunding of the outstanding principal amount of Pennsylvania Higher Educational Facilities Authority The Trustees of the University of Pennsylvania Revenue Bonds, Series A of 1987 (the "1987 A Bonds") which were issued to fund projects for HUP.

The Pennsylvania Higher Educational Facilities Authority (the "Authority") also issued \$16,700,000 of its The Trustees of the University of Pennsylvania Revenue Bonds, Series B of 1987 (the "1987 B Bonds") and \$15,000,000 of its The Trustees of the University of Pennsylvania Revenue Bonds, Series A of 1991 (the "1991 Bonds") to fund HUP projects. The 1987 Bonds bear interest at a variable rate and mature on April 1, 1997 and the 1991

Bonds bear interest at a variable rate and mature on September 1, 2001. Because of the imminent maturity date of the 1987 B Bonds and the 1991 Bonds and current favorable interest rates for tax-exempt bonds, the administration of the University recommends that the University refinance the 1987 B Bonds and the 1991 Bonds as part of the financing program to be undertaken for Health Services and requests that the Trustees authorize \$33,000,000 of additional borrowing for such purpose.

Any such borrowing for Health Services would not be a general obligation of the University, but would be payable from the assets and revenues of Health Services as provided in that certain Master Trust Indenture dated as of May 1, 1994 (the "Master Indenture") between the University and First Fidelity Bank, National Association, as Master Trustee.

RESOLVED, that The Trustees of the University hereby authorize an additional borrowing of up to \$33,000,000 by the University for Health Services to permit refunding of the 1987 B Bonds and the 1991 Bonds, subject to the approval of the terms and provisions of such borrowing by the Bond Ad Hoc Committee previously appointed for such purpose by the Trustees.

FURTHER RESOLVED, that the borrowing for Health Services be secured under the terms of the Master Indenture and be payable solely from the revenues and assets of Health Services and not the general credit of the University.

FURTHER RESOLVED, that the Vice President for Finance and/or Treasurer or other appropriate officer are hereby authorized to make application on behalf of the University to the Authority to issue bonds for the purposes of this resolution and to take such other action and execute such documents and instruments as shall be necessary to effectuate the borrowing authorized hereby, subject to the approval of the terms and details thereof by the Bond Ad Hoc Committee.

#### **D. Student Life - Dr. Chisum**

Dr. Chisum reported briefly on the meeting of the Student Life Committee held earlier that day, noting that Provost Chodorow had reported on many of the items the Committee had discussed. The meeting was in a way an extension of the Academic Policy Committee, in that the Committee received reports on two other aspects of the 21st Century Undergraduate Experience project, the student services and residential life components. She noted that these features bring together all elements of undergraduates' life at Penn in a way that has not been seen in many years, and commended the faculty, administration and students involved in the project for their extraordinary planning effort.

Aside from her committee report, Dr. Chisum wished to commend the President, her staff and everyone involved in this year's outstanding Martin Luther King Jr. Day celebration, which was outstanding in addressing the service aspects, in the awards designed, and in its overall University-wide nature.

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

Mr. Worley reported that the market value of the Associated Investments Fund (AIF) increased 28.6% in calendar 1995. The Equity Fund was up 34%, and Penn's stocks outperformed the index. Cash reserves caused the total Equity Fund to lag a little bit, but the high yield bonds yielded a 24.6% return, well ahead of the high yield index of 19.7%, and Penn's fixed income returns were 19.5%, compared to the Salomon Bros. Broad Index of 18.5%. On the heels of this performance, the market value of the total endowment increased to \$1.8 billion, an increase of over \$300 million since December 31, 1994. The news for calendar 1995, then, is excellent, and the only bad news is that returns for future years can be expected to be accordingly less.

The Investment Board has also had a series of meetings over the past six-eight months to plan and implement the transition to outside management over the course of this year. Cambridge Associates has been assisting the Board in this task, and Sanford Bernstein & Co. has been hired to manage a global equity assignment. The Board has also recently funded two firms, Silchester in London and Grantham Mayo, Van Otterloo in Boston, to manage international equity assignments. Each has been funded with \$75 million. The Board has also decided to fund Sanford Bernstein & Co. with an additional \$100 million for domestic values assignments, and plans to talk with several other domestic value equity managers in the spring.

**F. Alumni Report - Mrs. Howard**

Mrs. Howard added the General Alumni Society's welcome to the chairman's for the five new alumni trustees. The GAS was also pleased to congratulate the recipients of the Alumni Award of Merit to be presented that evening: Sylvia Campbell, Michel T. Huber, trustee Leonard Lauder, Jerry Magnin, Hal Montgomery and Bernard Lemonick; the Class of 1945 and the Class of 1995.

AlumVerse. Mrs. Howard reported on AlumVerse, the GAS's first success with its Alumni Lifelong Learning Program. This is an on-line poetry course provided by English professor Alan Filreis that has to date accepted 130 enrollees from the Class of 1950 through the Class of 1994; from Portland, Oregon to New York to Miami. The Committee is currently accepting and reviewing suggestions for courses beginning in Fall 1996, when several courses will probably be developed to meet the demand.

Committees. Mrs. Howard reported that several new committees had been established, including a transition team focused on developing programs for soon-to-be-alumni seniors, and a community outreach committee that will design community programs around the country linking Penn alumni through community service.

**G. Museum Report - Mr. Mainwaring**

*Action.....*1. Mr. Mainwaring introduced a Resolution on Extension of Inventory Deadline for Repatriation of Native American Human Remains and Associated Grave Artifacts, which was approved as follows:

Under the Native American Graves Protection and Repatriation Act (the "Act") museums holding Native American human remains and associated funerary objects, as defined by the Act, were to compile an inventory of such items on or before November 16, 1995. Because of its extensive collection, the University Museum determined that it would be unable to meet the deadline, and in February 1995, applied for an extension of the deadline through December 31, 1996. By letter dated November 29, 1995, the National Park Service, which administers the Act, as a condition to granting the extension, asked for substantiation that the Museum's governing body approves the request for an extension.

RESOLVED, that the University Museum's request for an extension for filing an inventory of Native American human remains and associated funerary objects under the Native American Graves Protection and Repatriation Act, and any further extension deemed necessary and appropriate by the Director, are hereby approved and the Director is authorized to take such action and execute such documents as are necessary and appropriate to effectuate this request; and

FURTHER RESOLVED, that the University does hereby ratify, confirm and approve any and all actions taken by the Director and documents executed and delivered in connection with the request for an extension, prior to the adoption of this resolution.

**V. Overseer and Other Boards**

*Action.....* A.A Resolution on the Appointment of Board of Managers of 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 19, 1996:

Vincent G. Bell, Jr., Thomas Peter Bennett, Ph.D., Ian J. Berg, Robert S. Blank, Ira Brind, David L. Cohen, Barry S. Cooperman, Ph.D., Harold M. Davis, Robert A. Fox, Roger S. Hillas, James N. Ihle, William N. Kelley,

M.D., Hilary Koprowski, M.D., Warren V. Musser, Faye S. Oliveri, Ruth Patrick, Ph.D., Donald Vail Rhoads, M.D., Robert H. Rock, Gerald B. Rorer, Adele K. Schaeffer, Edward Sickles, Mrs. Doris Taxin, Keith S. Thomson, Ph.D., Kevin M. Tucker and David V. Wachs.

*Action.....* B.A Resolution on the Appointment of Roberta Tanenbaum to the Board of Overseers of the School of Social Work was approved as follows:

RESOLVED, that Roberta Tanenbaum be appointed to the Board of Overseers of the School of Social Work for a three-year term, effective January 19, 1996.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Barbara R. Stevens  
Vice President and Secretary of  
the University