Minutes of
Stated Meeting of the
Trustees of the University of Pennsylvania

October 11, 1996

A stated meeting of the Trustees of the University of Pennsylvania was held at 2:45 p.m. Friday, October 11, 1996 in Alumni Hall of the Faculty Club. Trustees present were Edward Anderson, Samuel Ballam, Lynda Barness, Judith Roth Berkowitz, Michael Brown, Richard Brown, Gilbert Casellas, Susan W. Catherwood, Richard Censits, Henry Chance, Gloria T. Chisum, Carol Einiger, Bruce Graham, Mary Ann Greenawalt, Norman P. Hetrick, John Hover, Reginald Jones, Edward Kane, Pedie Killebrew, Eugene Kohn, Edwin Krawitz, Donald Langenberg, Leonard Lauder, Arnold Levine, A. Bruce Mainwaring, Arthur Makadon, Paul Miller, Anthony Minisi, Vivian Piasecki, Marjorie Rendell, James S. Riepe, Judith Rodin (ex officio), Adele Schaeffer, William Schawbel, Alvin V. Shoemaker, Myles H. Tanenbaum, Robert Trescher, P. Roy Vagelos (chair), and Raymond Welsh.

Also present were Barbara Beck, Gerardo Benitez, Pat Brennan, Michael Burton, Stanley Chodorow, Virginia B. Clark, Bill Danks, John A. Fry, John Fuller, Karen Gaines, Rev. William Christian Gipson, Constance C. Goodman, Shelley Z. Green, Jason Horger, Samuel Hughes, Marisa Katz, William N. Kelley, John Prendergast, Mark Quigley, Ed Resovsky, Allison Rose, Martha Stachitas, Lee Stetson, Barbara R. Stevens, Valarie Swain-Cade McCoullum, Duncan W. Van Dusen, and Michael Wachter.

I. Call to Order - Dr. Vagelos

A. The Rev. William Christian Gipson offered the invocation for the meeting.

B. The minutes of the meeting of June 21, 1996 were approved as distributed.

II. Chair's Report - Dr. Vagelos

A. Comments

Dr. Vagelos welcomed Gilbert Casellas and Arnold Levine to their first Stated Meeting; they were elected term trustees in June. The chairman noted that Mr. Casellas and Dr. Levine were truly welcomed in full-force with Thursday and Friday's Agenda for Excellence discussions. Dr. Vagelos congratulated President Judith Rodin and her team of administrators for thoughtful development of the comprehensive plan in close consultation with the faculty and the deans. The chairman noted that the vision for the future of the University was presented and received with great enthusiasm.

The chairman asked for a motion on the resolution on revisions to the bylaws of the
An Action was taken on a Resolution on Revisions to the Bylaws of the University of Pennsylvania Health System. The resolution was approved as follows:

**Intention:**
In accordance with Article 9.1 of the Bylaws of the Trustee Board of the University of Pennsylvania Health System (UPHS), the Executive Committee of the UPHS has conducted its annual review of these Bylaws. The Executive Committee has concluded that several revisions are required to make the Bylaws consistent with changes within the Health System as more particularly set forth in the black-lined version dated September 4, 1996 attached to and incorporated in this Resolution.

**RESOLVED,** that the Bylaws of the Trustee Board of the University of Pennsylvania Health System are amended and revised as more particularly set forth in the black-lined version dated September 4, 1996 which is attached to and incorporated in this Resolution. Revisions are indicated by bold print (for additions) or black-lined type (for deletions).

Dr. Vagelos thanked Dr. Edward Anderson, alumni trustee, for his support to Penn students as a member of the Student Life Committee and as a new member of the Athletic Advisory Board; Pedie Killebrew, alumni trustee, for her unflagging efforts with the Facilities and Campus Planning and Student Life Committees over the past years as well as her important work while serving on the Consultative Committee for the Selection of a President; A. Eugene Kohn, term trustee, for bringing his architectural expertise to Penn and to the Graduate School of Fine Arts as the chair of its board of overseers and for offering his continued counsel and support to GSFA Dean Gary Hack as Penn approaches the 21st century; and Vivian Weyerhaeuser Piasecki for her service as a term trustee and continuing service as the Chair of the Nursing School Board of Overseers.

Mr. Kohn remarked that he was honored to be part of such a distinguished group of men and women, and he commented that he has learned a tremendous amount during the time that he has served on the board. He added that he has enjoyed the spirit and leadership that individuals such as President Rodin, Provost Stanley Chodorow, and the chairman have brought to the University. He wished the board success in all that they will achieve in the years ahead, and he noted that he looks forward to being part of that success in some way.

The board accorded each of the four trustees a warm round of applause, and Dr. Vagelos asked for approval of the resolutions of appreciation found on pp. 2-5 of the meeting books.

**Action**

**2.** A Resolution of Appreciation for Edward Anderson was approved as follows:
A world-renowned cardiologist, Ed Anderson has shown us once again that his own heart is in the right place by serving as an Alumni Trustee on the University Responsibility and Student Life Committees and as a member of the Athletic Advisory Board. His outstanding contributions to student life started early. As an undergraduate he excelled in varsity track and varsity basketball, slowing down only long enough to become president of the senior class and a scribe of Sphinx Senior Society, and to accept his award as Spoon Man of the Class of 1965. Later, the demands of Medical School did not prevent him from serving as President of his Senior Class. Today, he serves us well as a Charter member of the Penn Medical School National Alumni Council and as an effective recruiter of and mentor to talented students, including his own two Penn daughters.

Always eager to help students benefit from a Penn education, he serves on the James H. Robinson Scholarship Committee and the ad hoc Committee on Undergraduate Financial Aid. In addition, he and his wife have generously established The Edward and Lois Anderson Scholarship at the School of Arts and Sciences. A loyal supporter of his graduate school as well, he gives faithfully to Medical School Annual Giving and the Class of ’69 Medical Reunion Fund.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, administration, faculty, students, and alumni of the University, express their gratitude to Edward T. Anderson upon the completion of his term as an Alumni Trustee. We are confident that he will always keep his finger on Penn's pulse and remain a member of our health network. We look forward to continuing this collaborative practice for many years to come.

Action............3. A Resolution of Appreciation for Norma P. Killebrew was approved as follows:

A civic leader with a sense of history and a humanitarian's perspective on the future, Pedie Killebrew has brought a wide range of experience to her work at Penn. As an Alumni Trustee, she served knowledgeably on the Facilities and Campus Planning Committee and Student Life Committee, as well as on the ad hoc Committee on Undergraduate Financial Aid and the Consultative Committee on Presidential Search. She also provided important leadership through the Commission on Strengthening the Community during a time of transition for the University. Her special interest in advancing medical services for women in the broader community, and her commitment to the Penn community in particular, make her a key Overseer of the School of Nursing, from which her daughter will soon graduate. A member of the Trustees' Council of Penn Women, which she helped found and formerly co-chaired, she has also served on the Executive Committee of the General Alumni Society, at Mid-Atlantic regional events, and as Co-chair of Fundraising for her Class’s 35th Reunion.

With her Wharton alumnus husband, she generously supports the Robert S. & Norma P. Killebrew Term Chair at the School of Arts and Sciences and, with another donor, contributes half the funds for a Term Chair at the Nursing School. These commitments, and others, reflect her profound interest in teaching and in undergraduate education and
her love for Penn. She has further expressed her loyalty to her alma mater through leadership gifts to her Class reunions.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, administration, faculty, students, and alumni of the University, express their gratitude to Norma P. Killebrew upon the completion of her term as an Alumni Trustee. We put our trust in her unfailing dedication to Penn, and we look forward to her enthusiastic presence and leadership in the years ahead.

Action............4. A Resolution of Appreciation for A. Eugene Kohn was approved as follows:

Known for reaching great heights, Gene Kohn brought his special strengths as an architect to his service as a Penn Term Trustee. With national and international expertise in the field of architecture, he has been a valued member of the Facilities and Campus Planning and the Internationalization Committees. A loyal Pennsylvanian, he continues to share his expertise as Chair of the Overseers of the Graduate School of Fine Arts and as a member of the Wharton Real Estate Center Advisory Board. His presence on the Furness Restoration Committee in 1987 contributed to the renewal of Penn's greatest architectural landmark.

Generously helping others study at the School where he learned his craft, he supports the Kohn Endowed Fellowship in Architecture and contributes to the Louis I. Kahn Architecture Professorship at the Graduate School of Fine Arts. Although he is best known for lending stature to the Philadelphia skyline, we appreciate his having made a tall commitment to a special building in a neighboring state -- the New York Penn Club.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, administration, faculty, students, and alumni of the University, express their gratitude to A. Eugene Kohn upon the completion of his term as a Penn Trustee. We know that he will keep Penn at the top of his towering list of affiliations, and we look forward to continuing to work together in the years ahead.

Action............5. A Resolution of Appreciation for Vivian Piasecki was approved as follows:

A leader of the community and humanitarian causes, Vivian Piasecki presides over her own charitable foundation, is a Director of WHYY-TV and Radio, and holds executive positions with several distinguished institutes and organizations. As a Term Trustee, she directed her attention to the Budget and Finance and Student Life Committees. Her many extraordinary contributions to Penn’s health services and schools have continued undiminished. A member of the Trustee Board of the Health System, she has also served on the Board of the Hospital of the University of Pennsylvania and helped raise the School of Nursing to its current prominence as a member of its Board of Overseers, which she chairs. Demonstrating an unflagging concern for people, she is leading the way as a member of the Advisory Board of the Institute on Aging.
With generosity and vision, she also advances the progress of the University and of society by supporting the Nursing School Dean's Fund, The Nursing Leadership Fund, and the School of Engineering and Applied Science Discretionary Fund.

RESOLVED, that the Trustees of the University of Pennsylvania, on behalf of themselves, the overseers, administration, faculty, students, and alumni of the University, express their gratitude to Vivian Weyerhaeuser Piasecki upon the completion of her term as a Penn Trustee. We admire her loyalty, strength and integrity and look forward to many more happy and productive years together as members of the Penn family.

Dr. Anderson, Mrs. Killebrew, Mr. Kohn, and Mrs. Piasecki came forward to receive signed copies of their respective resolutions of appreciation from Dr. Vagelos and were accorded another round of applause.

B. Nominating Committee Report - Dr. Vagelos

Dr. Vagelos presented the following resolutions on behalf of the Nominating Committee.

Action............1. A Resolution on Reelection of Russell Palmer as a Term Trustee was approved as follows:

RESOLVED, that Russell Palmer be reelected a Term trustee of the University, effective October 11, 1996.

Mr. Palmer (H’83) has served as a Term trustee of the University for the past five years. is an alumnus of Michigan State University. He served as the tenth dean of the Wharton School and Reliance Professor of Management and Private Enterprise between 1983 and 1991 after a distinguished career of 27 years with Touche Ross & Co. (now Deloitte & Touche), where he served as managing director and CEO for 10 years.

Under his leadership the Wharton School fostered a broad-based program of internationalization, established the Aresty Institute of Executive Education and the Steinberg Conference Center, attracted over 100 new faculty members and raised over $100 million. Since leaving the deanship, Mr. Palmer has started the Palmer Group, which buys and develops companies. He is on seven NYSE corporate boards and several other boards, including the Advisory Panel to the Comptroller General of the U.S.

Mr. Palmer is chairman of the Trustee Internationalization Committee, the vice chair of the Audit Committee, and a member of the Executive Committee and the Trustee Board of the Health System. An alumnus of Michigan State University, he holds an honorary master’s degree from Penn and honorary doctoral degrees from the Free University of Brussels, York College and Chulalongkorn University in Thailand and Drexel University.

Action............2. A Resolution on Election of Jerome Fisher as a Term Trustee was
approved

as follows:

RESOLVED, that Jerome Fisher be elected a Term trustee of the University, effective October 11, 1996.

Mr. Fisher (W’53) is the founder and chairman of Nine West Group Inc., a premier women's shoe company in the U.S.; he is also the chairman of Nine West Distribution Corporation and a trustee of the Jerome and Anne C. Fisher Charitable Foundation. Mr. Fisher is a long-standing member of the advisory board of the New York Hospital-Cornell Medical Center where he established the Dr. Willibald Nagler Chair in the Department of Psychiatry.

Mr. Fisher was a leading participant in the restoration of the Furness Building, a national historical landmark, now named the Jerome and Anne Fisher Fine Arts Library. In early 1995, the Wharton-SEAS joint program in Management and Technology was renamed the Jerome Fisher Program in Management and Technology in appreciation of his generous endowment of this nationally-recognized undergraduate program.

After serving on the Wharton Undergraduate Executive Board for a number of years, Mr. Fisher has served on the Wharton School Board of Overseers since 1992. Mr. Fisher is also a founder of the Penn Club of New York.

Action..............3. A Resolution on Election of Egbert Perry as a Term Trustee was approved as follows:

RESOLVED, that Egbert Perry be elected a Term trustee of the University, effective October 11, 1996.

Mr. Perry (CE’76, WG’78, GCE’79) is the president and owner of The Integral Group, L.L.C., an Atlanta-based urban real estate development and program management firm which focuses on the economic revitalization of urban communities. An active member of the Atlanta community, Mr. Perry serves on numerous boards of directors including the Atlanta Chamber of Commerce, the Georgia Institute of Technology, and 100 Black Men of America.

After attending Penn, Mr. Perry began his career in Atlanta at H.J. Russell & Co. During his 13 years at Russell, he headed each of the company's primary business units--Real Estate Development, Construction Management, and Property Management--and became the company's president in 1988. In 1993, Mr. Perry left Russell to form The Integral Group, L.L.C.

In 1990, Mr. Perry was inducted into the School of Engineering & Applied Sciences Gallery of Distinguished Alumni; he credits much of his success to the education he received at Penn. Since 1992, Mr. Perry has been a member of the Council of Recent Graduates and, since 1995, a member of the James Brister Society.
III. President's Report - Dr. Rodin

A. Comments

President Rodin thanked the chairman and the board for their support during the past two days of discussion of the Agenda for Excellence. She stated that she looks forward to moving forward with the strategic plan with the trustees' assistance and insight. She also recognized members of the University community including students, faculty, and staff who have lent their time, talent, and ideas as the plan has developed; the president looks forward to the support of the community as the University implements the Agenda for Excellence. President Rodin added that, as the name of the plan indicates, Penn aspires to no less than excellence for the University and will work aggressively to achieve it.

The president announced the recent opening of the Penn Women's Center in its new home on Locust Walk. Bringing the Women's Center to Locust Walk was an effort begun by President Sheldon Hackney, who was committed to diversifying the Walk, and Interim President Claire Fagin, who recommended Locust House as the new home for the Women's Center. President Rodin noted that she had the privilege to bring the project full circle and looks forward to watching the Women's Center thrive and flourish in its new location.

On the much-discussed issue of safety, President Rodin reiterated that she and the board continue to be outraged by the idea of armed robberies in the Penn community. She noted that she has developed a number of safety measures for the short-term, the moderate-term, and the long-term. The signing of the Sensormatics contract and a number of other initiatives in terms of policing and tactical support were announced this past week. Other interventions in terms of lighting and streetscapes will also make a significant difference in protecting the Penn community and making it a more desirable place to live now and in the future.

B. Academic Report - Dr. Chodorow

Provost Chodorow reported that Dr. Tandy Warnow, assistant professor of computer and information science, has received a $500,000 Packard Fellowship in recognition of her research; Dr. Warnow was also the recipient of a National Young Investigators Award two years ago. Dr. Herman Beavers, associate professor of English and a faculty fellow of Hill House, has been named as the Director of the Afro-American Studies Program. Dr. Beavers succeeds Dr. John Roberts, who left Penn in June to join Ohio State University.

Internally, the provost is beginning a school review process. The process will be coordinated by Deputy Provost Michael Wachter and will first review the schools of Social Work and Nursing. Provost Chodorow announced that a committee to review and facilitate Penn's short- and long-term space needs and planning is being formed. The work of the Benefits Redesign Committee has already begun.

This week, coinciding with the EDUCOM '96 conference at the Philadelphia Convention Center, the U.S. Post Office issued a new 32-cent stamp honoring computing; a second-day cancellation ceremony was held in Philadelphia as the site of EDUCOM '96 and as the birthplace
of modern computing (ENIAC).

The provost asked for action on the resolution on faculty appointments and promotions.

Action.............1. A Resolution on Faculty Appointments, Leaves and Promotions

C. Financial Report - Mr. Fry

Mr. John Fry reported that the University's FY 1996 audited financial statements will be reviewed in draft and approved by the Trustee Committee on Audit at a meeting scheduled for Friday, November 1, 1996. The statements, which are prepared in accordance with the new financial statement display requirements mandated by the Financial Accounting Standards Board indicate a better than break-even performance. The financials, as approved, will be mailed to members of the trustee board and presented at the December 13 Trustee Budget and Finance Committee meeting. Mr. Fry explained that due to the transition to the new Financial Management Information System (FinMIS) and the adoption of the financial statement display, his office did not prepare a formal interim quarterly financial report for the FY 1997 for the fall trustees' meeting. As indicated in the Budget and Finance meeting last spring, the new system and display requirements will provide the opportunity to rethink and refine Penn's quarterly financial reports. Mr. Fry stated that he expects to use the new formats and present them to the trustees at the January 28-29, 1997 meeting. Nonetheless, Mr. Fry's office has reviewed many of the key elements which affect Penn's financial performance such as enrollment tuition data, indirect cost recovery, and utility costs; the results of this review suggested that the University will achieve at least balanced operating performance for FY 1997.

D. Health System Report - Dr. Kelley

Dr. William N. Kelley reported that he has recently completed a series of meetings to set priorities within the Health System. Dr. Kelley mentioned two important items in particular: 1) a program in patient-related clinical research (a major transitional research program) and 2) a program in disease management which will guide the way medicine will be practiced in the next century. The Health System has developed affiliations with a number of hospitals in the region including Phoenixville Hospital, Chestnut Hill Hospital, Germantown Hospital, Chester County Hospital, Taylor Hospital, and Friends Hospital. In addition to these recent partnerships, the Health System has maintained its educational affiliates including the Children's Hospital of Philadelphia (CHOP), the VA Medical Center, Children's Seashore House, and the Philadelphia Child Guidance Center. As a unit, these hospitals and affiliates form critical components in the continued development of Penn's academic health system.

Dr. Kelley reported that the Health System has reached the $342.7 million mark in its $600 million Campaign for the Future of Medicine. Finally, Dr. Kelley asked for approval of the resolution accepting a $200,000 grant from the Rippel Foundation; he explained that the resolution was being presented to the trustees at the request of the Foundation.

Action.............1. A Resolution Accepting a Grant of $200,000 from the Fannie E. Rippel Foundation was approved as follows:
Intention:

On June 18, 1996, the Fannie E. Rippel Foundation voted to grant $200,000 to the University of Pennsylvania to be used by the Medical Center and Health System exclusively toward the cost (estimated to be approximately $275,000), of purchasing a dye-pulsed laser and related hardware and software. This equipment is to be used to institute a two-year approximately $1,000,000 research program of Photodynamic Therapy of Ovarian Cancer, at the University of Pennsylvania Cancer Center, in conjunction with the Department of Radiation Oncology. The University has agreed to commit approximately $628,000 to this research program during the program's first year.

RESOLVED, that the University accepts the $200,000 grant from the Fannie E. Rippel Foundation, in accordance with the terms outlined above, and agrees that the Foundation shall not receive any benefit from nor exercise any control over the project for which the grant has been made; and

FURTHER RESOLVED, that as of the date of this resolution, the University has received no notification of any change in the Treasury Department's determination that it is not a private foundation or private operating foundation.

[For the record, the more accurate wording "Department of Radiation Oncology" in line seven of the above resolution has been substituted for the original wording, "Department of Oncology," which appeared in the resolution as originally printed on page 17 of the October 11, 1996 meeting book.]

IV. Committee Reports

A. Academic Policy - Dr. Langenberg

Dr. Donald Langenberg reported that the Academic Policy Committee met briefly this morning to consider a resolution to establish the positions of lecturer in foreign languages and senior lecturer in foreign languages in SAS. He explained that the proposal establishes appropriate positions and titles for the group of language teachers who play such a critical role for their students and to Penn as it becomes an increasingly global institution. After discussion, the Academic Policy Committee unanimously endorsed the proposed resolution, and Dr. Langenberg moved for approval of the resolution by the full board.

Action............1. A Resolution to Establish the Positions of Lecturer in Foreign Languages and Senior Lecturer in Foreign Languages in the School of Arts and Sciences was approved as follows:
Intention:

At Penn, as at most peer institutions, basic language instruction is provided by language teaching professionals who are not members of the standing faculty but are members of the Academic Support staff holding the titles of Senior Lecturer, Lecturer and Part-time Lecturer. Under current University policies, the normal limit of service for these professionals is three years, with the possibility of an extension for another three. The senior lecturer category, which allows for much greater continuity of service, has been strictly limited in terms of numbers (no more than three percent of the standing faculty) and in definition (instructors in the “less-commonly taught” languages have been eligible for appointment as Senior Lecturer, but those in the “more commonly-taught” languages have not). These policies have resulted in a high turnover of language teaching staff and extensive use of part-time teachers for whom limits of service rules do not apply.

The School of Arts and Sciences now desires, and the Faculty Senate and Provost concur, to establish two new categories of lecturer that will allow for greater continuity of service among its language teaching professionals, provide a systematic means by which the school will evaluate the teaching and other professional contributions of those appointed, and allow for a larger number of teaching professionals to be named.

RESOLVED, that the positions of Lecturer in Foreign Languages and Senior Lecturer in Foreign Languages be established in the School of Arts and Sciences in accordance with the requirements and procedures described below:

Lecturer in Foreign Languages. Initial appointment as a Lecturer in Foreign Languages will be for one year only, but may be extended an additional two years on the basis of performance and the academic need for such services. The initial appointment and extension require the approval of the Dean upon the recommendation of the Department.

The first professional review in the lecturer track will take place prior to the end of the second year of service, at which time a department may decide to make the third year a terminal year or to recommend continuation for four additional years for a total of six years. Again, performance and academic need are critical factors. The review will involve evaluation by the department, by at least two standing faculty outside of the department, and by the Dean. A recommendation of the Dean to continue an appointment beyond the third year will require approval of the Provost Staff Conference.

The second professional review in the lecturer track will take place prior to the end of the fifth year of service, at which time the department may decide to make the sixth year a terminal one, or to recommend continuation for three more years. At this and all subsequent reviews, continued reappointments are to be based on professional performance and the academic need for services. The fifth year review will involve evaluation by the Department and by at least two standing faculty members outside the department. A recommendation to continue beyond the sixth year will be subject to review by the SAS Personnel Committee and approval by the Dean and the Provost Staff Conference.
The third professional review will take place prior to the end of the eighth year, at which time a department may decide to make the ninth year terminal, or to recommend extension for an additional five years for a total of fourteen. The eighth year review and approval will be similar to that conducted in the fifth year.

All subsequent reviews will be conducted prior to the end of the fourth year of each five year cycle, with either a recommendation for termination after an additional year or recommendation for an additional five years. The structure of the review and the approval mechanism are as specified for the original fifth year review.

While the number of people serving as Lecturer in Foreign Languages may vary depending on enrollments in languages courses, that number will not exceed six percent of the Standing Faculty in the School of Arts and Sciences. No one who has previously been a member of the Standing Faculty may be appointed to the rank of Lecturer in Foreign Languages.

**Senior Lecturer in Foreign Languages.** The position of Senior Lecturer in Foreign Languages is intended to recognize and encourage outstanding performance in both language pedagogy and language research and scholarship. Language teachers employed as Lecturers in Foreign Languages are eligible for appointment as Senior Lecturer in Foreign Languages at the end of their eighth year of service or subsequently. Candidates must demonstrate excellence in teaching, important contributions in curriculum development and supervision, and professional accomplishment in the wider community of language teaching professionals.

Appointment to Senior Lecturer in Foreign Languages requires an evaluation by the Department and by at least two standing faculty members outside the department, review by the SAS Personnel Committee, and approval of the Dean and the Provost Staff Conference. Appointment does not entail tenure, but rather an assumption of continuation, provided the individual maintains the level of his or her professional performance and that the academic need for the services continues to exist. Appointment as Senior Lecturer in Foreign Languages is subject to review on a five year cycle throughout the remainder of the individual’s career. The review process is similar to the original appointment process.

The number of Senior Lecturers in Foreign Languages will not exceed three percent of the Standing Faculty in the School of Arts and Sciences. No one who has previously been a member of the Standing Faculty may be appointed to the rank of Senior Lecturer in Foreign Languages.

[For the record, the word "professionals" in the last line of the first paragraph of the Senior Lecturer in Foreign Languages section of the above resolution should replace the word "professions," which appeared as a typographical error in the resolution as originally printed on]
B. Budget and Finance - Mrs. Catherwood

Mrs. Susan Catherwood reported on behalf of Mr. Robert Fox and presented the following resolutions which were approved by action of the Executive Committee.

Action.........1. A Resolution on Additional Funding for and Changes in the Shared Appreciation Mortgage Program was approved as follows:

Intention:

In December 1987, the Trustees approved an allocation of $5,000,000 of unrestricted funds to serve as start-up funding for the shared appreciation mortgage program. In December 1991, the Trustees authorized an additional $5,000,000 of unrestricted funds to be used for the program. The Administration now requests an allocation of an additional $5,000,000 for the program.

Under the current terms of the shared appreciation mortgage program, borrowers are required to pay all principal and shared appreciation interest due on the loan no later than nine years following its issuance. The Administration proposes that as current loans mature, borrowers be permitted to extend the loan maturity date for up to an additional three years, at which time the borrower will be required to pay all principal and interest due. The Administration also proposes that all new shared appreciation loans issued on or after October 14, 1996 have a maximum term of twelve years, rather than the current nine-year term.

RESOLVED, that the allocation of $5,000,000 of unrestricted funds to be used as additional funding for the shared appreciation mortgage program, and the foregoing described changes to the program, 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 as may in their judgment be necessary or desirable to accomplish the purposes of this resolution.

Action.........2. A Resolution on Participation in the QualiDx Pathology Consortium was approved as follows:

Intention:

QualiDx, Inc. is a proposed consortium consisting of three academic medical centers (the University of Texas MD Anderson Cancer Center, Stanford Health Services and the University of Pennsylvania Medical Center) that will allow Penn's Department of Pathology and Laboratory Medicine ("Pathology Department") to expand its base of service to leading health care payors. Rendered by nationally recognized subspecialists, these second opinions will focus primarily on positive tests and thereby reduce the number of misdiagnosed cancers and other tissue-based diseases.
Penn's participation in the consortium will provide additional educational and research opportunities to its Pathology Department by providing increased access to a broad base of pathology specimens as well as providing increased revenue to support the Department's academic mission.

The consortium will be structured as a Delaware limited liability company. The three member institutions will initially contribute $750,000 each, with a commitment for an additional contribution of up to $250,000 each if the QualiD\textsubscript{X} Board deems necessary, for a total commitment from Penn of $1 million. Penn's contribution will come from the Pathology Department's fund balance. In exchange for such contributions, each participating institution will receive a one-third membership interest in the company. Each participating institution will have two representatives on the QualiD\textsubscript{X} board of directors.

The University of Pennsylvania Health System Trustee Board Executive Committee approved this proposal.

RESOLVED, that Penn is hereby authorized to participate as a member in the QualiD\textsubscript{X} consortium and invest $750,000 in QualiD\textsubscript{X}, from Department of Pathology and Laboratory Medicine funds, in return for a proportionate membership interest in QualiD\textsubscript{X} under such terms and conditions as the Chief Executive Officer of the University of Pennsylvania Medical Center and Health System and Dean of the School of Medicine ("CEO/Dean") shall deem necessary or appropriate; and

FURTHER RESOLVED, that the CEO/Dean or his designee (the "Proper Officers") shall appoint two University of Pennsylvania Health System representatives to serve on the QualiD\textsubscript{X} governing board and such other representatives as necessary to serve on other QualiD\textsubscript{X} committees and boards; and

FURTHER RESOLVED, that the Proper Officers are hereby authorized, in the name and on behalf of Penn, to execute and deliver such agreements and additional documents, certificates, consents and instruments as such officers deem necessary or appropriate in connection with the formation and operation of QualiD\textsubscript{X}, such determination to be conclusively evidenced by the taking of such action or the execution of such documents; and

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

Action............3. A Resolution on Participation by Clinical Care Associates in the Caldwell
Building Project at The Chester County Hospital was approved as follows:

Intention:

Clinical Care of Associates ("CCA") of the University of Pennsylvania Health System ("UPHS") has three physician practices with eleven physicians presently located in three different sites in close proximity to The Chester County Hospital, a new UPHS affiliate. CCA has been planning to consolidate these practices into one location to achieve operating efficiencies. The Chester County Hospital (the "Hospital") has offered CCA approximately 12,000 square feet of prime first floor space in a new medical office building (the "Caldwell Building") to be constructed adjacent to the Hospital. The Caldwell Building will contain 36,000 square feet and will be located at the northeast corner of East Marshall Street and Convent Lane in the Borough of West Chester. CCA would be a one-third owner in the partnership that will own the building. The remaining partnership interests will be owned by the Hospital, other tenants of the Caldwell Building and the developer. The Caldwell Building Project will be financed through a combination of partner equity contributions and debt. CCA will terminate the existing leases of the three practices it intends to move to the Caldwell Building. The required investment which is itemized below will be recovered over the ten year lease term from the reduction of rental costs ($1,127,000), practice efficiencies ($918,000) and positive cash flow ($353,000) from the partnership.

The University of Pennsylvania Health System Trustee Board Executive Committee approved this proposal.

RESOLVED, that CCA is hereby authorized to participate as co-owner and tenant in the Caldwell Building Project and to invest an amount not to exceed $2,500,000 in the project including an equity investment of $210,000, project costs of $790,000 (comprising lease termination costs of $220,000, tenant fit-out costs of $420,000 and equipment costs of $150,000), and the funding of $1,500,000 in construction costs; and

FURTHER RESOLVED, that the Senior Executive and the Executive Director are hereby authorized to take such action and approve and execute such documents on behalf of CCA as may be necessary to effectuate and implement CCA's participation in the Caldwell Building Project and the transactions contemplated herein on such terms and conditions as the Senior Executive and the Executive Director deem advisable, necessary or appropriate in order to accomplish the purposes of this resolution.

Action...........4. A Resolution on the Purchase of Three Mass Spectrometer Systems for the Department of Pharmacology, School of Medicine was approved as follows:

Intention:

The School of Medicine proposes to purchase and install three mass spectrometer
systems to provide modern research equipment for the Department of Pharmacology. The purchase and installation of the equipment is estimated to cost $1,163,400 based on bids and will be paid for by the School of Medicine.

RESOLVED, that the purchase and installation of three mass spectrometers, estimated to cost $1,163,400, be and the same hereby is approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, proceed with such purchase, execute such contracts, and incur such expenses and obligations -- not, however, in excess of 110% 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 the Acquisition of Properties on the 3900 Block of Chestnut Street, the 3900 and 4000 Blocks of Sansom Street, and the 100 Block of South 39th Street, Philadelphia, Pennsylvania was approved as follows:

Intention:

The University proposes to acquire the following properties (the "Properties") currently owned by Arnold and Constance Pagano, or by entities under their control:

3939, 3941 and 3943 Chestnut Street;
3914, 3916, 3920, 3922, 3924, 3926, 3928, 3932, 3934 and 4048 Sansom Street; and
124, 126 and 128 South 39th Street.

As an accommodation to the Paganos, those Properties owned by O.A.P., Inc., a corporation whose stock is owned entirely by Arnold Pagano, will be acquired through a transfer of the stock to the University. The remaining properties will be acquired by deed. In consideration for the transfer of the Properties, the Paganos will receive a gift annuity having a discounted present value of $1,950,000. The three Properties located on the 3900 block of Chestnut Street are currently used for commercial and residential purposes. The other Properties are currently used solely for residential purposes. The acquisition of the Properties will be funded by the assumption of certain currently outstanding mortgage loans encumbering some of the Properties and from internal University resources.

RESOLVED, that the execution and delivery of the proposed Real Estate Transfer Agreement among the University, Arnold Pagano, Constance Pagano and Pagano & Pagano, a Pennsylvania general partnership concerning the transfer to the University of certain real estate located in Philadelphia, Pennsylvania, and the consummation of the transactions contemplated thereby, as set forth therein, be and they hereby are authorized and approved, with such changes therein and additions thereto as may be approved by the officers of the University executing the same, such approval to be conclusively evidenced by their execution and delivery thereof; and
FURTHER RESOLVED, that the execution and delivery of a Stock Transfer Agreement among the University, O.A.P., Inc., Arnold Pagano and Constance Pagano concerning the conveyance to the University of all of the issued and outstanding capital stock of O.A.P., Inc. (the "Stock Transfer Agreement"), and the consummation of the transactions contemplated thereby, as set forth therein, be and they hereby are authorized and approved, with such changes therein and additions thereto as may be approved by the officers of the University executing the same, such approval to be conclusively evidenced by their execution and delivery thereof; and

FURTHER RESOLVED, that the execution and delivery of the proposed Gift Annuity Contract among the University, Arnold Pagano and Constance Pagano concerning the transactions described herein, be and it hereby is authorized and approved, with such changes therein and additions thereto as may be approved by the officers of the University executing the same, such approval to be conclusively evidenced by their execution and delivery thereof; and

FURTHER RESOLVED, that upon the closing of the transactions contemplated by the Stock Transfer Agreement, the appropriate officers of the University be and they hereby are authorized, empowered and directed to nominate and vote the University's O.A.P., Inc. stock in favor of the election the Christopher D. Mason, Scott C. Lederman and Gary H. Gansky as directors on the Board of Directors of O.A.P., Inc.; and

FURTHER RESOLVED, that the appropriate officers of the University be and they hereby are authorized and empowered to take such additional action and to execute and deliver such additional agreements, documents and instruments as they may deem necessary or appropriate to implement the provisions of the foregoing resolutions, the authority for the taking of such action and the execution and delivery of such agreements, documents and instruments to be conclusively evidenced thereby.

Action.............6. A Resolution Authorizing a Capital Contribution to University City Associates, Inc. was approved as follows:

Intention:

The Administration proposes to make a contribution of up to $2,000,000 to University City Associates, Inc. ("UCA") as additional paid-in capital with the intention that UCA will contribute the same amount to its subsidiary Penn Tower Hotel, Inc., ("PTH") as additional paid-in capital to be used by PTH (i) for the acquisition of certain personal property, inventory, contracts and other personality necessary for the operation of the Sheraton University City Hotel (the "Hotel") at 3501 Chestnut Street recently acquired by the University and (ii) as working capital for the operation of the Hotel.

RESOLVED, that the University make a contribution of up to $2,000,000 to University City Associates, Inc. as additional paid-in capital so that UCA can contribute such amount to its subsidiary, Penn Tower Hotel, Inc. to be used by PTH (i) for the acquisition of
certain personal property, inventory, contracts and other personalty necessary for the operation of the Hotel and (ii) as working capital for the operation of the Hotel; and

FURTHER RESOLVED, that the Executive Vice President or any other appropriate officer of the University is hereby authorized, directed and empowered to execute and deliver such documents as are necessary and appropriate to effectuate the above described contribution and to take any further actions necessary or appropriate to accomplish the purposes of this resolution.

[For the record, the words "accomplish the purposes" in the second to last line of the final paragraph of the above resolution should replace the words "accomplished the proposes," which appeared as a typographical error in the resolution as originally printed on page 26 of the October 11, 1996 meeting book.]

C. Development - Mr. Shoemaker

Mr. Alvin Shoemaker reported that fundraising results for FY 1996 met the target of $190 million in gifts and pledges; cash receipts for the year exceeded $153 million. Annual giving across the University produced a total of $19.7 million. The Penn Fund enjoyed a particularly successful year, raising more than $7.2 million, a new record and an 11.4% increase over the previous year. New endowment gifts totaled $42 million for the year, and the total endowment is over $2 billion.

Mr. Shoemaker continued by noting that fundraising for the beginning of FY 1997 has demonstrated the strength and effectiveness of the University's development program. He noted that the $15.9 million in gifts and pledges booked during July and August represent a 20% increase over those raised during the same period last year. Recent development highlights include a $2 million pledge from Geri and J. Peter Skirkanich to fund a series of term professorships in the School of Engineering and Applied Science, over $1.85 million in commitments from the Robertson Poth Foundation and Centocor, Inc. for the Medical Center's Creating the Future of Medicine Campaign, a $1 million pledge from trustees Peggy and Bruce Mainwaring for the University Museum's new Collections Storage and Research Wing, and a gift from trustee Chris Browne for the creation of a center for international politics by the Department of Political Science.

Finally, Mr. Shoemaker remarked that the Trustees' Development Committee met this morning to begin consideration of its role in promoting and supporting the Agenda for Excellence. The Committee will be working closely with the trustees, overseers, and volunteer committees during the coming months to test objectives and build support for an ambitious fundraising program for the Agenda for Excellence. Mr. Shoemaker stated that this morning's meeting went well, and the trustees believe that Penn can accomplish the task ahead.

D. Facilities and Campus Planning - Mr. Tanenbaum

Mr. Myles Tanenbaum reported that the Wednesday evening meeting of the committee served to exchange information and thinking on a wide variety of facilities development projects for the University. He noted that as specific projects and ideas are pursued to the stage at which
broader input is both desirable and necessary, the circle of involvement will be enlarged, and the committee will afford the full board a complete presentation.

E. Investment Board - Mr. Miller

On behalf of Mr. John Neff, Mr. Paul Miller reported that the unit value of the Associated Investment Fund (AIF) reached an all-time high at the end of September. For the calendar year to-date, the AIF had a positive return of 9.5%, and the Neff-managed common stocks—a shrinking part of Penn's total investments—had a positive return of 14.5% versus the S&P return of 13.5%. Mr. Miller explained that the current investment restructuring has hurt recent overall performance due to Penn's having large cash balances during a bull market; however, it is important to note that the current lower-than-normal returns are not indicative of the skills of the Investment Board. He commented that the returns remain positive, and the long-term returns are very attractive.

Mr. Miller announced that the Investment Board is meeting in November to make the final selection of two emerging markets managers. He hoped that the Investment Board would present a report to the trustees in January 1997 on the University's portfolio restructuring which should be largely complete by that time on the equity side.

Dr. Vagelos thanked President Rodin once again for an outstanding presentation on the vision for the future of the University, and the trustees applauded the president warmly. There being no further business to come before the board, the meeting was adjourned at 3:15 p.m.

Respectfully submitted,

Barbara R. Stevens
Vice President and Secretary of the University