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

January 29, 1997

A stated meeting of the Trustees of the University of Pennsylvania was convened at 2:05 p.m. Wednesday, January 29, 1997 in Alumni Hall of the Faculty Club. Trustees present were Arlin Adams, Samuel Ballam, Lynda Barness, Judith Roth Berkowitz, Gordon Bodek, Christopher Browne, Gilbert Casellas, Susan W. Catherwood, Richard Censits, Gloria T. Chisum, L. John Clark, Carol Einiger, Bruce Graham, Mary Ann Greenawalt, John G. Harkins, Jr., Charles Heimbold, John Hover, Reginald Jones, Edward Kane, Edwin Krawitz, Thomas Lang, Donald Langenberg, Leonard Lauder, Robert Levy, A. Bruce Mainwaring, Anthony Minisi, Andrea Mitchell, John Neff, Russell Palmer, Egbert Perry, Pamela Petre Reis, Judith Rodin (ex officio), Adele Schaeffer, William Schawbel, Leonard Shapiro, Alvin V. Shoemaker, David Sweet, Myles H. Tanenbaum, Robert Trescher, P. Roy Vagelos (chair), Raymond Welsh, and Stephen Wynn.


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 October 11, 1996 were approved as distributed.

II. Chair’s Report - Dr. Vagelos

A. Comments

Dr. Vagelos welcomed new term trustee, Mr. Egbert Perry, and new alumni trustees, Ms. Pamela Petre Reis and Mr. Leonard Shapiro, to their first stated meeting. Dr. Vagelos also extended thanks to John G. Harkins, Jr. for his service to Penn as a trustee of the University for the past 10 years. After noting Mr. Harkins' admirable service as chair of the Legal Affairs Committee and his continuing service as a member of the Health System Executive Committee and the chair of the School of Medicine Board of Overseers, the chairman read and asked for a
motion on the following resolution of appreciation:

Action.............1. A Resolution of Appreciation for John G. Harkins was approved as follows:

RESOLVED, that the President and Trustees of the University of Pennsylvania acknowledge with gratitude and affection the service of John G. Harkins, Jr. (C'53 L'58) as a Trustee of the University from 1987 to 1997. His penetrating analyses of challenging issues and dedication to the well-being of the University have contributed profoundly to the vitality of this great institution. We look forward to his continued guidance, counsel and friendship for many years to come.

Mr. Harkins came forward to accept the signed and framed resolution of appreciation and thanked the board and administration for an incredible 10 years of service during which he enjoyed the experience in every respect. He expressed his gratitude at being able to continue to serve the University through his involvement with the Health System and School of Medicine. The Board warmly accorded Mr. Harkins a second round of applause.

B. Nominating Committee Report

Reporting on behalf of the Nominating Committee, Dr. Vagelos presented a resolution to elect Andrea Mitchell as a Term Trustee. Dr. Vagelos noted that Ms. Mitchell recently concluded a five-year term as an Alumni Trustee, and he asked for a motion on her election.

Action.............1. A Resolution on Election of Andrea Mitchell as a Term Trustee was approved as follows:

RESOLVED, that Andrea Mitchell be appointed a Term Trustee for a five-year term, effective January 29, 1997.

Dr. Vagelos welcomed Ms. Mitchell back to the Board, and she was accorded a round of applause. The chairman then asked President Rodin for her report.

III. President’s Report - Dr. Rodin

A. Comments

President Rodin thanked the Huntsman family for their recent $10 million gift to the University for the endowment of the innovative undergraduate program in international studies and business, a joint Wharton/SAS venture modeled after the successful graduate level program offered through the Lauder Institute. The program is the first of its kind in the United States to be offered at the undergraduate level. President Rodin noted that the international studies and business program is an excellent example of an interdisciplinary global academic program that represents a true, distinctive niche for Penn and is one of the key elements of the Agenda for
Excellence. She also noted that the individual school plans for the Agenda for Excellence have now been published in Almanac [January 21, 1997] for comment from the University community.

President Rodin reported on the recently completed early admissions process through which approximately 35% of the Class of 2001 has been selected. Prospective students submitted 1,829 early decision applications, a decrease from last year's figures, yet a 12% increase over the previous year's pool. Academic indicators for the early decision pool have equaled or excelled those of all previous classes. The president noted that the admitted students are in the top 4% of their respective high school classes and comprise the most geographically-diverse early decision class ever, representing 44 states and 23 nations. President Rodin stated that Dean Lee Stetson is now in the midst of the regular decision process, which should yield a similarly qualified admitted regular decision class due to the pool's depth and all-around excellence.

The president thanked the Board for their time, support, advice, and recommendations which will be used as Penn carries forward the Agenda for Excellence.

Describing Mr. Kenneth Campbell as one of the administration's great talents, President Rodin enthusiastically brought forward a resolution to appoint Mr. Campbell as Comptroller of the University. Dr. Vagelos asked for and received a motion on the resolution.

Action............1. A Resolution on the Appointment of Kenneth B. Campbell as Comptroller was approved as follows:

RESOLVED, that Kenneth B. Campbell be appointed Comptroller, effective January 29, 1997.

B. Academic Report - Dr. Chodorow

Provost Chodorow proudly announced that the Graduate School of Education recently received a $1 million research training grant over the next five years from the Chicago-based Spencer Foundation to provide financial aid to doctoral students. The grant will help strengthen doctoral research training and the standing of the Graduate School of Education.

The provost reported that the 21st Century Project is progressing on a number of fronts. Last Friday, the provost participated in the dedication of the Kelly Writers House, named after Rita P. Kelly and the late Thomas J. Kelly, Jr., the parents of Penn alumnus Paul Kelly, whose $1.1 million gift will allow for the renovation of the house this summer. The Writers House is an example of the 21st Century Project's goal to establish non-residential "hubs" which focus on interests found across the campus at all levels, students and faculty alike. The 21st Century Project has established a website [http://www.upenn.edu/provost/21st/index.html], designed and produced by students; the website both presents the vision and progress of the project and allows for comments and suggestions. The 21st Century Project is also supporting a group of 25 undergraduate volunteers who are assisting faculty and staff to create World Wide Web homepages. The 21st Century Project has also been working with the Office of Admissions to revise the data presented in "The President's Report," the admissions document that is provided to the Schools and University offices, with the goal of improved participation in the admissions cycle.
Regarding Student Services Reengineering, Provost Chodorow mentioned the work done recently by the Undergraduate Assembly's Tangible Change Committee. The Committee, chaired by UA member Samara Barend, in partnership with Vice Provost for University Life Valarie Swain-Cade Mcoullum and Vice President for Business Services Steve Murray, has identified student-suggested campus improvements, and then effected changes that have added immediately to the quality of campus life for students. Two of the most recent examples of the Committee's work include the total renovation of the High Rise East dance gallery for performing arts students and expanded late night dining services through 2:00 a.m. in Stouffer Dining Commons.

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

Action.............1. A Resolution on Faculty Appointments, Leaves and Promotions printed at pp. 4-12 of the meeting book was approved.

C. Financial Report - Mr. Fry

Mr. Fry noted that the University report highlights the University's financial performance for the six-month period ending December 31, 1996 in accordance with generally accepted accounting principles (GAAP) and also projects results for the FY under the principles of responsibility center management (RCM), Penn's budgeting and financial management system. Also presented are results through November 30, 1996 for the Health System-Health Services Component. The University had an increase in unrestricted net assets of $32.3 million from operating activities for the first six months of the FY; when combined with non-operating revenue, net gains, and other, the University saw a net increase of unrestricted net assets of $120.1 million for the six-month period. After adjusting actuals to the principles of RCM for the same six months, the University's unrestricted performance was a surplus of $4.7 million. Adjustments were made to eliminate non-operating activities as well as to account for differences in accounting between GAAP and RCM, which is primarily the treatment of capital and designated funds. At this time, Mr. Fry is projecting unrestricted operations to be in balance for the fiscal year after a net transfer of $975,000 to designated balances. All schools with the exception of SAS, with a $2.1 million deficit, and the Annenberg Center, with a $250,000 deficit, are projected to be in balance after transfers to and from designated funds. For the Health System for the five months ending November 30, 1996, the Health Services Component had a loss from operations of $3.1 million; however, after non-operating revenue, the Health Services Component had an overall excess of revenue over expenses of $14.9 million, approximately $690,000 better than budget.

D. Health System Report - Dr. Kelley

Dr. Kelley was pleased to announce that the Health System is entering the final phase of its Service Excellence Program, which has been proceeding well toward its anticipated goal of providing improved service to patients. Dr. Kelley also noted that the Health System has had
recent reason to review the status of new companies which have been founded by the faculty over the past several years. Through the efforts of the Health System over the past five years, Penn has been helpful in the faculty's establishment of 18 new companies in which the Health System holds an average of 6% equity. Dr. Kelley remarked that the value of the equity is difficult to determine at this stage since the companies have not been made public, but he estimated the equity value at approximately $14 million. The Health System will review such equity interests with the Board of Trustees in an effort to determine how best to proceed in the future.

E. Antitrust Compliance Briefing - Ms. Green

Ms. Green briefed the Trustees on the meaning and requirements of the antitrust laws and of the Final Judgment in U.S. v. Brown.

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 the 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. Ms. Green's 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 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 need, to use common principles of analysis for determining need, to use a common aid application form, and to exchange certain limited financial data with respect to commonly-admitted applicants prior to making an aid award. The legislation, which will expire on September 30, 1997, 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 its 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 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. Committee Reports

A. Academic Policy - Mr. Heimbold

Mr. Heimbold reported that the Academic Policy Committee focused on three agenda items during its meeting yesterday: 1) the establishment of Practice Professors in the Graduate School of Fine Arts, 2) protocols for the School Review Process, and 3) the NCAA certification process that the Department of Recreation and Intercollegiate Athletics is undergoing. The Academic Policy Committee unanimously approved, with one change, the proposal submitted by the GSFA to establish four practice professors, one for each of the School's four departments. The position of Practice Professor is similar to those that have been established in the Law School, the School of Social Work, and the Graduate School of Education and allows the school to appoint practicing practitioners for an initial period of five years. Practice professors are not considered members of the Standing Faculty of the School, and their appointments are without tenure or tenure-probationary status. Although the Committee approved the establishment of the professorship, it agreed that it would be wise to place a limit on the number of years a person could serve in the position. Upon consultation with the Dean, the resolution was amended to include the following sentence: "The term of appointment as Practice Professor may be renewed once for up to five years in exceptional cases."

The Committee also received favorably a report on the protocol for the School Review Process by Professor Michael Wachter, Deputy Provost. Mr. Heimbold explained that the School Review Process is an outgrowth of the Agenda for Excellence meant to assess whether the Schools are meeting their strategic planning objectives.

Mr. Heimbold stated that Penn is undergoing a NCAA accreditation process this year, with a review team expected on campus in April. As part of the process, an oversight committee, chaired by Steve Golding, Vice President for Finance, and four subcommittees were established last year. Mr. Heimbold noted that it was not surprising that the Committee found Penn in compliance with the NCAA as the rules of the Ivy League are more rigorous than those of the NCAA; however, the Committee established several areas for strengthening. These recommendations include developing a document that clearly defines the policies, procedures, and specific responsibilities of the Athletic Department; committing over $500,000 to fund a series of gender equity recommendations; continuing efforts to identify and hire women to fill coaching vacancies; closing the gap in the percentage of men and women participating in the intercollegiate athletics program; targeting the recruitment of minority athletes; and educating coaches about the University's student resource offices. Mr. Heimbold remarked that Penn has one of the nation's largest intercollegiate athletic programs, involving over 1,100 undergraduates in 32 sports.

Action.........1. A Resolution to Establish the Position of Practice Professor in the Graduate School of Fine Arts was approved as follows:

Intention:
The role of the Practice Professor is to teach fine art, design, and planning in studio settings that closely approximate professional practice; to participate in critiquing through the jury method student work produced in studios other than their own or in collaborative studios and, where possible, across departmental lines, in order to strengthen the school’s interdisciplinary mission; to participate in discussions of theory as it relates to practice; and to bring to the school a critical awareness of issues and controversies in practice that are currently impacting the professions for which degree candidates are being prepared.

RESOLVED, there shall be established within the Graduate School of Fine Arts the position of Practice Professor for each of its four separate departments--Architecture, Landscape Architecture, City and Regional Planning and Fine Arts.

FURTHER RESOLVED, the appointment of Practice Professor shall be made upon the recommendation by the Dean to the Provost following a search conducted according to the same principles that govern standing faculty appointments, including approval by the standing faculty of the respective department and the school’s personnel committee. Practice Professors will be appointed for five years and shall teach and otherwise provide academic service to the school three days per week. The term of appointment as Practice Professor may be renewed once for up to five years in exceptional cases. Practice Professors cannot serve as a chair of a Ph.D. dissertation committee or as a departmental chair, but may serve as a program director. Practice Professors shall be accorded voting rights in the department to which they are appointed, but not in the standing faculty of the school as a whole. All Practice Professor appointments are without tenure or tenure-probationary status.

B. Budget and Finance - Mrs. Catherwood

Mrs. 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 the University's Approval and Guaranty of a Loan by CoreStates Bank, N.A. to Penn Center for Rehabilitation and Care was approved as follows:

Intention:

Penn Center for Rehabilitation and Care (the "Center"), formerly known as New Ralston House of the University of Pennsylvania Health System, desires to borrow up to $2,675,087.40 from CoreStates Bank, N.A. (the "Bank") to refinance an existing mortgage loan. The Bank has issued a commitment which allows the Center to choose an interest rate based upon LIBOR, the Bank's prime rate or a fixed rate agreed to by the parties. The purpose of the refinancing is to reduce the Center's debt service costs, as the interest rate on the new loan is expected to be significantly lower than the 10% interest rate on the loan being refinanced. The Bank's loan commitment and the favorable interest rates provided therein are based upon the University's agreement to guaranty the Center's
payment obligations to the Bank. In connection with its guaranty, the University will be required to execute and deliver a guaranty agreement in favor of the Bank and to take other related action.

The Trustee Board Executive Committee of Presbyterian Medical Center of the University of Pennsylvania Health System and the Trustee Board Executive Committee of the University of Pennsylvania Health System have approved the Center borrowing. The University administration recommends that the Trustees approve the Center borrowing and the guaranty thereof.

RESOLVED, that the Trustees of the University of Pennsylvania hereby approve the borrowing by the Center of up to $2,675,087.40, as described above, and authorize the guaranty by the University of the loan by the Bank to the Center in accordance with the terms of a commitment letter from the Bank to the Center and the University; and

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance, and the Treasurer be and anyone of them is hereby authorized and empowered to approve the form, conditions and terms of the guaranty agreement to be entered into by the University in connection with the Center loan and to execute and deliver on behalf of the University such guaranty, such execution and delivery to be conclusive evidence of approval thereof by the officer executing the guaranty; and

FURTHER RESOLVED, that the Secretary, Associate Secretary and any Assistant Secretary be and anyone of them is hereby authorized and empowered to attest the corporate seal to any document executed and delivered by the University in connection with its guaranty of the Center loan; and

FURTHER RESOLVED, that the Executive Vice President, Vice President for Finance, and the Treasurer be and anyone of them is hereby authorized and empowered to take such action, or sign such documents or do such things as shall be necessary or desirable to carry out the intent and purposes of this resolution.

Action............2. A Resolution Authorizing Certain Capital Contributions to University City Associates, Inc. was approved as follows:

Intention:

The administration proposes to make a contribution of $3,250,000 to University City Associates, Inc. ("UCA") as additional paid-in capital.

The administration further proposes to assign and contribute to University City Associates, Inc. ("UCA") the following debt obligations of Penn Tower Hotel, Inc. ("PTH"): (i) a 1986 Promissory Note having a current unpaid principal balance owed to the University of $2,440,000; and (ii) a 1986 Line of Credit having a current unpaid principal balance owed to the University of $2,533,089.70 (together the "Penn Tower
RESOLVED, that the University make a contribution of $3,250,000 to University City Associates, Inc. as additional paid-in capital.

FURTHER RESOLVED, that the University assign and contribute the Penn Tower Notes to UCA.

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

Action............3. A Resolution Regarding Discharge of Certain Indebtedness of Penn Tower Hotel, Inc. was approved as follows:

Intention:

The administration proposes to cancel a portion of the debt owed to the University by Penn Tower Hotel, Inc. ("PTH") and currently recorded in the University’s financial records as an inter-company payable. The University thus would discharge and cancel indebtedness of Penn Tower Hotel, Inc. in the amount of $1,634,000 (the "Discharged Debt") so that PTH would no longer be obligated to repay the University the amount of the Discharged Debt.

RESOLVED, that the University cancel and discharge debt of Penn Tower Hotel, Inc. to the University in the amount of $1,634,000 so that PTH is discharged of and no longer obligated to repay the University the amount of the Discharged Debt.

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

Action............4. A Resolution on Computing Network Infrastructure Enhancements was approved as follows:

Intention:

The University proposes to continue its program of ongoing enhancements to the reliability, availability, capacity and serviceability of its data communication network,
known as PennNet. The scope of the project includes the electronics connecting each building to the campus backbone; the fiber optic structure; the computer systems that operate the central infrastructure and the modem pool; network management systems; and the evaluation of emerging technologies. The estimated cost of the project is $1,105,200 and will be funded by user fees.

RESOLVED, that computing network infrastructure enhancements, estimated to cost $1,105,200, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and they hereby are authorized to take such actions, execute such contracts, and incur such expenses and obligations -- not, however, in excess of 110 percent 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 Planning and Preconstruction Costs for Sansom Commons was approved as follows:

Intention:

The University intends to develop and upgrade the precinct bounded by 34th, 37th, Walnut and Chestnut Streets in Philadelphia, Pennsylvania as a quality commercial retail and services center, along with selected administrative/educational facilities on the 3400 block of Walnut Street. A recently completed master plan for the area proposes the development of a bookstore, hotel, and retail stores and shops. The University is ready to begin project planning and design, including retail planning studies, environmental condition surveys, traffic flow and building servicing studies, detailed programming, establishment of design parameters, development of preliminary construction costs and schedules, and architectural and engineering design and documentation. These planning and preconstruction activities are estimated to cost $10,000,000, and will be paid for by a University loan to be repaid with income generated by the development.

RESOLVED, that the Sansom Commons planning and preconstruction activities, estimated to cost $10,000,000, be and the same hereby are approved and that the Executive Vice President or other appropriate officers of the University be and hereby are authorized to take such actions, execute such contracts and incur such expenses and obligations -- not, however, in excess of 110 percent 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.

C. Development - Mr. Shoemaker
Mr. Shoemaker announced that development is having a very good year through the halfway point, with Penn being in good position to reach its target of $200 million in new gifts and pledges for FY'97. As of December 31, 1997, new gifts and pledges were at $99.4 million, an increase of 5% over last year, and receipts stood at $87.7 million, 20% better than last year. Mr. Shoemaker commented that the success of the stock market has helped with University development as Penn witnessed a record December with $46.9 million in receipts, much of it in the form of securities, and $50.5 million in new gifts and pledges. Mr. Shoemaker also reported the following large gifts received since the Fall Trustees' meeting: the previously mentioned $10 million Huntsman family gift; $3 million from Gordon Hattersley (W'54) for Wharton's new classroom building; a $1 million challenge gift from Bruce (C'47) and Peggy (ED'47) Mainwaring for the new collections storage/research wing of the University Museum; a $2.1 million gift from the estate of Louise W. Kahn and the late Edmund Kahn for an endowed fund in faculty excellence in SAS; a $2.5 million challenge gift from the Korea Foundation for Korean studies; a $2 million gift from the Boettner Institute of Financial Gerontology for a chair in financial gerontology, the first endowed chair in the history of the School of Social Work; a $1.5 million gift from James Dunning, Jr. (W'70) to athletics for renovation of the William White Training House; and a $1 million gift from Mrs. Dorrance Hamilton for the Morris Arboretum and other projects. Mr. Shoemaker noted that annual giving programs continue to prosper at $10.4 million compared to $9.6 million one year ago. He remarked that a number of large gifts remain in the pipeline, and he expressed optimism for meeting or exceeding the University's development goals for the FY.

D. External Affairs - Mr. Lauder

Mr. Lauder reported that this morning's meeting of the External Affairs Committee began with a discussion of WXPN, the University's radio station, over which the Committee has oversight. Mr. Lauder reported that the number of student interns at the station has increased from 25 to 42 since the previous FY; this increase has come as a result of the Committee's suggestion for WXPN to increase student involvement with the station. Ms. Carol Scheman updated the Committee on the recent activities of the Office of Government, Community and Public Affairs with its four constituencies: federal, state, city, and the West Philadelphia community. Mr. Lauder noted that the Committee then heard from Mr. Kenneth J. Wildes, the new Director of University Communications, on the University's relationship with its multiple internal and external constituencies. Mr. Wildes proposed a plan for communicating with these wide-ranging constituencies involving a "reshuffling" of the organization; accomplishment of the communications goals will depend on establishing excellent relationships between individual communication heads in the schools and Mr. Wildes' office. Mr. Lauder remarked that the Committee also discussed crisis management and its dependence on and improvement of the flow of information.

E. Facilities and Campus Planning - Mr. Tanenbaum

Mr. Tanenbaum stated that the Committee on Facilities and Campus Planning met for several hours on Monday to review the data gathering and planning concepts for several projects including student residences, the Sansom Commons and the Hamilton Center redevelopment program, the recently-acquired 3200 Walnut (the former GE building) site, the Sheraton Hotel at 36th and Chestnut Streets, and the proposed new Wharton building. Dr. Vagelos commented that
the Campus Master Plan involves an enormous amount of activity which will transform the campus, and he stressed the importance of moving ahead with the projects currently under consideration.

F. Internationalization - Mr. Palmer

Mr. Palmer reported that the Internationalization Committee heard a report at today's meeting on the internationalization efforts of the Graduate School of Education; the Committee has now heard such progress reports from all Schools. The Committee also heard from the Office of Development and Alumni Relations on achieving Penn's current international goals and recent fund-raising efforts. Mr. Palmer noted that the Committee agreed that the Pennsylvania Gazette should now be distributed to all alumni.

G. Investment Board - Mr. Neff

Dr. Vagelos briefly recounted the previous evening's dinner and celebration in honor of Mr. Neff, and he thanked Mr. Neff once again for his efforts on behalf of the University.

Mr. Neff asked the members of the Board to note that the market value of the Associated Investments Fund (AIF) currently stands at $1.652 billion, and the total endowment value, including the separately-invested funds, is slightly over $2.25 billion. The asset allocation to domestic equities is 40%, down from a level of 58% 17 years ago; however, Mr. Neff commented that international equities now represent 10% of the portfolio, an increase from 0%. Emerging Market Equities are shown at 4%, but Mr. Neff noted that Penn's allocation has increased to 6% since calendar year end; these equities represent the fast-growing, riskier investments in South American, Eastern European, and Asian companies. Mr. Neff described the bond market as "in the doghouse" as of late, which explains the 20% allocation to Fixed Income Securities, down from a high of 38%. The High Yield Securities--so-called "junk bonds"--represent 11% of the allocation, an investment move that Penn made approximately five years ago; Mr. Neff noted that the University figured that it would earn the coupon plus some appreciation and has earned an annual return of about 15%. The category of "Other" consists of nearly all commercial real estate investments and currently comprises 8% of the allocation, up from a previous level of 2%. Mr. Neff remarked that Penn was fortunate in these investments, thanks to the instinct and insight of Messrs. Tanenbaum and Miller five years ago, which have provided a 22-23% annual return. Mr. Neff also drew attention to the S&P at 740, a figure which represents 17.5 times earnings and the lowest yield in modern history at 2%. Mr. Neff characterized this as "extended," but noted that Penn has done relatively well on the equity side. He commented equity returns, annualized from December 31, 1979, shows the AIF at 15.8% and Penn's common stocks at 19.3% versus 16.2% on the S&P 500. Mr. Neff stated that the S&P will not continue to earn a 16% annualized return, and it is also unlikely that there will be 310 basis points per year, but Penn will do its best in light of this.

H. Student Life - Dr. Chisum

Dr. Chisum stated that the Committee on Student Life heard three reports on recently occurring "quality of student life" actions. One of these items was the Tangible Change Committee which was mentioned earlier in the Provost's Report. The Vice Provost for Graduate
Education reported on an electronic application process; a demonstration project is now underway in the biomedical graduate group in which students apply electronically \textit{i.e.} without any paper. Dr. Chisum explained that the applications can be tracked electronically, which saves a great deal of clerical and staff time as students can check the status of their applications without making a phone inquiry, etc. Finally, the Committee heard a presentation on Penn-in-Touch, a system for undergraduates which allows students to access information on their loan status and transcripts as well as to register and drop-and-add classes electronically. Dr. Chisum described each of these initiatives as "encouraging," and she expected to hear an update on housing initiatives in June 1997.

V. Appointments to Overseer and Other Boards

\textit{Action}.............1. A Resolution on Appointment of Board of Managers of The Wistar Institute was approved as follows:

RESOLVED, that the following individuals be appointed for one-year terms to the Board of Managers of the Wistar Institute, effective January 29, 1997:

Charles L. Andes; 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.; Seymour S. Preston III; Donald Vail Rhoads, M.D.; Robert H. Rock; Gerald B. Rorer; Adele K. Schaeffer; Edward Sickles; Doris Taxin; Kevin M. Tucker; and David V. Wachs.

\textit{Action}.............2. A Resolution on Appointment of Diana Riklis to the Board of Overseers of the Graduate School of Education was approved as follows:

RESOLVED, that Diana Riklis be appointed to the Board of Overseers of the Graduate School of Education for a three-year term, effective January 29, 1997.

\textit{Action}.............3. A Resolution on Appointment of Stephen A. Roth to the Board of Overseers of the School of Arts and Sciences was approved as follows:

RESOLVED, that Stephen A. Roth be appointed to the Board of Overseers of the School of Arts and Sciences for a three-year term, effective January 29, 1997.

Dr. Vagelos thanked President Rodin and all of the participants in the meetings, and he commented that he looks forward to seeing the ideas and initiatives presented at the meetings.
develop over the next few years. The trustees applauded the chairman's sentiments and the efforts of the president.

There being no further business to come before the board, the meeting was adjourned at 2:50 p.m.

Respectfully submitted,

Barbara R. Stevens
Vice President and Secretary of the University